OFFERING MEMORANDUM

Jaguar Land Rover Automotive plc
£400,000,000 3.875% Senior Notes due 2023

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

The 3.875% Senior Notes due 2023 were issued in the aggregate principal amount of £400,000,000 (the "Notes"). The Notes will bear interest at the rate of 3.875% per annum, payable semi-annually in arrears on 1 March and 1 September of each year, beginning on 1 September 2015. The Notes will mature on 1 March 2023. Jaguar Land Rover Automotive plc (the "Issuer") may redeem the Notes, in whole or in part, at any time at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, plus the "make-whole" premium set forth in this offering memorandum. In addition, the Issuer may redeem all of the Notes at a price equal to their principal amount plus accrued and unpaid interest, if any, upon the occurrence of certain changes in applicable tax law. There is no sinking fund for the Notes. In the event of a Change of Control (as defined herein), the Issuer must make an offer to purchase the Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase.

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

Currently, there is no public market for the Notes. Application has been made to admit the Notes to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF market (the "Euro MTF Market"). The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2004/39/EC. This Offering Memorandum constitutes a prospectus for the purposes of the Luxembourg law dated 10 July 2005 on Prospectuses for Securities, as amended.

Investing in the Notes involves risks. Please see "Risk Factors" beginning on page 20.

The Notes and the Note Guarantees have not been registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or any state securities laws. Accordingly, the Notes and the Note Guarantees are being offered and sold only to qualified institutional buyers ("QIBs") in accordance with Rule 144A under the US Securities Act ("Rule 144A") and to persons outside the United States that are not, and are not acting for the account or benefit of, "U.S. persons" (as defined in Regulation S under the US Securities Act ("Regulation S")) in offshore transactions in accordance with Regulation S. Prospective purchasers that are QIBs are hereby notified that the seller of the Notes may be relying on the exemption from the registration requirements under the US Securities Act provided by Rule 144A.

Issue Price: 100% plus accrued interest, if any, from 24 February 2015

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

Joint Bookrunners

BNP PARIBAS	**Deutsche Bank**	**Goldman Sachs International**	**The Royal Bank of Scotland**
Crédit Agricole CIB	**ING**	**Lloyds Bank**	**Société Générale**

6 March 2015

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IMPORTANT INFORMATION

You should rely only on the information contained in this offering memorandum (this "Offering Memorandum"). None of the Issuer, the Guarantors or BNP Paribas, Deutsche Bank AG, London Branch, Goldman Sachs International, The Royal Bank of Scotland plc, Crédit Agricole Corporate and Investment Bank, ING Bank N.V., London Branch, Lloyds Bank plc or Société Générale (collectively, the "initial purchasers") has authorised anyone to provide you with any information or represent anything about the Issuer, the Guarantors or the initial purchasers, the Issuer's financial results or this offering that is not contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantors or the initial purchasers. None of the Issuer, the Guarantors or the initial purchasers is making an offering of the Notes in any jurisdiction where this offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as at any date other than the date on the front of this Offering Memorandum.

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

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

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

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

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

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

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

The information set out in relation to sections of this Offering Memorandum describing clearing arrangements, including the section entitled "Book-Entry; Delivery and Form", is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear Bank SA/NV ("Euroclear") or Clearstream

Banking, *société anonyme* ("Clearstream Banking") currently in effect. While the Issuer accepts responsibility for accurately summarising the information concerning Euroclear and Clearstream Banking, it accepts no further responsibility in respect of such information. In addition, this Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the initial purchasers.

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

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

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

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

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

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE,

COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO US INVESTORS

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

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

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

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

NOTICE TO EEA INVESTORS

This Offering Memorandum has been prepared on the basis that all offers of the Notes to the public in any Member State of the European Economic Area that has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to produce a prospectus for offers of securities. Accordingly, any person making or intending to make any offer in a Relevant Member State of Notes, which are the subject of the placement contemplated in this Offering Memorandum, may only do so in circumstances in which no obligation arises for the Issuer or any of the initial purchasers to publish a prospectus for such offer pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive. Neither the Issuer nor any of the initial purchasers have authorised, nor do they authorise the making of any offer of the Notes through any financial intermediary other than offers made by the initial purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum. Neither the Issuer nor any of the initial purchasers have authorised, nor do they authorise, the making of an offer of Notes in circumstances in which an obligation arises for the Issuer or any of the initial purchasers to publish or supplement a prospectus for such offer.

For the purposes of this section, the expression an “offer of the Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered to enable an investor to decide to purchase or subscribe for any Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in that Relevant Member State.

NOTICE TO UK INVESTORS

This Offering Memorandum has not been approved by an authorised person in the United Kingdom and is for distribution only to and directed only at persons who (i) have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes, other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

NOTICE REGARDING SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

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

STABILISATION

In connection with the offering of the Notes, Deutsche Bank AG, London Branch (the "Stabilising Manager") (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance and may be no obligation on the Stabilising Manager that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offering of the Notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which the Issuer received the proceeds of the issue, or no later than 60 days after the date of the allotment of the Notes, whichever is the earlier. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on their behalf) in accordance with all applicable laws and rules.

DEFINED TERMS USED IN THIS OFFERING MEMORANDUM

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

Notes

"2011 Notes"	The existing \$410,000,000 8.125% Senior Notes due 2021 issued 19 May 2011.
	The Issuer's £500,000,000 8.125% notes due 2018 and \$410,000,000 7.750% notes due 2018 issued on 19 May 2011 under the same indenture as the 2011 Notes have been repurchased or redeemed and are no longer outstanding.
"2012 Notes"	The existing £500,000,000 8.250% Senior Notes due 2020 issued 27 March 2012.
"January 2013 Notes"	The existing \$500,000,000 5.625% Senior Notes due 2023 issued 28 January 2013.
"December 2013 Notes"	The existing \$700,000,000 4.125% Senior Notes due 2018 issued 17 December 2013.
"January 2014 Notes"	The existing £400,000,000 5.000% Senior Notes due 2022 issued 31 January 2014.
"October 2014 Notes"	The existing \$500,000,000 4.250% Senior Notes due 2019 issued 31 October 2014.

Certain Other Terms

"Asia Pacific"	The marketing region we define as including Australia, Brunei, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Sri Lanka and Thailand.
"Board" or "board of directors"	The board of directors of the Issuer.
"British pounds", "GBP", "pounds sterling", "sterling", or "£"	Pounds sterling, the currency of the United Kingdom of Great Britain and Northern Ireland.
"Chinese yuan", "CNY" or "yuan"	Chinese yuan, the currency of the People's Republic of China.
"EUR", "euro" or "€"	Euro, the currency of the member states of the European Union participating in the European Monetary Union.
"EBITDA"	Profit for the period before income tax expense, finance expense (net of capitalised interest), finance income, depreciation and amortisation, foreign exchange gains/(losses) on financing and unrealised derivatives, unrealised commodity gains/(losses) and share of loss from joint ventures.
"Fiscal year"	Year beginning 1 April and ending 31 March of the following year.
"Fiscal 2010"	Year beginning 1 April 2009 and ended 31 March 2010.
"Fiscal 2011"	Year beginning 1 April 2010 and ended 31 March 2011.
"Fiscal 2012"	Year beginning 1 April 2011 and ended 31 March 2012.
"Fiscal 2013"	Year beginning 1 April 2012 and ended 31 March 2013.

"Fiscal 2014"	Year beginning 1 April 2013 and ended 31 March 2014.
"Fiscal 2015"	Year beginning 1 April 2014 and ending 31 March 2015.
"Fiscal 2016"	Year beginning 1 April 2015 and ending 31 March 2016.
"Ford"...	Ford Motor Company and its subsidiaries.
"Free cash flow"	Net cash from operating activities less net cash used in investing activities excluding investments in short-term deposits.
"IAS 34"	International Accounting Standard (IAS 34) *Interim Financial Reporting*.
"IFRS"...	International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board and adopted by the European Union.
"IFRS—IASB"	International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.
"Indenture"	The indenture governing the Notes offered hereby.
"Issuer"	Jaguar Land Rover Automotive plc, a public limited company incorporated under the laws of England and Wales.
"Jaguar Land Rover", "Jaguar Land Rover Group", "Group", "we", "us" and "our"	Jaguar Land Rover Automotive plc and its subsidiaries (including any of their predecessors).
"LIBOR"	London Interbank Offered Rate.
"MTM"	Mark-to-market.
"National sales companies" or "NSCs"...	National sales companies for Jaguar Land Rover products, which are all wholly owned indirect subsidiaries of the Issuer.
"Net cash"	Cash and cash equivalents and short-term deposits less total cash borrowings (including secured and unsecured borrowings and factoring facilities but excluding finance leases).
"Net Income"	Profit after tax or profit for the period.
"Product and other investment"............	Net cash used in investing activities excluding movement in other restricted deposits, investment in short-term deposits and finance income received, and including expensed R&D (not included in net cash used in investing activities).
"Retail volumes"...............................	Aggregate number of finished vehicles sold by dealers (and in limited numbers by us directly) to end users. Although retail volumes do not directly impact our revenue, we consider retail volumes as the best indicator of consumer demand for our vehicles and the strength of our brands.
"Revolving Loan Facility"	The £1,485,000,000 unsecured syndicated revolving loan facility entered into in December 2011, as amended.
"Russian rouble"	Russian roubles, the currency of Russian Federation.
"SEC"	United States Securities and Exchange Commission.
"Tender Offer"	The tender offer launched by the Issuer to purchase the £500,000,000 8.250% Senior Notes due 2020, as described under "Summary—Recent Developments—Tender Offer".

"US dollars", "USD", "US$" or "$"…….	US dollars, the currency of the United States of America.
"US GAAP"……………………………….	Generally accepted accounting principles in the United States of America.
"Wholesale volumes"……………………..	Aggregate number of finished vehicles sold to (i) dealers in the United Kingdom or foreign markets in which we have established an NSC and (ii) importers in all other markets. Generally, we recognise revenue on the sale of finished vehicles and parts (net of discounts, sales incentives, customer bonuses and rebates granted) when products are delivered to dealers and, in connection with sales to importers, when products are delivered to a carrier for export sales.

PRESENTATION OF FINANCIAL AND OTHER DATA

Issuer

Jaguar Land Rover Automotive plc (formerly Jaguar Land Rover PLC), which is the holding company of the Jaguar Land Rover business, was incorporated in England and Wales as a private limited company on 18 January 2008, and registered under the name TML Holdings Limited on 6 February 2008 and the name Jaguar Land Rover Limited on 9 June 2008. On 6 April 2011, it was re-registered in England and Wales as a public limited company. On 28 December 2012, its name was changed to Jaguar Land Rover Automotive plc. The Issuer is a direct, wholly owned subsidiary of TML Holdings Pte Limited (Singapore) ("TMLH"), itself wholly owned by Tata Motors, which is listed on the Bombay Stock Exchange, the National Stock Exchange of India and the New York Stock Exchange. Tata Sons Limited ("Tata Sons"), together with its subsidiaries, owned 28.2% of the voting rights capital in Tata Motors as at 31 December 2014. In this Offering Memorandum, we refer to, and present consolidated financial information for, the Issuer and its consolidated subsidiaries.

Financial Statements and Other Financial Information

This Offering Memorandum includes:

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

- the audited consolidated financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at and for the year ended 31 March 2013 (the "2013 Consolidated Financial Statements");

- the audited consolidated financial statements of Jaguar Land Rover PLC (now Jaguar Land Rover Automotive plc) and its subsidiaries as at and for the year ended 31 March 2012 (the "2012 Consolidated Financial Statements"); and

- the unaudited condensed consolidated interim financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at December 31, 2014 and for the three and nine months ended 31 December 2014 and 2013 (the "2014 Condensed Consolidated Interim Financial Statements" and, together with the 2014 Consolidated Financial Statements, the 2013 Consolidated Financial Statements and the 2012 Consolidated Financial Statements, the "Consolidated Financial Statements").

We have derived the consolidated financial data for the Fiscal years ended 31 March 2014, 2013 and 2012 and the interim consolidated financial data for the three and nine months ended 31 December 2014 and 2013 from the Consolidated Financial Statements included elsewhere in this Offering Memorandum.

The comparative financial information presented in this Offering Memorandum for Fiscal 2013 and Fiscal 2012 relating to our consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and related notes (where relevant), has been restated following the adoption of IAS 19 Employee Benefits (2011) in Fiscal 2014 and presented in the 2014 Consolidated Financial Statements included elsewhere in this Offering Memorandum. The adoption of this revised standard had no impact on the consolidated balance sheet in any of the years presented. For further detail on this restatement, please see note 2 to the 2014 Consolidated Financial Statements included elsewhere in this Offering Memorandum. The 2013 Consolidated Financial Statements and 2012 Consolidated Financial Statements included elsewhere in this Offering Memorandum present the financial information as it was reported as at the respective date of such financial statements and not on a restated basis.

This Offering Memorandum also includes the unaudited condensed consolidated financial information for the twelve months ended 31 December 2014 for Jaguar Land Rover Automotive plc and its subsidiaries, which has been derived by aggregating without adjustments the relevant results of the year ended 31 March 2014 and the nine months ended 31 December 2014 and subtracting the nine months ended 31 December 2013 to derive results for the twelve months ended 31 December 2014. The unaudited condensed consolidated financial information for the twelve months ended 31 December 2014 has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of our financial reporting, and has not been audited or reviewed. The unaudited condensed consolidated financial information for the twelve months ended 31 December 2014 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles.

The 2014 Consolidated Financial Statements, the 2013 Consolidated Financial Statements and the 2012 Consolidated Financial Statements have been prepared in accordance with IFRS and the 2014 Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34. In making an investment decision, you must rely upon your own examination of the terms of the offering of the Notes and the financial information contained in this Offering Memorandum. You should also consult your own professional advisers for an understanding of the differences between IFRS and US GAAP and how those differences could affect the financial information contained in this Offering Memorandum. There are a number of differences between IFRS and US GAAP. We have not prepared financial statements in accordance with US GAAP or reconciled our financial statements to US GAAP and are therefore unable to identify or quantify the differences that may impact our reported profits, financial position or cash flows were they to be reported under US GAAP.

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

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

The Consolidated Financial Statements have been prepared based on the Fiscal year and are presented in British pounds rounded to the nearest £0.1 billion or £1.0 million, as applicable. The Consolidated Financial Statements have been prepared under the historical cost convention modified for certain items carried at fair value, as stated in the accounting policies set out in the Consolidated Financial Statements.

Upon an evaluation of the effectiveness of the design and operation of our internal controls over financial reporting, conducted as part of the corporate governance and public disclosure obligations of our parent, Tata Motors, we concluded that there was a material weakness, such that our internal controls over financial reporting were not effective as at 31 March 2014. A material weakness, under the applicable auditing standards established by the Public Company Accounting Oversight Board (PCAOB) in the United States, is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified related to a deficiency in the design and operating effectiveness of controls over the change management procedures relating to an information technology system and as a result an inappropriate change to a raw materials system data table in the year ended 31 March 2014, was not prevented or detected on a timely basis. The inappropriate change to the raw materials system data table resulted in an overpayment to one of our suppliers subsequent to 31 March 2014. The overpayment was promptly recovered from the supplier and as a result there was no financial loss and there were no misstatements identified in the financial statements as of and for the year ended 31 March 2014. Specific remediation actions taken by management immediately following the identification of the deficiency relating to the foregoing material weakness in internal control over financial reporting include the following:

- the training of staff around the change management procedures and controls over the Company's IT systems;

- the design and implementation of additional management processes and controls to identify invalid data table changes; and

- the strengthening of controls in respect of payment authorisation.

These improvements have been made as of the date of this Offering Memorandum and are subject to formal remediation testing. Due to its inherent limitations, however, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Non-IFRS Financial Measures

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

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

This Offering Memorandum includes unaudited consolidated pro forma financial data which have been adjusted to reflect certain effects of the offering of the Notes and the use of proceeds from the Notes as described under "Use of Proceeds". The unaudited consolidated pro forma financial data have been prepared for illustrative purposes only and do not purport to represent what our actual consolidated net debt or net interest expense would have been if the offering of the Notes had occurred (i) on 31 December 2014 for the purposes of the calculation of pro forma net cash/(debt) and (ii) on 1 January 2013 for the purposes of the calculation of pro forma net finance costs, nor do they purport to project our consolidated net cash/(debt) and net finance costs at any future date. The unaudited pro forma adjustments and the unaudited pro forma financial data set forth in this Offering Memorandum are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts.

The unaudited condensed consolidated financial information for the twelve months ended 31 December 2014 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles.

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

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

INDUSTRY AND MARKET DATA

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

FORWARD-LOOKING STATEMENTS

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

- global economic, political and social conditions and the competitive environment in the United Kingdom and Europe, the United States, China and other markets in which we operate and sell our products could have a significant adverse impact on our sales and results of operations;
- the potential for new drive technologies being developed and the resulting effects on the automobile market;
- delays or limited availability of key inputs as a result of accidents or natural disasters;
- government policies, including those specifically regarding the automotive industry, such as industrial licensing, environmental regulations, safety regulations and the potential that we may not be able to comply with these regulations and requirements;
- import restrictions and duties, excise duties, sales taxes, value added taxes, product range restrictions, diesel and gasoline prices and road network enhancement projects;
- the implementation and success of new products, designs and innovations, and changing consumer demand for the premium cars and all-terrain vehicles we sell;
- the implementation of new projects, including overseas joint ventures or automotive manufacturing facilities, and growth strategies, including cost-reduction efforts and entry into new markets and any potential mergers and acquisitions in the future;
- our operations could expose us to economic, political and other risks, including unexpected changes in regulatory and legal regimes, governmental investigations, political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics, labour strikes and other risks in the markets in which we operate and in emerging market countries in which we plan to expand;
- lengthy product development cycles and our ability to forecast demand for our vehicles which may lead to inefficient use of our production capacity;
- the availability and cost of consumer finance to our customers and fluctuations in used car valuations;
- contractual arrangements with suppliers and disruptions in supply, shortages of raw materials or underperformance of our distribution channels;
- our dependence on the performance by third parties of their contractual obligations;
- disruptions to our manufacturing, design and engineering facilities;
- under-performance of our distribution channels may adversely affect our sales and results of operations;
- significant movements in the prices of key inputs such as steel, aluminium, rubber and plastics;
- vulnerability to volatility in the price and availability of fuel, steel, aluminium and other commodities;
- the seasonal effect of a substantial decrease in our sales during certain quarters, which could have a material adverse impact on our financial condition;
- credit and liquidity risks and the terms on which we finance our working capital and capital and product development expenditures and investment requirements;

- fluctuations in the currency exchange rate of our revenues against those currencies in which we incur costs and our functional currency;

- interest rate fluctuations, which may affect the cost of our interest-bearing assets and liabilities;

- potential product liability, warranties and recalls of the products we manufacture;

- the protection and preservation of our intellectual property;

- potential labour unrest and the loss of one or more key personnel or the potential inability to attract and retain highly qualified employees;

- pension obligations, which may prove more costly than currently anticipated, and the market value of assets in our pension plans, which could decline;

- our potential inability to obtain insurance for certain risks under terms acceptable to us;

- our reliance on information technology for trading and corporate business;

- our potential obligation to guarantee the obligations of our subsidiaries, joint ventures and associates in connection with their trading activities; and

- other factors beyond our control.

All statements other than statements of historical fact included in this Offering Memorandum, including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, if any, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, including those identified above and under the “Risk Factors” section in this Offering Memorandum. Words such as “believe”, “expect”, “anticipate”, “project”, “may”, “intend”, “aim”, “will”, “should”, “could”, “estimate” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

EXCHANGE RATES

Exchange Rate between British Pounds and the US Dollar

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

	US dollars per British pound(1)			
Year ended 31 March	**Period end**	**Average(2)**	**High**	**Low**
2010	1.5186	1.5994	1.6977	1.4402
2011	1.6048	1.5573	1.6387	1.4344
2012	1.6242	1.5851	1.6276	1.5295
2013	1.5189	1.5807	1.6276	1.4902
2014	1.6681	1.5899	1.6762	1.4858

(1) Source: Bloomberg.

(2) The average noon buying rate for British pounds on the last day of each month during the applicable period.

For the nine month period ended 31 December 2014, the period end, the average, high and low exchange rates as published by Bloomberg (London Composite Rate) expressed in US dollars per British pound were 1.5581, 1.6449, 1.7165 and 1.5515, respectively.

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

	US dollars per British pound(1)		
Month	**Period end**	**High**	**Low**
August 2014	1.6584	1.6875	1.6563
September 2014	1.6219	1.6289	1.6086
October 2014	1.5994	1.6188	1.5922
November 2014	1.5623	1.5992	1.5623
December 2014	1.5581	1.5754	1.5515
January 2015	1.5020	1.5359	1.5018
February 2015	1.5440	1.5509	1.5027

(1) Source: Bloomberg.

The US dollars per British pound exchange rate on 2 March 2015 was \$1.5364 = £1.00.

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

SUMMARY

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

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

Overview

We design, develop, manufacture and sell Jaguar premium sports saloons and sports cars and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. We have a long tradition as a manufacturer of premium passenger vehicles with internationally recognised brands, an exclusive product portfolio of award-winning vehicles, a global distribution network and strong research and development ("R&D") capabilities. Collectively, Jaguar and Land Rover received over 220 awards from leading international motoring writers, magazines and opinion leaders between 2014 and early 2015, reflecting the strength of our model line-up and our design and engineering capabilities.

We operate a global sales and distribution network designed to achieve geographically diversified sales and facilitate growth in our key markets. Our four principal regional markets are Europe (excluding the United Kingdom and Russia), North America, the United Kingdom and China which, respectively, accounted for 18.2%, 16.3%, 17.2% and 27.4% of our retail volumes (18.4%, 16.0%, 16.7% and 28.2% of our wholesale volumes) in the nine months ended 31 December 2014.

We operate four major production facilities (employing a total of approximately 19,400 employees as at 31 December 2014) and two advanced design and engineering facilities (employing a total of approximately 13,200 employees as at 31 December 2014, which includes employees at our corporate headquarters located at Whitley), all of which are located in the United Kingdom. Globally, we employed a total of 33,897 employees, including agency personnel, as at 31 December 2014.

We are a wholly owned indirect subsidiary of Tata Motors, a member of the international conglomerate Tata Group. Tata Motors is India's largest commercial vehicle manufacturer, as measured by revenue in 2014, and ranked as the eighth largest truck manufacturer globally in the 6 plus ton category, as measured by volume of vehicles produced in 2013.

The following table presents our revenue, profit and EBITDA in Fiscal 2012, Fiscal 2013 and Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014.

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
	(£ in millions)					
Revenue	13,512	15,784	19,386	14,037	16,040	21,389
Profit for the period	1,460	1,214	1,879	1,430	1,736	2,185
EBITDA	2,095	2,339	3,393	2,473	3,116	4,036

In Fiscal 2012, Fiscal 2013, Fiscal 2014 and the nine months ended 31 December 2013 and 2014, we have experienced significant growth attributable to improved global economic conditions, successful launches of new models, complementing the enduring appeal of existing products, a strong product and market mix and continued geographic diversification. Our continued focus on managing foreign exchange exposure and achieving cost efficiencies has also contributed to robust performance.

Our unit sales (on a retail basis) for each of our brands for Fiscal 2012, Fiscal 2013 and Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014 are set out in the table below:

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
Jaguar	54,227	58,593	80,522	56,491	57,539	81,570
Land Rover	251,632	316,043	353,789	253,044	280,363	381,108
Total	**305,859**	**374,636**	**434,311**	**309,535**	**337,902**	**462,678**

Our unit sales (on a wholesale basis) under each of our brands for Fiscal 2012, Fiscal 2013 and Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014 are set out in the table below:

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
Jaguar	54,039	57,812	79,307	57,783	56,418	77,942
Land Rover	260,394	314,250	350,554	251,125	284,900	384,329
Total	**314,433**	**372,062**	**429,861**	**308,908**	**341,318**	**462,271**

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

Our vehicles

Jaguar designs, develops and manufactures a range of premium cars recognised for their design, performance and quality. Jaguar's range of products comprises the F-TYPE two-seater sports car coupé and convertible (including all-wheel drive derivatives), the XF (including Sportbrake and all-wheel drive derivatives), XJ saloons and the new XE sports saloon. At the Detroit Motor Show in January 2015, we introduced the F-PACE, which will utilise the same new aluminium-intensive architecture as the XE.

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

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

Product design, development and technology

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

We develop and manufacture technologically advanced vehicles. Our R&D operations currently consist of a single engineering team of over 350 engineers, co-managed for Jaguar and Land Rover, sharing premium technologies, powertrain designs and vehicle architecture. Please see "Our Business—Product Design, Technology and Research and Development".

Properties and Facilities

We operate three principal automotive manufacturing facilities and an engine manufacturing facility in the United Kingdom, as well as an automotive manufacturing facility in China as part of our joint venture with Chery Automobile Company Ltd. We believe that these facilities provide us with a flexible manufacturing footprint to support our present product plans. Please see "Our Business—Properties and Facilities".

Sales, distribution and financial services

We market and distribute Jaguar and Land Rover products in approximately 120 and 170 markets, respectively. Sales locations for our vehicles are operated as independent franchises while we are represented in our key markets through national sales companies as well as third-party importers. Jaguar and Land Rover have regional offices in certain select countries that manage customer relationships, vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the United Kingdom. Please see "Our Business—Sales and Distribution".

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

Our Competitive Strengths

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

Globally recognised brands built on a strong heritage

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

Both our Jaguar and Land Rover brands are globally recognised as premium, class-leading and highly differentiated vehicles within their segments as evidenced by consumer demand, sales in approximately 170 markets and the many international awards received across different geographical regions. Please see "—Award-winning design capabilities and distinctive model line-ups" for further details on these awards.

Award-winning design capabilities and distinctive model line-ups

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

The strength of our design capabilities and distinctive model line-ups has been widely validated by industry experts. Jaguar and Land Rover have collectively received over 220 awards from leading international magazines and opinion leaders as well as numerous other awards, accolades and recognition.

The following table sets out certain of these awards received in 2014 and early 2015, but is not exhaustive.

Award	Model	Awarding Institution	Date
Best Luxury SUV	Range Rover	What Car?	January 2015
Best Car of the Year	Range Rover Sport	Car	January 2015
Small SUV	Range Rover Evoque	What Car? Car of the Year Awards	January 2015
Safety Award	Land Rover Discovery Sport	What Car?	January 2015
First in middle class segment	Jaguar XE	Best Cars 2015 Award	January 2015
Best Coupe	Jaguar F-TYPE	Auto Express New Car Awards	July 2014
Cabriolet of the year	Jaguar F-TYPE	BBC Top Gear Awards	February 2014
Executive Car of the Year	Jaguar XF	Business Car Awards	January 2014
Best imported car of the year	Jaguar XJ	dayoo.com	November 2014
Queens Award for Enterprise in International Trade	Jaguar Land Rover	Her Royal Highness the Queen	June 2014
Best Car Styling Luxury Brand	Jaguar	Kelley Blue Book	April 2014
Automotive Performance, Execution and Layout	Land Rover	J.D. Power and Associates	September 2014

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

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

We have continued to strengthen our line-up with new model launches, such as the Range Rover, the Range Rover Sport, the new Discovery Sport, the Jaguar F-TYPE and the new Jaguar XE. We also expect to continue to implement a variety of product actions across both brands, including all-new vehicles and new derivatives, powertrain upgrades and body/trim changes. New products, including Jaguar's all-new performance crossover, the F-PACE, are expected to support sales growth across wider segments. Please see "—Our Strategy—Grow the business through new products and market expansion".

Technical excellence with a strong focus on research and development

We develop and manufacture technologically advanced vehicles. For example, we are one of the industry leaders in aluminium body structures, which contribute to the manufacture of lighter vehicles with improved fuel and CO_2 efficiency and performance, while maintaining the body stiffness that customers in the premium segment demand.

We have industry-leading capabilities in all-terrain applications, such as Land Rover's "terrain response system", which is the all-terrain system that adjusts the performance of vital operating components of the vehicle to different driving and weather conditions. We also aim to be at the forefront of calibration and certification of emissions and fuel economy, with a number of emission-reducing technologies developed or under development, including hybrids such as the Range Rover and Range Rover Sport diesel hybrids that were launched in September 2013, the above-mentioned use of lightweight material, reducing parasitic losses through the driveline and improvements in aerodynamics. We believe that we are also among the leading automobile manufacturers in the areas of powertrain application engineering and sound quality. For further details on our product design and research and development initiatives, please see "Our Business—Product Design, Technology and Research and Development".

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

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

Our success in established markets and strong brand recognition ensure that we are well positioned to capture the significant sales growth experienced in emerging markets. In particular, we have increased our presence in China in recent years, as discussed in further detail in "Our Business—Product Sales Performance". We believe this growth potential in markets with growing affluent populations will counterbalance the expected lower rate of sales growth in more developed markets, and offers significant opportunities to increase and diversify further our sales volumes. Consequently, we are actively investing in our sales network outside of our major markets. We established a national sales company ("NSC") in China in 2010 and, by 31 December 2014, had grown the dealer network in that country to 204 dealers. In addition, we have established a manufacturing joint venture in China with Chery Automobile Company Ltd. to further support growth in the Chinese market. Please see "Our Business—China Joint Venture". In India, XF vehicles are currently assembled at a facility operated by Tata Motors with the possibility of expanding to other models in the future. These vehicles are currently sold by Tata Motors in India. In addition, in December 2014, we began construction on a new production facility in Brazil in which we have committed to invest approximately £240 million (750 million Brazilian real). Production at the Brazilian facility is expected to begin in early 2016. Please see "Our Business—Brazil Production Facility".

Profitable growth and strong operating cash generation

In the nine months ended 31 December 2014, we generated EBITDA of £3,116 million, up from £2,473 million in the same period in 2013, reflecting increased sales volumes and a strong product and solid market mix. In Fiscal 2014, we generated EBITDA of £3,393 million, up from £2,339 million in Fiscal 2013.

We generated profit after tax of £1,736 million in the nine months ended 31 December 2014, up from £1,430 million in the same period in 2013. In Fiscal 2014, our profit after tax was £1,879 million, up from £1,214 million in Fiscal 2013.

The substantial improvement in our performance since Fiscal 2011 was attributable to an increase in volumes and profitability across all regions. In particular, our market mix has benefitted from a strengthening of our business in China, supported by the launch of our Chinese NSC in 2010. Product mix has benefitted from the introduction of the new Range Rover, the new Range Rover Sport, the Range Rover Evoque, the Jaguar F-TYPE, the new Jaguar XJ and the Jaguar XF Sportbrake, as well as model year updates and certain derivatives such as the all-wheel drive. Performance has also been supported by a generally more favourable foreign exchange environment.

We have recently generated significant cash flow, reflecting our strong growth in sales and profitability described above. Our cash generated from operating activities before capital spending in the nine months ended 31 December 2014 was £2,572 million, compared to £2,060 million for the same period in 2013. Furthermore, we have a strong liquidity position with cash and cash equivalents of £2,884 million (up from £2,260 million at 31 March 2014), short-term investments (bank deposits with a maturity of between three and twelve months) of £1,143 million (down from £1,199 million as at 31 March 2014) and undrawn committed credit facilities of £1,485 million (up from £1,290 million as at 31 March 2014) as at 31 December 2014.

Experienced and highly qualified senior management team

We have a highly experienced and respected senior management team. Our senior management comprises senior automotive executives with extensive experience in the automotive industry. We believe that the experience, industry knowledge and leadership of our senior management team will help us implement our strategy described below and achieve further profitable growth.

Shareholder support

We benefit from strong and on-going support from Tata Motors, our parent company. Tata Motors is India's largest commercial vehicle manufacturer, as measured by revenue in 2014. It has also established a successful international presence as an automobile company through joint ventures and acquisitions such as the acquisition of the commercial vehicle business of Daewoo in 2004. On 2 June 2008, Tata Motors acquired the Jaguar Land Rover businesses from Ford, establishing its international presence in the premium market. Tata Motors has a manufacturing footprint in India, South Africa, South Korea, Thailand and the United Kingdom and established a presence in Indonesia in 2012 for import, assembly and wholesale distribution. On 27 January 2015, Tata Motors announced plans to offer additional shares to its shareholders via a rights issue, thereby raising Rs 7,500 crore.

We believe we are of strategic importance to Tata Motors given that we represented approximately 86% of its net revenue during the nine months ended 31 December 2014. This was also supported by Standard & Poor's Ratings Services (S&P), which in its latest ratings opinion classified us as "highly strategic" to the Tata Motors group. Our Board includes the current Chairman of Tata Motors, Mr. Cyrus Mistry. Our Chief Executive Officer, Dr. Ralf Speth and Mr. Nasser Munjee, a member of our Board of Directors, are also members of the board of directors of Tata Motors.

Tata Motors does not assume any direct or indirect liability for or guarantee the Notes.

Our Strategy

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

Grow the business through new products and market expansion

New products

We offer products in the premium performance car and all-terrain vehicle segments, and we intend to grow the business by diversifying our product range within these segments. For instance, the Range Rover Evoque is helping us expand into a market segment for smaller, lighter and more "urban" off-road vehicles than the market segments in which our Range Rover models traditionally compete. The new Land Rover Discovery Sport is the first in a new family of Discovery vehicles offering our customers a versatile yet capable compact SUV. The Jaguar F-TYPE, available in convertible, coupé and all-wheel drive variants, is a vivid representation of the confidence and ambition of the Jaguar brand. Similarly, the 2.2-litre diesel XF caters to a much wider group of potential customers, particularly the corporate market segment. The Jaguar XF Sportbrake is the most versatile derivative of the award-winning Jaguar XF and adds a premium estate model to our vehicle portfolio. The all-wheel drive and smaller engine options for the XF and XJ are helping us expand our portfolio and customer base. The new mid-sized premium sports sedan, the Jaguar XE, enables us to offer a product in the "C segment" of vehicles and compete against other premium auto manufacturers in this high-volume sector.

In Fiscal 2013, we launched the all-aluminium Range Rover, and in Fiscal 2014, we launched the new Range Rover Sport with the same all-aluminium architecture, both of which were well received by the market. At the Frankfurt Motor Show in September 2013, we launched diesel hybrid versions of the Range Rover and Range Rover Sport, the world's first premium SUV hybrids. We also revealed the new Jaguar performance crossover, the F-PACE, at the Detroit Motor Show in January 2015, which is based on the Jaguar C-X17 concept vehicle which incorporates the new modular scalable advanced aluminium architecture first introduced on the Jaguar XE and forms the basis of a new range of future Jaguars, allowing us to grow our product portfolio and target high-growth areas of the premium market.

Market expansion

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

- ***Emerging markets:*** We aim to increase our marketing and dealer network in emerging markets. For example, in China, we established an NSC to expand our presence in this key market. Please see "—Our Competitive Strengths—Global market presence through comprehensive and growing global sales and distribution and international manufacturing networks". Similarly, we expect to continue to grow our presence in the Indian market by opening additional dealerships across the country.

- ***Selected markets:*** We aim to establish new manufacturing facilities, assembly points and suppliers in selected markets. For example, we have established a manufacturing and assembly joint venture in China with Chery Automobile Company Ltd. Please see "Our Business—China Joint Venture". We have also commenced construction of a manufacturing facility in Brazil. Please see "Our Business—Brazil Production Facility". In addition, XF vehicles are currently assembled at a facility operated by Tata Motors in India with the possibility of expanding to other models in the future. We also sell vehicle kits to be assembled in CKD facilities in Kenya, Malaysia, Turkey and Pakistan and continue to explore manufacturing operations in other markets.

Grow the business through future capital investments

Jaguar Land Rover's strategy continues to be to profitably grow our strong, globally recognised brands. In order to meet customer aspirations and regulatory requirements, we continue to invest in the United Kingdom and internationally to further develop products in new and existing segments. We are also investing to expand our manufacturing capacity and continue to have a longer term capital spending target of 10-12% of revenue, which we believe is in line with other premium competitors. In the near and medium term, however, we expect our capital spending to be a greater percentage of revenue in order to realise the present opportunities we see for growth.

In Fiscal 2014, total product and other investment was £2.68 billion (with 52% for R&D and 48% for expenditure on tangible fixed assets such as facilities, tools and equipment as well as investment in our China joint venture). The significant growth in our sales and profitability with a strong cash and liquidity position (as discussed under "Operating and Financial Review and Prospects—General Trends of Our Recent Performance") has supported our capital spending strategy. Free cash flow in Fiscal 2014 was £1.15 billion after the total product and other investment of £2.68 billion (before changes in debt and interest).

Based on our continuing strong performance and cash and liquidity position, we plan to continue to increase capital investment to develop new products in new and existing segments, invest in new powertrains and technologies to meet customer and regulatory requirements, and increase our manufacturing capacity in the United Kingdom and in China, Brazil and potentially other international markets.

As a result, we expect that our capital spending will be in the range of £3.0 billion to £3.2 billion in Fiscal 2015 and is likely to increase in Fiscal 2016 to between approximately £3.6 billion to £3.8 billion (with approximately 40% for R&D and 60% for expenditure on tangible fixed assets such as facilities, tools and equipment as well as investment in our China joint venture).

We continue to target funding most of our capital spending out of operating cash flow and monitor the economic environment and market demand as we plan our future capital spending. We expect that our strong balance sheet, including total cash and cash equivalents and short-term investments of £4.0 billion and £1.5 billion of undrawn long-term credit facilities and short-term undrawn committed facilities (of which

£1,114 million will mature in July 2018 and the balance in July 2016) as at 31 December 2014, resulting in total liquidity of £5.5 billion, as well as proven access to funding from capital markets and banks, would also support our investment plans as required.

Develop technologically advanced vehicles

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

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

Continue to improve vehicle quality

We recognise the importance of superior vehicle quality and have implemented programmes, both internally and at our suppliers' operations, focused on improving the quality of our products, enhancing customer satisfaction and reducing our future warranty costs. We have also established a procedure for ensuring quality control of outsourced components, and products purchased from approved sources undergo a supplier quality improvement process. Reliability and other quality targets are built into our new product introduction process. Assurance of quality is further driven by the design team, which interacts with downstream functions like process-planning, manufacturing and supplier management to ensure quality in design processes and manufacturing. We believe our extensive sales and service network has also enabled us to provide quality and timely customer service. Through close coordination supported by our IT systems, we monitor quality performance in the field and implement corrections on an on-going basis to improve the performance of our products.

Focus on environmental performance

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

We are a global leader in the use of aluminium and other lightweight materials to reduce vehicle weight and improve fuel and CO_2 efficiency, and we believe we are ahead of many of our competitors in the implementation of aluminium construction. We plan to continue to build on this expertise and extend the application of aluminium construction as we develop a range of new Jaguar products, including the new Jaguar XE and the recently announced Jaguar performance crossover, the F-PACE.

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

We are also developing more efficient powertrains and other technologies. This includes smaller and more efficient diesel and petrol engines, stop-start and hybrid engines, starting with a state-of-the-art high-efficiency diesel hybrid engine now on offer in the Range Rover and Range Rover Sport and the introduction of our own "Ingenium" four cylinder (2.0-litre) engines from 2015, which will first be installed in the new Jaguar XE.

Our current product line-up is the most efficient it has ever been. The most efficient version of the Range Rover Evoque emits less than 130 g/km. The all-aluminium Jaguar XJ 3.0 V6 twin-turbo diesel has CO_2 emissions of 159 g/km. The 3.0-litre TDV6 Range Rover offers similar performance to the previous 4.4-litre TDV8 Range Rover while fuel consumption and CO_2 emissions have been reduced (now 196 g/km). The 2.0-litre turbocharged petrol engine options in the Range Rover Evoque and the Jaguar XF and XJ also offer improved fuel efficiency. Equipped with stop-start and an eight-speed automatic transmission, the XF 2.2-litre diesel was further improved for 2014 Model Year with CO_2 emissions cut to 129 g/km. In addition, we launched our first hybrid electric vehicles in the Range Rover and Range Rover Sport 3.0L TDV6 Hybrid with emissions of 169 g/km. The new Jaguar XE will be the most fuel-efficient Jaguar yet with expected fuel consumption and CO_2 emissions on the NEDC combined cycle of 76 mpg and 99g/km, respectively. The new Discovery Sport will be launched with a range of four-cylinder turbocharged petrol and diesel engines. The all-alloy Si4 2.0-litre petrol engine, a 2.2-litre turbo diesel engine featuring stop-start technology and a highly efficient ED4 turbo diesel engine with expected CO_2 emissions of just 119g/km will also join the range later in 2015.

Transform the business structure to deliver sustainable returns

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

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

Recent Developments

Tender Offer

On 19 February 2015, we commenced a tender offer and a consent solicitation (the “Tender Offer”) in respect of our outstanding 2012 Notes. Under the terms of the Tender Offer, we are offering to purchase our outstanding 2012 Notes for cash at a purchase price (the “Tender Price”) to be determined based on a fixed spread of 50 basis points over the applicable UK Gilt Rate as outlined in further detail in the offer to purchase and consent solicitation relating to the Tender Offer and proposing to make certain amendments to the restrictive covenants of the indenture governing the 2012 Notes (the “Offer to Purchase and Consent Solicitation Statement”). We intend to use certain of the proceeds of this offering, together with cash on hand, to repurchase the 2012 Notes tendered pursuant to the Tender Offer. The consummation of the Tender Offer is subject to the satisfaction or waiver of certain conditions precedent. Deutsche Bank AG, London Branch is the dealer manager for the Tender Offer.

The Tender Offer is being made pursuant to a separate Offer to Purchase and Consent Solicitation Statement and not pursuant to this Offering Memorandum.

There is no assurance that the Tender Offer will be subscribed for in any amount. We may, in our sole discretion, from time to time, purchase any 2012 Notes after the Tender Offer, through open market or privately negotiated transactions, by one or more additional tender or exchange offers, or by redemption under the terms of the governing indenture or otherwise, in each case upon terms that may or may not differ from the terms of the Tender Offer.

The Issuer

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

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

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

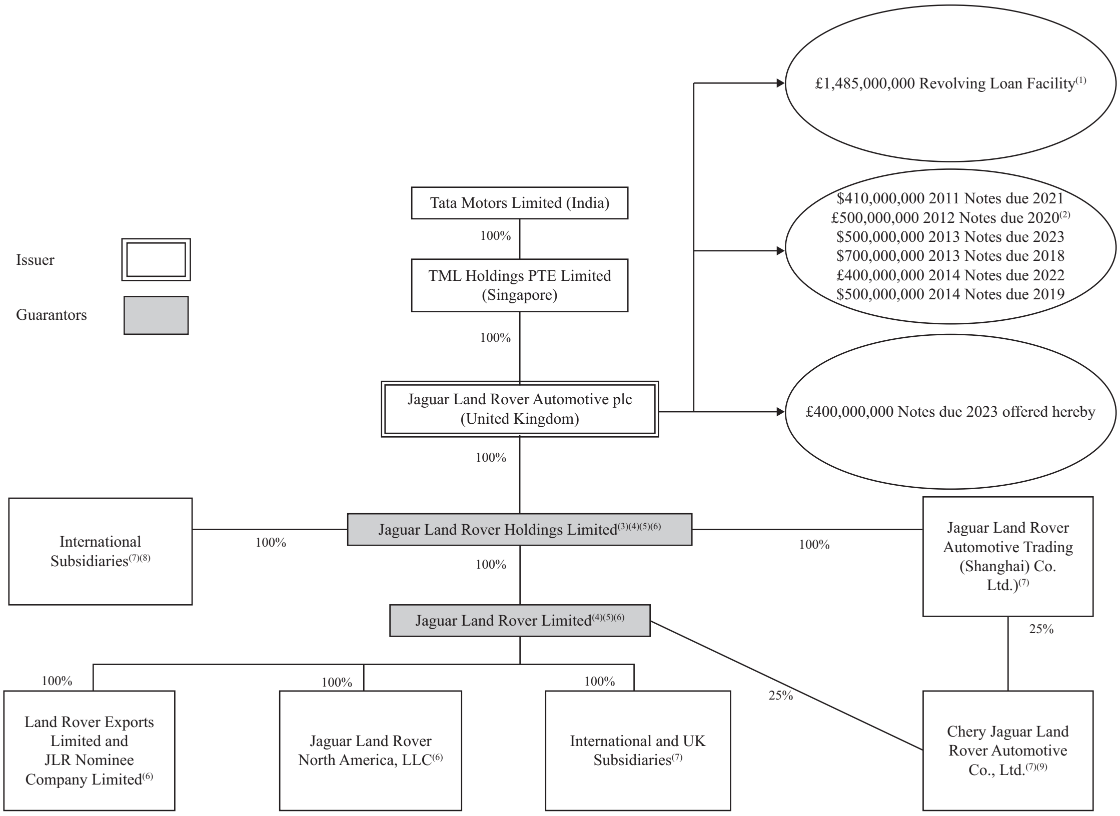
The Guarantors

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

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

CORPORATE AND FINANCING STRUCTURE

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



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

(2) The Issuer intends to use certain of the proceeds of the offering of the Notes, together with cash on hand, to repurchase any or all of the outstanding 2012 Notes, by way of the Tender Offer made pursuant to separate tender offer memorandum and not pursuant to this Offering Memorandum. See "Summary—Recent Developments—Tender Offer". We assume for purposes of the diagram that 60% of the aggregate principal amount of our 2012 Notes will be repurchased pursuant to the Tender Offer, as described under "Use of Proceeds". There is no assurance that the Tender Offer will be subscribed for in any amount.

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

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

(5) We estimate that the Guarantors would have accounted for approximately 87.6% of the aggregated total assets, 99.0% of the aggregated net assets, 24.6% of revenue and 72.3% of EBITDA of Jaguar Land Rover Automotive plc and its consolidated subsidiaries as at and for the nine months ended 31 December 2014, excluding intragroup assets and transactions. The Guarantors represent a higher percentage of EBITDA than revenue because those NSCs which are not Guarantors operate solely as distributors of our vehicles in the markets in which they operate.

(6) As at 31 December 2014, after giving effect to the issue of the Notes offered hereby and the use of proceeds therefrom as described under "Use of Proceeds", our non-guarantor subsidiaries would have had no debt (other than the 2011 Note guarantees, the 2012 Note guarantees and the January 2013 Note guarantees issued by Jaguar Land Rover North America, LLC, Land Rover Exports Limited and JLR Nominee Company Limited, none of which will guarantee the Notes). We estimate that Jaguar Land Rover North America, LLC, Land Rover Exports Limited and JLR Nominee Company Limited (none of which is guaranteeing the Notes) accounted for approximately 3.4% of the aggregated total assets, 12.9% of revenue and 0.4% of EBITDA of Jaguar Land Rover Automotive plc and its consolidated subsidiaries as at 31 December 2014. Both Land Rover Exports Limited and JLR Nominee Company Limited are currently dormant subsidiaries.

(7) This corporate and financing structure chart has been condensed and is not intended to be a comprehensive presentation of our indirect subsidiaries.

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

(9) As part of our joint venture with Chery Automobile Company Ltd., we have established a joint venture company in China called Chery Jaguar Land Rover Automotive Co., Ltd. As of 31 March 2014 we owned 50% of the share capital of Chery Jaguar Land Rover Automotive Co., Ltd. through our subsidiaries Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd. (25%) and Jaguar Land Rover Limited (25%). The remaining 50% is held by Chery Automobile Company Ltd. Please see "Our Business—China Joint Venture".

THE OFFERING

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

Issuer	Jaguar Land Rover Automotive plc.
Notes Offered	£400,000,000 aggregate principal amount of 3.875% senior unsecured notes due 2023.
Maturity	1 March 2023.
Issue Date	The Notes were issued on 24 February 2015.
Interest	3.875% per annum, payable semi-annually in arrears on each 1 March and 1 September and beginning on 1 September 2015. Interest on the Notes will accrue from their date of issue.
Guarantees	The Notes will be guaranteed on a senior unsecured basis by the Guarantors.
Ranking	The Notes will be senior unsecured obligations of the Issuer and the Note Guarantees will be senior unsecured obligations of the Guarantors. The payment of the principal of premium, if any, and interest on the Notes and the obligations of the Guarantors under the Note Guarantees will: • rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the Guarantors, as applicable, that is not, by its terms, expressly subordinated (and is not senior) in right of payment to the Notes, including the 2011 Notes, the 2012 Notes, the January 2013 Notes, the December 2013 Notes, the January 2014 Notes and the October 2014 Notes; • rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the Guarantors, as applicable, that is, by its terms, expressly subordinated in right of payment to the Notes or such Guarantee as applicable; and • be effectively subordinated to any secured indebtedness of the Issuer and the Guarantors, as applicable, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not Guarantors. Neither Tata Motors nor TMLH will guarantee the Notes.
Optional Redemption	Upon not less than 30 nor more than 60 days' written notice, the Issuer may redeem all or part of the Notes at a redemption price equal to the greater of: • 100% of the principal amount of the Notes to be redeemed; and • the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest

accrued and unpaid to the date of redemption) from the redemption date to the maturity date of the Notes discounted at a specified rate,

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

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

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

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

Change of Control .... Upon the occurrence of a change of control (as defined in "Description of the Notes"), each holder of the Notes may require the Issuer to repurchase such holder's Notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued but unpaid interest to the purchase date, as described under "Description of the Notes—Change of Control".

Restrictive Covenants........................ The Indenture will contain covenants that restrict the ability of the Issuer, the Guarantors and the Issuer's Subsidiaries (as defined in "Description of the Notes") to:

- pay dividends, repurchase stock, and make distributions and certain other payments;
- create liens;
- transfer or sell all or substantially all of its assets; and
- merge or consolidate.

For a more detailed description of these covenants, please see "Description of the Notes—Certain Covenants". These covenants are subject to a number of important qualifications and exceptions.

	In addition, in the event that the Notes are assigned a rating of Baa3 or higher by Moody's Investors Service, Inc. and BBB— or higher by Standard & Poor's Financial Services LLC and no event of default has occurred and is continuing, the covenant in the Indenture limiting the Issuer's ability to pay dividends, repurchase stock, and make distributions and certain other payments will be terminated. Please see "Description of the Notes—Certain Covenants—Restricted Payments".
Transfer Restrictions	We have not registered the Notes or the Note Guarantees under the US Securities Act. You may only offer or sell Notes in a transaction exempt from or not subject to the registration requirements of the US Securities Act. Please see "Notice to Investors".
Use of Proceeds	We intend to use the net proceeds from the issue and sale of the Notes, together with cash on hand, to repurchase any and all of our outstanding 2012 Notes at the Tender Price pursuant to the Tender Offer. See "Summary—Recent Developments—Tender Offer". There is no assurance that the Tender Offer will be subscribed for in any amount. We intend to use any remaining proceeds not used in the Tender Offer for general corporate purposes.
Trustee, Paying Agent, Transfer Agent and Registrar	Citibank, N.A., London Branch.
Listing	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market thereof. The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2004/39/EC.
Governing Law	The Notes and the Indenture will be governed by the laws of the State of New York.
Risk Factors	Investing in the Notes involves risks. You should carefully consider the information under the title "Risk Factors" and the other information included in this Offering Memorandum before deciding whether to invest in the Notes.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

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

We have derived the summary consolidated financial data for the Fiscal years ended 31 March 2014, 2013 and 2012 and the interim condensed consolidated income statement and statement of comprehensive income data and cash flow data for the nine months ended 31 December 2014 and 2013 from the Consolidated Financial Statements included elsewhere in this Offering Memorandum. The balance sheet data as at 31 December 2013 have been derived from the unaudited condensed consolidated interim financial statements as at and for the nine months ended 31 December 2013, not included in this Offering Memorandum. Please see "Presentation of Financial and Other Data".

The 2014 Consolidated Financial Statements, the 2013 Consolidated Financial Statements and the 2012 Consolidated Financial Statements were prepared in accordance with IFRS and the 2014 Condensed Consolidated Interim Financial Statements were prepared in accordance with IAS 34. The summary financial data and other data should be read in conjunction with "Presentation of Financial and Other Data", "Selected Consolidated Financial and Other Data", "Operating and Financial Review and Prospects" and the financial statements and related notes thereto included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of future expected results. In addition, our results for the nine months ended 31 December 2014 should not be regarded as indicative of our results expected for the fiscal year ending 31 March 2015.

The unaudited condensed consolidated financial information for the twelve months ended 31 December 2014 set out below was derived by aggregating without adjustments the consolidated income statement for the twelve months ended 31 March 2014 and the consolidated income statement data for the nine months ended 31 December 2014 and subtracting the consolidated income statement data for the nine months ended 31 December 2013. The unaudited condensed consolidated financial information for the twelve months ended 31 December 2014 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles. The financial information for the twelve months ended 31 December 2014 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

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

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

	Fiscal year ended and as at 31 March			Nine months ended and as at 31 December		Twelve months ended and as at 31 December
	2012*	**2013***	**2014**	**2013**	**2014**	**2014**
				(£ in millions)		
Income Statement and Statement of Comprehensive Income Data:						
Revenue	13,512	15,784	19,386	14,037	16,040	21,389
Material and other cost of sales	(8,733)	(9,904)	(11,904)	(8,613)	(9,768)	(13,059)
Employee cost	(1,039)	(1,334)	(1,654)	(1,191)	(1,427)	(1,890)
Other expenses	(2,529)	(3,075)	(3,717)	(2,677)	(2,925)	(3,965)
Net loss on un-matured commodity derivatives	(12)	(10)	(18)	(16)	(16)	(18)
Development costs capitalised(1)	751	860	1,030	772	850	1,108
Other income	49	80	171	141	150	180
Depreciation and amortisation(2)	(465)	(622)	(875)	(639)	(743)	(979)
Foreign exchange gain/(loss)	14	(109)	236	135	58	159
Finance income	16	34	38	27	36	47
Finance expense (net)	(85)	(18)	(185)	(36)	(13)	(162)
Share of loss from joint venture	—	(12)	(7)	(15)	(24)	(16)
Profit before tax	1,479	1,674	2,501	1,925	2,218	2,794
Income tax expense	(19)	(460)	(622)	(495)	(482)	(609)
Profit for the period	1,460	1,214	1,879	1,430	1,736	2,185
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit obligation	(122)	(346)	(135)	(166)	3	34
Income tax related to items that will not be reclassified	152	73	(4)	3	(1)	(8)
Items that may be reclassified subsequently to profit or loss:						
Gain/(loss) on effective cash flow hedges	(36)	(288)	1,041	937	(702)	(598)
Cash flow hedges reclassified to foreign exchange (gain)/loss in profit or loss	(20)	59	(112)	9	(126)	(247)
Currency translation differences	—	—	—	—	7	7
Income tax related to items that may be reclassified	14	53	(194)	(198)	166	170
Total comprehensive income attributable to shareholders	1,448	765	2,475	2,015	1,083	1,543
Balance Sheet Data (at period end):						
Intangible assets	2,801	3,522	4,240		4,769	4,769
Total non-current assets	4,982	6,628	8,359		9,723	9,723
Total current assets	5,235	6,209	7,230		7,806	7,806
Total assets	10,217	12,837	15,589		17,529	17,529
Total current liabilities	5,041	5,997	6,134		6,353	6,353
Total non-current liabilities	2,252	3,301	3,591		4,379	4,379
Total liabilities	7,293	9,298	9,725		10,732	10,732
Equity attributable to equity holders of the company	2,924	3,539	5,864		6,797	6,797
Cash Flow Data:						
Net cash from operating activities	2,500	2,429	3,422	2,060	2,572	3,934
Net cash used in investing activities	(1,542)	(2,609)	(2,736)	(2,024)	(2,025)	(2,737)
Net cash generated from/(used in) financing activities	444	(178)	(498)	73	77	(494)
Cash and cash equivalents at the end of period	2,430	2,072	2,260	2,181	2,884	2,884
Other Financial Data:						
EBITDA(3)	2,095	2,339	3,393	2,473	3,116	4,036
Capitalised expenditure (excluding product development expenditure)	585	879	1,269	930	1,143	1,482
Capitalised product development expenditure(4)	825	970	1,087	813	889	1,163
Net cash (at period end)(5)	456	680	1,449		1,604	1,604
Free cash flow(6)	958	595	1,150	323	456	1,283
Product and other investment(7)	1,560	2,115	2,680	1,999	2,335	3,016
Pro forma net cash/(debt) (at period end)(8)	—	—	—	—	—	1,551
Pro forma net finance costs(9)	—	—	—	—	—	(111)
Ratio of EBITDA to pro forma net finance costs	—	—	—	—	—	36
Ratio of pro forma net debt to EBITDA	—	—	—	—	—	n.a.

* The comparative financial information presented in this Offering Memorandum for Fiscal 2013 and Fiscal 2012, relating to our consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and related notes (where relevant), has been restated following the adoption of IAS 19 Employee Benefits (2011) in Fiscal 2014 as detailed in note 2 to the 2014 Consolidated Financial Statements included elsewhere in this Offering Memorandum. The adoption of this revised standard had no impact on the consolidated balance sheet in any of the years presented.

(1) This amount reflects the capitalised cost recognised as an intangible asset at the end of the relevant period, net of the amounts charged to the income statement, which were £149 million, £198 million, £236 million, £167 million, £180 million and £249 million in the years ended 31 March 2012, 2013 and 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014, respectively.

(2) Depreciation and amortisation include, among other things, the amortisation attributable to the capitalised cost of product development relating to new vehicle platforms, engine, transmission and new products. The amount of amortisation attributable to capitalised product development costs for Fiscal 2012, Fiscal 2013, Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014 was £183 million, £296 million, £445 million, £328 million, £380 million and £497 million, respectively.

(3) We have defined EBITDA as profit for the period before income tax expense, finance expense (net of capitalised interest), finance income, depreciation and amortisation, foreign exchange gains/(losses) on financing and unrealised derivatives, unrealised commodity gains/(losses) and share of loss from joint ventures. Unrealised gains/(losses) on foreign exchange and commodity hedges and unrealised gains/(losses) on revaluation of foreign currency debt are excluded from EBITDA. EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating companies in the automotive industry. However, other companies may calculate EBITDA in a manner that is different from ours. EBITDA is not a measure of financial performance under IFRS and should not be considered an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to profit/(loss) on ordinary activities as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

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

	Fiscal year ended 31 March			**Nine months ended 31 December**		**Twelve months ended 31 December**
	2012	**2013**	**2014**	**2013**	**2014**	**2014**
			(£ in millions)			
Profit for the period	1,460	1,214	1,879	1,430	1,736	2,185
(Less)/add back foreign exchange (gains)/loss-financing	12	37	(87)	(75)	90	78
(Less)/add back foreign exchange (gains)/loss-unrealised derivatives	47	11	(57)	(50)	51	44
(Less)/add back unrealised commodity (gains)/losses	15	(1)	7	10	13	10
(Less)/add back share of loss from joint venture	—	12	7	15	24	16
(Less)/add back depreciation and amortisation	466	622	875	639	743	979
(Less)/add finance income	(16)	(34)	(38)	(27)	(36)	(47)
(Less)/add finance expense	85	18	185	36	13	162
(Less)/add back taxation	26	460	622	495	482	609
EBITDA	**2,095**	**2,339**	**3,393**	**2,473**	**3,116**	**4,036**

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

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

The reconciliation is set out below:

	As at 31 March			As at 31 December
	2012	2013	2014	2014
	(£ in millions)			
Cash and cash equivalents	2,430	2,072	2,260	2,884
Short-term deposits	—	775	1,199	1,143
Total borrowings (including secured and unsecured borrowings and factoring facilities, but excluding finance leases)	(1,974)	(2,167)	(2,010)	(2,423)
Net cash	**456**	**680**	**1,449**	**1,604**

(6) Free cash flow reflects net cash from operating activities less net cash used in investing activities excluding investments in short-term deposits.

The reconciliation is set out below:

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
	(£ in millions)					
Net cash from operating activities	2,500	2,429	3,422	2,060	2,572	3,934
Net cash used in investing activities	(1,542)	(2,609)	(2,736)	(2,024)	(2,025)	(2,737)
(Less)/add back: Investments in short-term deposits	—	775	464	287	(91)	86
Free cash flow	**958**	**595**	**1,150**	**323**	**456**	**1,283**

(7) Product and other investment reflects net cash used in investing activities excluding movement in other restricted deposits, investment in short-term deposits and finance income received, and including expensed R&D (not included in net cash used in investing activities).

The reconciliation is set out below:

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
	(£ in millions)					
Net cash used in investing activities	1,542	2,609	2,736	2,024	2,025	2,737
(Less)/add back: Movement in restricted deposits	(147)	54	133	66	4	71
(Less)/add back: Investment in short-term deposits	—	(775)	(464)	(287)	91	(86)
Add: Finance income received	16	29	39	29	35	45
Add: Expensed R&D	149	198	236	167	180	249
Product and other investment	**1,560**	**2,115**	**2,680**	**1,999**	**2,335**	**3,016**

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

(8) Pro forma net cash/(debt) equals net cash/(debt), as adjusted to give pro forma effect to the issue of the Notes offered hereby and the use of proceeds therefrom as described under "Use of Proceeds", including estimated debt issuance costs of £4 million.

(9) Pro forma net finance costs reflects our net interest expense for the twelve months ended 31 December 2014 as if the Notes had been issued on 1 January 2013.

RISK FACTORS

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

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

Risks Associated with the Automotive Industry

Lack of improvement or worsening global economic conditions could have a significant adverse impact on our sales and results of operations.

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

The global economic climate has generally improved; however, the prevailing economic environment in some countries continues to be a cause of concern, reflected by recent poor economic performance in the Eurozone which prompted the European Central Bank to announce a EUR 1 trillion quantitative easing programme to stimulate the economy. Conditions in certain markets have been impacted further by geopolitical events, notably the continuing Russia-Ukraine conflict and unrest in the Middle East. In emerging markets, economic activity remains sluggish due to country-specific issues and the cessation of the U.S. Federal Reserve's asset purchase programme and the consequential impacts on currency exchange rates and the cost of consumer credit. Deterioration in key economic factors, such as GDP growth rates, interest rates and inflation, as well as the reduced availability of financing for vehicles at competitive rates, may result in a decrease in demand for automobiles. A decrease in demand would, in turn, cause automobile prices and manufacturing capacity utilisation rates to fall. Such circumstances have in the past materially affected, and may in the future materially affect, our business, results of operations and financial condition.

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

The global automotive industry, including the premium passenger car segment, is highly competitive and competition is likely to further intensify in the worldwide automotive industry. There is a strong trend among market participants in the premium automotive industry towards intensifying efforts to retain their competitive position in established markets while also developing a presence in more-profitable and fast-growing emerging markets, such as China, India, Russia, Brazil and other key markets. A range of factors affect the competitive environment, including, among others, quality and features of vehicles, innovation, development time, ability to control costs, pricing, reliability, safety, fuel economy, environmental impact and perception thereof, customer service and financing terms. There can be no assurance that we will be able to compete successfully in the global automotive industry.

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

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

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

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

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

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

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

We rely on a global network of suppliers for the inputs and logistics supporting our products and services. We are exposed to disruptions in this supply chain resulting from natural disasters or man-made accidents. Substantial increases in the costs or a significant delay or sustained interruption in the supply of key inputs sourced from areas affected by disasters or accidents could adversely affect our ability to maintain our current and expected levels of production, and therefore negatively affect our revenues and increase our operating expenses.

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

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

To comply with current and future environmental norms, we may have to incur additional capital expenditure and R&D expenditure to upgrade products and manufacturing facilities, which would have an impact on our cost of production and the results of operations and may be difficult to pass through to our customers. If we are unable to develop commercially viable technologies within the time frames set by the new standards, we could face significant civil penalties or be forced to restrict product offerings drastically to remain in compliance. Moreover, meeting government-mandated safety standards is difficult and costly because crash-worthiness standards tend to conflict with the need to reduce vehicle weight in order to meet emissions and fuel economy standards.

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

Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for our vehicles and our results of operations. Changes in corporate and other taxation policies as well as changes in export and other incentives given by various governments or import or tariff policies could also adversely affect our results of operations. For instance, Brazil in recent years increased import duty on foreign vehicles, which put pressure on sales margins in Brazil and prompted us to enter into discussions with the Brazilian government to exempt a certain number of imported vehicles from the increased tariff. Such government actions may be unpredictable and beyond our control, and any adverse changes in government policy could have a material adverse effect on our business prospects, results of operations and financial condition.

Risks Associated with Our Business

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

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

Such a general shift in consumer preference towards smaller and more environmentally friendly vehicles or vehicles equipped with smaller engines could materially affect our ability to sell premium passenger cars and large or medium-sized all-terrain vehicles at current or targeted volume levels, and could have a material adverse effect on our general business activity, net assets, financial position and results of operations.

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

Private and commercial users of transportation increasingly use modes of transportation other than the automobile, especially in connection with increasing urbanisation. The reasons for this include the rising costs related to automotive transport of people and goods, increasing traffic density in major cities and environmental awareness. Furthermore, the increased use of car sharing concepts and other innovative mobility initiatives facilitates access to other methods of transport, thereby reducing dependency on the private automobile altogether.

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

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

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

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

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

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

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

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

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

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

Reductions in consumer financing and used car valuations could materially and adversely affect our sales and results of operations.

We have consumer finance arrangements in place with Lloyds Black Horse in the United Kingdom, FGA Capital in European markets and Chase Auto Finance in North America and have similar arrangements with local providers in a number of other key markets. During the global financial crisis, several providers of customer finance reduced their supply of consumer financing for the purchase of new vehicles. Any reduction in the supply of available consumer financing for the purchase of new vehicles would make it more difficult for some of our customers to purchase our vehicles, which could put us under commercial pressure to offer new (or expand existing) retail or dealer incentives to maintain demand for our vehicles, thereby materially and adversely affecting our sales and results of operations.

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

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

We have a significant presence in the United Kingdom, Chinese, North American and continental European markets from which we derive over three-quarters of our revenues. Although demand remains relatively strong, a decline in demand for our vehicles in these major markets may in the future significantly impair our business, financial position and results of operations. In addition, our strategy, which includes new product launches and expansion into growing markets, such as China, India, Russia and Brazil, may not be sufficient to mitigate a decrease in demand for our products in mature markets in the future, which could have a significant adverse impact on our financial performance.

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

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

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

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

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

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

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

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

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

We rely on third parties for sourcing raw materials, parts and components used in the manufacture of our products. At the local level, we are exposed to reliance on smaller enterprises where the risk of insolvency is greater. Furthermore, for some parts and components, we are dependent on a single source. Our ability to procure supplies in a cost-effective and timely manner or at all is subject to various factors, some of which are not within our control. Furthermore, there is the risk that manufacturing capacity does not meet, or exceeds, sales demand thereby compromising business performance and without any near term remedy given the time frames and investments required for any change.

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

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

We have also entered into supply agreements with Ford and certain other third parties for critical components. Although we recently opened an engine manufacturing centre in Wolverhampton in order to begin the manufacture of our own "Ingenium" four cylinder (2.0-litre) engines (with installations in the Jaguar XE beginning in 2015), all of the engines used in our vehicles are currently supplied by Ford or the Ford-PSA joint venture. We may not be able to manufacture certain types of engines or find a suitable replacement supplier in a timely manner in the event of any disruption in the supply of engines, or parts of engines, and other hardware or services provided to us by Ford or the Ford-PSA joint venture and such disruption could have a material adverse impact on our operations, business and/or financial condition.

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

In the nine months ended 31 December 2014 and 2013, our material and other cost of sales (comprising raw materials, components and purchases of products for sale) constituted 60.9% and 61.4%, respectively, of our total revenues. Prices of commodities used in the manufacture of automobiles, including steel, aluminium, copper, zinc, rubber, platinum, palladium and rhodium, have experienced periods of increased volatility in recent years. Furthermore, prices of commodity items such as steel, non-ferrous metals, precious metals, rubber and petroleum products may rise significantly. While we continue to pursue cost reduction initiatives, an increase in the price of input materials could severely impact our profitability to the extent such increase cannot be absorbed by the market through price increases and/or could have a negative impact on demand. In addition, because of intense price competition and our high level of fixed costs, we may not be able to adequately address changes in commodity prices even if they are foreseeable.

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

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

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

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

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

We have four wholly owned manufacturing facilities and two design and engineering centres in the United Kingdom and a manufacturing facility in China which we own together with our joint venture partner Chery Automobile Company Ltd. We could experience disruption to our manufacturing, design and engineering capabilities for a variety of reasons, including, among others, extreme weather, fire, theft, system failures, natural catastrophes, mechanical or equipment failures and similar risks. We are particularly exposed to such disruptions due to the limited number of our facilities. Any significant disruptions could adversely affect our ability to design, manufacture and sell our products and, if any of those events were to occur, we cannot be certain that we would be able to shift our design, engineering and manufacturing operations to alternative sites in a timely manner or at all. Any such disruption could therefore materially affect our business, financial condition or results of operations.

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

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

We are exposed to credit and liquidity risks.

Our main sources of liquidity are cash generated from operations, external debt in the form of working capital and other similar revolving credit facilities, external term debt, factoring discount facilities, the outstanding 2011 Notes, the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the January 2013 Notes, the December 2013 Notes, the January 2014 Notes and the October 2014 Notes and, if necessary, financial support from our parent company. However, adverse changes in the global economic and financial environment may result in lower consumer demand for vehicles, and prevailing conditions in credit markets may adversely affect both consumer demand and the cost and availability of finance for our business and operations. If the global economy goes back into recession and consumer demand for our vehicles drops, as a result of higher oil prices, excessive public debt or for any other reasons, and the supply of external financing becomes limited, we may again face significant liquidity risks.

We are also subject to various types of restrictions or impediments on the ability of companies in our Group in certain countries to transfer cash across the Group through loans or interim dividends. These restrictions or impediments are caused by exchange controls, withholding taxes on dividends and distributions and other similar restrictions in the markets in which we operate. At 31 December 2014, we had £2,884 million of cash and cash equivalents (up from £2,260 million at 31 March 2014) and short-term investments (bank deposits with a maturity of between three and twelve months) of £1,143 million (down from £1,199 million as at 31 March 2014). £528 million of the cash and cash equivalents was cash held in subsidiaries of the Issuer outside the United Kingdom. The cash in some of these jurisdictions is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However, annual dividends are generally permitted and we do not believe that these restrictions have, or are expected to have, any impact on our ability to meet our cash obligations.

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

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

Our operations are also subject to fluctuations in exchange rates with reference to countries in which we operate. We sell vehicles in the United Kingdom, North America, Europe, China, Russia and many other markets and therefore generate revenue in, and have significant exposure to movements of, the US dollar, euro, Chinese yuan, Russian rouble and other currencies relative to pounds sterling, our reporting currency. Accordingly, we are exposed to a strengthening British pound, since this would diminish the sterling value of our overseas sales. A significant proportion of our input materials and components and capital equipment are sourced overseas, in particular from Europe, and therefore we have costs in, and significant exposure to the movement of, the euro and certain other currencies relative to pounds sterling. The majority of our product development and manufacturing operations, as well as our global headquarters, are based in the United Kingdom, but we also have national sales companies which operate in the major markets in which we sell vehicles. As a result we have exposure to movements of the US dollar, euro, Chinese yuan, Russian rouble and other currencies relative to pounds sterling.

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

We seek to manage our foreign exchange exposure through the use of financial hedging instruments, including foreign currency forward contracts, currency swap agreements and currency option contracts. We are, however, exposed to the risk that appropriate hedging lines for the type of risk exposures we are subject to may not be available at a reasonable cost or at all. Moreover, there are risks associated with the use of such hedging instruments. Whilst mitigating to some degree our exposure to fluctuations in currency exchange rates, we potentially forgo benefits that might result from market fluctuations in currency exposures. Hedging transactions can also result in substantial losses. Such losses could occur under various circumstances, including, without limitation, any circumstances in which a counterparty does not perform its obligations under the applicable hedging arrangement (despite having ISDA agreements in place with each of our hedging counterparties), the arrangement is imperfect or our internal hedging policies and procedures are not followed or do not work as planned.

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

We are subject to risks and costs associated with product liability, warranties and recalls in connection with performance, compliance or safety-related issues affecting our vehicles. We expend considerable resources in connection with product recalls and these resources typically include the cost of the part being replaced and the labour required to remove and replace the defective part. In addition, product recalls can cause our consumers to question the safety or reliability of our vehicles and harm our reputation. Any harm to the reputation of any one of our models can result in a substantial loss of customers.

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

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

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

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

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

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

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

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

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

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

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

We may be adversely affected by labour unrest.

In general, we consider our labour relations with all of our employees, a substantial portion of whom are members of trade unions, to be good. However, in the future we may face labour unrest, at our own facilities or those of our suppliers, which may delay or disrupt our operations in the affected regions, including the sourcing of raw materials and parts, the manufacture, sales and distribution of vehicles and the provision of services. If work stoppages or lock-outs at our facilities or at the facilities of our major suppliers occur or continue for a long period of time, our business, financial condition and results of operations may be materially adversely affected. In addition, we engage in bi-annual negotiations in relation to wage agreements, covering approximately 19,000 of our unionised employees, the most recent of which resulted in a successful negotiation, with both parties entering into a two-year wage agreement in December 2014. However, there is a risk that future negotiations could escalate into industrial action ranging from "work to rules" to a strike before a settlement is ultimately reached.

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

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

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

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

Under the arrangements with the trustees of the defined benefit pension schemes, an actuarial valuation of the assets and liabilities of the schemes is undertaken every three years. The most recent valuation, as at April 2012 and completed in 2013, indicated a shortfall in the assets of the schemes as at that date, versus the actuarially determined liabilities as at that date, of £702 million.

As part of the valuation process we agreed to a schedule of contributions, which together with the expected investment performance of the assets of the schemes, is expected to eliminate the deficit by 2022. As part of this schedule of contributions, we paid £100 million into the pension scheme in March 2013. We also reached an agreement with the trustees to release the security previously granted in favour of the pension fund trustees for our obligations under the pension schemes. In March 2014 we paid a further £100 million into the pension schemes as advance payment of both regular and deficit contributions due during Fiscal 2015.

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

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

We believe that the insurance coverage that we maintain is reasonably adequate to cover normal risks associated with the operation of our business, such as coverage for people, property and assets, including construction and general, auto and product liability, in accordance with treasury policy. However, there can be no assurance that any claim under our insurance policies will be honoured fully or timely, our insurance coverage will be sufficient in any respect or our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, or have to pay higher insurance premiums, our financial condition may be affected.

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

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

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

Our production facilities are subject to a wide range of environmental, health and safety requirements. These requirements address, among other things, air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the investigation and clean-up of contamination, process safety and the maintenance of safe conditions in the workplace. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, substantial on-going capital and operating expenditures to ensure compliance with current and future environmental, health and safety laws and regulations or their more stringent enforcement. Violations of these laws and regulations could result in the imposition of significant fines and penalties, the suspension, revocation or non-renewal of our permits, or the closure of our plants. Other environmental, health and safety laws and regulations could impose restrictions or onerous conditions on the availability or the use of raw materials we need for our manufacturing process.

Our manufacturing process results in the emission of greenhouse gases such as CO_2. The EU Emissions Trading Scheme, an EU-wide system in which allowances to emit greenhouse gases are issued and traded, is now in Phase 3 (2013 to 2020). We have managed our EUETS allowances during previous phases of the EUETS scheme and use these remaining allowances from these earlier phases to meet our compliance requirements. The automotive sector has also been given recognition of being at risk of Carbon Leakage in accordance with the EUETS rules. This means that we will receive an increase in free allowances from 2015 and 2019. As a consequence of these actions, we currently project that we will reach the end of Phase 3 without the need to purchase EUETS carbon allowances. In Phase 4 of the scheme from 2020 to 2027 all organisations in the EUETS scheme will see free allowances diminish to zero by 2027, so we project that we will purchase EUETS allowances in Phase 4 of the scheme.

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

We are also registered as a participant in The Carbon Reduction Commitment Energy Efficiency Scheme, which regulates emissions from electricity and gas use primarily in our non-manufacturing activities in the United Kingdom. We will be purchasing carbon allowances under this scheme for the first time in 2015 for emissions in the 2014 fiscal year.

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

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

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

Government investigations into pricing practices in the automotive industry in China may have a material adverse effect on our activity in China and our profits.

In 2014, the Chinese antitrust regulator, the Bureau of Price Supervision and Anti-Monopoly of the National Development and Reform Commission (the "NDRC"), launched an investigation into the pricing practices of a number of automotive companies, in some cases resulting in fines, or pricing reviews. In response to this, we made reductions in the manufacturer's suggested retail price (MSRP) for our 5.0-litre V8 and also the price of certain of our spare parts. We may be subject to similar regulatory reviews in the future, which may lead to other price reductions on our products sold in China and have a material adverse effect on the revenues and profits generated by our operations in China and hence overall revenues and profits, and our attempts to offset the potential decline in revenue and profits by increasing operational efficiencies and leveraging economies of scale (for example, through local production in China) may fail or not be as successful as expected. Further, any regulatory action taken, or penalties imposed by, the NDRC or other authorities in China, may have significant adverse financial and reputational consequences on our business and have a material adverse effect on our results of operations and financial condition.

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

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

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

Our sales may be impacted by geopolitical events in Russia and the Ukraine.

Recent events in Russia and the Ukraine have resulted in the United States and the European Union imposing and escalating sanctions against Russia and certain businesses, sectors and individuals in Russia. The

United States and the European Union have also suspended the granting of certain types of export licences to Russia, which may affect sales of certain of our products.

During the nine months ended 31 December 2014, our retail volumes in Russia were 18,061 units. A prolonged continuation of or the imposition of additional economic sanctions imposed by the European Union, the United States or other countries, or any sanctions imposed by Russia against the European Union, the United States or other countries, may result in serious economic challenges in Russia, and the imposition of further trade restrictions by or against Russia may delay or prevent shipment of products to Russia, which could lead to a significant decline in our Russian sales and a material adverse impact on our Russian business.

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

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

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

Upon an evaluation of the effectiveness of the design and operation of our internal controls over financial reporting, conducted as part of the corporate governance and public disclosure obligations of our parent, Tata Motors, we concluded that there was a material weakness, such that our internal controls over financial reporting were not effective as at 31 March 2014. Please see "Presentation of Financial and Other Data". Although we have instituted remedial measures to address the material weakness identified and continually review and evaluate our internal control systems to allow management to report on the sufficiency of our internal controls, there is no assurance that we will not discover additional weaknesses in our internal controls over financial reporting. Any such additional weaknesses or failure to adequately remediate any existing weakness could materially and adversely affect our financial condition or results of operations.

Tata Motors can exert considerable control over Jaguar Land Rover.

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

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

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

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

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

- the creditors of the Guarantors and the Issuer (including the holders of the Notes) will have no right to proceed against such subsidiary's assets; and

- creditors of such non-guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before any Guarantor and the Issuer, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As at 31 December 2014, after giving effect to the Notes offered hereby and the use of proceeds therefrom as described under "Use of Proceeds", our non-guarantor subsidiaries would have had no debt (other than the 2012 Note guarantees and the January 2013 Note guarantees issued by Jaguar Land Rover North America, LLC, Land Rover Exports Limited and JLR Nominee Company Limited, each of which will not guarantee the Notes), which would have ranked structurally senior to the Notes and the Note Guarantees. Under the terms of the Notes, there is no restriction on the ability of our subsidiaries to incur additional indebtedness and no requirement that any of our non-guarantor subsidiaries become Guarantors. Consequently, the Notes may become structurally subordinated to substantial additional indebtedness in the future.

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

Claims by our secured creditors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, any claims of the holders of the Notes will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer and the Guarantors. As at 31 December 2014, on a pro forma basis after giving effect to the issue of the Notes offered hereby and the use of proceeds therefrom as described under "Use of Proceeds", we would have had total outstanding secured indebtedness on a consolidated basis of £208 million.

Additionally, as described under "Description of the Notes", the Indenture allows us to incur substantial amounts of additional secured indebtedness in certain circumstances that will be effectively senior to the Notes and is more permissive in this respect than the indenture governing the outstanding 2011 Notes, the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the January 2013 Notes, the December 2013 Notes, the January 2014 Notes and the October 2014 Notes. In particular, the Indenture does not impose any restriction on us incurring indebtedness that is secured by assets other than our Principal Manufacturing Property and the Capital Stock of our Manufacturing Subsidiaries (in each case, as defined under "Description of the Notes"). In the event that any of the secured indebtedness of the Issuer or the relevant Guarantor becomes due or the creditors thereunder proceed against the operating assets that secured such indebtedness, the assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes or the relevant Note Guarantee. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness of the Issuer or the relevant Guarantor.

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

Following the completion of the offering of the Notes, we will have a significant amount of indebtedness and substantial debt service obligations. As at 31 December 2014, on a pro forma basis after giving effect to the issue of the Notes offered hereby and the use of proceeds therefrom as described under "Use of Proceeds", we would have had total outstanding indebtedness on a consolidated basis of £2,537 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Following the issue of the Notes, our financial indebtedness and committed credit facilities will include different types of corporate debt and credit facilities, including corporate debt incurred by the Issuer (such as the outstanding 2011 Notes, the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the January 2013 Notes, the December 2013 Notes, the January 2014 Notes, the October 2014 Notes and the Notes offered hereby) or the Guarantors, credit facilities available to the Issuer or its subsidiaries, debt incurred by our subsidiaries, and credit facilities, working capital facilities and other committed facilities or guarantees thereof available to our subsidiaries (please see "Description of Other Indebtedness"). In relation to our corporate debt that is repayable with a "bullet" payment on maturity (such as the Notes offered hereby), our ability to make such payments at maturity is uncertain and will depend upon our ability to generate sufficient cash from operations, obtain additional equity or debt financing or sell assets. This ability to obtain equity or debt financing on favourable terms or at all will depend on many factors outside our control, including the then prevailing conditions in the international credit and capital markets. Our ability to sell assets and use the proceeds for the refinancing of debt obligations coming due will also depend on many factors outside our control, including the existence of willing purchasers and asset values. At the time the refinancing of each of our existing debt obligations is due, we may not be able to raise equity or refinance the repayment of our debt obligation on terms as favourable as the original loan or sell the property at a price sufficient to repay the relevant debt or at all. In relation to the committed credit facilities available to our subsidiaries, we are subject to the risk that we may not be able to renew such credit facilities on similar or better terms or at all. If we are unable to refinance our existing or future debt obligations or renew our existing or future credit facilities on acceptable terms or at all, this could have material adverse effects on our liquidity, financial condition and results of operations.

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

Some of our financing agreements and debt arrangements set limits on and/or require us to obtain consents before, among other things, pledging assets as security. In addition, certain financial covenants may limit our ability to borrow additional funds or to incur additional liens. In the past, we have been able to obtain required lender consents for such activities. However, there can be no assurance that we will be able to obtain such consents in the future. If our financial or growth plans require such consents and such consents are not obtained, we may be forced to forgo or alter our plans, which could adversely affect our results of operations and financial condition.

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

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

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

In the nine months ended 31 December 2014, we paid a dividend of £150 million to TMLH. There are no outstanding loans owed or preference shares issued to TMLH as of 31 December 2014. We may pay dividends from time to time to our shareholder, subject to compliance with covenants in our financing agreements restricting such payments (including covenants in the indentures governing the outstanding 2011 Notes, the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the January 2013 Notes, the December 2013 Notes, the January 2014 Notes, the October 2014 Notes and the Notes offered hereby). In addition, some of these dividend restrictions (including the covenant restrictions applicable to the Notes offered hereby and each series of notes listed above) may be suspended or, in the case of the Notes offered hereby, terminated entirely if we achieve an investment grade status, thereby potentially allowing us to pay additional dividends. As of 31 December 2014, the estimated amount that would be available for dividend payments, other distributions to our shareholders and other restricted payments under the relevant covenant restrictions is approximately £2,319 million. Pursuant to the Indenture applicable to the Notes offered hereby, we will not be subject to any limitation on the making of restricted payments (including payments of dividends) provided that we comply, on a pro forma basis, with a 2.0:1.0 consolidated leverage ratio. Please see “Description of the Notes—Certain Covenants—Restricted Payments.”

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

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

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

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

Administration

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

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

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

Transaction at an undervalue

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

Preference

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

Transaction defrauding creditors

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

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

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

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

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

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

Transfer of the Notes will be restricted.

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

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

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

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

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

The consolidated financial statements as at and for the years ended 31 March 2014, 2013 and 2012 included in this Offering Memorandum have been audited by Deloitte LLP, independent auditors, as stated in the audit reports relating to the 2014 Consolidated Financial Statements, the 2013 Consolidated Financial Statements and the 2012 Consolidated Financial Statements.

The audit reports of Deloitte LLP with respect to the 2014 Consolidated Financial Statements, the 2013 Consolidated Financial Statements and the 2012 Consolidated Financial Statements, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, include the following limitations:

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

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

USE OF PROCEEDS

We estimate that the net proceeds of the offering of the Notes (after payment of commissions and estimated expenses of the offering and the Tender Offer) will be £396 million. We intend to use the net proceeds from the issue and sale of the Notes, together with cash on hand, to repurchase any and all of our outstanding 2012 Notes at the Tender Price pursuant to the Tender Offer. Please see "Summary—Recent Developments—Tender Offer". There is no assurance that the Tender Offer will be subscribed for in any amount. We intend to use any remaining proceeds not used in the Tender Offer for general corporate purposes.

The estimated sources and uses of the offering are set out in the table below. Actual amounts may vary from estimated amounts depending on several factors, including the results of the Tender Offer, exchange rate fluctuations and the differences between estimated and actual fees and expenses.

Sources	Amount	Uses	Amount
	(£ in millions)		(£ in millions)
Notes offered hereby(1)	400	Repurchase of the 2012 Notes(2)	335
		General corporate purposes	61
		Fees and expenses(3)	4
Total	**400**	**Total**	**400**

(1) The Notes offered hereby have been reflected in the table at their aggregate principal amount of £400 million.

(2) We intend to repurchase the 2012 Notes using cash on hand and certain of the proceeds of the offering by way of the Tender Offer. As of the date of this Offering Memorandum, the aggregate principal amount of the outstanding 2012 Notes was £500 million. The amount of £335 million assumes that 60% of the aggregate outstanding principal amount of the 2012 Notes will be repurchased pursuant to the Tender Offer at the Tender Price, including premium over principal (premium over principal estimated to be £35 million), but excluding accrued and unpaid interest (accrued and unpaid interest estimated to be £12 million). There is no assurance that the Tender Offer will be subscribed for in any amount. Completion of the Tender Offer is conditioned upon the completion of this offering.

(3) Represents an estimate of the fees and expenses incurred in connection with the offering and the Tender Offer. Previously capitalised fees associated with the repurchase of the 2012 notes are estimated to be £3 million.

CAPITALISATION

The following table sets out the consolidated cash and cash equivalents, short-term investments and capitalisation of the Issuer, as at 31 December 2014, on an actual basis and as adjusted to give effect to the offering and issue of the Notes offered hereby and the use of proceeds therefrom as described in "Use of Proceeds". As adjusted information below is illustrative only and does not purport to be indicative of the Issuer's capitalisation following the completion of the offering.

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

Sources	Actual as at 31 December 2014	Adjustment for the offering of the Notes and the Tender Offer	As adjusted
		(£ in millions)	
Cash and cash equivalents(1)	2,884	61(2)	2,945
Short-term investments(3)	1,143	—	1,143
Cash and cash equivalents and short-term investments	**4,027**	61	4,088
Other loans(4)	15	—	15
Factoring(5)	193	—	193
£500,000,000 8.250% Senior Notes due 2020(6)	500	(300)(6)	200
$410,000,000 8.125% Senior Notes due 2021	263	—	263
$500,000,000 5.625% Senior Notes due 2023	321	—	321
$700,000,000 4.125% Senior Notes due 2018	450	—	450
£400,000,000 5.000% Senior Notes due 2022	400	—	400
$500,000,000 4.250% Senior Notes due 2019	321	—	321
Capitalised debt issuance fees	(25)	(1)	(26)
Notes offered hereby	—	400	400
Total debt	**2,438**	99	2,537(7)
Ordinary shares	1,501	—	1,501
Capital redemption reserve	167	—	167
Reserves	5,129	(38)(2)	5,091
Total equity	**6,797**	(38)	6,759
Total capitalisation	**9,235**	61	9,296

(1) The total amount of cash and cash equivalents includes £528 million of the cash and cash equivalents held in subsidiaries of the Issuer outside the United Kingdom. The cash in some of these jurisdictions, notably South Africa and Brazil, is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However annual dividends are generally permitted and we do not believe that these restrictions have, or are expected to have, any impact on our ability to meet our cash obligations.

(2) Represents the premium over the principal value of the 2012 Notes that are assumed to be repurchased under the Tender Offer, excluding accrued and unpaid interest of £12 million (assuming 60% of the 2012 Notes are repurchased under the Tender Offer), as well as a reduction in the value of the embedded derivative related to the 2012 Notes. Our adjustment to reserves is based on estimates and assumptions and is necessarily uncertain. Actual movements in reserves may vary significantly from the estimates presented in this table, depending on a number of factors, including the results of the Tender Offer. There is no assurance that the Tender Offer will be subscribed in any amount.

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

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

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

(6) For purposes of this table, we assume that 60% of our outstanding 2012 Notes will be repurchased pursuant to the Tender Offer. Please see "Use of Proceeds" and "Summary—Recent Developments—Tender Offer". There is no assurance that the Tender Offer will be subscribed for in any amount. Completion of the Tender Offer is conditioned upon the completion of this offering.

(7) On the issue date of the Notes offered hereby, we will also have £1,485 million of undrawn unsecured credit facilities (£1,114 million with a five-year maturity and the remainder with a three-year maturity), under the Revolving Loan Facility described under "Description of Other Indebtedness—Facility A-£1,485.0 million Unsecured Syndicated Revolving Loan Facility".

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

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

We have derived the selected consolidated financial data for the Fiscal years ended 31 March 2014, 2013 and 2012 and the interim condensed consolidated income statement and statement of comprehensive income data and cash flow data for the nine months ended 31 December 2014 and 2013 from the Consolidated Financial Statements included elsewhere in this Offering Memorandum. The balance sheet data as at 31 December 2013 have been derived from the unaudited condensed consolidated interim financial statements as at and for the nine months ended 31 December 2013, not included in this Offering Memorandum. Please see "Presentation of Financial and Other Data".

The 2014 Consolidated Financial Statements, the 2013 Consolidated Financial Statements and the 2012 Consolidated Financial Statements were prepared in accordance with IFRS and the 2014 Condensed Consolidated Interim Financial Statements were prepared in accordance with IAS 34. The selected financial data should be read in conjunction with "Presentation of Financial and Other Data", "Selected Consolidated Financial and Other Data", "Operating and Financial Review and Prospects" and the financial statements and related notes thereto included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of future expected results. In addition, our results for the nine months ended 31 December 2014 should not be regarded as indicative of our results expected for the fiscal year ending 31 March 2015.

The unaudited condensed consolidated financial information for the twelve months ended 31 December 2014 set out below was derived by aggregating without adjustments the consolidated income statement for the twelve months ended 31 March 2014 and the consolidated income statement data for the nine months ended 31 December 2014 and subtracting the consolidated income statement data for the nine months ended 31 December 2013. The unaudited condensed consolidated financial information for the twelve months ended 31 December 2014 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles. The financial information for the twelve months ended 31 December 2014 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

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

	Fiscal year ended and as at 31 March			Nine months ended and as at 31 December		Twelve months ended and as at 31 December
	2012*	2013*	2014	2013	2014	2014
	(£ in millions)					
Income Statement and Statement of Comprehensive Income Data:						
Revenue	13,512	15,784	19,386	14,037	16,040	21,389
Material and other cost of sales	(8,733)	(9,904)	(11,904)	(8,613)	(9,768)	(13,059)
Employee cost	(1,039)	(1,334)	(1,654)	(1,191)	(1,427)	(1,890)
Other expenses	(2,529)	(3,075)	(3,717)	(2,677)	(2,925)	(3,965)
Net loss on un-matured commodity derivatives	(12)	(10)	(18)	(16)	(16)	(18)
Development costs capitalised(1)	751	860	1,030	772	850	1,108
Other income	49	80	171	141	150	180
Depreciation and amortisation(2)	(465)	(622)	(875)	(639)	(743)	(979)
Foreign exchange gain/(loss)	14	(109)	236	135	58	159
Finance income	16	34	38	27	36	47
Finance expense (net)	(85)	(18)	(185)	(36)	(13)	(162)
Share of loss from joint venture	—	(12)	(7)	(15)	(24)	(16)
Profit before tax	1,479	1,674	2,501	1,925	2,218	2,794

	Fiscal year ended and as at 31 March			Nine months ended and as at 31 December		Twelve months ended and as at 31 December
	2012*	2013*	2014	2013	2014	2014
	(£ in millions)					
Income tax expense	(19)	(460)	(622)	(495)	(482)	(609)
Profit for the period	1,460	1,214	1,879	1,430	1,736	2,185
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit obligation	(122)	(346)	(135)	(166)	3	34
Income tax related to items that will not be reclassified	152	73	(4)	3	(1)	(8)
Items that may be reclassified subsequently to profit or loss:						
Gain/(loss) on effective cash flow hedges	(36)	(288)	1,041	937	(702)	(598)
Cash flow hedges reclassified to foreign exchange (gain)/loss in profit or loss	(20)	59	(112)	9	(126)	(247)
Currency translation differences	—	—	—	—	7	7
Income tax related to items that may be reclassified	14	53	(194)	(198)	166	170
Total comprehensive income attributable to shareholders	1,448	765	2,475	2,015	1,083	1,543
Balance Sheet Data (at period end):						
Intangible assets	2,801	3,522	4,240		4,769	4,769
Total non-current assets	4,982	6,628	8,359		9,723	9,723
Total current assets	5,235	6,209	7,230		7,806	7,806
Total assets	10,217	12,837	15,589		17,529	17,529
Total current liabilities	5,041	5,997	6,134		6,353	6,353
Total non-current liabilities	2,252	3,301	3,591		4,379	4,379
Total liabilities	7,293	9,298	9,725		10,732	10,732
Equity attributable to equity holders of the company	2,924	3,539	5,864		6,797	6,797
Cash Flow Data:						
Net cash from operating activities	2,500	2,429	3,422	2,060	2,572	3,934
Net cash used in investing activities	(1,542)	(2,609)	(2,736)	(2,024)	(2,025)	(2,737)
Net cash generated from/(used in) financing activities	444	(178)	(498)	73	77	(494)
Cash and cash equivalents at the end of period	2,430	2,072	2,260	2,181	2,884	2,884

* The comparative financial information presented in this Offering Memorandum for Fiscal 2013 and Fiscal 2012, relating to our consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and related notes (where relevant), has been restated following the adoption of IAS 19 Employee Benefits (2011) in Fiscal 2014 as detailed in note 2 to the 2014 Consolidated Financial Statements included elsewhere in this Offering Memorandum. The adoption of this revised standard had no impact on the consolidated balance sheet in any of the years presented.

(1) This amount reflects the capitalised cost recognised as an intangible asset at the end of the relevant period, net of the amounts charged to the income statement, which were £149 million, £198 million, £236 million, £167 million, £180 million and £249 million in the years ended 31 March 2012, 2013 and 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014, respectively.

(2) Depreciation and amortisation include, among other things, the amortisation attributable to the capitalised cost of product development relating to new vehicle platforms, engine, transmission and new products. The amount of amortisation attributable to capitalised product development costs for Fiscal 2012, Fiscal 2013, Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014 was £183 million, £296 million, £445 million, £328 million, £380 million and £497 million, respectively.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

Overview

We design, develop, manufacture and sell Jaguar premium sports saloons and sports cars and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. We have a long tradition as a manufacturer of premium passenger vehicles with internationally recognised brands, an exclusive product portfolio of award-winning vehicles, a global distribution network and strong research and development ("R&D") capabilities. Collectively, Jaguar and Land Rover received over 220 awards from leading international motoring writers, magazines and opinion leaders between 2014 and early 2015, reflecting the strength of our model line-up and our design and engineering capabilities.

We operate a global sales and distribution network designed to achieve geographically diversified sales and facilitate growth in our key markets. Our four principal regional markets are Europe (excluding the United Kingdom and Russia), North America, the United Kingdom and China which, respectively, accounted for 18.2%, 16.3%, 17.2% and 27.4% of our retail volumes (18.4%, 16.0%, 16.7% and 28.2% of our wholesale volumes) in the nine months ended 31 December 2014.

We operate four major production facilities (employing a total of approximately 19,400 employees as at 31 December 2014) and two advanced design and engineering facilities (employing a total of approximately 13,200 employees as at 31 December 2014, which includes employees at our corporate headquarters located at Whitley), all of which are located in the United Kingdom. Globally, we employed a total of 33,897 employees, including agency personnel, as at 31 December 2014.

We are a wholly owned indirect subsidiary of Tata Motors, a member of the international conglomerate Tata Group. Tata Motors is India's largest commercial vehicle manufacturer, as measured by revenue in 2014, and ranked as the eighth largest truck manufacturer globally in the 6 plus ton category, as measured by volume of vehicles produced in 2013.

The following table presents our revenue, profit and EBITDA in Fiscal 2012, Fiscal 2013 and Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014.

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
	(£ in millions)					
Revenue	13,512	15,784	19,386	14,037	16,040	21,389
Profit for the period	1,460	1,214	1,879	1,430	1,736	2,185
EBITDA	2,095	2,339	3,393	2,473	3,116	4,036

In Fiscal 2012, Fiscal 2013, Fiscal 2014 and the nine months ended 31 December 2013 and 2014, we have experienced significant growth attributable to improved global economic conditions, successful launches of new models, complementing the enduring appeal of existing products, a strong product and solid market mix and continued geographic diversification. Our continued focus on managing foreign exchange exposure and achieving cost efficiencies has also contributed to robust performance.

Our unit sales (on a retail basis) for each of our brands for Fiscal 2012, Fiscal 2013 and Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014 are set out in the table below:

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
Jaguar	54,227	58,593	80,522	56,491	57,539	81,570
Land Rover	251,632	316,043	353,789	253,044	280,363	381,108
Total	**305,859**	**374,636**	**434,311**	**309,535**	**337,902**	**462,678**

Our unit sales (on a wholesale basis) under each of our brands for Fiscal 2012, Fiscal 2013 and Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014 are set out in the table below:

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
Jaguar	54,039	57,812	79,307	57,783	56,418	77,942
Land Rover	260,394	314,250	350,554	251,125	284,900	384,329
Total	**314,433**	**372,062**	**429,861**	**308,908**	**341,318**	**462,271**

General Trends of Our Recent Performance

Revenues were £16,040 million for the nine months ended 31 December 2014, as compared to £14,037 million for the nine months ended 31 December 2013 and EBITDA was £3,116 million in the nine months ended 31 December 2014, as compared to £2,473 million in the nine months ended 31 December 2013, reflecting a favourable product mix primarily due to the success of the Range Rover, the Range Rover Sport and the Jaguar F-TYPE as well as a strong market mix attributable in part to our continued success in China. Profit for the period was £1,736 million in the nine months ended 31 December 2014, compared to £1,430 million in the nine months ended 31 December 2013. This improvement in profitability reflects the increase in EBITDA and lower net interest expense, partially offset by unfavourable revaluations of foreign currency debt and hedges and higher depreciation and amortisation.

Recent Retail Volumes

Retail volumes in Europe (excluding the United Kingdom and Russia) were 61,384 units in the nine months ended 31 December 2014, compared to 57,928 units during the same period in 2013, an increase of 6.0%, despite economic challenges and competitive conditions remaining in the premium automotive segment. The increase was primarily due to sales of the Range Rover, the Range Rover Sport and the Jaguar F-TYPE.

Retail volumes in North America were 55,058 units in the nine months ended 31 December 2014, compared to 55,748 units in the same period in 2013, a decrease of 1.2%, which is attributable to lower sales of the Jaguar XF and XJ and the Land Rover Discovery, partially offset by strong sales of the Range Rover, the Range Rover Sport, the Range Rover Evoque and the Jaguar F-TYPE.

Retail volumes in the United Kingdom were particularly strong with 58,041 units sold in the nine months ended 31 December 2014, compared to 51,890 units in the same period in 2013, an increase of 11.9%, primarily driven by sales of the Range Rover Sport, the Land Rover Discovery and the Jaguar XF.

Retail volumes in China, which is our largest market, were 92,443 units in the nine months ended 31 December 2014, compared to 73,510 units in the same period in 2013, an increase of 25.8%, reflecting continued growth in the Chinese vehicle market and strong customer demand for our products. Sales growth was experienced across the majority of Land Rover, Range Rover and Jaguar products, although it was primarily driven by the three Range Rover products and the Jaguar XF.

Retail volumes in Asia Pacific were 19,460 units in the nine months ended 31 December 2014, compared to 16,539 units in the same period in 2013, an increase of 17.7% with growth driven by sales of the Range Rover Sport and the Land Rover Discovery.

Retail volumes in the Rest of the world were 51,516 units in the nine months ended 31 December 2014, compared to 53,920 in the same period in 2013, a decrease of 4.5%, primarily due to reduced sales of the Range Rover Evoque and the Freelander, partially offset by strong sales of the Range Rover Sport.

Recent Market Trends

We are exposed to currency movements versus the British pound sterling, our reporting currency. Revenue exposures are primarily sensitive to movements in the US dollar, Chinese renminbi and the Russian rouble, whilst our cost exposures are particularly sensitive to movements in the euro. The foreign exchange environment in the nine months ended 31 December 2014 was generally more favourable compared to the nine months ended 31 December 2013, reflecting the depreciation of the pound sterling against the US dollar and Chinese yuan, although this was partially offset by the depreciation of emerging market currencies such as the Russian rouble, the Brazilian real and the South African rand relative to the pound sterling.

We are also exposed to changes in commodity prices, including aluminium, copper, platinum and palladium metals. Commodity prices generally softened in the nine months ended 31 December 2014 compared to the same period in 2013.

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

Oil prices in the nine months ended 31 December 2014 were significantly lower compared to the corresponding period in 2013. Brent Crude Oil prices reached a low of approximately $54 per barrel in 2014, compared to a low of approximately $98 per barrel during 2013. We seek to manage the effect of fluctuations in energy prices through the use of fixed-price supply contracts with tenors of up to 12 months.

Significant Factors Influencing Our Results of Operations

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

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

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

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

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

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

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

- *Amortisation of development costs capitalised.* We have and continue to capitalise our product development costs incurred on new vehicle platforms, engine, transmission and new products. These capitalised costs reduce overall profits over time through amortisation, which we expect will increase over the next few years. Therefore, until fully amortised, capitalised costs have a continuing impact on our results of operations.

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

Explanation of Income Statement Line Items

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

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

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

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

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

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

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

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

  - *Net gain/(loss) on un-matured commodity derivatives:* This line item represents the mark-to-market on commodity derivative instruments, which do not meet the hedge accounting criteria of IFRS. In Fiscal 2012 and subsequently, we entered into derivative transactions on certain key commodity inputs, such as aluminium.

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

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

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

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

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

- *Finance expense (net):* This item represents the net expense of our financial borrowings, including the 2011 Notes, the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the January 2013 Notes, the December 2013 Notes, the January 2014 Notes and the October 2014 Notes, including fees and commitment fees paid to financial institutions in relation to committed financial facilities and similar credit lines, less interest capitalised.

Results of Operations

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

Nine months ended 31 December 2014 compared to nine months ended 31 December 2013

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

	Nine months ended 31 December		Percentage change
	2013	**2014**	
	(£ in millions)		**(% change)**
Revenue	14,037	16,040	14.3%
Material and other cost of sales	(8,613)	(9,768)	13.4%
Employee cost	(1,191)	(1,427)	19.8%
Other expenses	(2,677)	(2,925)	9.3%
Net loss on un-matured commodity derivatives	(16)	(16)	0.0%
Development costs capitalised	772	850	10.1%
Other income	141	150	6.4%
Depreciation and amortisation	(639)	(743)	16.3%
Foreign exchange gain	135	58	57.0%
Finance income	27	36	33.3%
Finance expense (net of capitalised interest)	(36)	(13)	63.9%
Share of loss from joint ventures	(15)	(24)	60.0%
Profit before tax	1,925	2,218	15.2%
Income tax expense	(495)	(482)	2.6%
Profit for the period	1,430	1,736	21.4%

Revenue

Revenue increased by £2,003 million to £16,040 million in the nine months ended 31 December 2014 from £14,037 million in the nine months ended 31 December 2013, an increase of 14.3%. This increase is primarily attributable to an increase in wholesale volumes from 308,908 to 341,318 units over the relevant period, representing an increase of 10.5%, driven primarily by higher volumes of the Range Rover, the Range Rover Sport, the Range Rover Evoque, the Land Rover Discovery and the Jaguar F-TYPE and strong sales in key geographical markets, most notably in China and the United Kingdom.

Material and other cost of sales

Our material and other cost of sales increased to £9,768 million in the nine months ended 31 December 2014, up 13.4% from £8,613 million in the nine months ended 31 December 2013. This increase is predominantly attributable to the increased volumes of vehicles sold. As a percentage of revenue, material and other costs of sales decreased slightly from 61.4% to 60.9%, reflecting a stable cost base.

Change in inventories of finished goods and work in progress: In the nine months ended 31 December 2014, our inventory of finished goods and work in progress increased by £70 million. This increase of inventories at 31 December 2014 compared to 31 March 2014 was principally due to the launch of new products scheduled to become available for purchase during the fourth quarter of Fiscal 2015.

Purchase of products for sale: In the nine months ended 31 December 2014, we spent £625 million on parts and accessories supplied by third parties and used in our finished vehicles and parts, compared to £508 million in the nine months ended 31 December 2013, representing an increase of 23.0%. This increase was primarily attributable to an increase in parts sales to service the increase in the number of vehicles sold.

Raw materials and consumables: We consume a number of raw materials in the manufacture of vehicles, including steel, aluminium, copper, precious metals and resins. The cost of raw materials and consumables in the nine months ended 31 December 2014 was £9,214 million compared to £8,347 million in the nine months ended 31 December 2013, representing an increase of £867 million, or 10.4%. The increase in the total cost of raw materials and consumables was primarily attributable to higher production levels related to increased sales volumes. Raw materials and consumables as a percentage of revenue decreased to 57.4% for the nine months ended 31 December 2014, compared to 59.5% for the nine months ended 31 December 2013, due to more favourable commodity prices.

Employee cost

Our employee cost increased by 19.8% to £1,427 million in the nine months ended 31 December 2014 from £1,191 million in the equivalent period in 2013. The increase is attributable to higher sales with a corresponding rise in production volumes, which led to a need to recruit new employees, primarily for our manufacturing operations. Total employee headcount increased from 28,938 to 33,897, or 17.1%, from 31 December 2013 to 31 December 2014. This increase includes the addition of approximately 3,500 manufacturing employees to support increased production at our manufacturing sites, including at our Solihull plant in the United Kingdom, as well as approximately 1,200 engineers and other staff to support growth and our increased R&D investment in new models. The majority of the increased employee cost for the engineers is capitalised under "development costs capitalised".

Other expenses

Other expenses increased to £2,925 million in the nine months ended 31 December 2014 from £2,677 million in the same period in 2013. Other expenses decreased as a percentage of revenue, representing 18.2% in the nine months ended 31 December 2014, compared to 19.1% for the nine months ended 31 December 2013. While some significant components of other expenses increased in line with revenues, certain expenses such as fixed marketing do not typically increase proportionally in line with revenue. The rise in engineering expenses, reflecting our increased investment in the development of new vehicles, is mainly capitalised under "development costs capitalised".

Net loss on un-matured commodity derivatives

In the nine months ended 31 December 2014, we recorded a net loss on un-matured commodity derivatives of £16 million as a result of a softening in commodity prices. We recorded a similar net loss on un-matured commodity derivatives of £16 million in the nine months ended 31 December 2013.

Development costs capitalised

We capitalise product development costs incurred on new vehicle platforms, engines, transmissions and new products in accordance with IFRS. The following table shows the R&D costs recognised in our income statement and the share of capitalised development costs and amortisation of capitalised development costs in the nine months ended 31 December 2013 and 2014:

	Nine months ended 31 December	
	2013	**2014**
	(£ in millions)	
Total R&D costs	939	1,030
Of which expenditure capitalised	772	850
Capitalisation ratio in %	*82.2%*	*82.5%*
Amortisation of expenditure capitalised	328	380
R&D costs charged in income statement	167	180
As % of revenues	*1.2%*	*1.1%*

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

The increase to £850 million in the nine months ended 31 December 2014 from £772 million in the nine months ended 31 December 2013, representing an increase of 10.1%, reflects increased product development costs (included as employee costs and engineering costs in other expenses) associated with the development of our "Ingenium" four cylinder (2.0-litre) engines and new vehicles including the Jaguar F-TYPE coupe and all-wheel drive derivatives, the all new Jaguar XE, the new Discovery Sport, Jaguar's all new performance crossover, the F-PACE, and other future products, including model year updates of existing vehicles.

Other income (net)

Our other income increased to £150 million in the nine months ended 31 December 2014, compared to £141 million in the nine months ended 31 December 2013. Other income for the nine months ended 31 December 2014 notably includes £53 million (as compared to £71 million in the nine months ended 31 December 2013) of rebates from China based on our activities there.

Depreciation and amortisation

Our depreciation and amortisation increased to £743 million in the nine months ended 31 December 2014, compared to £639 million in the nine months ended 31 December 2013. The majority of the increase reflects increased amortisation of product development costs related to the launch of the "Ingenium" engines as well as new models, including the Jaguar F-TYPE coupe and all-wheel drive derivatives, the all new Jaguar XE, the new Discovery Sport and other model year updates for existing vehicles.

Foreign exchange gain/(loss) (net)

We recorded a foreign exchange gain of £58 million in the nine months ended 31 December 2014, compared to a gain of £135 million in the nine months ended 31 December 2013. The gains in each of these periods were attributable to (i) the effect of exchange fluctuations on foreign currency borrowings and other balance sheet items and (ii) foreign exchange gains and losses on derivatives realised in each respective period.

Finance income

Our finance income increased by 33.3% to £36 million in the nine months ended 31 December 2014 from £27 million in the nine months ended 31 December 2013. The increase was primarily due to higher cash balances held in the nine months ended 31 December 2014, compared to the nine months ended 31 December 2013.

Finance expense (net of capitalised interest)

Our interest expense (net of capitalised interest) decreased to £13 million in the nine months ended 31 December 2014 from £36 million in the nine months ended 31 December 2013, principally as a result of the removal of the embedded derivative following the redemption and cancellation of our £500 million 8.125% Senior Notes due 2018 and our $410 million 7.750% Senior Notes due 2018 (issued on 19 May 2011) and the subsequent refinancing at lower interest rates, which was partly offset by the issuance of the October 2014 Notes.

Share of loss from joint ventures

Our share of losses from joint ventures of £24 million in the nine months ended 31 December 2014 relates to further set-up costs incurred in relation to the joint venture company we have established with Chery Automobile Company Ltd., compared to a £15 million loss on the same joint venture during the nine months ended 31 December 2013. Please see "Our Business—China Joint Venture".

Income tax expense

We had an income tax expense of £482 million in the nine months ended 31 December 2014, compared to £495 million in the nine months ended 31 December 2013. This decrease was primarily attributable to the release of certain withholding tax provisions following confirmation that dividends from China would be subject to a reduction in the withholding tax rate to 5% as set out in the new UK-China tax treaty. The effective tax rate for the nine months ended 31 December 2014 was 21.7% compared to 25.7% for the same period in 2013.

Profit for the period

Our consolidated profit for the period of nine months ended 31 December 2014 was £1,736 million, compared to a consolidated profit for the period of £1,430 million in the nine months ended 31 December 2013 as a result of the factors identified above.

Fiscal 2014 compared to Fiscal 2013

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

	Fiscal year ended 31 March		Percentage change
	2013*	**2014**	
	(£ in millions)		**(% change)**
Revenue	15,784	19,386	22.8%
Material and other cost of sales	(9,904)	(11,904)	20.2%
Employee cost	(1,334)	(1,654)	24.0%
Other expenses	(3,075)	(3,717)	20.9%
Net loss on un-matured commodity derivatives	(10)	(18)	80.0%
Development costs capitalised	860	1,030	19.8%
Other income	80	171	113.8%
Depreciation and amortisation	(622)	(875)	40.7%
Foreign exchange gain/(loss)	(109)	236	316.5%
Finance income	34	38	11.8%
Finance expense (net of capitalised interest)	(18)	(185)	927.8%
Share of loss from joint venture	(12)	(7)	41.7%
Profit before tax	1,674	2,501	49.4%
Income tax expense	(460)	(622)	35.2%
Profit for the year	1,214	1,879	54.8%

* The comparative consolidated income statement information for Fiscal 2013 has been restated following the adoption of IAS 19 Employee Benefits (2011) in the year as detailed in note 2 to the 2014 Consolidated Financial Statements.

Revenue

Revenue increased by £3,602 million to £19,386 million in Fiscal 2014 from £15,784 million in Fiscal 2013, an increase of 22.8%. This increase is primarily attributable to favourable product and market mix and the success of the Range Rover and Range Rover Sport, the Jaguar F-TYPE and variants of the Jaguar XF and XJ.

Material and other cost of sales

Our material and other cost of sales increased to £11,904 million in Fiscal 2014 from £9,904 million in Fiscal 2013. This increase is predominantly attributable to the higher volumes produced across our range of vehicles. As a percentage of revenue, material and other cost of sales accounted for 61.4% of our revenue in Fiscal 2014, as compared to 62.7% in Fiscal 2013. This reduction as a percentage of revenue was due to an improvement in model and market mix, as well as favourable commodity prices.

Change in inventories of finished goods and work in progress: In Fiscal 2014, we added £356 million to our inventory of finished goods and work in progress, thereby decreasing our material and other cost of sales. This increase of inventories at 31 March 2014 compared to 31 March 2013 was principally the result of higher volumes produced in the final quarter of Fiscal 2014 and higher volumes of sales to markets with longer shipment times.

Purchase of products for sale: In Fiscal 2014, we spent £715 million on parts and accessories supplied by third parties and used in our finished vehicles and parts, compared to £549 million in Fiscal 2013, representing an increase of 30.2%. This increase was primarily attributable to an increase in parts sales to service the increasing number of vehicles in the market.

Raw materials and consumables: We consume a number of raw materials in the manufacture of vehicles, including steel, aluminium, copper, precious metals and resins. The cost of raw materials and consumables in Fiscal 2014 was £11,545 million, compared to £9,664 million in Fiscal 2013, representing an increase of £1,881 million, or 19.5%. The increase in the total cost of raw materials and consumables was primarily attributable to increases in volumes produced. Raw materials and consumables as a percentage of revenue decreased to 59.6% for Fiscal 2014, as compared to 61.2% for Fiscal 2013, due to an improvement in model and market mix.

Employee cost

Our employee cost increased by 24.0% to £1,654 million in Fiscal 2014 from £1,334 million in Fiscal 2013. The increase is attributable to our investment in people to continue the growth of the business. Average employee headcount increased from 24,913 to 27,953, or 12%, from 31 March 2013 to 31 March 2014. We have added approximately 1,250 manufacturing employees to support increased production in our manufacturing plants, primarily Halewood, Solihull and our engine manufacturing centre in Wolverhampton and approximately 900 engineers to support our continued product development. The majority of the increased employee cost for the engineers is capitalised under “development costs capitalised”.

Other expenses

Other expenses increased to £3,717 million in Fiscal 2014 from £3,075 million in Fiscal 2013. Other expenses decreased slightly as a percentage of revenue, representing 19.2% in Fiscal 2014, compared to 19.5% for Fiscal 2013, due to the fact that, while some significant components of other expenses increased in line with revenue, expenses such as fixed marketing do not increase proportionally in line with revenue. The rise in engineering expenses, reflecting our increased investment in the development of new vehicles, is mainly capitalised under “development costs capitalised”.

Net loss on un-matured commodity derivatives

In Fiscal 2014, we recorded a net loss of £18 million on un-matured commodity derivatives, as a result of losses on un-matured hedges during the period. In Fiscal 2013, we recorded a net loss of £10 million on un-matured commodity derivatives, as a result of a decrease in commodity input prices.

Development costs capitalised

We capitalise product development costs incurred on new vehicle platforms, engines, transmissions and new products in accordance with IFRS. The following table shows the R&D costs recognised in our income statement and the share of capitalised development costs and amortisation of capitalised development costs in Fiscal 2014 and Fiscal 2013:

	Fiscal year ended 31 March	
	2013	2014
	(£ in millions)	
Total R&D costs	1,058	1,266
Of which expenditure capitalised	860	1,030
Capitalisation ratio in %	*81.3%*	*81.4%*
Amortisation of expenditure capitalised	296	445
R&D costs charged in income statement	198	236
As % of revenues	*1.3%*	*1.2%*

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

The increase to £1,030 million in Fiscal 2014 from £860 million in Fiscal 2013, an increase of 19.8% reflects increased product development costs (included as employee costs and engineering costs in other expenses) associated with the development of the Jaguar F-TYPE, Jaguar XE, Discovery Sport and other future products.

Other income (net)

Our other income increased to £171 million in Fiscal 2014, compared to £80 million in Fiscal 2013. Other income for Fiscal 2014 notably includes £73 million (£36 million in Fiscal 2013) of rebates from China based on our activities there.

Depreciation and amortisation

Our depreciation and amortisation increased to £875 million in Fiscal 2014 from £622 million in Fiscal 2013. The increase primarily reflects the amortisation of product development costs and depreciation of tooling relating to the Jaguar F-TYPE alongside other Jaguar XF and XJ derivatives.

Foreign exchange gain/(loss) (net)

We registered a foreign exchange gain of £236 million in Fiscal 2014, as compared to a loss of £109 million in Fiscal 2013, as a result of (i) the effect of exchange fluctuations on foreign currency borrowings and other balance sheet items and (ii) foreign exchange gains and losses on derivatives realised in the period.

Finance income

Our finance income increased to £38 million in Fiscal 2014, as compared to £34 million in Fiscal 2013. The increase was largely due to higher cash balances held in Fiscal 2014, compared to Fiscal 2013.

Finance expense (net of capitalised interest)

Our interest expense (net of capitalised interest) increased to £185 million in Fiscal 2014, as compared to £18 million in Fiscal 2013, principally as a result of the write-down of gains on the embedded derivative in connection with the redemption and cancellation of our £500 million 8.125% Senior Notes due 2018 and $410 million 7.750% Senior Notes due 2018 (issued on 19 May 2011) and the subsequent redemption premium relating to the refinancing.

Share of loss from joint venture

Our share of loss from joint venture of £7 million in Fiscal 2014 was due to initial set-up costs related to the joint venture company we have started with Chery Automobile Company Ltd. Please see "Our Business—China Joint Venture".

Income tax expense

We had an income tax expense of £622 million in Fiscal 2014, as compared to £460 million in Fiscal 2013. This increase is primarily attributable to higher profit before tax. Our effective tax rate was 24.9% of profit before tax in Fiscal 2014, as compared to an effective tax rate of 27.5% of profit before tax in Fiscal 2013. This decrease was primarily due to the revaluation of the UK deferred tax balances as a result of reductions in the UK statutory tax rate.

Profit for the period

Our consolidated profit for the period for Fiscal 2014 was £1,879 million, as compared to £1,214 million in Fiscal 2013, as a result of the factors identified above.

Fiscal 2013 compared to Fiscal 2012

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

	Fiscal year ended 31 March		Percentage change
	2012*	2013*	
	(£ in millions)		(% change)
Revenue	13,512	15,784	16.8%
Material and other cost of sales	(8,733)	(9,904)	13.4%
Employee cost	(1,039)	(1,334)	28.4%
Other expenses	(2,529)	(3,075)	21.6%
Net loss on un-matured commodity derivatives	(12)	(10)	16.7%
Development costs capitalised	751	860	14.5%
Other income	49	80	63.3%
Depreciation and amortisation	(465)	(622)	33.8%
Foreign exchange gain/(loss)	14	(109)	878.6%
Finance income	16	34	112.5%
Finance expense (net of capitalised interest)	(85)	(18)	78.8%
Share of loss from joint venture	—	(12)	—
Profit before tax	1,479	1,674	13.2%
Income tax expense	(19)	(460)	2,321.1%
Profit for the period	1,460	1,214	16.8%

* The comparative consolidated income statement information for Fiscal 2013 and Fiscal 2012 has been restated following the adoption of IAS 19 Employee Benefits (2011) in the year as detailed in note 2 to the 2014 Consolidated Financial Statements.

Revenue

Revenue increased by £2,272 million to £15,784 million in Fiscal 2013 from £13,512 million in Fiscal 2012, an increase of 16.8%. This increase is primarily attributable to an increase in wholesale volumes of both Land Rover and Jaguar vehicles, mainly the Range Rover Evoque, Freelander and newer variants of the XF and XJ, as well as the XF Sportbrake. Total wholesale volumes increased from 314,433 units in Fiscal 2012 to 372,062 units in Fiscal 2013, representing an increase of 18.3%. At a brand level, wholesale volumes were 57,812 units for Jaguar and 314,250 units for Land Rover in Fiscal 2013, as compared to 54,039 units for Jaguar and 260,394 units for Land Rover in Fiscal 2012, representing a growth of 7.0% and 20.7%, respectively.

Material and other cost of sales

Our material and other cost of sales increased to £9,904 million in Fiscal 2013 from £8,733 million in Fiscal 2012. This increase is predominantly attributable to the higher production levels. As a percentage of revenue, material and other cost of sales accounted for 62.7% of our revenue in Fiscal 2013, as compared to 64.6% in Fiscal 2012. This reduction as a percentage of revenue was due to improvement in model and market mix as well as favourable commodity prices.

Change in inventories of finished goods and work in progress: In Fiscal 2013, we added £309 million to our inventory of finished goods and work in progress, thereby decreasing our material and other cost of sales. This increase of inventories at 31 March 2013 compared to 31 March 2012 was principally the result of increased production levels in an effort to meet rising demand for our existing products and increased production of the Range Rover Evoque. In addition to increased production, rising sales to China and other markets requiring longer shipment times have increased the shipping time of our vehicles and resulted in greater inventory holding periods.

Purchase of products for sale: In Fiscal 2013, we spent £549 million on parts and accessories supplied by third parties and used in our finished vehicles and parts, compared to £505 million in Fiscal 2012, representing an increase of 8.7%. This increase was primarily attributable to an increase in the sale of parts to service the rising number of sold vehicles, partially offset by improved reliability and performance of our vehicles. There were also increased sales of accessories on new vehicles.

Raw materials and consumables: We consume a number of raw materials in the manufacture of vehicles, including steel, aluminium, copper, precious metals and resins. The cost of raw materials and consumables in Fiscal 2013 was £9,664 million, compared to £8,545 million in Fiscal 2012, representing an increase of £1,119 million, or 13.1%. The increase in the total cost of raw materials and consumables was primarily attributable to higher production levels, an increase in commodity prices and an increase in Chinese import duties paid as a result of increased sales in China, which are subject to relatively high import duties. Raw materials and consumables as a percentage of revenue decreased to 61.2% for Fiscal 2013, as compared to 63.2% for Fiscal 2012, due to a better product and geographic mix, as well as moderate commodity prices in Fiscal 2013.

Employee cost

Our employee cost increased by 28.4% to £1,334 million in Fiscal 2013 from £1,039 million in Fiscal 2012. The increase is attributable to greater production volumes and the recruitment of new employees both in manufacturing and engineering. We have added around 1,250 manufacturing employees to support increased production in Halewood and Solihull and around 900 engineers to support our increased R&D investment. The majority of the increased employee cost for the engineers is capitalised under "development costs capitalised".

Other expenses

Other expenses increased to £3,075 million in Fiscal 2013 from £2,529 million in Fiscal 2012. Other expenses increased slightly as a percentage of revenue, representing 19.5% in Fiscal 2013 compared to 18.7% for Fiscal 2012. While some significant components of other expenses increased in line with revenues, there was an increase in distribution costs as a percentage of revenue following strong growth in overseas markets. The rise in engineering expenses, reflecting our increased development in new vehicles, is mainly capitalised under "development costs capitalised".

Net loss on un-matured commodity derivatives

In Fiscal 2013, we recorded a net loss of £10 million on un-matured commodity derivatives, as a result of a decrease in commodity input prices during the period. In Fiscal 2012, we recorded a net loss of £12 million on un-matured commodity derivatives, as a result of a drop in commodity input prices in the second half of 2011. We began using commodity derivatives in Fiscal 2012 to hedge our commodity price risk.

Development costs capitalised

We capitalise product development costs incurred on new vehicle platforms, engines, transmissions and new products in accordance with IFRS. The following table shows the R&D costs recognised in our income statement and the share of capitalised development costs and amortisation of capitalised development costs in Fiscal 2013 and Fiscal 2012:

	Fiscal year ended 31 March	
	2012	2013
	(£ in millions)	
Total R&D costs	900	1,058
Of which expenditure capitalised	751	860
Capitalisation ratio in %	*83.4%*	*81.3%*
Amortisation of expenditure capitalised	183	296
R&D costs charged in income statement	149	198
As % of revenues	*1.1%*	*1.3%*

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

The increase to £860 million in Fiscal 2013 from £751 million in Fiscal 2012, an increase of 14.5% reflects increased product development costs (included as employee costs and engineering costs in other expenses) associated with the development of the new Range Rover Sport and other future products.

Other income (net)

Our other income increased to £80 million in Fiscal 2013, compared to £49 million in Fiscal 2012. Other income for Fiscal 2013 notably includes £36 million (nil in Fiscal 2012) of rebates from China based on our activities there.

Depreciation and amortisation

Our depreciation and amortisation increased to £622 million in Fiscal 2013 from £465 million in Fiscal 2012. The increase primarily reflects the amortisation of product development costs and depreciation of tooling relating to the Range Rover Evoque, Range Rover Sport, Jaguar F-TYPE and other Jaguar XE and XJ derivatives.

Foreign exchange gain/(loss) (net)

We registered a foreign exchange loss of £109 million in Fiscal 2013, as compared to a gain of £14 million in Fiscal 2012, as a result of (i) the effect of exchange fluctuations on foreign currency borrowings and other balance sheet items and (ii) foreign exchange gains and losses on derivatives realised in the period.

Finance income

Our finance income increased to £34 million in Fiscal 2013, as compared to £16 million in Fiscal 2012. The increase was largely due to higher cash balances leading to increased interest income.

Finance expense (net of capitalised interest)

Our interest expense (net of capitalised interest) decreased to £18 million in Fiscal 2013, as compared to £85 million in Fiscal 2012, principally as a result of an increase in finance expense transferred to capitalised product development.

Share of loss from joint venture

Our share of loss from joint venture of £12 million in Fiscal 2013 was due to initial set-up costs related to the joint venture company we have started with Chery Automobile Company Ltd. Please see "Our Business—China Joint Venture".

Income tax expense

We had an income tax expense of £460 million in Fiscal 2013, as compared to £19 million in Fiscal 2012. This increase is primarily attributable to a tax credit in Fiscal 2012 on the recognition of deferred tax assets relating to UK tax losses brought forward. Our effective tax rate was 27.5% of profit before tax in Fiscal 2013, as compared to an effective tax rate of 1.3% of profit before tax in Fiscal 2012, due to the net benefit on the recognition of the deferred tax assets in Fiscal 2012.

Profit for the period

Our profit for Fiscal 2013 was £1,214 million, as compared to £1,460 million in Fiscal 2012, as a result of the factors identified above.

Liquidity and Capital Resources

We finance our capital requirements through cash generated from operations and external debt, including long-term debt, and revolving credit, factoring and working capital facilities. In the ordinary course of business, we also enter into, and maintain, letters of credit, cash pooling and cash management facilities, performance bonds and guarantees and other similar facilities. As at 31 December 2014, on a consolidated basis, we had cash and cash equivalents of £2,884 million (up from £2,260 million at 31 March 2014), short-term investments (bank deposits with a maturity of between three and twelve months) of £1,143 million (down from £1,199 million as at 31 March 2014) and undrawn committed facilities of £1,517 million (an increase from £1,290 million in 31 March 2014). The total amount of cash and cash equivalents includes £528 million of the cash and cash equivalents held in subsidiaries of the Issuer outside the United Kingdom. The cash in some of these jurisdictions, notably South Africa and Brazil, is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However annual dividends are generally permitted and we do not believe that these restrictions have, or are expected to have, any impact on our ability to meet our cash obligations.

On a pro forma basis, after giving effect to the issuance of the Notes offered hereby and the use of proceeds therefrom as described under "Use of Proceeds", as at 31 December 2014 we would have had, on a consolidated basis, cash and cash equivalents of £2,945 million, short-term investments (bank deposits with a maturity of between three and twelve months) of £1,143 million and total indebtedness (including short-term debt) of £2,537 million, with undrawn secured committed facilities of £1,517 million. We believe that we have sufficient resources available to meet our planned capital requirements. However, our sources of funding could be adversely affected by an economic slowdown or other macroeconomic factors, which are beyond our control. A decrease in the demand for our products and services could lead to an inability to obtain funds from external sources on acceptable terms or in a timely manner or at all.

Our borrowings

The following table shows details of our committed and uncommitted financing arrangements, as well as the amounts outstanding and undrawn, as at 31 December 2014.

Facility	Committed Amount	Maturity	Amount outstanding as at 31 December 2014	Amount undrawn as at 31 December 2014
	(£ in millions)		(£ in millions)	(£ in millions)
Committed				
£500 million 8.25% Senior Notes due 2020[(1)]	500	15 March 2020	500	—
£400 million 5.00% Senior Notes due 2022	400	15 February 2022	400	—
$410 million 8.125% Senior Notes due 2021	263*	15 November 2021	263*	—
$500 million 5.625% Senior Notes due 2023	321*	1 February 2023	321*	—
$700 million 4.125% Senior Notes due 2018	450*	15 December 2018	450*	—
$500 million 4.250% Senior Notes due 2019	321*	15 November 2019	321*	—
Revolving Loan Facility	1,485	22 July 2016 and 22 July 2018	—	1,485
Receivables factoring facilities	225	21 March 2015	193	32
Subtotal	3,965		2,448	1,517
Total	**3,965**		**2,423**	**1,517**
Capitalised debt issuance costs	—		(25)	—

* Using an exchange rate on 31 December 2014 of $1.5573 = £1.00.

(1) We have commenced the Tender Offer in respect of our outstanding 2012 Notes. Please see “Summary—Recent Developments—Tender Offer”.

Liquidity and cash flows

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

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

Cash flow data

The Fiscal 2012, Fiscal 2013 and Fiscal 2014 tables below have been extracted from the 2014 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

The following table sets out the items from our consolidated statements of cash flow for the fiscal years ended 31 December 2012, 2013 and 2014 and for the nine months ended 31 December 2014 compared to the nine months ended 31 December 2013.

	Fiscal year ended 31 March			Nine months ended 31 December	
	2012	2013	2014	2013	2014
	(£ in millions)			(£ in millions)	
Net cash from operating activities	**2,500**	**2,429**	**3,422**	**2,060**	**2,572**
Net cash used in investing activities	**(1,542)**	**(2,609)**	**(2,736)**	**(2,024)**	**(2,025)**
Net cash (used in)/generated from financing activities	**444**	**(178)**	**(498)**	**73**	**77**
Net change in cash and cash equivalents	1,402	(358)	188	109	624
Cash and cash equivalents at beginning of period	1,028	2,430	2,072	2,072	2,260
Cash and cash equivalents at end of period	**2,430**	**2,072**	**2,260**	**2,181**	**2,884**

Nine months ended 31 December 2014 compared to nine months ended 31 December 2013

Net cash from operating activities was £2,572 million in the nine months ended 31 December 2014 compared to £2,060 million in the nine months ended 31 December 2013. This increase primarily reflects increased EBITDA driven by higher wholesale volumes. In the nine months ended 31 December 2014, changes in assets and liabilities of £252 million reflects an increase in payables due to higher production volumes.

Net cash used in investing activities slightly increased to £2,025 million in the nine months ended 31 December 2014 from £2,024 million in the nine months ended 31 December 2013. Purchase of property, plant and equipment and expenditure on intangible assets was £2,032 million in the nine months ended 31 December 2014, up from £1,743 million in the nine months ended 31 December 2013. Our capital expenditure relates mostly to capacity expansion of our production facilities, quality and reliability improvement projects, and the introduction of new products, including costs associated with the development of the new Discovery Sport and the new Jaguar XE. In the nine months ended 31 December 2014, we decreased short-term investments in bank deposits with a maturity of between three and twelve months by £91 million. These short-term investments are not included as cash equivalents under IFRS.

Net cash from financing activities in the nine months ended 31 December 2014 was £77 million, a slight increase from £73 million in the nine months ended 31 December 2013. Cash generated from financing activities in the nine months ended 31 December 2014 and 2013 were partially offset by the payment of a £150 million dividend to TMLH.

Fiscal 2014 compared to Fiscal 2013

Net cash from operating activities was £3,422 million in Fiscal 2014, as compared to £2,429 million in Fiscal 2013. This increase reflects our increased profits, partly offset by higher cash movements and a slight reduction in cash flow from working capital movements. In Fiscal 2014, working capital improved through accounts payable by £534 million as a result of longer creditor terms and increased purchasing of raw materials, which was partially offset by inventory build up of £379 million to meet increased sales demand. In Fiscal 2013, inventory build up of £284 million was partially offset by accounts payable of £797 million due to increased purchasing of raw materials.

Net cash used in investing activities increased to £2,736 million in Fiscal 2014, as compared to £2,609 million in Fiscal 2013. Purchase of property, plant and equipment and expenditure on intangible assets (product development projects) was £2,356 million in Fiscal 2014, up from £1,849 million in Fiscal 2013. Our capital expenditure relates mostly to capacity expansion of our production facilities, quality and reliability improvement projects, and the introduction of new products, including costs associated with the development of the Range Rover and the Jaguar F-TYPE. In Fiscal 2014, we generated net cash of £133 million from movements in other restricted deposits, relating to cash on deposit for our sterling bi-lateral term loan facilities supported by Chinese yuan deposits, which have subsequently reached maturity and are no longer outstanding, as well as restricted cash holding requirements relating to our dealer financing activities in the United States.

Net cash used in financing activities in Fiscal 2014 was £498 million compared to net cash used in financing activities of £178 million in Fiscal 2013. Cash used in financing activities in Fiscal 2014 reflects cash used to repay £158 million of factoring facilities, to repay £746 million of long-term debt, to pay a dividend of £150 million to TMLH and to pay finance expenses and fees in connection with the issuance of long-term and short-term debt, partially offset by £829 million in proceeds from the issuance of the December 2013 Notes, the January 2014 Notes and short-term debt. Cash used in financing activities in Fiscal 2013 reflects cash used to repay £250 million of short-term debt, namely debt owed to TMLH, certain bank facilities and factoring facilities, to pay a dividend of £150 million to TMLH and to pay finance expenses and fees in connection with the issuance of long-term and short-term debt, partially offset by £405 million in proceeds from the issuance of the January 2013 Notes and short-term debt.

Fiscal 2013 compared to Fiscal 2012

Net cash from operating activities was £2,429 million in Fiscal 2013, as compared to £2,500 million in Fiscal 2012. This decrease reflects our increased profits more than offset by a reduction in cash flow from working capital movements and higher cash tax payments. In Fiscal 2013, working capital improved through accounts payable by £797 million as a result of longer creditor terms and increased purchasing of raw materials, which was partially offset by inventory build up of £284 million to meet increased sales demand. In Fiscal 2012, inventory build up of £341 million was partially offset by accounts payable of £893 million due to increased purchasing of raw materials.

Net cash used in investing activities increased to £2,609 million in Fiscal 2013, as compared to £1,542 million in Fiscal 2012. Purchase of property, plant and equipment and expenditure on intangible assets (product development projects) was £1,849 million in Fiscal 2013, up from £1,410 million in Fiscal 2012. Our capital expenditure relates mostly to capacity expansion of our production facilities, quality and reliability improvement projects, and the introduction of new products, including costs associated with the development of the Range Rover and the Jaguar F-TYPE. In Fiscal 2013, we generated net cash of £54 million from movements in other restricted deposits, relating to reduced restricted cash holding requirements relating to our dealer financing activities in the United States.

Net cash used in financing activities in Fiscal 2013 was £178 million compared to net cash from financing activities of £444 million in Fiscal 2012. Cash used in financing activities in Fiscal 2013 reflects cash used to repay £250 million of short-term debt, namely debt owed to TMLH, certain bank facilities and factoring facilities, to pay a dividend of £150 million to TMLH and to pay finance expenses and fees in connection with the issuance of long-term and short-term debt, partially offset by £405 million in proceeds from the issuance of the January 2013 Notes and short-term debt. Cash generated from financing activities in Fiscal 2012 reflects the issuance of the 2012 Notes and the 2011 Notes offset by cash used to repay £374 million of long-term debt, namely part of our Regional Development Bank Facilities, and £655 million of short-term debt, namely debt owed to TMLH, certain bank facilities and factoring facilities.

Sources of financing and capital structure

We fund our short-term working capital requirements with cash generated from operations, overdraft facilities with banks, short-and medium-term borrowings from lending institutions and banks. The maturities of these short-and medium-term borrowings are generally matched to particular cash flow requirements. Following the issue of the Notes, our main long-term borrowings will be the Notes, the 2011 Notes, the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the January 2013 Notes, the December 2013 Notes, the January 2014 Notes and the October 2014 Notes. In addition to the Notes, the 2011 Notes, the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the January 2013 Notes, the December 2013 Notes, the January 2014 Notes and the October 2014 Notes, we will also maintain:

- a £1,485 million Unsecured Syndicated Revolving Loan Facility; and
- a US$350 million Committed Multi-currency Syndicated Credit Insured Invoice Discounting Facility.

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

Capital expenditure

Total product and other investment was £2,336 million in the nine months ended 31 December 2014 (£2,003 million in the nine months ended 31 December 2013) and £2,680 million in Fiscal 2014 (£2,115 million in Fiscal 2013), which mainly included expenditure on tooling and product development for proposed product introductions. We continue to invest in new products, technologies and capacity to meet customer demand in the premium automotive and SUV segments, as well as meet regulatory requirements. Please see “Our Business—Our Strategy—Grow the business through future capital investments”.

Under our accounting policy, approximately 82.5% of R&D costs were capitalised for the nine months ended 31 December 2014.

Acquisitions and Disposals

On 2 June 2008, we acquired the Jaguar and Land Rover businesses from Ford. The consideration was £1,279 million, not including £150 million of cash acquired in the business. We have made no other material acquisitions or disposals since 2 June 2008.

Off-Balance Sheet Arrangements, Contingencies and Commitments

Off-balance sheet arrangements

We have no off-balance sheet financial arrangements.

Contingencies

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

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

Commitments

We have entered into various contracts with suppliers and contractors for the acquisition of plant and machinery, equipment and various civil contracts of a capital nature aggregating £830 million as at 31 December 2014. We have entered into various contracts with suppliers and contractors which include obligations aggregating £687 million as at 31 December 2014 to purchase minimum or fixed quantities of material.

Quantitative and Qualitative Disclosures about Market Risks

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

Market risk

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

Commodity price risk

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

Foreign currency exchange rate risk

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

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

The following table presents information relating to foreign currency exposure (other than risk arising from derivatives) as at 31 March 2014:

	US dollar	Chinese yuan	Euro	Japanese yen	Others[(1)]	Total
			(£ in millions)			
Financial assets	463	840	296	17	318	1,934
Financial liabilities	(1,594)[(2)]	(715)	(1,322)[(3)]	(62)[(3)]	(224)	(3,915)
Net exposure asset/liability	**(1,130)**	**125**	**(1,026)**	**(45)**	**94**	**(1,982)**

(1) "Others" include currencies such as Russian roubles, Singapore dollars, Swiss francs, Australian dollars, South African rand, Thai baht, Korean won, etc.

(2) Includes primarily the December 2013 Notes, the January 2013 Notes and the 2011 Notes.

(3) Includes primarily trade payables denominated in euro and yen.

For a sensitivity analysis of our foreign currency exposure, please see note 33(e) of our 2014 Consolidated Financial Statements.

Interest rate risk

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

As at 31 December 2014, a financial liability of £193 million was subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would have resulted in an impact of £2 million on income/loss for the nine months ended 31 December 2014.

Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. As at 31 March 2014, our maximum exposure to credit risk was £5,155 million, being the total of the carrying amount of cash balance with banks, short-term deposits with banks, trade receivables, finance receivables and financial assets.

Regarding trade receivables and other receivables, and other loans or receivables, there were no indications as at 31 December 2014 that defaults in payment obligations will occur.

The table below provides details regarding the financial assets that are neither past due nor impaired, including estimated interest payments as at 31 March 2014:

	Gross	Impairment
	(£ in millions)	
Not yet due	795	2
Overdue <3 months	52	—
Overdue >3 <6 months	4	—
Overdue >6 months	10	6
Total	**861**	**8**

Derivative financial instruments and risk management

We enter into foreign currency forward contracts and options to manage our exposure to fluctuations in foreign exchange rates and commodity swaps to manage our principal commodity exposures. The counterparty is generally a bank. These financial exposures are managed in accordance with our risk management policies and procedures.

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

Critical Accounting Policies

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the 2014 Consolidated Financial Statements are included in the following notes:

(i) Note 15-Property, plant and equipment

(ii) Note 16-Intangible assets

(iii) Note 18-Deferred tax assets and liabilities

(iv) Note 25-Provisions

(v) Note 30-Employee benefits

(vi) Note 33-Financial instruments

Revenue recognition

Revenue is measured at fair value of consideration received or receivable. Revenue is recognised on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer. Sale of products includes export and other recurring and non-recurring incentives from governments at the national and state levels. If the sale of products includes a determinable amount for subsequent services, the related revenues are deferred and recognised in the income statement over the relevant service period. Sale of products is presented net of excise duty where applicable and other indirect taxes. Revenue is recognised when collectability of the resulting receivable is reasonably assured.

Cost recognition

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

Provisions

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

Product warranty expenses: 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 timing of outflows will vary as and when a warranty claim will arise, being typically up to four years.

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

Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Freehold land is measured at cost and is not depreciated. Cost includes purchase price, taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

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

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

	Estimated useful life
	(years)
Buildings	20 to 40
Plant and equipment	3 to 30
Computers	3 to 6
Vehicles	3 to 10
Furniture and fixtures	3 to 20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Depreciation is not recorded on assets under construction until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital prepayments.

Intangible assets

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

Amortisation is provided on a straight-line basis over estimated useful lives of the intangible assets. The amortisation year for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

Capital work-in-progress includes capital advances.

Customer-related intangibles consist of order backlog and dealer network.

	Estimated amortisation period
Patents and technological know how	2 to 12 years
Customer related-Dealer network	20 years
Product development	2 to 10 years
Intellectual property rights and other	Indefinite life
Software	2 to 8 years

Internally generated intangible assets

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

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

The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use. The capitalisation of directly attributable overhead expenditure involves critical judgement in applying the relevant accounting policy and interpretations of IFRS may differ, which can result in different applications of the same standard and, therefore, different results.

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 on a straight-line basis over estimated useful lives of the intangible assets.

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

Impairment

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

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

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

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

As at 31 December 2014, and at all periods included in this Offering Memorandum, none of our property, plant and equipment and intangible assets were considered impaired.

Employee benefits

Pension plans: We operate several defined benefit pension plans. The pension plans in the United Kingdom 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 fund.

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

Under the arrangements with the trustees of the defined benefit pension schemes, an actuarial valuation of the assets and liabilities of the schemes is undertaken every three years. The most recent valuation, as at April 2012 and completed in 2013, indicated a shortfall in the assets of the schemes as at that date, versus the actuarially determined liabilities as at that date, of £702 million. In March 2014 we paid £100 million into the pension schemes as advance payment of both regular and deficit contributions due during Fiscal 2015.

As part of the valuation process we agreed a schedule of contributions, which together with the expected investment performance of the assets of the schemes, is expected to eliminate the deficit by 2022. As part of this schedule of contributions, we paid £100 million into the pension scheme in March 2013. We also reached an agreement with the trustees to release the security previously granted in favour of the pension fund trustees for our obligations under the pension schemes. This security was released in March 2013.

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

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

Actuarial gains and losses: Actuarial gains and losses relating to retirement benefit plans are recognised in other comprehensive income in the year in which they arise. Actuarial gains and losses relating to long-term employee benefits are recognised in the consolidated income statement in the year in which they arise. The measurement date of retirement plans is 31 March.

Financial instruments

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

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

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

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

- *Available-for-sale financial assets:* Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial asset categories. Subsequently, these are measured at fair value and changes therein are recognised in other comprehensive income, other than impairment losses which are recognised directly in the consolidated income statement net of applicable deferred income taxes. When the available-for-sale asset is derecognised, the cumulative gain or loss in equity is transferred to the consolidated income statement.

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

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

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, measurement of financial assets and liabilities is determined based on classification. For financial assets and liabilities measured at fair value, we determine the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

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

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

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

OUR BUSINESS

Overview

We design, develop, manufacture and sell Jaguar premium sports saloons and sports cars and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. We have a long tradition as a manufacturer of premium passenger vehicles with internationally recognised brands, an exclusive product portfolio of award-winning vehicles, a global distribution network and strong research and development ("R&D") capabilities. Collectively, Jaguar and Land Rover received over 220 awards from leading international motoring writers, magazines and opinion leaders between 2014 and early 2015, reflecting the strength of our model line-up and our design and engineering capabilities.

We operate a global sales and distribution network designed to achieve geographically diversified sales and facilitate growth in our key markets. Our four principal regional markets are Europe (excluding the United Kingdom and Russia), North America, the United Kingdom and China which, respectively, accounted for 18.2%, 16.3%, 17.2% and 27.4% of our retail volumes (18.4%, 16.0%, 16.7% and 28.2% of our wholesale volumes) in the nine months ended 31 December 2014.

We operate four major production facilities (employing a total of approximately 19,400 employees as at 31 December 2014) and two advanced design and engineering facilities (employing a total of approximately 13,200 employees as at 31 December 2014, which includes employees at our corporate headquarters located at Whitley), all of which are located in the United Kingdom. Globally, we employed a total of 33,897 employees, including agency personnel, as at 31 December 2014.

We are a wholly owned indirect subsidiary of Tata Motors, a member of the international conglomerate Tata Group. Tata Motors is India's largest commercial vehicle manufacturer, as measured by revenue in 2014, and ranked as the eighth largest truck manufacturer globally in the 6 plus ton category, as measured by volume of vehicles produced in 2013.

The following table presents our revenue, profit and EBITDA in Fiscal 2012, Fiscal 2013 and Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014.

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
	(£ in millions)					
Revenue	13,512	15,784	19,386	14,037	16,040	21,389
Profit for the period	1,460	1,214	1,879	1,430	1,736	2,185
EBITDA	2,095	2,339	3,393	2,473	3,116	4,036

In Fiscal 2012, Fiscal 2013, Fiscal 2014 and the nine months ended 31 December 2013 and 2014, we have experienced significant growth attributable to improved global economic conditions, successful launches of new models, complementing the enduring appeal of existing products, a strong product and market mix and continued geographic diversification. Our continued focus on managing foreign exchange exposure and achieving cost efficiencies has also contributed to robust performance.

Our unit sales (on a retail basis) for each of our brands for Fiscal 2012, Fiscal 2013 and Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014 are set out in the table below:

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
Jaguar	54,227	58,593	80,522	56,491	57,539	81,570
Land Rover	251,632	316,043	353,789	253,044	280,363	381,108
Total	**305,859**	**374,636**	**434,311**	**309,535**	**337,902**	**462,678**

Our unit sales (on a wholesale basis) under each of our brands for Fiscal 2012, Fiscal 2013 and Fiscal 2014, the nine months ended 31 December 2013 and 2014 and the twelve months ended 31 December 2014 are set out in the table below:

	Fiscal year ended 31 March			Nine months ended 31 December		Twelve months ended 31 December
	2012	2013	2014	2013	2014	2014
Jaguar	54,039	57,812	79,307	57,783	56,418	77,942
Land Rover	260,394	314,250	350,554	251,125	284,900	384,329
Total	**314,433**	**372,062**	**429,861**	**308,908**	**341,318**	**462,271**

Our vehicles

Jaguar designs, develops and manufactures a range of premium cars recognised for their design, performance and quality. Jaguar's range of products comprises the F-TYPE two-seater sports car coupé and convertible (including all-wheel drive derivatives), the XF (including Sportbrake and all-wheel drive derivatives), XJ saloons and the new XE sports saloon. At the Detroit Motor Show in January 2015, we introduced the F-PACE, which will utilise the same new aluminium-intensive architecture as the XE.

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

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

Product design, development and technology

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

We develop and manufacture technologically advanced vehicles. Our R&D operations currently consist of a single engineering team of over 350 engineers, co-managed for Jaguar and Land Rover, sharing premium technologies, powertrain designs and vehicle architecture. Please see "Our Business—Product Design, Technology and Research and Development".

Properties and Facilities

We operate three principal automotive manufacturing facilities and an engine manufacturing facility in the United Kingdom, as well as an automotive manufacturing facility in China as part of our joint venture with Chery Automobile Company Ltd. We believe that these facilities provide us with a flexible manufacturing footprint to support our present product plans. Please see "Our Business—Properties and Facilities".

Sales, distribution and financial services

We market and distribute Jaguar and Land Rover products in approximately 120 and 170 markets, respectively. Sales locations for our vehicles are operated as independent franchises while we are represented in our key markets through national sales companies as well as third-party importers. Jaguar and Land Rover have regional offices in certain select countries that manage customer relationships, vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the United Kingdom. Please see "Our Business—Sales and Distribution".

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

Our Competitive Strengths

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

Globally recognised brands built on a strong heritage

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

Both our Jaguar and Land Rover brands are globally recognised as premium, class-leading and highly differentiated vehicles within their segments as evidenced by consumer demand, sales in approximately 170 markets and the many international awards received across different geographical regions. Please see "—Award-winning design capabilities and distinctive model line-ups" for further details on these awards.

Award-winning design capabilities and distinctive model line-ups

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

The strength of our design capabilities and distinctive model line-ups has been widely validated by industry experts. Jaguar and Land Rover have collectively received over 220 awards from leading international magazines and opinion leaders as well as numerous other awards, accolades and recognition.

The following table sets out certain awards received in 2014 and early 2015, but is not exhaustive.

Award	Model	Awarding Institution	Date
Best Luxury SUV	Range Rover	What Car?	January 2015
Best Car of the Year	Range Rover Sport	Car	January 2015
Small SUV	Range Rover Evoque	What Car? Car of the Year Awards	January 2015
Safety Award	Land Rover Discovery Sport	What Car?	January 2015
First in middle class segment	Jaguar XE	Best Cars 2015 Award	January 2015
Best Coupe	Jaguar F-TYPE	Auto Express New Car Awards	July 2014
Cabriolet of the year	Jaguar F-TYPE	BBC Top Gear Awards	February 2014
Executive Car of the Year	Jaguar XF	Business Car Awards	January 2014
Best imported car of the year	Jaguar XJ	dayoo.com	November 2014
Queens Award for Enterprise in International Trade	Jaguar Land Rover	Her Royal Highness the Queen	June 2014
Best Car Styling Luxury Brand	Jaguar	Kelley Blue Book	April 2014
Automotive Performance, Execution and Layout	Land Rover	J.D. Power and Associates	September 2014

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

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

We have continued to strengthen our line-up with new model launches, such as the Range Rover, the Range Rover Sport, the new Discovery Sport, the Jaguar F-TYPE and the new Jaguar XE. We also expect to continue to implement a variety of product actions across both brands, including all-new vehicles and new derivatives, powertrain upgrades and body/trim changes. New products, including Jaguar's all-new performance crossover, the F-PACE, are expected to support sales growth across wider segments. Please see "—Our Strategy—Grow the business through new products and market expansion".

Technical excellence with a strong focus on research and development

We develop and manufacture technologically advanced vehicles. For example, we are one of the industry leaders in aluminium body structures, which contribute to the manufacture of lighter vehicles with improved fuel and CO_2 efficiency and performance, while maintaining the body stiffness that customers in the premium segment demand.

We have industry-leading capabilities in all-terrain applications, such as Land Rover's "terrain response system", which is the all-terrain system that adjusts the performance of vital operating components of the vehicle to different driving and weather conditions. We also aim to be at the forefront of calibration and certification of emissions and fuel economy, with a number of emission-reducing technologies developed or under development, including hybrids such as the Range Rover and Range Rover Sport diesel hybrids that were launched in September 2013, the above-mentioned use of lightweight material, reducing parasitic losses through the driveline and improvements in aerodynamics. We believe that we are also among the leading automobile manufacturers in the areas of powertrain application engineering and sound quality. For further details on our product design and research and development initiatives, please see "Our Business—Product Design, Technology and Research and Development".

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

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

Our success in established markets and strong brand recognition ensure that we are well positioned to capture the significant sales growth experienced in emerging markets. In particular, we have increased our presence in China in recent years, as discussed in further detail in "Our Business—Product Sales Performance". We believe this growth potential in markets with growing affluent populations will counterbalance the expected lower rate of sales growth in more developed markets, and offers significant opportunities to increase and diversify further our sales volumes. Consequently, we are actively investing in our sales network outside of our major markets. We established a national sales company ("NSC") in China in 2010 and, by 31 December 2014, had grown the dealer network in China to 204 dealers. In addition, we have established a manufacturing joint venture in China with Chery Automobile Company Ltd. to further support growth in the Chinese market. Please see "Our Business—China Joint Venture". In India, XF vehicles are currently assembled at a facility operated by Tata Motors with the possibility of expanding to other models in the future. These vehicles are currently sold by Tata Motors in India. In addition, in December 2014, we began construction on a new production facility in Brazil in which we have committed to invest approximately £240 million (750 million Brazilian real). Production at the Brazilian facility is expected to begin in early 2016. Please see "Our Business—Brazil Production Facility".

Profitable growth and strong operating cash generation

In the nine months ended 31 December 2014, we generated EBITDA of £3,116 million, up from £2,473 million in the same period in 2013, reflecting increased sales volumes and a strong product and market mix. In Fiscal 2014, we generated EBITDA of £3,393 million, up from £2,339 million in Fiscal 2013.

We generated profit after tax of £1,736 million in the nine months ended 31 December 2014, up from £1,430 million in the same period in 2013. In Fiscal 2014, our profit after tax was £1,879 million, up from £1,214 million in Fiscal 2013.

The substantial improvement in our performance since Fiscal 2011 was attributable to an increase in volumes and profitability across all regions. In particular, our market mix has benefitted from a strengthening of our business in China, supported by the launch of our Chinese NSC in 2010. Product mix has benefitted from the introduction of the new Range Rover, the new Range Rover Sport, the Range Rover Evoque, the Jaguar F-TYPE, the new Jaguar XJ and the Jaguar XF Sportbrake, as well as model year updates and certain derivatives such as the all-wheel drive. Performance has also been supported by a generally more favourable foreign exchange environment.

We have recently generated significant cash flow, reflecting our strong growth in sales and profitability described above. Our cash generated from operating activities before capital spending in the nine months ended 31 December 2014 was £2,572 million, compared to £2,060 million for the same period in 2013. Furthermore, we have a strong liquidity position with cash and cash equivalents of £2,884 million (up from £2,260 million at 31 March 2014), short-term investments (bank deposits with a maturity of between three and twelve months) of £1,143 million (down from £1,199 million as at 31 March 2014) and undrawn committed credit facilities of £1,485 million (up from £1,290 million as at 31 March 2014) as at 31 December 2014.

Experienced and highly qualified senior management team

We have a highly experienced and respected senior management team. Our senior management comprises senior automotive executives with extensive experience in the automotive industry. We believe that the experience, industry knowledge and leadership of our senior management team will help us implement our strategy described below and achieve further profitable growth.

Shareholder support

We benefit from strong and on-going support from Tata Motors, our parent company. Tata Motors is India's largest commercial vehicle manufacturer, as measured by revenue in 2014. It has also established a successful international presence as an automobile company through joint ventures and acquisitions such as the acquisition of the commercial vehicle business of Daewoo in 2004. On 2 June 2008, Tata Motors acquired the Jaguar Land Rover businesses from Ford, establishing its international presence in the premium market. Tata Motors has a manufacturing footprint in India, South Africa, South Korea, Thailand and the United Kingdom and established a presence in Indonesia in 2012 for import, assembly and wholesale distribution. On 27 January 2015, Tata Motors announced plans to offer additional shares to its shareholders via a rights issue, thereby raising Rs 7,500 crore.

We believe we are of strategic importance to Tata Motors given that we represented approximately 86% of its net revenue during the nine months ended 31 December 2014. This was also supported by Standard & Poor's Ratings Services (S&P), which in its latest ratings opinion classified us as "highly strategic" to the Tata Motors group. Our Board includes the current Chairman of Tata Motors, Mr. Cyrus Mistry. Our Chief Executive Officer, Dr. Ralf Speth, is also a member of the board of directors of Tata Motors.

Tata Motors does not assume any direct or indirect liability for or guarantee the Notes.

Our Strategy

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

Grow the business through new products and market expansion

New products

We offer products in the premium performance car and all-terrain vehicle segments, and we intend to grow the business by diversifying our product range within these segments. For instance, the Range Rover Evoque is helping us expand into a market segment for smaller, lighter and more "urban" off-road vehicles than the market segments in which our Range Rover models traditionally compete. The new Land Rover Discovery Sport is the first in a new family of Discovery vehicles offering our customers a versatile yet capable compact SUV. The Jaguar F-TYPE, available in convertible, coupé and all-wheel drive variants, is a vivid representation of the confidence and ambition of the Jaguar brand. Similarly, the 2.2-litre diesel XF caters to a much wider group of potential customers, particularly the corporate market segment. The Jaguar XF Sportbrake is the most versatile derivative of the award-winning Jaguar XF and adds a premium estate model to our vehicle portfolio. The all-wheel drive and smaller engine options for the XF and XJ are helping us expand our portfolio and customer base. The new mid-sized premium sports sedan, the Jaguar XE, enables us to offer a product in the "C segment" of vehicles and compete against other premium auto manufacturers in this high-volume sector.

In Fiscal 2013, we launched the all-aluminium Range Rover, and in Fiscal 2014, we launched the new Range Rover Sport with the same all-aluminium architecture, both of which were well received by the market. At the Frankfurt Motor Show in September 2013, we launched diesel hybrid versions of the Range Rover and Range Rover Sport, the world's first premium SUV hybrids. We also revealed the new Jaguar performance crossover, the F-PACE, at the Detroit Motor Show in January 2015, which is based on the Jaguar C-X17 concept vehicle which incorporates the new modular scalable advanced aluminium architecture first introduced on the Jaguar XE and forms the basis of a new range of future Jaguars, allowing us to grow our product portfolio and target high-growth areas of the premium market.

Market expansion

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

- ***Emerging markets:*** We aim to increase our marketing and dealer network in emerging markets. For example, in China, we established an NSC to expand our presence in this key market. Please see "—Our Competitive Strengths—Global market presence through comprehensive and growing global sales and distribution and international manufacturing networks". Similarly, we expect to continue to grow our presence in the Indian market by opening additional dealerships across the country.

- ***Selected markets:*** We aim to establish new manufacturing facilities, assembly points and suppliers in selected markets. For example, we have established a manufacturing and assembly joint venture in China with Chery Automobile Company Ltd. Please see "Our Business—China Joint Venture". We have also commenced construction of a manufacturing facility in Brazil. Please see "Our Business—Brazil Production Facility". In addition, XF vehicles are currently assembled at a facility operated by Tata Motors in India with the possibility of expanding to other models in the future. We also sell vehicle kits to be assembled in CKD facilities in Kenya, Malaysia, Turkey and Pakistan and continue to explore manufacturing operations in other markets.

Grow the business through future capital investments

Jaguar Land Rover's strategy continues to be to profitably grow our strong, globally recognised brands. In order to meet customer aspirations and regulatory requirements, we continue to invest in the United Kingdom and internationally to further develop products in new and existing segments. We are also investing to expand our manufacturing capacity and continue to have a longer term capital spending target of 10-12% of revenue, which we believe is in line with other premium competitors. In the near and medium term, however, we expect our capital spending to be a greater percentage of revenue in order to realise the present opportunities we see for growth.

In Fiscal 2014, total product and other investment was £2.68 billion (with 52% for R&D and 48% for expenditure on tangible fixed assets such as facilities, tools and equipment as well as investment in our China joint venture). The significant growth in our sales and profitability with a strong cash and liquidity position (as discussed under "Operating and Financial Review and Prospects—General Trends of Our Recent Performance") has supported our capital spending strategy. Free cash flow in Fiscal 2014 was £1.15 billion after the total product and other investment of £2.68 billion (before changes in debt and interest).

Based on our continuing strong performance and cash and liquidity position, we plan to continue to increase capital investment to develop new products in new and existing segments, invest in new powertrains and technologies to meet customer and regulatory requirements, and increase our manufacturing capacity in the United Kingdom and in China, Brazil and potentially other international markets.

As a result, we expect that our capital spending will be in the range of £3.0 billion to £3.2 billion in Fiscal 2015 and is likely to increase in Fiscal 2016 to between approximately £3.6 billion to £3.8 billion (with approximately 40% for R&D and 60% for expenditure on tangible fixed assets such as facilities, tools and equipment as well as investment in our China joint venture).

We continue to target funding most of our capital spending out of operating cash flow and monitor the economic environment and market demand as we plan our future capital spending. We expect that our strong balance sheet, including total cash and cash equivalents and short-term investments of £4.0 billion and £1.5 billion of undrawn long-term credit facilities and short-term undrawn committed facilities (of which £1,114 million will mature in July 2018 and the balance in July 2016) as at 31 December 2014, resulting in total liquidity of £5.5 billion, as well as proven access to funding from capital markets and banks, would also support our investment plans as required.

Develop technologically advanced vehicles

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

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

Continue to improve vehicle quality

We recognise the importance of superior vehicle quality and have implemented programmes, both internally and at our suppliers' operations, focused on improving the quality of our products, enhancing customer satisfaction and reducing our future warranty costs. We have also established a procedure for ensuring quality control of outsourced components, and products purchased from approved sources undergo a supplier quality improvement process. Reliability and other quality targets are built into our new product introduction process. Assurance of quality is further driven by the design team, which interacts with downstream functions like process-planning, manufacturing and supplier management to ensure quality in design processes and manufacturing. We believe our extensive sales and service network has also enabled us to provide quality and timely customer service. Through close coordination supported by our IT systems, we monitor quality performance in the field and implement corrections on an on-going basis to improve the performance of our products.

Focus on environmental performance

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

We are a global leader in the use of aluminium and other lightweight materials to reduce vehicle weight and improve fuel and CO_2 efficiency, and we believe we are ahead of many of our competitors in the implementation of aluminium construction. We plan to continue to build on this expertise and extend the application of aluminium construction as we develop a range of new Jaguar products, including the new Jaguar XE and the recently announced Jaguar performance crossover, the F-PACE.

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

We are also developing more efficient powertrains and other technologies. This includes smaller and more efficient diesel and petrol engines, stop-start and hybrid engines, starting with a state-of-the-art high-efficiency diesel hybrid engine now on offer in the Range Rover and Range Rover Sport and the introduction of our own "Ingenium" four cylinder (2.0-litre) engines from 2015, which will first be installed in the new Jaguar XE.

Our current product line-up is the most efficient it has ever been. The most efficient version of the Range Rover Evoque emits less than 130 g/km. The all-aluminium Jaguar XJ 3.0 V6 twin-turbo diesel has CO_2 emissions of 159 g/km. The 3.0-litre TDV6 Range Rover offers similar performance to the previous 4.4-litre TDV8 Range Rover while fuel consumption and CO_2 emissions have been reduced (now 196 g/km). The 2.0-litre turbocharged petrol engine options in the Range Rover Evoque and the Jaguar XF and XJ also offer improved fuel efficiency. Equipped with stop-start and an eight speed automatic transmission, the XF 2.2-litre diesel was further improved for 2014 Model Year with CO_2 emissions cut to 129 g/km. In addition, we launched our first hybrid electric vehicles in the Range Rover and Range Rover Sport 3.0L TDV6 Hybrid with emissions of 169 g/km. The new Jaguar XE will be the most fuel-efficient Jaguar yet with expected fuel consumption and CO_2 emissions on the NEDC combined cycle of 76 mpg and 99g/km, respectively. The new Discovery Sport will be launched with a range of four-cylinder turbocharged petrol and diesel engines. The all-alloy Si4 2.0-litre petrol engine, a 2.2-litre turbo diesel engine featuring stop-start technology and a highly efficient ED4 turbo diesel engine with expected CO2 emissions of just 119g/km will also join the range later in 2015.

Transform the business structure to deliver sustainable returns

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

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

History of Our Group

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

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

Our Vehicles

Jaguar designs, develops and manufactures a range of premium cars recognised for their design, performance and quality. Jaguar's range of products comprises the F-TYPE two-seater sports car coupé and convertible (including all-wheel drive derivatives), the XF saloon (including Sportbrake and all-wheel drive derivatives), XJ saloon and the XE. At the Detroit Motor Show in 2015, we introduced the F-PACE, which will utilise the same new aluminium-intensive architecture as the XE and which was first showcased on the CX-17 concept car at the Frankfurt Auto Show in 2013.

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

- ***F-TYPE:*** In September 2012, Jaguar unveiled the F-TYPE convertible at the Paris Motorshow, a two-seater sports car that was inspired by the 2011 C-X16 concept car. The Jaguar F-TYPE represents a return to the company's original designs. The F-TYPE has an all-aluminium structure and combines enhanced technology with the power of Jaguar's latest 3.0-litre V6 and 5.0-litre V8 engines. In November 2013, Jaguar unveiled the F-TYPE Coupé. We began selling the F-TYPE convertible and F-TYPE coupé in April 2013 and April 2014, respectively, and all-wheel drive variants have recently been introduced.

- ***XE:*** In March 2014, Jaguar announced the name of its all-new mid-size premium sports sedan as the Jaguar XE. The XE will be the first product from the new aluminium-intensive architecture. The XE will be the only car in its class to use an aluminium-intensive monocoque body with lightweight aluminium accounting for 75 per cent of the structure projected to deliver fuel economy of over 75mpg. The Jaguar XE was revealed in September 2014 and will be the first Jaguar to be manufactured at a new purpose-built production facility at the company's Solihull plant in the West Midlands. The XE will go on sale in 2015.

- ***XJ:*** The XJ is Jaguar's largest luxury saloon vehicle, powered by a range of supercharged and naturally aspirated 5.0-litre V8 petrol engines and a 3.0-litre diesel engine. Using Jaguar's aerospace-inspired aluminium body architecture, the XJ's lightweight aluminium body provides improved agility and fuel and CO_2 efficiency. The 2013 Model Year XJ range introduced all-wheel drive technology, Intelligent Stop-Start and enhanced luxury features alongside a 3.0-litre V6 petrol version, and the XJR, powered by the 5.0-litre supercharged V8 engine.

- ***XF:*** The XF, launched in 2008, is a premium executive car that merges sports car styling with the sophistication of a luxury saloon. In 2009, the XF underwent a significant engine upgrade, and in 2011, we made fundamental design changes to the front and rear of the XF, which we believe is now closer to the original C-XF concept car. In addition, the Jaguar 2012 Model Year line-up included a new four cylinder 2.2-litre diesel version of the XF with Intelligent Stop-Start Technology, making it the most fuel-efficient Jaguar yet and allowing Jaguar to compete more effectively with competitors in the UK and European fleet and company car markets. At the Geneva Motor Show in March 2012, we unveiled the XF Sportbrake, an estate derivative of the car. The 2013 Model Year XF range also included for the first time an all-wheel drive version of the new V6 petrol engine for the US and European markets and a 2.0-litre petrol version for the US and Chinese markets. The XFR-S was introduced to the line-up for the 2014 Model Year. This is Jaguar's fastest ever sports saloon, powered by a 5.0-litre supercharged V8 engine capable of 0-60 mph in just 4.4 seconds with a top speed of 186 mph. The 2015 Model Year saw the introduction of the XFR-S Sportbrake and the XF R-Sport.

Land Rover designs, develops and manufactures premium all-terrain vehicles that aim to differentiate themselves from the competition by their capability, design, durability, versatility and refinement. Land Rover's range of products comprises the Range Rover, Range Rover Sport, Range Rover Evoque, Defender, Discovery and Discovery Sport. For retail and wholesale unit sales by vehicle model, please see "—Product Sales Performance—Sales Performance by Vehicle Model". For the most recent awards that our Land Rover vehicles have received, please see "—Our Competitive Strengths—Award-winning design capabilities and distinctive model line-ups".

- ***Range Rover:*** The Range Rover is the flagship product under the Land Rover brand with a unique blend of British luxury, classic design, high-quality interiors and outstanding all-terrain ability. The all-aluminium Range Rover was launched in the third quarter of Fiscal 2013. The world's first SUV with a lightweight aluminium body, the Range Rover has enhanced performance and handling on all terrains, and has made significant advances in environmental sustainability. The all-aluminium body shell has helped reduce the weight of the car substantially. As part of our drive to improve the Range Rover, Land Rover launched a new long wheel-based version at the Los Angeles Motor Show in November 2013, which went on sale in March 2014. In addition, the long wheel-based hybrid Range Rover made its global debut at the Beijing Motor Show in April 2014.

- ***Range Rover Sport:*** The Range Rover Sport combines the performance of a sports tourer with the versatility of a Land Rover. In March 2013, we introduced the all-aluminium Range Rover Sport to the market. The Range Rover Sport is built on the same all-aluminium architecture as the Range Rover, which helped to reduce the weight of the car substantially. It is the fastest, most agile and responsive Land Rover to date. The Range Rover Sport takes the capabilities of the vehicle to a new level, with even greater luxury and refinement, enhanced performance and handling on all terrains, and significant advances in environmental sustainability. Diesel hybrid derivatives are now available as part of the Range Rover Sport model range.

- ***Range Rover Evoque:*** The Range Rover Evoque is the smallest, lightest and most fuel-efficient Range Rover to date. The Evoque is available in 5-door and coupé body styles and, depending on the market, in both front-wheel drive and all-wheel drive derivatives. Since its launch in September 2011, consumer interest and demand have been robust across the globe.

- ***Discovery Sport:*** The new Discovery Sport was digitally revealed at Spaceport America in New Mexico on 3 September 2014 and was shown at the Paris Motorshow in October 2014. The new Discovery Sport is the first member of the new Discovery family featuring 5+2 seating in a footprint no larger than existing 5-seat premium SUVs, and will be equipped with a range of four-cylinder turbocharged petrol and diesel engines. The Discovery Sport is produced at Land Rover's manufacturing facility at Halewood, Liverpool.

- ***Discovery 4:*** The Discovery 4 is a mid-size SUV that features genuine all-terrain capability and versatility, including full seven-seat capacity. The 2014 Model Year range included a new 3.0-litre V6 petrol derivative, Intelligent Stop-Start technology and ZF eight-speed transmission.

- ***Defender:*** The Defender is one of Land Rover's most capable SUVs, and is recognised as a leading vehicle in the segment targeting extreme all-terrain abilities and payload/towing capability. Land Rover will stop producing the Defender in 2015 due to changes in vehicle legislation. A successor to the Defender is currently being developed.

Product Sales Performance

Retail volumes in Fiscal 2014 were 434,311 units compared to 374,636 units in Fiscal 2013, an increase of 59,675 at an annual growth rate of 15.9%. The growth in Jaguar retail sales has come from demand for the F-TYPE sports car and sustained sales of the XF, with sales of 8,566 and 48,643, respectively, in Fiscal 2014. This has been supported by growth across the majority of our models. The increase in Land Rover retail volumes has been primarily driven by the Range Rover Evoque, Range Rover Sport and the Range Rover with respective sales of 122,758 units, 66,535 units and 46,157 units in Fiscal 2014. In terms of geographical markets, we have experienced growth in retail volumes across all markets, most notably in China, Asia Pacific and North America with growth rates of 33.7%, 27.7% and 20.2%, respectively.

In addition, we have continued to launch new models and derivatives during this period, such as the all new Land Rover Discovery Sport and the all new Jaguar XE. The all new all-aluminium Range Rover Sport also came to market during Fiscal 2014 with diesel hybrid versions of the Range Rover and Range Rover Sport launched shortly thereafter. This growth has continued into the nine months ended 31 December 2014, with retail volumes up 28.3% compared to the same period in Fiscal 2013. This growth is also fairly spread through the majority of our models.

Sales Performance by Vehicle Model

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

The table below presents Jaguar retail and wholesale unit sales by vehicle model for Fiscal 2014 and Fiscal 2013 and the nine months ended 31 December 2014 and 2013:

	Retail Units				**Wholesale Units**			
	Fiscal year ended 31 March		**Nine months ended 31 December**		**Fiscal year ended 31 March**		**Nine months ended 31 December**	
	2013	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**
Jaguar								
F-TYPE(1)	112	8,566	6,265	9,205	13	10,129	8,588	9,306
XJ	16,000	20,023	14,486	12,811	15,703	19,271	14,179	12,682
XF	38,603	48,643	33,494	33,226	38,303	46,662	32,814	32,520
XK(2)	3,878	3,290	2,246	2,297	3,793	3,245	2,202	1,910
Total	**58,593**	**80,522**	**56,491**	**57,539**	**57,812**	**79,307**	**57,783**	**56,418**

(1) The Jaguar F-TYPE went on sale in April 2013. Retail numbers of the F-TYPE in Fiscal 2013 include presentation and demonstration vehicles.

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

The table below presents Land Rover retail and wholesale unit sales by vehicle model sales for Fiscal 2014 and 2013 and the nine months ended 31 December 2014 and 2013:

	Retail Units				Wholesale Units			
	Fiscal year ended 31 March		Nine months ended 31 December		Fiscal year ended 31 March		Nine months ended 31 December	
	2013	2014	2013	2014	2013	2014	2013	2014
Land Rover								
Range Rover(1)	31,080	46,157	33,048	40,629	30,134	45,786	33,073	43,251
Range Rover Sport(2)	56,562	66,535	43,314	59,219	56,708	66,123	43,452	59,802
Range Rover Evoque	113,416	122,758	90,303	92,909	116,291	120,911	89,310	94,616
Defender	16,199	17,137	12,236	12,880	15,318	16,679	12,203	13,642
Discovery	45,126	45,054	33,758	33,867	43,813	44,343	32,729	35,679
Freelander(3)	53,660	56,148	40,385	40,859	51,986	56,712	40,358	37,910
Total	**316,043**	**353,789**	**253,044**	**280,363**	**314,250**	**350,554**	**251,125**	**284,900**

(1) Includes Range Rover and new Range Rover (from December 2012).

(2) Includes Range Rover Sport and new Range Rover Sport (from September 2013).

(3) Production of the Freelander ceased in December 2014, with retail sales currently being run out.

Sales Performance by Region

The following table provides an analysis of the Group's regional wholesale and retail volumes by region for the nine months ended 31 December 2014 and the nine months ended 31 December 2013:

	Wholesale					
	Jaguar Nine months ended 31 December			Land Rover Nine months ended 31 December		
	2013	2014	Change	2013	2014	Change
	(units)		(%)	(units)		(%)
Global	57,783	56,418	(2.4%)	251,125	284,900	13.4%
Regional:						
Europe (excluding the United Kingdom and Russia)	7,819	7,103	(9.2%)	50,630	55,767	10.1%
North America	13,763	11,090	(19.4%)	39,395	43,411	10.2%
United Kingdom	11,901	12,126	1.9%	39,063	44,909	15.0%
China	14,471	17,277	19.4%	60,205	78,863	31.0%
Asia Pacific	3,692	3,501	(5.2%)	12,757	16,061	25.9%
Rest of the world	6,137	5,321	(13.3%)	49,075	45,889	(6.5)%

	Retail					
	Jaguar Nine months ended 31 December			Land Rover Nine months ended 31 December		
	2013	2014	Change	2013	2014	Change
	(units)		(%)	(units)		(%)
Global	56,491	57,539	1.9%	253,044	280,363	10.8%
Regional:						
Europe (excluding the United Kingdom and Russia)	7,843	6,987	(10.9%)	50,085	54,397	8.6%
North America	14,360	12,136	(15.5%)	41,388	42,922	3.7%
United Kingdom	11,228	12,931	15.2%	40,662	45,110	10.9%
China	13,733	16,494	20.1%	59,777	75,949	27.1%
Asia Pacific	3,626	3,662	1.0%	12,913	15,798	22.3%
Rest of the world	5,701	5,329	(6.5%)	48,219	46,187	(4.2%)

- ***Europe (excluding the United Kingdom and Russia):*** In the nine months ended 31 December 2014, passenger car sales in the four largest European markets (Germany, Italy, France and Spain) rose 4.2% compared to the same period in the previous year, with a 0.3% fall in France, a 25.6% increase in sales in Spain (albeit from a very low base) and growth of 2.0% and 3.2% in Germany and Italy, respectively. Retail volumes in the four largest markets increased by 8.0% over this period. Combined European retail volumes (excluding the United Kingdom and Russia) increased by 6.0% to 61,384 units in the nine months ended 31 December 2014 from 57,928 units in the nine months ended 31 December 2013, with Jaguar down by 12.3% and Land Rover up by 7.9%. Combined European wholesale volumes (excluding the United Kingdom and Russia) increased by 7.6% to 62,870 units in the nine months ended 31 December 2014 from 58,449 units in the nine months ended 31 December 2013, with Jaguar down by 2.4% and Land Rover up by 13.4%.

- ***North America:*** The passenger car market in North America has expanded by 3.2% in the nine months ended 31 December 2014 compared to the nine months ended 31 December 2013. Over the same period, our North American retail volumes decreased by 1.2% to 55,058 units from 55,748 units in the nine months ended 31 December 2013, with Jaguar down by 15.5% and Land Rover up by 3.7%. North American wholesale volumes increased by 2.5% to 54,501 units in the nine months ended 31 December 2014 from 53,158 units in the nine months ended 31 December 2013, with Jaguar down by 19.4% and Land Rover up by 10.2%.

- ***United Kingdom:*** The passenger car market in the United Kingdom expanded by 7.8% in the nine months ended 31 December 2014 compared to the same period in Fiscal 2013. Over the same period, retail volumes in the United Kingdom increased by 11.9% to 58,041 units from 51,890 units in the nine months ended 31 December 2013, with Jaguar up by 15.2% and Land Rover up by 10.9%. Wholesale volumes in the United Kingdom increased by 11.9% to 57,035 units in the nine months ended 31 December 2014 from 50,964 units in the nine months ended 31 December 2013, with Jaguar up by 1.9% and Land Rover up by 15.0%.

- ***China:*** In China, new passenger car sales increased by 9.8% in the nine months ended 31 December 2014, compared to the nine months ended 31 December 2013. Retail volumes significantly outpaced this growth, increasing by 25.8% over the same period to 92,443 units from 73,510 units in the nine months ended 31 December 2013, with Jaguar up by 20.1% and Land Rover up by 27.1%. Chinese wholesale volumes increased by 28.7% to 96,140 units in the nine months ended 31 December 2014 from 74,676 units in the nine months ended 31 December 2013, with Jaguar up by 19.4% for the period and Land Rover up by 31.0%. The Chinese market continued to grow, with a notable increase in both Jaguar and Land Rover retail volumes in the nine months ended 31 December 2014. The Chinese market was the largest retail and wholesale market for Fiscal 2014 and the nine months ended 31 December 2014.

- ***Asia Pacific:*** In Asia Pacific, new car sales in Japan decreased by 4.2% in the nine months ended 31 December 2014 compared to the corresponding period in 2013; retail volumes in Japan decreased by 3.6% over the same periods. In the Australian market, vehicle sales fell 18.1% in the nine months ended 31 December 2014 compared to the corresponding period in 2013, although retail sales outperformed the Australian market, growing by 20.4% over the same period. Finally, in Korea, the automotive market expanded by 4.5% in the nine months ended 31 December 2014, compared to the corresponding period in 2013. Volumes increased by 36.6% over the same periods. Asia Pacific retail volumes increased by 17.7% to 19,460 units in the nine months ended 31 December 2014 from 16,539 units in the nine months ended 31 December 2013, with Jaguar up by 1.0% and Land Rover up by 22.3%. Asia Pacific wholesale volumes increased by 18.9% to 19,562 units in the nine months ended 31 December 2014 from 16,449 units in the nine months ended 31 December 2013, with Jaguar down by 5.2% and Land Rover up by 25.9%.

- ***Rest of the world:*** Compared to the corresponding period in 2013, passenger car sales dropped by 10.7% in Brazil in the nine months ended 31 December 2014. Passenger car sales in Russia decreased 14.6% in the nine months ended 31 December 2014. Sales in South Africa declined 1.6% year-on-year in the nine months ended 31 December 2014. Meanwhile, in India, the automotive market grew by 5.0% in the nine months ended 31 December 2014.

Industry Dynamics

Factors Affecting Demand in our Industry

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

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

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

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

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

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

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

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

Competition

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

Seasonality

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

Product Design, Technology and Research and Development

We devote significant resources in our R&D activities. Our R&D operations currently consist of a single engineering team of over 350 engineers, operating within a co-managed Jaguar and Land Rover engineering group, sharing premium technologies, powertrain designs and vehicle architecture. We are pursuing various initiatives, such as our Premium Lightweight Architecture (PLA), first applied to the Range Rover launched in September 2012, to enable our business to comply with existing and evolving emissions legislation in our sales markets, which we believe will be a key enabler of both reduction in CO_2 and further efficiencies in manufacturing and engineering. In recent years, we have made significant progress in reducing most of our development cycle times.

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

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

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

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

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

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

Initiatives in vehicle electronics such as engine management systems, in-vehicle network architecture, telematics for communication and tracking and other emerging technological areas are also being pursued and which could possibly be deployed on our future range of vehicles. Likewise, various new technologies and systems that would improve safety, performance and emissions of our product range are under implementation on our passenger cars and commercial vehicles.

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

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

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

In September 2013, we announced our investment in the National Automotive Innovation Campus at the University of Warwick in the United Kingdom, which is expected to open in 2016 and focus on advanced technology, innovation and research. The campus is expected to feature engineering workshops and laboratories, advanced powertrain facilities and advanced design, visualisation and rapid prototyping and help complement our existing product development centres. In November 2013, we announced plans to work with Intel to establish a technology research centre in Oregon in the United States to develop next-generation in-vehicle technologies, helping us enhance our future vehicle infotainment systems.

Special Operations

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

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

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

To support our Special Operations activities, we announced in August 2014 our intention to invest approximately £20 million in a Special Vehicle Operations Technical Centre in Prologis Park, Ryton, near Coventry. Within this facility, our Personalisation division will enable our customers to create their own bespoke specifications and is scheduled to begin operations from the third quarter of Fiscal 2016.

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

Properties and Facilities

We operate four principal automotive manufacturing facilities in the United Kingdom employing approximately 19,400 employees as at 31 December 2014. We believe that these facilities provide us with a flexible manufacturing footprint to support our present product plans.

- ***Solihull:*** At Solihull, we produce the Land Rover Defender, Discovery, Range Rover and Range Rover Sport and the Jaguar XE models and employed approximately 9,200 manufacturing employees as at 31 December 2014. We intend to further increase production in the future at Solihull as part of our on-going investment to create and utilise our innovative aluminium architecture for future vehicles, beginning with the new Jaguar XE closely followed by Jaguar’s all new performance crossover, the F-PACE.

- ***Castle Bromwich:*** At Castle Bromwich, we produce the Jaguar XJ and XF models and employed approximately 3,200 manufacturing employees as at 31 December 2014.

- ***Halewood:*** At Halewood, we produce the Range Rover Evoque and employed approximately 4,700 manufacturing employees as at 31 December 2014. Production of the new Discovery Sport, replacing the Freelander, is scheduled to begin in the fourth quarter of Fiscal 2015 at Halewood.

- ***Wolverhampton***: At Wolverhampton, we produce advanced technology low-emission engines. This facility will produce a new range of four cylinder diesel and petrol engines, called "Ingenium", and employed approximately 500 manufacturing employees as at 31 December 2014. We expect that this engine facility will reduce our dependence on third-party engine supply agreements and strengthen and expand our engine range to deliver high-performance, competitive engines with significant reductions in vehicle emissions.

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

- ***United Kingdom:*** At Prologis Park in Ryton, near Coventry, we have established a Special Vehicle Operations Technical Centre with an investment of approximately £20 million. The facility will be Jaguar Land Rover's global centre of excellence for the creation of high-end luxury bespoke commissions and extreme performance vehicles by a team of 150 Jaguar Land Rover specialists. Vehicles such as the Jaguar F-TYPE Project 7 have been created by Special Operations and customer deliveries of these 250 limited edition models will begin from mid-2015.

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

- ***China:*** We also entered into a joint venture agreement in December 2011 with Chery Automobile Company Ltd. for the establishment of a joint venture company in China to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China. The plant has a production capacity of 130,000 vehicles per year. Vehicles manufactured in this plant, including Range Rover Evoque vehicles, are expected to go on sale in the fourth quarter of Fiscal 2015. Please see "—China Joint Venture".

- ***Brazil:*** In December 2013, we signed an agreement with the State of Rio de Janeiro in Brazil to invest approximately £240 million in a new production plant, with an annual capacity of 24,000 vehicles. The plant is currently being constructed and is expected to employ approximately 370 people initially, and the first vehicles are expected to come off the assembly line in early 2016. Please see "—Brazil Production Facility".

In addition to our automotive manufacturing facilities, we have two product development, design and engineering facilities in the United Kingdom. The facility located at Whitley houses the design centre for Jaguar, the engineering centre for our powertrain, and other test facilities and our global headquarters, including our commercial and central staff functions. The facility located at Gaydon is the design centre for Land Rover and the vehicle engineering centre, and includes an extensive on-road test track and off-road testing capabilities. The two sites employed approximately 13,200 employees as at 31 December 2014. We are in the process of consolidating most of our design and engineering centres at Gaydon and all administrative offices at Whitley to maximise office capacity and to support our new business plans.

We also maintain a small workshop in Browns Lane for the Heritage division of our Special Operations unit. Please see "—Special Operations". In addition to our manufacturing, design/engineering and workshop facilities in the United Kingdom, we have property interests throughout the world (including in major cities) for limited manufacturing and repair services as well as sales offices for national or regional sales companies and facilities for dealer training and testing. We consider all of our principal manufacturing facilities and other significant properties to be in good condition and adequate to meet the needs of our operations. We believe that there are no material environmental issues that may affect our utilisation of these assets.

The following table sets out information with respect to our principal facilities and properties as at 31 December 2014.

Location	Owner/Leaseholder	Freehold/Leasehold	Principal Products or Functions
United Kingdom			
• Solihull	Land Rover	Freehold	Automotive vehicles & components
• Castle Bromwich	Jaguar Land Rover Limited	Freehold and leasehold	Automotive vehicles & components
• Halewood	Jaguar Land Rover Limited	Freehold and leasehold	Automotive vehicles & components
• Gaydon	Land Rover	Freehold	Product development
• Whitley	Jaguar Land Rover Limited	Freehold	Headquarters and product development
• Wolverhampton	Jaguar Land Rover Limited	Freehold	Automotive components (engines)

China Joint Venture

In December 2011, we entered into a joint venture agreement with Chery Automobile Company Ltd. for the establishment of a joint venture company in China. The purpose of the joint venture company (the "JV Company") is to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China. Production of the Range Rover Evoque has already been announced, to be followed by at least another two Range Rover products over the next 18 months. We have committed to invest CNY3.5 billion (equivalent to approximately £330 million as of 31 December 2014) of equity capital in the JV Company, representing 50% of the share capital and voting rights of the JV Company. The term of the joint venture is 30 years (unless terminated or extended). The joint venture agreement contains representations and warranties, corporate governance provisions, non-compete clauses, termination provisions and other provisions that are arm's length in nature and customary in similar manufacturing joint ventures. The Chinese government approved the joint venture in October 2012, and we obtained a business license for the joint venture in November 2012.

The JV Company is expected to invest a total of CNY10.9 billion (equivalent to approximately £1.0 billion as of 31 December 2014), which is being funded at the outset through a combination of debt and equity, in connection with the joint venture, which will include a manufacturing plant in Changshu, an R&D centre and an engine production facility. We believe the joint venture will combine our heritage and expertise with Chery Automobile Company Ltd.'s knowledge and expertise of the local Chinese market.

The JV Company plant began manufacturing operations in October 2014 and has a production capacity of 130,000 vehicles per year. Vehicles manufactured in this plant, including Range Rover Evoque vehicles, are expected to go on sale in the fourth quarter of Fiscal 2015.

Brazil Production Facility

In December 2013, we signed an agreement to invest approximately £240 million into a production facility in Rio de Janeiro in Brazil. Construction of the premium vehicle manufacturing facility began in December 2014. The first vehicles are expected to come off the assembly line in early 2016, subject to the final approval of the plans from the Brazilian Federal Government under its Inovar-auto Programme. The new Discovery Sport has been confirmed as one of the first Jaguar Land Rover vehicles to be produced at the new plant, which will have capacity to build 24,000 vehicles annually for the Brazilian market. Initially, the plant is expected to employ approximately 370 people, with significant potential to increase in the future.

Sales and Distribution

We distribute our vehicles in approximately 120 markets across the world for Jaguar and approximately 170 markets across the world for Land Rover. Sales locations for our vehicles are operated as independent franchises. We are represented in our key markets through NSCs as well as third-party importers. Jaguar and Land Rover have regional offices in certain select countries that manage customer relationships and vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the United Kingdom.

Our products are sold through a variety of sales channels: through our dealerships for retail sales; for sale to fleet customers, including daily rental car companies; commercial fleet customers; leasing companies; and governments. We do not depend on a single customer or small group of customers to the extent that the loss of such a customer or group of customers would have a material adverse effect on our business.

Our global sales and distribution network comprises 18 NSCs, 84 importers, 53 export partners and 2,640 franchise sales dealers, of which 888 are joint Jaguar and Land Rover dealers.

Financing Arrangements and Financial Services Provided

We have entered into arrangements with third-party financial service providers to make vehicle financing available to our customers in 12 countries worldwide covering our largest markets by volume, including the United States, the United Kingdom, Europe and China. We do not offer vehicle financing on our own account but rather through a series of exclusive partnership arrangements with market-leading banks and finance companies in each market, including Black Horse (part of the Lloyds Banking Group) in the United Kingdom, FGA Capital (a joint venture between Fiat Auto and Credit Agricole) in Europe (excluding Russia), and Chase Auto Finance in the United States.

We typically sign a medium-term service level agreement with our strategic partners for the provision of retail finance, retail leasing and dealer wholesale financing. For instance, in 2008 we entered into five-year agreements with FGA Capital and Chase Auto Finance. We have recently renewed the Chase Auto Finance agreement in the United States and the FGA Capital agreement in Europe. In the final quarter of Fiscal 2014, we entered into a six-year arrangement with Black Horse for the United Kingdom market. The financial services are supplied by our partners in accordance with a number of specifications involving, among others, product development, pricing, speed of delivery and profitability. These arrangements are managed in the United Kingdom by a team of our employees, which is responsible for ensuring on-going compliance with the standards and specifications agreed with our partners. For wholesale financing, we typically provide an interest-free period to cover an element of the dealer network-stocking period. We work closely with our finance partners to maximise funding lines available to dealers in support of our business objectives.

Because we do not offer vehicle financing on our own account, we have no balance sheet exposure to vehicle financing other than a limited number of residual value risk-sharing arrangements in North America and Germany. The finance partner funds the portfolio and, in most cases, assumes the credit and residual value risks that arise from the portfolio. Profit-sharing agreements are in place with each partner, and they are typically linked to the volume growth of new business and the return on equity generated from the portfolio.

Employees

We consider our human capital to be a critical factor to our success and we have drawn up a comprehensive human resource strategy that addresses key aspects of human resource development. In line with our human resources strategy, we have implemented various initiatives in order to build better organisational capability that we believe will enable us to sustain competitiveness in the global marketplace.

The following table sets out a breakdown of persons employed by us by type of contract.

	As at 31 December	
	2013	**2014**
Salaried (excluding those on maternity leave)	10,244	11,906
Hourly	13,876	16,956
Total permanent	**24,120**	**28,862**
Agency	4,806	4,984
Salaried (on maternity leave)	46	51
Total	**28,971**	**33,897**

As at 31 December 2014, we employed approximately 33,897 employees worldwide, including agency personnel. Of the 33,897 employees, more than 1,300 were employed overseas. Hourly paid employees are hired as agency workers for the first 12 months and then move onto a fixed-term contract for a further 12 months, before being hired as permanent employees.

Training and Development

We are committed to building the competences of our employees and improving their performance through training and development. We identify gaps in our employees' competencies and prepare employees for changes in competitive environments, as well as to meet organisational challenges.

The focus areas in training in the last year have centred on leadership, innovation management and internationalisation, as well other training programmes designed to drive a change in our employees' outlook as we develop as a global competitor. Developmental initiatives for our senior leadership were held through international programmes at various institutions.

Union Wage Settlements

We have generally enjoyed cordial relations with our employees at our factories and offices. Most of our manufacturing shop floor workers and approximately half of our salaried staff in the United Kingdom are members of a labour union. Trade unions are not recognised for management employees.

Employee wages are paid in accordance with wage agreements that have varying terms (typically two years) at different locations. Bi-annual negotiations in relation to these wage agreements, which cover approximately 19,000 of our unionised employees, were recently successfully concluded. Please see "Risk Factors—Risks Associated with Our Business—We may be adversely affected by labour unrest".

Intellectual Property

We create, own and maintain a wide array of intellectual property assets that we believe are among our most valuable assets throughout the world. Our intellectual property assets include patents and patent applications related to our innovations and products, trademarks related to our brands and products, copyrights in creative content, designs for aesthetic features of products and components, trade secrets and other intellectual property rights. We aggressively seek to protect our intellectual property around the world.

We own a number of patents registered, and have applied for new patents which are pending registration, in the United Kingdom and in other strategically important countries worldwide. We obtain new patents through our on-going research and development activities. We own registrations for a number of trademarks and have pending applications for registration in the United Kingdom and abroad. The registrations mainly include trademarks for our vehicles.

Additionally, perpetual royalty-free licences to use other essential intellectual properties have been licensed to us for use in Jaguar and Land Rover vehicles. Jaguar and Land Rover own registered designs to protect the design of certain vehicles in several countries. In relation to the EuCD platform, Ford owns the intellectual property but we are not obliged to pay any royalties or charges for its use in Land Rover vehicles manufactured by us.

Suppliers, Components and Raw Materials

The principal materials and components required by us for use in our vehicles are steel and aluminium in sheet (for in-house stamping) or externally pre-stamped form, aluminium castings and extrusions, iron/steel castings and forgings, and items such as alloy wheels, tyres, fuel injection systems, batteries, electrical wiring systems, electronic information systems and displays, leather-trimmed interior systems such as seats, cockpits, doors, plastic finishers and plastic functional parts, glass and consumables (paints, oils, thinner, welding consumables, chemicals, adhesives and sealants) and fuels. We also require certain highly functional components such as axles, engines and gear boxes for our vehicles, which are mainly manufactured by strategic suppliers. We have long-term purchase agreements for critical components such as transmissions (ZF Friedrichshafen) and engines (Ford and Ford-PSA). The components and raw materials in our cars include steel, aluminium, copper, platinum and other commodities. We have established contracts with certain commodity suppliers (e.g., Novelis) to cover our own and our suppliers' requirements to mitigate the effect of high volatility. Special initiatives are also undertaken to reduce material consumption through value engineering and value analysis techniques.

We work with a range of strategic suppliers to meet our requirements for parts and components, and we endeavour to work closely with our suppliers to form short- and medium-term plans for our business. We have established quality control programmes to ensure that externally purchased raw materials and components are monitored and meet our quality standards. We also outsource many of the manufacturing processes and activities to various suppliers. Where this is the case, we provide training to the outside suppliers who design and manufacture the required tooling and fixtures. Such programmes include site engineers who regularly interface with suppliers and carry out visits to supplier sites to ensure that relevant quality standards are being met. Site engineers are also supported by persons in other functions, such as programme engineers who interface with new model teams as well as resident engineers located at our plants, who provide the link between the site engineers and the plants. We have in the past worked, and expect to continue to work, with our suppliers to optimise our procurements, including by sourcing certain raw materials and component requirements from low-cost countries.

Although we have commenced production of our own "Ingenium" four cylinder (2.0-litre) engines which will be installed in the Jaguar XE from 2015, at present we continue to source all of our engines from Ford or the joint venture between Ford and PSA on an arm's-length basis. Supply agreements have been entered into with Ford as further set out below:

- Long-term agreements have been entered into with Ford for technology sharing and joint development providing technical support across a range of technologies focused mainly around powertrain engineering such that we may continue to operate according to our existing business plan. This includes the EuCD platform, a shared platform consisting of shared technologies, common parts and systems and owned by Ford, which is shared among Land Rover, Ford and Volvo Cars.

- Supply agreements, aligned to the business cycle plan and having end-stop dates to December 2020 at the latest, were entered into with Ford Motor Company for (i) the long-term supply of engines developed by Ford, (ii) engines developed by us but manufactured by Ford and (iii) engines developed by the Ford-PSA joint venture. Purchases under these agreements are generally denominated in euro and pounds sterling.

Insurance

We have global insurance coverage which we consider to be reasonably sufficient to cover normal risks associated with our operations and insurance risks (including property, business interruption, marine and product/general liability) and which we believe is in accordance with commercial industry standards.

We have also taken insurance coverage on directors' and officers' liability to minimise risks associated with international litigation.

Incentives

We benefit from time to time from funding from regional development banks and government support schemes and incentives.

Legal Proceedings

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

There are various claims against us, the majority of which pertain to motor accident claims and consumer complaints. Some of the cases also relate to replacement of parts of vehicles and/or compensation for deficiency in services provided by us or our dealers.

We are not aware of any governmental, legal or arbitration proceedings (including the claims described above and any threatened proceedings of which we are aware) which, either individually or in the aggregate, would have a material adverse effect on our financial condition, results of operations or cash flow.

Significant Environmental, Health, Safety and Emissions Issues

Our business is subject to increasingly stringent laws and regulations governing environmental protection, health, safety (including vehicle safety) and vehicle emissions, and increasingly stringent enforcement of these laws and regulations. We carefully monitor environmental requirements in respect of both our production facilities and our vehicles, and have plans to reduce the average CO_2 emissions of our vehicle fleet through the introduction of sustainable technologies, including modular lightweight vehicle architectures, smaller and more fuel efficient SUVs and development of technologies that use hybrid and alternative fuels. While we have plans to reduce emissions, the risk remains that constantly evolving legislation in this area may impose requirements in excess of currently planned actions and consumers may demand further fuel efficiency and reduction in emissions. Please see "Risk Factors—Risks Associated with the Automotive Industry—New or changing laws, regulations and government policies regarding improved fuel economy, reduced greenhouse gas and other emissions, and vehicle safety may have a significant effect on how we do business".

Environmental, health and safety regulation applicable to our production facilities

As an automobile company, our production facilities are subject to extensive governmental regulations regarding, among other things, air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of hazardous materials and wastes, the clean-up of contamination and the maintenance of safe conditions. These regulations are likely to become more stringent and compliance costs may be significant. In addition, we have significant sales in the United States and Europe which have stringent regulations relating to vehicular emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs of compliance for us. While we are pursuing various technologies in order to meet the required standards in the various countries in which we operate, the costs of compliance with these required standards can be significant to our operations and may adversely impact our results of operations.

Greenhouse gas/CO_2/fuel economy legislation. Legislation is in place limiting fleet average greenhouse gas emissions in Europe for new passenger cars starting January 2012 to 130 grams of CO_2 per kilometre, phased in gradually but increasing to 100% of new cars in 2015. Different targets apply to each manufacturer based on their respective fleets of vehicles and average weight. We have received a permitted derogation from the weight based target requirement available to small volume and niche manufacturers. As a result, we are permitted to reduce our emissions by 25% from 2007 levels rather than meeting a specific CO_2 emissions target. Jaguar Land Rover now has an overall 2015 target of an average of 178.0 grams of CO_2 per kilometre for our full fleet of vehicles registered in the EU that year, with Jaguar Land Rover and Tata Motors monitored as a single "pooled" entity for compliance with this target (for Jaguar Land Rover alone, this would be 179.8 g/km). We are in compliance with the 2013 requirement that the best 75% of our pooled fleet registered in the EU that year have met this target, achieving an average 164.5 grams of CO_2 per kilometre.

Furthermore, the European Union has regulated target reductions for 95% of a manufacturer's full fleet of new passenger cars registered in the EU in 2020 to average 95 grams of CO_2 per kilometre, rising to 100% in 2021. The new rule contains an extension of the small volume and niche manufacturers derogation which permits us to reduce our emissions by 45% from 2007 levels rather than meet a specific CO_2 emissions target. Jaguar Land Rover could apply for an overall target of 132 grams of CO_2 per kilometre.

The European Union has also adopted an average emissions limit of 175 grams of CO_2 per kilometre for light commercial vehicles to be phased in between 2014 and 2017. Implementation of light commercial vehicle CO_2 standards affect the Defender and a small number of Freelander and Discovery vehicles. We have been granted a small volume derogation by the European Commission for alternative specific emission targets for 2014-2016 inclusive, which protects the Defender through to end of manufacturing. A further average emissions limit of 147 grams of CO_2 per kilometre for light commercial vehicles has been adopted for 2020.

In the United States, both CAFE standards and greenhouse gas emissions standards are imposed on manufacturers of passenger cars and light trucks. The National Highway Traffic Safety Administration ("NHTSA") has set the federal CAFE standards for passenger cars and light trucks to meet an estimated combined average fuel economy level of 35.5 miles per US gallon for 2016 model year vehicles. Meanwhile, the EPA and NHTSA issued a joint rule to reduce the average greenhouse gas emissions from passenger cars, light trucks and medium-duty passenger vehicles for model years 2012-16 to 250 grams of CO_2 per mile, approximately 6.63L/100km or 35.5 miles per US gallon if the requirements were met only through fuel economy standards. The United States federal government extended this programme to cars and light trucks for model years 2017 through 2025, targeting an estimated combined average emissions level of 243 grams of CO_2 per mile in 2017 and 163 grams per mile in 2025, which is equivalent to 54.5 miles per gallon if achieved exclusively through fuel economy standards. In addition, many other markets either have or will shortly define similar greenhouse gas emissions standards (including Brazil, Canada, China, the European Free Trade Association, India, Japan, Mexico, Saudi Arabia, South Korea and Switzerland).

California is empowered to implement more stringent greenhouse gas emissions standards but has elected to accept the existing U.S. federal standards for compliance with the state's own requirements. The California Air Resources Board enacted regulations that deem manufacturers of vehicles for model years 2012 through 2016 that are in compliance with the EPA greenhouse gas emissions regulations to also be in compliance with California's greenhouse gas emission regulations. In November 2012, the California Air Resources Board accepted the federal standard for vehicles with model years 2017-25 for compliance with the state's own greenhouse gas emission regulations.

However, California is moving forward with other stringent emission regulations for vehicles, including the Zero Emission Vehicle regulation ("ZEV"). ZEV requires manufacturers to increase their sales of zero emissions vehicles year on year, up to an industry average of 16% of vehicles sold in the state by 2025. The precise sales required in order to meet a manufacturer's obligation in any given model year depend on the size of the manufacturer and the level of technology sold (for example, transitional zero emission technologies, such as plug-in hybrids, can account for at least a proportion of a manufacturer's obligation, but these technologies earn compliance credits at a different rate from pure zero-emissions vehicles). Other compliance mechanisms are available under ZEV, such as banking and trading of credits generated through the sale of eligible vehicles.

We are fully committed to meeting these standards and technology deployment plans incorporated into cycle plans are directed to achieving these standards. These plans include the use of lightweight materials, including aluminium, which will contribute to the manufacture of lighter vehicles with improved fuel efficiency, reducing parasitic losses through the driveline and improvements in aerodynamics. They also include the development and installation of smaller engines in our existing vehicles and other drivetrain efficiency improvements, including the introduction of eight-speed or nine-speed transmissions in some of our vehicles. We continue to introduce smaller vehicles such as the Jaguar XE, our most fuel-efficient Jaguar yet. The technology deployment plans also include the research, development and deployment of hybrid-electric vehicles. These technology deployment plans require significant investment. Additionally, local excise tax initiatives are also a key consideration in ensuring our products meet customer needs for environmental footprint and cost of ownership concerns as well as continued access to major city centres, e.g. London's Ultra Low Emission Zone and similar initiatives that are being contemplated in Paris, Berlin and Beijing to name a few.

Non-greenhouse gas emissions legislation

The European Union have adopted the latest in a series of more-stringent standards for emissions of other air pollutants from passenger and light commercial vehicles, such as nitrogen oxides, carbon monoxide, hydrocarbons and particulates. These standards are being phased in from September 2009 (Euro 5) and September 2014 (Euro 6b) and September 2017 (Euro 6c) for passenger cars and from September 2010 (Euro 5), September 2015 (Euro 6b) and September 2018 for light commercial vehicles. September 2015 will see the adoption of Real-world Driving Emissions monitoring, while September 2017 will see Real-world Driving Emissions become mandatory along with a move to the new Worldwide harmonised Light-duty Test Procedure (WLTP) coincident with Eu6c in Europe (other markets will follow) to address global concerns on more customer correlated fuel economy certified levels as well as air quality concerns. All programmes are being fully engineered to enable the adoption of these new requirements.

In the United States, existing California Low-Emission Vehicle regulations and the recently adopted LEV3 regulations, as well as the state's ZEV regulations, place ever-stricter limits on emissions of particulates, nitrogen oxides, hydrocarbons, organics and greenhouse gases from passenger cars and light trucks. These regulations require ever-increasing levels of technology in engine control systems, on-board diagnostics and after treatment systems affecting the base costs of our powertrains. The new California LEV3 and ZEV regulations cover model years 2015 to 2025. Additional stringency of evaporative emissions also requires more-advanced materials and joints solutions to eliminate fuel evaporative losses, all for much longer warranty periods (up to 150,000 miles in the United States).

In addition, in April 2014, the Tier 3 Motor Vehicle Emission and Fuel Standards issued by the United States Environmental Protection Agency (the "EPA") were finalised. With Tier 3, the EPA has established more stringent vehicle emissions standards broadly aligned to the CARB LEV3 standards for 2017 to 2025 model year vehicles. The EPA made minor amendments to these Tier 3 standards in January 2015.

While Europe and the United States lead the implementation of these emissions programmes, other nations and states typically follow on with adoption of similar regulations two to four years thereafter. For example, China's Stage III fuel consumption regulation targets a national average fuel consumption of 6.9L/100km by 2015 and its Stage IV targets a national average fuel consumption of 5.0L/100km by 2021. In response to severe air quality issues in Beijing and other major Chinese cities, the Chinese government also intends to adopt more stringent emissions standards beginning in 2016.

To comply with the current and future environmental norms, we may have to incur substantial capital expenditure and R&D expenditure to upgrade products and manufacturing facilities, which would have an impact on our cost of production and results of operation.

Noise legislation

The European Commission adopted new rules (which apply to new homologations from July 2016) to reduce noise produced by cars, vans, buses, coaches and light and heavy trucks. Noise limit values would be lowered in two steps of each two A-weighted decibels for vehicles other than trucks, and one A-weighted decibel in the first step and two in the second step for trucks. Compliance would be achieved over a ten-year period from the introduction of the first phase.

Vehicle safety legislation

Vehicles sold in Europe are subject to vehicle safety regulations established by the European Union or by individual Member States. In 2009, the European Union enacted a new regulation to establish a simplified framework for vehicle safety, repealing more than 50 existing directives and replacing them with a single regulation aimed at incorporating relevant United Nations standards. The incorporation of the United Nations standards commenced in 2012, and the European Commission requires new model cars to have electronic stability control systems, has introduced regulations relating to low-rolling resistance tyres, requires tyre pressure monitoring systems and requires heavy vehicles to have advanced emergency braking systems and lane departure warning systems. From April 2009, the criteria for whole vehicle type approval were extended to cover all new road vehicles, to be phased in over five years depending on vehicle category. The extension clarifies the criteria applicable to small commercial vehicles. In the European Union, new safety requirements came into force from November 2012 for new vehicle types and come into force in November 2014 for all new vehicles sold in the EU market. The new mandatory measures include safety belt reminders, electric car safety requirements, easier child seat anchorages, tyre pressure monitoring systems and gear shift indicators.

NHTSA issues federal motor vehicle safety standards covering a wide range of vehicle components and systems such as airbags, seatbelts, brakes, windshields, tyres, steering columns, displays, lights, door locks, side impact protection and fuel systems. We are required to test new vehicles and equipment and assure their compliance with these standards before selling them in the United States. We are also required to recall vehicles found to have defects that present an unreasonable risk to safety or which do not conform to the required Federal Motor Vehicle Safety Standards, and to repair them without charge to the owner. The financial cost and impact on consumer confidence of such recalls can be significant depending on the repair required and the number of vehicles affected. We have no investigations relating to alleged safety defects or potential compliance issues pending before NHTSA.

These standards add to the cost and complexity of designing and producing vehicles and equipment. In recent years NHTSA has mandated, among other things:

- a system for collecting information relating to vehicle performance and customer complaints, and foreign recalls to assist in the early identification of potential vehicle defects as required by the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act; and
- enhanced requirements for frontal and side impact, including a lateral pole impact.

Furthermore, the Cameron Gulbransen Kids Transportation Safety Act of 2007 (Kids and Cars Safety Act), passed into law in 2008, requires NHTSA to enact regulations related to rearward visibility and brake-to-shift interlock and requires NHTSA to consider regulating the automatic reversal functions on power windows. The costs to meet these proposed regulatory requirements may be significant.

Vehicle safety regulations in Canada are similar to those in the United States; however, many other countries have vehicle regulatory requirements which differ from those in the United States. The differing requirements among various countries create complexity and increase costs such that the development and production of a common product that meets the country regulatory requirements of all countries is not possible. Global Technical Regulations ("GTRs"), developed under the auspices of the United Nations, continue to have an increasing impact on automotive safety activities, as indicated by EU legislation. In 2008, GTRs on electronic stability control, head restraints and pedestrian protection were each adopted by the UN "World Forum for the Harmonisation of Vehicle Regulations", and are now in different stages of national implementation. While global harmonisation is fundamentally supported by the automobile industry in order to reduce complexity, national implementation may still introduce subtle differences into the system.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Issuer is a public limited company incorporated under the laws of England and Wales. The business address of the directors and senior management of the Issuer is Abbey Road, Whitley, Coventry CV3 4LF, United Kingdom.

The following table provides information with respect to members of our board of directors as at the date of this Offering Memorandum:

Name	Position	Date of Birth	Year appointed as Director, Chief Executive Officer or Secretary
Andrew M. Robb	Director	2 September 1942	2009
Dr. Ralf D. Speth	Chief Executive Officer and Director	9 September 1955	2010
Nasser Mukhtar Munjee	Director	18 November 1952	2012
Cyrus Mistry	Director and Chairman	4 July 1968	2012
Chandrasekaran Ramakrishnan	Director	27 June 1955	2013

Set out below is a short biography of each of the members of our board of directors.

Andrew M. Robb (Director): Mr. Robb was appointed to our Board in 2009. Prior to joining us, Mr. Robb was a Director of Pilkington Group plc until 2003, having held the position of Finance Director from 1989 to 2001. He was previously Finance Director of the Peninsular and Oriental Steam Navigation Co from 1983. Mr. Robb currently holds a number of other directorships, including as Non-Executive Independent Director of Tata Steel Limited since 2007 and as Chairman of the Board of Tata Steel Europe Limited (formerly Corus Group plc) where he has been an independent director since 2003.

Dr. Ralf D. Speth (Chief Executive Officer and Director): Dr. Ralf Speth was appointed to the post of Chief Executive Officer of our Group in 2010. Prior to this appointment, Dr. Speth was Head of Global Operations at the international industrial gases and engineering company, The Linde Group. Dr. Speth was previously Director of Production, Quality and Product Planning at Ford's Premier Automotive Group since 2000, having worked at BMW for 20 years from 1980 until 2000. Dr. Speth holds a Doctorate of Engineering from the University of Warwick.

Nasser Mukhtar Munjee (Director): Mr. Munjee was appointed to the board of directors of Tata Motors Limited with effect from 27 June 2008 and was appointed to the board of directors of Jaguar Land Rover on 2 February 2012. He served for over 20 years at the Housing Development Finance Corporation (HDFC) in India in various positions including as its Executive Director. He is also Chairman of the Aga Khan Rural Support Programme, Muniwar- Abad Charitable Trust and other Aga Khan institutions and was the President of the Bombay Chamber of Commerce and Industry and has also served on numerous Government Task Forces on Housing and Urban Development. He is also chairman, board director and a member of the board of trustees of several multinational companies, trusts and public and private institutions. He holds a Bachelor's degree and a Master's degree from the London School of Economics.

Cyrus Mistry (Director and Chairman): Mr. Mistry is the Chairman of Tata Sons. He has been a Director of Tata Sons since 2006. Mr. Mistry is also Chairman of all major Tata companies, including Tata Industries, Tata Steel, Tata Motors, Tata Consultancy Services, Tata Power, Tata Teleservices, Indian Hotels, Tata Global Beverages and Tata Chemicals. He was appointed as a Director of Tata Motors with effect from 29 May 2012 and took over as Chairman from Mr Ratan N. Tata on his retirement with effect from 28 December 2012. Mr. Mistry was earlier managing director of the Shapoorji Pallonji Group. Mr. Mistry is a graduate of civil engineering from the Imperial College London (1990) and has an MSc in management from the London Business School (1997). He was recognised with an Alumni Achievement Award by the London Business School.

Chandrasekaran Ramakrishnan (Director): Mr. Ramakrishnan has been the Chief Financial Officer of Tata Motors Limited since 18 September 2007 and serves as its President. Mr. Ramakrishnan is responsible for Finance, Accounts, Taxation, Business Planning, Investor Relations, Treasury, CRM & DMS and IT. He has also served as a Vice President of the Chairman's Office and is the Executive Director of Finance. Mr. Ramakrishnan joined Tata Motors Limited in 1980, where he handled corporate treasury and accounting functions as well as management accounting. He joined our board in 2013. Mr. Ramakrishnan holds a Bachelor's degree in Commerce and is a qualified Chartered Accountant and Cost Accountant.

Senior Management Team

The following table provides information on the members of our senior management team:

Name	Position	Date of Birth	Year Appointed in Current Position
Dr. Ralf Speth	Chief Executive Officer and Director, and Director of Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited	9 September 1955	2010
Keith Benjamin	Group Legal Director	20 November 1956	2009
Ian Callum	Jaguar Design Director	30 July 1954	2008
John Edwards	Managing Director of Individual Products	15 January 1962	2013
Wolfgang Epple	Research and Technology Director and Director of Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited	3 March 1953	2013
Andrew Goss	Group Sales Operations Director	10 January 1958	2013
Kenneth Gregor	Chief Financial Officer and Director of Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited	5 April 1967	2008
Adrian Hallmark	Group Strategy Director	7 July 1962	2013
Ian Harnett	Purchasing Director	28 February 1961	2009
Phil Hodgkinson	Business Expansion Director, Director of Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited	5 May 1959	2012
Bob Joyce	Product Creation and Delivery Director	24 May 1958	2008
Simon Lenton	Human Resources Director	13 July 1958	2013
Gerry McGovern	Land Rover Design Director	23 September 1955	2008
Grant McPherson	Director of Quality and Automotive Safety	18 March 1966	2013
Fiona Pargeter	Head of Global Public Relations Communications	20 December 1969	2012
Wolfgang Stadler	Director of Manufacturing	28 January 1958	2013
Jeremy Vincent	Chief Information Officer	9 September 1959	2008
Mike Wright	Executive Director, Head of Government Affairs, Director of Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited	21 June 1953	2010
Wolfgang Ziebart	Director of Group Engineering	30 January 1950	2013
Gerd Mäuser	Group Marketing Officer	16 March 1958	2015

Set out below is a short biography of each of the members of our senior management team:

Dr. Ralf Speth (Chief Executive Officer and Director): Dr. Speth has held the position of Chief Executive Officer since 2010. For biographical information, please see "—Board of Directors".

Keith Benjamin (Group Legal Director): Mr. Benjamin serves as the Group Legal Director for Jaguar Land Rover. He is responsible for its legal and compliance functions, including risk assessment, compliance and corporate governance initiatives.

Ian Callum (Jaguar Design Director): Mr. Callum is the Design Director for Jaguar. He joined Jaguar in 1999 and is responsible for the new design language created over the past decade. He has over 34 years' experience in the automotive industry, having previously spent 12 years at Ford, working in a variety of roles and locations, before moving to TWR in Oxford as Chief Designer in 1990.

John Edwards (Managing Director of Individual Products Division): Mr. Edwards is currently Managing Director of Individual Products. He is globally responsible for designing and creating a portfolio of products that extend the reach of Jaguar Land Rover brands. Previously he was Global Brand Director, Land Rover.

Wolfgang Epple (Director of Research and Technology): Dr. Epple is Research and Technology Director for Jaguar Land Rover. He joined Jaguar Land Rover in June 2012, bringing with him 28 years of experience in automotive product development, production and quality assurance. Most recently, he worked for PROTON, Malaysia's leading auto manufacturer. Prior to PROTON, Dr Epple spent approximately 24 years with BMW, where his roles included Director of Quality and Director for the BMW 3 series. He also served as CEO and President of BMW Hybrid Technology Corporation in the United States.

Andrew Goss (Group Sales Operations Director): Mr. Goss was appointed Group Sales Operations Director for Jaguar Land Rover in October 2013. Mr. Goss has responsibility for global sales and customer service. Mr. Goss joined Jaguar Land Rover from Porsche, where he was Chief Executive Officer of Porsche Cars, Great Britain. Previously, Mr. Goss was Sales Director for Toyota, after holding positions at Citroën, Nissan and Austin Rover.

Kenneth Gregor (Chief Financial Officer): Mr. Gregor is Chief Financial Officer of Jaguar Land Rover, after previously serving as Group Financial Controller. Mr. Gregor joined the Company in 1997, having previously worked for HSBC Investment Banking in Mergers and Acquisitions.

Adrian Hallmark (Group Strategy Director): Mr. Hallmark is currently Group Strategy Director of Jaguar. Mr. Hallmark joined us as Jaguar Global Brand Director in 2010 and has since been appointed Group Strategy Director. Mr. Hallmark brings more than 29 years' automotive experience, including 18 years at the Board level, with Porsche, Bentley, Volkswagen and most recently SAAB Automobil AB. Mr. Hallmark's career has had specific emphasis on Strategy, Brand Management, Financial and General Management.

Ian Harnett (Purchasing Director): Mr. Harnett was appointed Purchasing Director of Jaguar Land Rover in 2009. Previously, he has worked for BMW, notably leading the Land Rover purchasing team out of BMW ownership following the acquisition in 2000.

Phil Hodgkinson (Global Business Expansion Director): Mr. Hodgkinson oversees the realisation of Jaguar Land Rover's international ambition with responsibility for ensuring the effective co-ordination and delivery of product programmes in countries such as China, Brazil and India. He previously worked for Ford Motor Company.

Bob Joyce (Product Creation and Delivery Director): Mr. Joyce is Executive Director, Product Creation and Delivery for Jaguar Land Rover. He joined Jaguar Land Rover from Ford, which he joined in 2001. Mr. Joyce has over 37 years' experience in the automotive industry, 27 of which have been with Jaguar Land Rover. He previously worked for Rover and BMW, where he was involved in the highly successful new Mini project.

Simon Lenton (Human Resources Director): Mr. Lenton joined Jaguar Land Rover as Director of Human Resources in 2013. He has over 30 years' experience in management and human resources.

Gerry McGovern (Land Rover Design Director): Mr. McGovern is the Design Director and Chief Creative Officer for Land Rover. He creates some of the world's most distinctive and desirable vehicles and is recognised as one of the world's leading automotive designers. He has more than 35 years' automotive experience, having previously worked at Ford Motor Company, Rover, Peugeot and Chrysler.

Grant McPherson (Director of Quality and Automotive Safety): Mr. McPherson is responsible for leading improvements in the quality of Jaguar Land Rover's vehicles. He joined Jaguar Land Rover in May 2011, bringing with him a wealth of manufacturing experience gathered in the UK manufacturing industry, including his role at Honda where he was appointed Quality and New Model Director.

Fiona Pargeter (Head of Global Public Relations Communications): Ms. Pargeter leads the Global Public Relations function at Jaguar Land Rover. She has over 20 years of experience, having previously worked at Ford, Volvo and Nissan.

Wolfgang Stadler (Director of Manufacturing): Mr. Stadler is currently the Director of Manufacturing, a position to which he was appointed in December 2013. He is responsible for Jaguar Land Rover's global manufacturing operations. Mr. Stadler joined the Company from BMW Group where he most recently held the position of Senior Vice President, BMW Plant Dingolfing.

Jeremy Vincent (Chief Information Officer): Mr. Vincent is the Chief Information Officer for Jaguar Land Rover, a position to which he was appointed in August 2008. Prior to Jaguar Land Rover, he worked with the Birds Eye Igloo Group as they separated from their former parent group, Unilever.

Mike Wright (Executive Director, Head of Government Affairs): Mr. Wright was appointed as Executive Director of Jaguar Land Rover in December 2010. Mr. Wright's focus is on developing corporate strategies to deliver our growth ambitions. His direct responsibilities include leadership of Product and Business Planning, Global Financial Services, Government Affairs, and Corporate & Social Responsibility.

Wolfgang Ziebart (Director of Group Engineering): Dr. Wolfgang Ziebart was appointed Group Engineering Director for Jaguar Land Rover in August 2013. He brings significant experience to Jaguar Land Rover, including 23 years at BMW where he most recently served as a member of the board responsible for Product Development and Procurement. Dr. Ziebart was also a member of the board at Continental, and was previously CEO of Infineon semi-conductors.

Gerd Mäuser (Group Marketing Officer): Mr. Mäuser was appointed Chief Marketing Officer in January 2015 and is responsible for brand positioning, current and future product planning and brand experience strategies. He brings more than 30 years of experience in marketing including global brand-management, complete marketing-mix activities and long-term corporate planning for sales and marketing. Previously, he held a number of positions in BMW and served as Director of Corporate Marketing at Porsche AG for 17 years.

Compensation of Key Management Personnel

The following table shows the short-term benefits paid to the key management personnel of the Issuer in Fiscal 2014 and Fiscal 2013 and in the nine months ended 31 December 2014 and the nine months ended 31 December 2013.

	Fiscal year ended 31 March		Nine months ended 31 December	
	2013	2014	2013	2014
	(£ in millions)			
Short-term benefits	12	21	12	17
Post-employment benefits	—	1	—	1
Compensation for loss of office	—	—	—	1
Total	**12**	**22**	**12**	**19**

Board Practices

The Board consists of one executive director and four non-executive directors of whom two are independent non-executive directors.

The roles of the Chairman and the Chief Executive Officer are distinct and separate with appropriate powers being delegated to the Chief Executive Officer to perform the day-to-day activities of the Group.

The Board, along with its committees, provides leadership and guidance to the Company's management, particularly with respect to corporate governance, business strategies and growth plans, the identification of risks and their mitigation strategies, entry into new businesses, product launches, demand fulfilment and capital expenditure requirements, and the review of the Company's plans and targets.

The Board has delegated powers to the committees of the Board through written/stated terms of reference and oversees the functioning operations of the Committees through various circulars and minutes. The Board also undertakes the Group's subsidiaries' oversight functions through review of their performance against their set targets, advises them on growth plans and, where necessary, gives strategic guidelines.

Committees

Audit Committee

The Audit Committee independently reviews the adequacy and effectiveness of risk management across the Group, together with the integrity of the financial statements, including a review of the significant financial reporting judgments contained in them. It is comprised of three directors, at least one of whom has recent and relevant experience.

The scope of the Audit Committee includes:

- Reviewing the annual and all interim financial statements prior to submission to the Board and the shareholders, with particular reference to:

    - critical accounting policies and practices and any changes to them, related party transactions and contingent liabilities;

    - audit, legal, tax and accounting updates;

    - unusual or exceptional transactions;

    - major accounting entries involving estimates based on the exercise of judgement, including provisions for impairment and other major items; and

    - the auditors' report and any qualifications or emphases therein, taking particular note of any audit differences or adjustments arising from the audit.

- Reviewing the effectiveness of financial reporting, internal control and risk management procedures within the Group (which extends to all associates and joint venture companies), such review considering compliance with the provisions of Section 404 of the Sarbanes Oxley Act and other relevant regulations and disclosures from the Chief Executive Officer or Chief Financial Officer. Also, the review should pay particular reference to any material weaknesses or significant deficiencies in the design or operation of the Group's internal controls over financial reporting that are reasonably likely to adversely affect the Group's ability to record, process and report financial data and to receive reports from the external and internal auditors with respect to these matters.

- Assessing the reliability and integrity of the Group's accounting policies and financial reporting and disclosure practices and processes.

In relation to internal audits, the Audit Committee has responsibility to:

    - review on a regular basis the adequacy of internal audit functions, including the internal audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and the frequency of internal audits;

    - review the regular internal reports to management prepared by the internal audit department as well as management's response thereto;

    - review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board;

    - discuss with internal auditors any significant findings and follow-up thereon; and

    - review internal audit reports relating to internal control weaknesses.

In relation to external auditors, the Audit Committee has responsibility to:

    - oversee the appointment of the external auditors, approve their terms of engagement, including fees, and the nature and scope of their work, and consider when the external audit should be put out to tender;

    - review their performance and independence every year and to pre-approve any provision of non-audit services by the external auditors;

    - review the significant audit issues identified by the external auditors and how they have been addressed in the financial statements;

- establish a clear hiring policy in respect of employees or former employees of the external auditors and monitor the implementation of that policy; and

- evaluate the external auditors by reviewing annually the firm's independence, its internal quality control procedures, any material issues raised by the most recent quality control or peer review of the firm, and the findings of any enquiry or investigation carried out by government or professional bodies with respect to one or more independent audits carried out by the firm within the last five years.

In relation to subsidiary company oversight, the Audit Committee has responsibilities to:

- oversee the operation and maintenance of procedures for receiving, processing and recording complaints regarding accounting, internal controls or auditing matters and for the confidential submission by employees of concerns regarding allegedly questionable or illegal practices. The Audit Committee shall ensure that these arrangements allow independent investigation of such matters and appropriate follow-up action;

- oversee controls designed to prevent fraud and review all reports of instances of fraud;

- satisfy itself that Group policy on ethics is followed and review any issues of conflict of interest, ethical conduct or compliance with law, including competition law, brought to its attention;

- oversee legal compliance in the Group; and

- conduct and supervise such investigations or enquiries as the Board may require.

Remuneration Committee

The Remuneration Committee is comprised of members appointed by our board of directors. The Remuneration Committee may, at the Group's expense, obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The scope of the Remuneration Committee is to:

- review and approve any proposals regarding the remuneration (including base salary, bonus, long-term incentives, retention awards and pension arrangements) of all employees at leadership level 2 and above;

- review and approve all bonus plans and long-term incentive plans at leadership level 5 and above (including the structure of the plans, and whether, and at what level, the plans should pay out);

- review and approve changes to any defined benefit pension plans; and

- regularly review independent data regarding the competitive position of salaries and benefits and make recommendations, as appropriate.

Executive Committee

The Executive Committee is comprised of the Chief Executive Officer and his direct reports. The objective of the Executive Committee is to provide strategic management, to achieve business results and to ensure compliance and control using various assurance tools and functions such as an independent internal audit function, a risk and assurance committee and a legal compliance office.

The Executive Committee is responsible for the executive management of the business and the strategic direction of the Group. It is also responsible for risk management across the Group, the communication of policy requirements and the review and approval of the risk management policy and framework. The Executive Committee identifies strategic risk, debates strategies and commits the allocation of key resources to manage key and emerging risk factors. Within this role, the Executive Committee defines, sponsors, supports, debates and challenges risk management activity across our Group.

Risk and Assurance Committee

The Risk and Assurance Committee is responsible for the on-going development and co-ordination of the system of risk management as well as the consolidation, challenge and reporting of all risk management information. It provides support and guidance on the application of risk management and controls assurance across the Group.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders of the Issuer

As at 31 December 2014, the following organisation held direct and indirect interests in voting rights equal to or exceeding 3% of the ordinary share capital of the Issuer:

Name of shareholder of Issuer	Number of ordinary shares	%
TML Holdings PTE Limited (Singapore)	1,500,642,163	100

Major Shareholders of TMLH

As at 31 December 2014, the following organisation held direct and indirect interests in voting rights equal to or exceeding 3% of the ordinary share capital of our holding company, TMLH:

Name of shareholder of TMLH	Number of ordinary shares	%
Tata Motors Limited (India)	2,546,659,418	100

Major Shareholders of Tata Motors

Tata Motors Limited is a widely held, listed company with approximately 372,688 shareholders of ordinary shares and 64,155 shareholders of 'A' ordinary shares of record, as at 31 December 2014. While shareholders of ordinary shares are entitled to one vote for each ordinary share held, shareholders of 'A' ordinary shares are entitled to one vote for every 10 'A' ordinary shares held. As at 31 December 2014, the largest shareholder of Tata Motors Limited was Tata Sons and its subsidiaries, which held 28.2% of the voting rights.

Related Party Transactions

Our related parties principally consist of Tata Sons Limited (including Tata Motors), subsidiaries of Tata Sons Limited and other associates and joint ventures. We routinely enter into transactions with these related parties in the ordinary course of business. We enter into transactions for the sale and purchase of products with our associates.

The following table summarises related party transactions and balances not eliminated in the 2014 and 2013 Consolidated Financial Statements for the nine months ended 31 December 2014, Fiscal 2014 and Fiscal 2013.

	Fiscal year ended 31 March				Nine months ended 31 December			
	2013		2014		2013		2014	
	With fellow subsidiaries, associates and joint ventures	With immediate and ultimate parent	With fellow subsidiaries, associates and joint ventures	With immediate and ultimate parent	With fellow subsidiaries, associates and joint ventures	With immediate and ultimate parent	With fellow subsidiaries, associates and joint ventures	With immediate and ultimate parent
	(£ in millions)							
Transactions during the period:								
Sale of products	—	52	—	55	—	41	93	51
Purchase of goods	—	—	—	—	—	—	—	1
Services received	90	16	157	10	111	4	113	11
Dividends paid	—	150	—	150	—	150	—	150
Services rendered	9	—	26	—	22	—	17	—
Balances as at period end:								
Trade and other receivables	8	—	15	15	7	9	77	15
Accounts payable	27	2	5	1	15	—	5	19
Loans given	8	—	—	—	—	—	—	—

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material terms of the principal financing arrangements of the Issuer and Jaguar Land Rover Limited. This section does not mention any plans for new financing arrangements or amendments to existing financing arrangements which are currently being contemplated or which are under discussion with potential or existing financiers. The following summary does not purport to describe all of the terms and conditions of such financing arrangements, and therefore is qualified in its entirety by reference to the actual agreements. We recommend that you refer to the actual agreements for further details, copies of which are available from us upon request (subject to any confidentiality constraints). For the terms and conditions of the Notes, please see "Description of the Notes".

October 2014 Notes-$500 million notes due 2019

In October 2014, the Issuer issued the October 2014 Notes, comprising $500 million 4.250% notes due 2019, in an offering that was not subject to the registration requirements of the US Securities Act. The October 2014 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Holdings Limited and Jaguar Land Rover Limited, as guarantors (the "October 2014 Guarantors").

The October 2014 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the October 2014 Guarantors that is expressly subordinated in right of payment to the October 2014 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the October 2014 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the October 2014 Notes, including the 2011 Notes, the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the January 2013 Notes, the December 2013 Notes and the January 2014 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the October 2014 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

The Issuer may redeem the October 2014 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption, plus a redemption premium.

If an event treated as a change of control of the Issuer occurs, then each holder of the October 2014 Notes has the right to require that the Issuer repurchase such holder's October 2014 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The October 2014 Notes are also subject to certain customary covenants and events of default.

January 2014 Notes-£400 million notes due 2022

In January 2014, the Issuer issued the January 2014 Notes, comprising £400 million 5.000% notes due 2022, in an offering that was not subject to the registration requirements of the US Securities Act. The January 2014 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Holdings Limited and Jaguar Land Rover Limited, as guarantors (the "January 2014 Guarantors").

The January 2014 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the January 2014 Guarantors that is expressly subordinated in right of payment to the January 2014 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the January 2014 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the January 2014 Notes, including the 2011 Notes, the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the January 2013 Notes, the December 2013 Notes and the October 2014 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the January 2014 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

The Issuer may redeem the January 2014 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption, plus a redemption premium.

At any time prior to 15 February 2017, the Issuer may redeem up to 35% of the aggregate principal amount of the January 2014 Notes with the net cash proceeds of certain equity offerings at the redemption price equal to 105.000% of the principal amount of the January 2014 Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

If an event treated as a change of control of the Issuer occurs, then each holder of the January 2014 Notes has the right to require that the Issuer repurchase such holder's January 2014 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The January 2014 Notes are also subject to certain customary covenants and events of default.

December 2013 Notes-$700 million notes due 2018

In December 2013, the Issuer issued the December 2013 Notes, comprising $700 million 4.125% notes due 2018, in an offering that was not subject to the registration requirements of the US Securities Act. The December 2013 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Holdings Limited and Jaguar Land Rover Limited, as guarantors (the "December 2013 Guarantors").

The December 2013 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the December 2013 Guarantors that is expressly subordinated in right of payment to the December 2013 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the December 2013 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the December 2013 Notes, including the 2011 Notes, the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the January 2013 Notes, the January 2014 Notes and the October 2014 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the December 2013 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

The Issuer may redeem the December 2013 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption, plus a redemption premium.

At any time prior to 15 December 2016, the Issuer may redeem up to 35% of the aggregate principal amount of the December 2013 Notes with the net cash proceeds of certain equity offerings at the redemption price equal to 104.125% of the principal amount of the December 2013 Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

If an event treated as a change of control of the Issuer occurs, then each holder of the December 2013 Notes has the right to require that the Issuer repurchase such holder's December 2013 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The December 2013 Notes are also subject to certain customary covenants and events of default.

January 2013 Notes-$500 million notes due 2023

In January 2013, the Issuer issued the January 2013 Notes, comprising $500 million 5.625% notes due 2023, in an offering that was not subject to the registration requirements of the US Securities Act. The January 2013 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Jaguar Land Rover North America, LLC, Land Rover Exports Limited and JLR Nominee Company Limited, as guarantors (the "January 2013 Guarantors").

The January 2013 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the January 2013 Guarantors that is expressly subordinated in right of payment to the January 2013 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the January 2013 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the January 2013 Notes, including the 2011 Notes and the 2012 Notes (all of which we intend to tender for using the proceeds of the Notes offered hereby and cash at hand), the December 2013 Notes, the January 2014 Notes and the October 2014 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the January 2013 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

At any time prior to 1 February 2018, the Issuer may redeem the January 2013 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, plus a redemption premium. On or after 1 February 2018, the Issuer may redeem all or part of the January 2013 Notes initially at 102.813% of their principal amount plus accrued and unpaid interest, if any, with the premium declining after that date.

At any time prior to 1 February 2016, the Issuer may, subject to certain conditions, redeem up to 35% of the aggregate principal amount of the January 2013 Notes with the net cash proceeds of certain equity offerings at a redemption price equal to 105.625% of the principal amount of the January 2013 Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

If an event treated as a change of control of the Issuer occurs, then each holder of the January 2013 Notes has the right to require that the Issuer repurchase such holder's January 2013 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The January 2013 Notes are also subject to certain customary covenants and events of default.

2012 Notes-£500 million notes due 2020

In March 2012, the Issuer issued the 2012 Notes, comprising £500 million 8.250% notes due 2020, in an offering that was not subject to the registration requirements of the US Securities Act. The 2012 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Jaguar Land Rover North America, LLC, Land Rover Exports Limited and JLR Nominee Company Limited, as guarantors (the "2012 Guarantors").

The 2012 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the 2012 Guarantors that is expressly subordinated in right of payment to the 2012 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the 2012 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the 2012 Notes, including the 2011 Notes, the January 2013 Notes, the December 2013 Notes, the January 2014 Notes and the October 2014 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the 2012 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

At any time prior to 15 March 2016, the Issuer may redeem the 2012 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, plus a redemption premium. On or after 15 March 2016, the Issuer may redeem all or part of the 2012 Notes initially at 104.125% of their principal amount plus accrued and unpaid interest, if any, with the premium declining after that date.

At any time prior to 15 May 2016, the Issuer may, subject to certain conditions, redeem up to 35% of the aggregate principal amount of the 2012 Notes with the net cash proceeds of certain equity offerings at a redemption price equal to 108.250% of the principal amount of the 2012 Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

If an event treated as a change of control of the Issuer occurs, then each holder of the 2012 Notes has the right to require that the Issuer repurchase such holder's 2012 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The 2012 Notes are also subject to certain customary covenants and events of default.

On 19 February 2015, we commenced a tender offer and a consent solicitation in respect of our outstanding 2012 Notes. See "Summary—Recent Developments—Tender Offer". The proposed amendments to the indenture and the 2012 Notes would, among other modifications, eliminate substantially all of the restrictive covenants and certain event of default and related provisions contained in the indenture and the 2012 Notes.

2011 Notes-$410 million unsecured US dollar notes due 2021

In May 2011, the Issuer issued the 2011 Notes, comprising $410 million 8.125% notes due 2021, in an offering that was not subject to the registration requirements of the US Securities Act. The 2011 Notes are governed by an indenture (the "2011 Notes Indenture") entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Jaguar Land Rover North America, LLC, Land Rover Exports Limited and JLR Nominee Company Limited, as guarantors (the "2011 Guarantors"). The Issuer's £500 million 8.125% notes due 2018 and $410 million 7.750% notes due 2018 also issued under the 2011 Notes Indenture have been repurchased or redeemed and are no longer outstanding.

The 2011 Notes are general unsecured, senior obligations of the Issuer and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the 2011 Guarantors that is expressly subordinated in right of payment to the 2011 Notes or such guarantee; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the 2011 Guarantors that is not expressly subordinated (and is not senior) in right of payment to the 2011 Notes, including the 2012 Notes, the January 2013 Notes, the December 2013 Notes, the January 2014 Notes and the October 2014 Notes, and are effectively subordinated to any secured indebtedness of the Issuer and any secured indebtedness of the 2011 Guarantors, to the extent of the value of the collateral securing such indebtedness, and to the indebtedness of the subsidiaries of the Issuer that are not guarantors.

At any time prior to 15 May 2016, the Issuer may redeem the 2011 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, plus a redemption premium. On or after 15 May 2016, the Issuer may redeem all or part of the 2011 Notes initially at 104.663% of their principal amount plus accrued and unpaid interest, if any, with the premium declining after that date.

At any time prior to 15 May 2014, the Issuer was permitted, subject to certain conditions, to redeem up to 35% of the aggregate principal amount of the applicable series of the 2011 Notes with the net cash proceeds of certain equity offerings at a redemption price equal to 108.125% of the principal amount of the 2011 Notes due in 2021, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

If an event treated as a change of control of the Issuer occurs, then each holder of the 2011 Notes has the right to require that the Issuer repurchase such holder's 2011 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The 2011 Notes are also subject to certain customary covenants and events of default.

Facility A-£1,485.0 million Unsecured Syndicated Revolving Loan Facility

General

The Issuer as borrower entered into a facilities agreement dated 22 July 2013 (as subsequently amended and/or restated on 28 August 2014) with a syndicate of lenders. Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facilities agreement as guarantors (together with the Issuer, the "obligors"). The facility is unsecured. The facilities agreement is split into facility A (£371.25 million) and facility B (£1,113.75 million). The purpose of the facilities is to provide for the borrower's general corporate purposes and to refinance the previous facilities agreement dated 1 December 2011. As at the date of this Offering Memorandum, each facility is undrawn.

Interest and fees

Interest: The per annum interest rate payable on any loan drawn under facility A is sterling LIBOR plus a margin of 2.00% or under facility B is sterling LIBOR plus a margin of 2.50%. A customary market disruption clause appears in the facilities agreement. A utilisation fee is payable on any loan drawn under the facilities of 0.15% (for any period where the facilities are up to 33% utilised), 0.25% (for any period where the facilities are between 33% and up to 66% utilised) and 0.50% (for any period where the facilities are over 66% utilised).

Default interest: If any sum due by any obligor is not paid on its due date, default interest is payable at the per annum interest rate of 1% plus the interest rate that would have applied if the unpaid sum had been a loan advanced under the relevant facility.

Fees: The following fees are payable to one or more of the finance parties: an annual agency fee to the facility agent; a commitment fee payable quarterly in arrears to the facility A lenders equal to 40% of the facility A margin in respect of the daily available commitment under facility A and to the facility B lenders equal to 40% of the facility B margin in respect of the daily available commitment under facility B; a fee in an amount agreed at the time is payable on the amount of commitments extended pursuant to the extension option referred to below. Any arrangement and other fees already paid and certain on-going fees not deemed material are not covered in this summary.

Repayment and prepayment

Repayments: All principal, interest and other sums under facility A must be repaid in full (subject to any extension that might be agreed between the parties pursuant to an uncommitted extension option provided in the facilities agreement) three years after the date of the facilities agreement and under facility B must be repaid in full five years after the date of the facilities agreement. Facility A may be extended by up to a maximum of two years after its initial maturity. The facilities are structured as conventional revolving loan facilities, with each loan (with accrued interest) having to be repaid at the end of its interest period but which may be repaid by the drawing of a new, rollover loan.

Mandatory prepayments: If it becomes unlawful for any lender to comply with its obligations, that lender must inform the agent, upon which that lender's commitment is cancelled and the borrower must repay at the end of the relevant interest periods (or earlier if required by that lender in certain circumstances) that lender's participation in any outstanding loans under the facilities. Upon a change of control, no lender is obliged to fund a utilisation (save for a rollover loan) and the borrower must, if a lender requires, within 10 business days of notice to that effect from the agent, repay that lender's participation in all outstanding loans. "Change of control" means Tata Motors Limited ceasing to control the borrower which to avoid doubt includes Tata Motors Limited ceasing to own and control (directly or indirectly) more than 50% of the ordinary voting shares of the borrower.

Voluntary cancellations and prepayments: The borrower may voluntarily cancel or prepay all or any part the facilities on five business days' notice (subject to a minimum of £5.0 million). The borrower may also voluntarily cancel or prepay all of a lender's commitment and participations in loans (or replace that lender) if a payment to that lender has to be grossed up under the tax gross-up provisions or that lender claims indemnification from the borrower under the tax indemnity or the increased costs provisions.

Defaulting lenders: The borrower may cancel the commitments of a lender which defaults or is subject to insolvency or certain other events and/or replace that lender.

Redrawings: The facilities are conventional revolving loan facilities which may, subject to the usual conditions precedent, be utilised at any time by the borrower up to one month before the relevant facility terminates.

Representations

Each obligor makes various representations on the date of the facilities agreement and (with the exception of certain representations) at various regular points thereafter, including as to: its legal status; the binding nature of its obligations under the facilities agreement and related documents (the "finance documents"); the finance documents not conflicting with applicable law or with the constitutional documents and other agreements of the obligors and their respective subsidiaries ("JLR Group"); the corporate power of the obligors to enter into the finance documents; all authorisations required in relation to the finance documents having been obtained; governing law and enforcement; the application of withholding tax to payments under the finance documents; no filing or stamp taxes; no event of default existing under the finance documents; no material default by JLR Group members under other agreements; the correctness in all material respects of factual information contained in the information memorandum; the original financial statements of the borrower and the obligors being a fair representation of the relevant obligor's financial condition and no material adverse change having occurred between the date at which such financial statements were prepared and the date of the facilities agreement; *pari passu* ranking of the obligors' obligations under the finance documents; no material proceedings started or threatened against any JLR Group member; compliance by JLR Group members with environmental law and no material environmental contamination existing; and compliance by JLR Group members with anti-corruption laws, anti-money laundering laws, applicable international sanctions and certain US laws including anti-terrorism, margin regulations and ERISA (and for US guarantors only, compliance with certain US regulations and the Foreign Corrupt Practices Act).

Covenants

General and information covenants: There are various positive and negative undertakings with which the borrower must comply such as: obligations to indemnify the finance parties for tax with respect to the finance documents (subject to certain usual mitigations and exceptions and to provision for the return of the benefit of tax credits); payment of stamp duty; payment of increased regulatory costs of the finance parties (including attributable to Basel III but excluding FATCA deductions required to be made by any party, Basel II and the UK, French, Dutch and German bank levies and certain other usual exceptions); certain indemnities; payment of break costs; payment of enforcement costs; provision of annual audited JLR Group accounts and the JLR Group's unaudited half-year and quarterly accounts; provision of compliance certificates relating to certain financial and other covenants; provision of documents sent to creditors generally, details of material litigation, and such financial and business information as the finance parties may request; obligations not to make a substantial change to the general nature of the business of the JLR Group; if any additional security or guarantees is offered to the holders of the 2011 Notes, 2012 Notes, January 2013 Notes, December 2013 Notes, January 2014 Notes and October 2014 Notes described above, the borrower must offer the same security and guarantees to the finance parties. There are various positive and negative undertakings with which each obligor must comply, such as: the provision by each obligor of its annual audited accounts; obligations to gross-up for tax on payments under the finance documents (but not to gross-up because of a FATCA deduction) and to indemnify the finance parties for tax with respect to the finance documents (subject to certain usual mitigations and exceptions and to provision for the return of the benefit of tax credits); certain indemnities; payment of amendment costs; notification of defaults; an obligation to obtain authorisations with respect to its performance of and the enforceability of the finance documents; compliance with laws; compliance with certain US anti-terrorism laws. There are various positive and negative undertakings with which each obligor must comply (and with which the borrower must ensure that each JLR Group member complies), such as: restrictions on granting security (negative pledge); restrictions on asset disposals; restrictions on mergers (save for a permitted group reorganisation (as defined)); maintenance of insurances; compliance with environmental laws; restrictions on acquisitions; payment of taxes; restrictions on being a creditor of financial debt; restrictions on granting guarantees; restrictions on certain transfers to entities outside the JLR Group (including subscribing for shares in or loans or the transfer of assets to such non-JLR Group entities); restrictions on paying dividends outside the JLR Group and buying back shares from outside the JLR Group; capital contributions outside the JLR Group and investments in captive finance companies. There are various positive and negative undertakings with which each obligor must comply (and with which it must ensure that each of its subsidiaries complies), such as: compliance with sanctions laws, anti-corruption laws and anti-money laundering laws.

Financial covenants: There are two financial covenants. The borrower shall ensure that (i) the ratio of net debt of JLR Group members at the last day of a relevant period (being the preceding 12 months) to EBITDA for that relevant period will not be more than 3.5:1 and (ii) the ratio of EBITDA to net interest expense for any relevant period (being the preceding 12 months) will not be less than 2.5:1. Net debt and interest expense will not take account of net debt and interest expense attributable to captive finance companies (where the debt in question is not guaranteed or indemnified by another group member) or of intragroup financial debt or holding company financial debt subordinated to the repayment of the finance parties. These ratios are tested against the JLR Group's annual audited, and semi-annual unaudited, accounts and against certificates of compliance provided by the borrower.

Miscellaneous: Conventional provisions covering the following elements are included: impaired agent; defaulting lender; replacement of defaulting lenders; disenfranchisement of defaulting lenders; replacement of non-consenting lenders (a "non-consenting lender" is one which, in the case of a waiver or amendment requiring all lender approval, refuses approval in circumstances where at least 85% have given their approval to the waiver or amendment). Save for certain matters expressly reserved for unanimous lender consent, any decision as to the administration, amendment or waiver of the facilities is decided by majority lenders (which is defined to be 66.7%).

Set-off: No obligor is permitted to set-off; each finance party is expressly permitted to set-off any matured obligation owed to it by an obligor against any matured obligation owed by that finance party to that obligor.

Transferability: Any lender may assign or transfer any of its rights and/or obligations to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets. Unless it is to an affiliate of the transferring lender, an existing lender with a minimum BBB+ rating or an affiliate with a minimum BBB+ rating of an existing lender, or an event of default has occurred and is continuing, consent of the borrower is required not to be unreasonably withheld or delayed.

Events of default

The facilities agreement sets out various events of default, the occurrence of which allows the lenders to cancel the facilities, place the facilities on demand or demand immediate repayment of the facilities. Such events of default include (subject in certain cases to grace periods, thresholds and other qualifications): non-payment by an obligor of sums due from it under the finance documents; breach of the financial covenants; breach of other obligations of the obligors under the finance documents; misrepresentation by an obligor in connection with the finance documents; cross-default with respect to the financial debt of the JLR Group; insolvency and insolvency proceedings relating to the borrower or any obligor or material subsidiary (defined as a subsidiary of the borrower having 5% or more of the net assets or revenues of the JLR Group); the attachment of assets of the borrower or any obligor or material subsidiary and other creditors' process against such assets; unlawfulness of the obligations of an obligor under the finance documents; repudiation by an obligor of a finance document; a guarantor ceases to be a subsidiary of the borrower (save as contemplated by a permitted group reorganisation as defined); material adverse effect on the validity, legality or enforceability of any obligation of any obligor under any finance document; non-compliance with US employee/pension regulations (ERISA); final judgment which remains undischarged. The occurrence of certain insolvency events with respect to a US guarantor will lead to the automatic repayment of loans made to that US guarantor.

Security and guarantees

There is no security given to support the facilities.

Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facilities agreement, each as an unlimited joint and several guarantor.

Governing law

The facilities agreement and the other facility documents are governed by English law.

Facility B-US$350.0 million Committed Multi-currency Syndicated Credit Insured Invoice Discounting Facility

Jaguar Land Rover Limited as seller is a party to a syndicated insured invoice discounting facility agreement originally dated 21 March 2012 (as subsequently amended) with a bank as agent and buyer and another bank as buyer (the agent and the buyers together the "finance parties").

Jaguar Land Rover Holdings Limited is party to the facility agreement as guarantor (together with Jaguar Land Rover Limited, the "obligors").

The facility is committed (subject to certain conditions such as eligibility criteria (e.g., credit insurance coverage) and no greater than 180-day maturity). The facility may be increased at the request of the seller via the introduction of new banks as buyers (subject, where any incoming bank is not one of a list of existing banks, to approval (at their discretion) of all the buyers) up to a maximum facility amount of US$800.0 million. Eligible receivables may be generated from sales of 'Land Rover' finished vehicles, spare parts and accessories and from the sales of 'Jaguar' finished vehicles. The availability of the facility ends on 21 March 2015 and no further receivables may be presented by the seller to the banks after that date. The facility is revolving, and as a sold receivable matures and is paid, an equivalent sum becomes available for re-utilisation by the seller under the facility. As at 31 December 2014, the face value of all outstanding receivables sold to the buyers under the facility was £193 million.

Rates, interest and fees

Discount rate: The discount rate is the per annum interest rate equal to the relevant currency's LIBOR plus 2.20% plus a supplement based on each buyer's actual cost of funds.

Default interest: If any sum due by the seller is not paid on its due date, default interest is payable at the per annum interest rate of the facility rate plus 2%.

Fees: The following fees are payable to one or more of the finance parties under the facility: an annual agency fee to the agent; a quarterly fee of 0.25% of each buyer's commitment; and a quarterly fee at a rate per annum of 0.50% applied against the daily unutilised available commitment of each buyer. Any arrangement and other fees already paid are not covered in this summary.

Recourse

On payment by the buyers of the purchase price for a receivable (the purchase price being the net present value of the receivable using the relevant discount rate from the date of purchase to the date falling three days after the due date of the receivable), all rights relating to that receivable (including the benefit of any credit insurance) is assigned by way of sale to the agent by the seller. Unless a receivable defaults, no notice of assignment is given to the debtor.

If a sold receivable is not paid on its due date (a "defaulted receivable") because of a commercial dispute (as defined) or which is not covered by the relevant credit insurance, the agent can compel the seller to repurchase the defaulted receivable within three business days. The repurchase price is the face value of the defaulted receivable plus interest at the discount rate up to the date of repurchase. In all other cases, the seller must pay immediately a sum to the agent equal to any uninsured portion of the defaulted receivable and on-going interest (at the discount rate) up until the date on which the relevant credit insurer pays or is obliged to pay the relevant claim. In any event the seller has the right to buy back any defaulted receivable on three business days' notice to the agent.

Representations

Each obligor makes various representations on the date of the facility agreement and at various regular points thereafter, such as: status; binding obligations; non-conflict with other obligations; authorisations; validity and admissibility of evidence; governing law and enforcement; deduction of tax; no filing or stamp taxes; no default; no misleading information; financial statements; *pari passu* ranking; no proceedings pending or threatened; environmental issues. There are various representations made by the seller in relation to each purchased receivable at the time it is presented for purchase by the seller: that the seller holds legal and beneficial title and the receivable is presented free from any restrictions on assignability, transfer or set-off rights; it is free from any consent required in relation to assignment of that receivable; an invoice has been prepared for each receivable sold; it is an eligible receivable (as defined therein); the seller is capable of receiving the purchase price for that receivable at the time of sale; all corporate actions necessary in order to present the receivable have been taken; it has performed all of its obligations under the supply contracts under which the receivables arise; each receivable represents an unconditional, legal and valid and binding obligation of the debtor enforceable by the seller; and that the presented receivables are not subject to certain floating charges.

Covenants

There are various positive and negative covenants with which the seller must comply, including: provision of annual audited JLR Group accounts; each obligor's annual audited accounts and the JLR Group's unaudited half-year and quarterly accounts; provision of documents sent to creditors generally, details of material litigation, and such financial and business information as the finance parties my request; notification of default. There are various positive and negative covenants with which the obligors must comply, including: compliance with authorisations; compliance with laws; restriction on mergers (save as a permitted group reorganisation (as defined)); change of the business; maintaining insurances; compliance with environmental laws; payment of taxes. There are various positive and negative covenants with which the seller must comply in relation to the receivables, including: a wide indemnity for losses suffered by the buyer in certain circumstances (such as misrepresentation, non-payment by the seller; noncompliance with insurance; non-payment of taxes or an event of default occurs); pay increased costs; minimise losses on receivables; cooperate with and assist the buyer; no amendments to supply contracts and insurances; perfect rights; ensure receivables paid to accounts held with the buyer; pay taxes; comply with insurance policies and gross-up for withholding tax.

Events of default

The facility agreement sets out various events of default the occurrence of which allows the banks to cancel the facility commitment and require the repayment of all accrued or outstanding amounts. Such events of default include (subject in certain cases to grace periods, thresholds and other qualifications): non-payment; breach of other obligations; misrepresentation; cross-default; insolvency; insolvency proceedings; distress; unlawfulness and invalidity of obligations or agreements; repudiation by any obligor or insurer of the facility agreement or insurance policy; change in ownership of obligors (save as a permitted group reorganisation (as defined)); crystallisation of any floating charges; appointment of an administrator pursuant to a floating charge; material adverse effect on validity, legality or enforceability of any facility documents; and a final judgment which can no longer be appealed is rendered against an obligor not covered by insurance and above a specified threshold.

Governing law

The facility agreement is governed by English law.

Hedging Facilities

As part of the management of currency and commodity price risks, we use a range of derivatives including currency forwards, currency options and commodity swaps to reduce cash flow volatility. These derivatives are transacted with banks that have allocated uncommitted credit lines to cover any potential mark-to-market value of these deals. As at 31 December 2014, we had credit lines agreed with approximately 33 banks. The carrying value of these derivatives (derivative financial assets less derivative financial liabilities and long-term derivatives) at 31 December 2014 was a net liability of £215 million.

DESCRIPTION OF THE NOTES

The Notes were issued under and are governed by an Indenture, dated on 24 February 2015 (the "Indenture"). The Indenture was entered into by Jaguar Land Rover Automotive plc (the "Issuer"), the Guarantors (as defined below) and Citibank, N.A., London Branch, as trustee (the "Trustee"). Copies of the form of the Indenture are available upon request to the Issuer.

You will find the definitions of capitalized terms used in this description either in the body of this section or at the end of this section under "—Certain Definitions".

The Indenture will not be qualified under the Trust Indenture Act of 1939, as amended. The terms of the Notes will include those stated in the Indenture.

General

The Notes

The Notes:

- are general unsecured, senior obligations of the Issuer;
- are being offered in an aggregate principal amount of £400,000,000;
- mature on 1 March 2023 at their aggregate principal amount;
- will be issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof;
- will be represented by one or more global notes in registered form without interest coupons attached. Please see "Book-Entry; Delivery and Form";
- rank equally in right of payment to any existing and future senior unsecured Indebtedness of the Issuer; and
- will be repaid at par in pound sterling.

Additional Notes

The Issuer in a supplemental indenture relating to additional notes may issue additional notes (the "Additional Notes") from time to time after this offering subject to the provisions of the Indenture described below under "—Certain Covenants". The Notes offered hereby and, if issued, any Additional Notes subsequently issued under an Indenture will be treated as a single class for all purposes under that Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase (provided that, if any Additional Notes are not fungible with existing Notes of the same class for US federal income tax purposes, such Additional Notes shall have a separate CUSIP, ISIN and common code, if any).

Interest

Interest on the Notes will:

- accrue at the rate of 3.875% per annum;
- accrue from the Issue Date or the most recent interest payment date;
- be payable in cash semi-annually in arrears, with the first interest payment covering the period from the Issue Date to 1 September 2015;

- be payable semi-annually on 1 March and 1 September of each year to the holders of record on 15 February and 15 August, as the case may be, immediately preceding the related interest payment dates; and

- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The yield calculated at issuance of the Notes was 3.875%. Your yield will depend on the price at which you purchase the Notes.

Guarantees

The obligations of the Issuer under the Notes, including the repurchase obligation of the Issuer resulting from a Change of Control, will be unconditionally guaranteed, on a joint and several basis, by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited (the "Guarantors"). These guarantees (the "Note Guarantees") by the Guarantors will not exceed the maximum amount that can be guaranteed by the applicable Guarantor without rendering the Note Guarantee, as it relates to the Guarantor, voidable or unenforceable under applicable laws affecting the rights of creditors generally.

Under the Indenture, a Guarantor may consolidate with, merge with or into, or transfer all or substantially all of its assets to any other Person as described below under "—Certain Covenants—Consolidation, Merger and Sales of Assets." However, if the other Person is not the Issuer or a Guarantor, such Guarantor's obligations under its Note Guarantees must be expressly assumed by such other Person. Upon the sale or other disposition (including by way of consolidation or merger) of a Guarantor, or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer), such Guarantor will be released and relieved from all its obligations under its Note Guarantees.

The Note Guarantee of a Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Subsidiary, if the sale or other disposition does not violate the covenants on "—Certain Covenants—Consolidation, Merger and Sales of Assets";

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of any Parent Holdco of such Guarantor (other than the Issuer)) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Subsidiary, if the sale or other disposition does not violate the covenants on "—Certain Covenants—Consolidation, Merger and Sales of Assets" and the Guarantor ceases to be a Subsidiary as a result of the sale or other disposition;

(3) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to another Guarantor, if the sale or other disposition does not violate the covenants on "—Certain Covenants—Consolidation, Merger and Sales of Assets";

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Defeasance" and "—Satisfaction and Discharge";

(5) upon the full and final payment of the Notes and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or

(6) as described below under the caption "—Amendments and Waivers".

Upon any occurrence giving rise to a release of a Note Guarantee, as specified above, the Trustee, subject to receipt of an Officer's Certificate from the Issuer and/or Guarantor with respect to the occurrence of an event specified above, will execute any documents reasonably required by such Guarantor in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination.

Ranking

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

- rank *pari passu* in right of payment with all other Indebtedness of the Issuer and the Guarantors, as applicable, that is not by its terms expressly subordinated to other Indebtedness of the Issuer and the Guarantors, as applicable;
- rank senior in right of payment to all Indebtedness of the Issuer and the Guarantors, as applicable, that is, by its terms, expressly subordinated to the senior Indebtedness of the Issuer and the Guarantors, as applicable; and
- be effectively subordinated to the Secured Indebtedness of the Issuer and the Guarantors, as applicable, to the extent of the value of the collateral securing such Indebtedness, and to the Indebtedness of the Subsidiaries that are not Guarantors of the Notes.

Form of Notes

The Notes will be represented initially by global notes in registered form. The Notes initially offered and sold in reliance on Rule 144A under the Securities Act ("Rule 144A") will be represented by global Notes (the "Rule 144A Global Notes"); and the Notes initially offered and sold in reliance on Regulation S under the Securities Act ("Regulation S") will be represented by additional global Notes (the "Regulation S Global Notes"). The combined principal amounts of the Rule 144A Global Notes and the Regulation S Global Notes (together, the "Global Notes") will at all times represent the total outstanding principal amount of the Notes represented thereby.

The Global Notes will be deposited with a common depositary and registered in the name of the nominee of the common depositary for accounts of Euroclear and Clearstream Banking. Ownership of interests in the Global Notes (the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream Banking, as applicable, or persons that hold interests through any such participant. Euroclear and Clearstream Banking will hold interests in the Global Notes on behalf of their participants through customers' securities accounts. Except under the limited circumstances described in "Book-Entry; Delivery and Form", book-entry interests will not be held in definitive certificated form.

Paying Agent and Registrar

Citibank, N.A., London Branch, will initially act as paying agent (the "Paying Agent") for the Notes. Citibank, N.A., London Branch, will initially act as registrar (the "Registrar") for the Notes. The Issuer shall at all times maintain a Paying Agent in a jurisdiction within the European Union where no withholding or deduction is required pursuant to the legislation described in paragraph (d) of "—Additional Amounts" below. The Issuer may change the Paying Agent or Registrar for the Notes, and the Issuer may act as Registrar for its Notes. For further information on payments on the Notes and transfers of the Notes, see "Book-Entry; Delivery and Form".

Optional Redemption

Optional Make-Whole Redemption

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

(1) 100% of the principal amount of the Notes to be redeemed; and

(2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued and unpaid to the date of redemption) from the redemption date to the maturity date of the Notes, in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Gilt Rate plus 50 basis points,

plus, in each case, accrued and unpaid interest thereon to, but excluding, the date of redemption; *provided* that, if the Issuer redeems any Notes on or after 1 December 2022 (three months prior to the maturity date of the Notes), the redemption price for those Notes will equal 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to the redemption date.

For the avoidance of doubt, calculation of the redemption price shall not be a duty or obligation of the Trustee or any paying agent.

If such optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to beneficial holders whose Notes will be subject to redemption by the Issuer.

In the case of any partial redemption, the Trustee will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified by the Issuer to the Trustee, or, if the Notes are not listed, then on a *pro rata* basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate, although no Note of £100,000 in original principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to that Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued and delivered in the name of the holder thereof upon cancellation of the original Note.

Notice of any redemption will be mailed not less than 30 nor more than 60 days before the redemption date to each holder of Notes. Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or the portion thereof called for redemption on the applicable redemption date.

Redemption for Changes in Withholding Taxes

The Issuer is entitled to redeem the Notes issued by it, at its option, in whole but not in part, upon not less than 30 nor more than 60 days' notice, at 100% of the principal amount of such Notes, plus accrued and unpaid interest (if any) to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if due to a Change in Tax Law (as defined below):

(a) in the case of the Issuer or any Guarantor, as the case may be, the Issuer or Guarantor has, or would, on the next date on which any amount would be payable with respect to such Notes, become obligated to pay to the holder or beneficial owner of any Note any Additional Amounts (as defined below under "—Additional Amounts"); and

(b) in the case of any Guarantor, (A) such Guarantor would be unable, for reasons outside its control, to procure payment by the Issuer or (B) the procuring of such payment by the Issuer would be subject to withholding taxes imposed by a Relevant Taxing Jurisdiction (as defined below under "—Additional Amounts"),

provided, *however*, that the Issuer determines, in its reasonable judgment, that the obligation to pay such Additional Amounts cannot be avoided by the use of reasonable measures available to it, and *provided*, *further*, that at the time such notice is given, such obligation to pay Additional Amounts (as defined below) remains in effect.

For purposes hereof, a "Change in Tax Law" shall mean any change in or an amendment to the laws, treaties, regulations or rulings of any Relevant Taxing Jurisdiction (as defined below under "—Additional Amounts"), including any change in the application, administration or administrative or judicial interpretation of such laws, treaties, regulations or rulings; which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the Issue Date (or, if the Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date).

Notice of any such redemption shall be irrevocable. Prior to the publication or, where relevant, mailing of any notice of redemption described under the caption "—Redemption for Changes in Withholding Taxes", the Issuer shall deliver to the Trustee an Officer's Certificate stating that the Issuer is entitled to effect such redemption in accordance with the terms set forth in the Indenture and setting forth in reasonable detail a statement of the facts relating thereto (together with a written Opinion of Counsel to the effect that the Issuer or any Guarantor has become obligated to pay such Additional Amounts as a result of a Change in Tax Law).

The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

Additional Amounts

All payments made under or with respect to the Notes under the Indenture or pursuant to any Note Guarantee shall be made free and clear of and without withholding or deduction for or on account of any present or future Taxes imposed or levied by or on behalf of (i) the United Kingdom or any political subdivision or governmental authority thereof or therein having the power to tax; (ii) any jurisdiction from or through which payment on the Notes or any Note Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or (iii) any other jurisdiction in which the Issuer or any Guarantor is incorporated or organized, engaged in business for tax purposes or resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each a "Relevant Taxing Jurisdiction"), unless the Issuer or any Guarantor is required to withhold or deduct Taxes by law or by the interpretation or administration thereof by the relevant government authority or agency. If the Issuer or any Guarantor is so required to withhold or deduct any amount for or on account of Taxes imposed or levied by or on behalf of any Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or any Note Guarantee, such Issuer or such Guarantor, as the case may be, will pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount (including Additional Amounts) received by each holder after such withholding or deduction (including any withholding or deduction on such Additional Amounts) will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted; *provided*, *however*, that no Additional Amounts will be payable with respect to payments made to any holder or beneficial owner for or on account of:

(a) any Taxes that would not have been imposed, assessed, levied or collected but for the existence of a present or former business or personal connection between the holder or beneficial owner of the Notes or applicable Note Guarantee and the Relevant Taxing Jurisdiction imposing such Taxes (other than the mere holding of the Notes or any Note Guarantees);

(b) any Taxes that would not have been imposed, assessed, levied or collected but for the fact that where presentation is required, the applicable Note or Note Guarantee was presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to such Additional Amounts if it had presented the Note or Note Guarantee, as applicable, on any day during such 30-day period;

(c) any Taxes that would not have been imposed, assessed, levied or collected had the holder or beneficial owner of the Notes or any Note Guarantee complied, on a timely basis, with a written request of the Issuer or any Guarantor for any applicable information or certification that would have, if provided on a timely basis, permitted the payment to be made without withholding or deduction (or with a reduced rate of withholding or deduction);

(d) any withholding or deduction that is required to be made pursuant to European Council Directive 2003/48/EC, European Council Directive 2014/48/EU or any other Directive implementing the conclusions of the ECOFIN Council Meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or pursuant to any European Union legislation amending or replacing such Directive;

(e) any withholding or deduction imposed on the applicable Note or Note Guarantee that is presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the Note or Note Guarantee to another paying agent in a member state of the European Union;

(f) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Taxes;

(g) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or any Note Guarantee;

(h) any withholding or deduction required to be made from a payment pursuant to Sections 1471-1474 of the US Internal Revenue Code of 1986, as of the Issue Date (or any amended or successor version) (the "Code"), any current or future regulations or official interpretations thereof, any similar law or regulations adopted pursuant to an intergovernmental agreement between a non-US jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(i) any Taxes that are payable on account of any combination of (a) through (h) above.

In addition, Additional Amounts will not be paid in respect of any payment in respect of the Notes or any Note Guarantee to any holder or beneficial owner of the applicable Notes or Note Guarantee that is a fiduciary, a partnership, a limited liability company or any person other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of a Relevant Taxing Jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary, a member of such partnership, an interest holder in such limited liability company or a beneficial owner that would not have been entitled to such Additional Amounts had such beneficiary, settlor, member, interest holder or beneficial owner been the holder of such Notes or Note Guarantee.

For purposes of the foregoing, the "Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the monies payable has not been received by the Paying Agent on or prior to such due date, the Relevant Date means the first date on which, the full amount of such monies having been so received and being available for payment to holders, notice to that effect has been duly given to the holders.

Wherever in the Indenture or the Notes or any Note Guarantee there are mentioned, in any context, (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes under the Indenture or the Notes, (3) interest or (4) any other amount payable on or with respect to any of the Notes or any Note Guarantee, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

At least 30 days prior to each date on which payment of principal of or premium, if any, interest or other amounts on the Notes or any Note Guarantee is to be made (unless an obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case it shall be promptly thereafter), if the Issuer or any Guarantor will be obligated to pay Additional Amounts with respect to any such payment, such Issuer will promptly furnish the Trustee and the Paying Agent, if other than the Trustee, with an Officer's Certificate stating that such Additional Amounts will be payable and the amounts estimated to be so payable, and will set forth such other information necessary to enable the Trustee or the Paying Agent to pay such Additional Amounts to the holders on the payment date.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain tax receipts from each tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. If reasonably requested by the Trustee, the Issuer or the relevant Guarantor will provide to the Trustee such information as may be in the possession of the Issuer or the relevant Guarantor (and not otherwise in the possession of the Trustee) to enable the Trustee to determine the amount of withholding taxes attributable to any particular holder, *provided*, *however*, that in no event shall the Issuer or the relevant Guarantor be required to disclose any information that it reasonably deems to be confidential.

The Issuer and the Guarantors will pay and indemnify the holders for any present or future stamp, court or documentary Taxes, or any other excise, property or similar Taxes which arise in any Relevant Taxing Jurisdiction, from the execution, delivery and registration of the Notes, the Note Guarantees, the Indenture and any document or instrument referred to therein, upon original issuance and initial resale of the Notes, or in connection with the enforcement of the Notes, any Note Guarantee, the Indenture or any other document or instrument referred to therein.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture. References in this section ("—Additional Amounts") to the Issuer or any Guarantor shall apply to any successor(s) thereto.

Change of Control

Each holder of the Notes, upon the occurrence of a Change of Control, will have the right to require that the Issuer repurchase such holder's Notes, at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following a Change of Control, the Issuer will mail a notice to the holders of the Notes with a copy to the Trustee stating:

(1) that a Change of Control has occurred and that such holder has the right to require the Issuer to purchase such holder's Notes, at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control);

(3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed);

(4) that each Note will be subject to repurchase only in integral multiples of £1,000 (*provided* that no Note of less than £100,000 remains outstanding thereafter); and

(5) the instructions determined by the Issuer, consistent with the covenant described hereunder, that a holder must follow in order to have its Notes purchased.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations or applicable listing requirements conflict with the provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

The Issuer will not be required to repurchase Notes pursuant to this Change of Control feature if a notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption", unless and until there is a default in payment of the applicable redemption price.

The Change of Control repurchase feature is a result of negotiations between the Issuer and the initial purchasers. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. These restrictions can only be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding under the Indenture. Except so long as the limitations contained in such covenants are effective, the Indenture will not contain any covenants or provisions that may afford holders of the Notes protection in the event of a highly leveraged transaction.

The Issuer's ability to repurchase Notes upon a Change of Control may be limited by a number of factors. The occurrence of some of the events that constitute a Change of Control would constitute a default under certain other Indebtedness of the Issuer or its Subsidiaries which, in the event of a Change of Control, could make it difficult for the Issuer to repurchase the Notes. Our future Indebtedness may contain prohibitions on the occurrence of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Issuer to repurchase Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on us. Finally, the Issuer's ability to pay cash to the holders of Notes following the occurrence of a Change of Control may be limited by our then existing financial resources. We cannot assure you that sufficient funds will be available when necessary to make any required repurchases. The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase Notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes issued under the Indenture.

Certain Covenants

Restricted Payments

(a) The Issuer will not, and will not permit its Subsidiaries to, directly or indirectly, make any Restricted Payment; *provided*, *however*, that the Issuer or any Subsidiary may make a Restricted Payment if on the date thereof, and after giving pro forma effect to such proposed Restricted Payment:

(1) no Default or Event of Default will have occurred and be continuing or would occur as a consequence of such Restricted Payment; and

(2) the aggregate amount of all Restricted Payments declared or made after the Issue Date (including Restricted Payments permitted by clauses (b)(1), (b)(6), (b)(9) and (b)(10) below, but excluding all other Restricted Payments described in paragraph (b) below) does not exceed the sum of (without duplication):

(i) 50% of the Consolidated Net Income of the Issuer for the period from 1 January 2011, to the end of the Issuer's most recently ended fiscal quarter for which financial statements are available at the time of such proposed Restricted Payment (or, if such Consolidated Net Income shall be a negative number, minus 100% of such negative amount); *plus*

(ii) the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by the Issuer after the Issue Date as capital contributions or from the issuance or sale (other than to any Subsidiary) of shares of the Issuer's Qualified Capital Stock or warrants, options or rights to purchase shares of the Issuer's Qualified Capital Stock (except, in each case to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock as set forth in clause (b)(5) or (b)(6) below) (excluding the net cash proceeds from the issuance of the Issuer's Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Issuer or any Subsidiary until and to the extent such borrowing is repaid); *plus*

(iii) the amount by which the Issuer's Indebtedness or Indebtedness of any Subsidiary is reduced on the Issuer's consolidated balance sheet after the Issue Date upon the conversion or exchange (other than by the Issuer or its Subsidiary) of such Indebtedness into the Issuer's Qualified Capital Stock, together with the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by the Issuer at the time of such conversion or exchange (excluding the net cash proceeds from the issuance of the Issuer's Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Issuer or any Subsidiary until and to the extent such borrowing is repaid); *plus*

(iv) the amount equal to the cash proceeds and the Fair Market Value of non-cash property or other assets received by the Issuer or any Subsidiary from repurchases, redemptions or other acquisitions or retirements of any Restricted Investment or realized by the Issuer or any Subsidiary upon the sale or other disposition of such Restricted Investments, repayments of loans or other cash advances to the Issuer or its Subsidiaries having similar effect.

(b) The foregoing limitations contained in paragraph (a) do not apply to the following Restricted Payments by the Issuer or any Subsidiary so long as (with respect to subparagraphs (3) to (10) below) no Default or Event of Default has occurred or is continuing:

(1) the payment of any dividend within 60 days after the date of its declaration or publication if at such date of declaration or publication, as the case may be, such payment would have been permitted by the provisions of this section "—Restricted Payments";

(2) cash payments in lieu of issuing fractional shares pursuant to the exchange or conversion of any exchangeable or convertible securities;

(3) the repurchase, redemption or other acquisition or retirement for value of any shares of the Issuer's Capital Stock or options, warrants or other rights to acquire such Capital Stock in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or out of the net cash proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary of the Issuer) of, shares of the Issuer's Qualified Capital Stock or options, warrants or other rights to acquire such Qualified Capital Stock;

(4) the repurchase, redemption or other acquisition or retirement for value of any Qualified Capital Stock of the Issuer held by any current or former officer, director, employee or consultant of the Issuer or any of its Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Qualified Capital Stock does not exceed £15 million in any calendar year with unused amounts in any calendar year being carried over to succeeding calendar years;

(5) the declaration or payment of any dividend to all holders of Capital Stock of a Subsidiary of the Issuer on a *pro rata* basis or on a basis that results in the receipt by the Issuer or any of its Subsidiaries of dividends or distributions of greater value than the Issuer or such Subsidiary would receive on a *pro rata* basis;

(6) following a public equity offering that results in a listing of the Capital Stock of the Issuer on a securities exchange, the payment of dividends on the Capital Stock of the Issuer up to 6% per annum of the net cash proceeds received by the Issuer in any such public equity offering or any subsequent public equity offering of such Capital Stock;

(7) the repurchase of Capital Stock deemed to occur upon the exercise of stock options with respect to which payment of the cash exercise price has been forgiven if the cumulative aggregate value of such deemed repurchases does not exceed the cumulative aggregate amount of the exercise price of such options received;

(8) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any Subsidiary of the Issuer issued on or after the Issue Date;

(9) other Restricted Payments at any time outstanding in an aggregate amount not to exceed £400.0 million since the Issue Date; and

(10) any Restricted Payment; *provided* that, after giving pro forma effect to any such Restricted Payment (and any related transactions), the Consolidated Leverage Ratio of the Issuer does not exceed 2.00 to 1.0.

(c) Upon the Notes achieving Investment Grade Status and upon notice by the Issuer to the Trustee by the delivery of an Officer's Certificate that the Notes have achieved Investment Grade Status, this covenant will permanently cease to be applicable to the Issuer and its Subsidiaries and will not be reinstated if the Notes cease to maintain Investment Grade Status.

Limitation on Liens

The Indenture provides that the Issuer may not, and may not permit any of its Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its or its Subsidiaries' Principal Manufacturing Property or upon the Capital Stock of any Manufacturing Subsidiary, whether such Principal Manufacturing Property or such Capital Stock is owned on the date of the Indenture or acquired after that date, securing any Indebtedness, unless contemporaneously with (or prior to) the Incurrence of such Lien, effective provision is made to secure the Indebtedness due under the Indenture and the Notes, equally and ratably with (or prior to in the case of Liens with respect to Subordinated Obligations) the Indebtedness secured by such Lien for so long as such Indebtedness is so secured. Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon the release and discharge of the initial Lien to which it relates.

Consolidation, Merger and Sales of Assets

(a) The Indenture provides that the Issuer and the Guarantors may not consolidate or merge with or into (whether or not the Issuer or such Guarantor is the Surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets in one or more related transactions, to another Person unless:

(1) the Surviving Person is an entity organized and existing under the laws of Germany, the United Kingdom, or any other member state of the European Union (as of 31 December 2003), Luxembourg, Switzerland, the United States of America, or any State thereof or the District of Columbia, or the jurisdiction of formation of such Issuer or any Guarantor; or, if the Surviving Person is an entity organized and existing under the laws of any other jurisdiction, such Issuer delivers to the Trustee an Opinion of Counsel to the effect that the rights of the holders of the Notes, would not be affected adversely as a result of the law of the jurisdiction of organization of the Surviving Person, insofar as such law affects the ability of the Surviving Person to pay and perform its obligations and undertakings in connection with its Note Guarantee or the ability of the Surviving Person to obligate itself to pay and perform such obligations and undertakings or the ability of the holders to enforce such obligations and undertakings;

(2) the Surviving Person (if other than such Issuer or a Guarantor) shall expressly assume, (A) in a transaction or series of transactions involving such Issuer, by a supplemental indenture in a form satisfactory to the Trustee, all of the obligations of such Issuer under the relevant Indenture (including the obligation to pay Additional Amounts), or (B) in a transaction or series of transactions not involving the Issuer, by a Guarantee Agreement, in a form satisfactory to the Trustee, all of the obligations of such Guarantor under its Note Guarantee (including the obligation to pay Additional Amounts);

(3) at the time of and immediately after such transaction, no Default or Event of Default shall have occurred and be continuing; and

(4) the Issuer or such Guarantor delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, transfer, assignment, sale, lease or other disposition and such supplemental indenture and Guarantee Agreement, if any, comply with the Indenture.

(b) The foregoing limitations contained in paragraph (a) do not apply to any consolidation or merger among Guarantors or among the Issuer and a Guarantor or if a Subsidiary that is not a Guarantor merges or consolidates with the Issuer or a Guarantor (the Issuer or the Guarantor, as applicable, being the surviving or succeeding entity) or sells, assigns, transfers, leases or otherwise disposes of all or substantially all of its properties and assets into the Issuer or a Guarantor.

Reports

For so long as any Notes are outstanding, the Issuer will provide the Trustee with:

(1) its annual financial statements and related notes thereto for the most recent two fiscal years prepared in accordance with IFRS (or any other internationally generally acceptable accounting standard in the event the Issuer is required by applicable law to prepare its financial statements in accordance with such other standard or is permitted and elects to do so), together with an audit report thereon, together with a discussion of the material business developments, results of operations and financial condition, including a description of Indebtedness, for such fiscal years prepared in a manner substantially consistent with the corresponding disclosures in this Offering Memorandum within 120 days of the end of each fiscal year;

(2) quarterly financial information as of and for the period from the beginning of each year to the close of each quarterly period (other than the fourth quarter), together with comparable information for the corresponding period of the preceding year, and a summary "Operating and Financial Review and Prospectus" section prepared in a manner substantially consistent with this Offering Memorandum, providing a brief discussion of the results of operations for the period within 60 days following the end of the fiscal quarter; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Issuer and the Subsidiaries, taken as a whole, or any changes of the Chief Executive Officer or Chief Financial Officer at the Issuer or change in auditors of the Issuer or any other material event that the Issuer announces publicly, a report containing a description of such event.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will also (a) file a press release with the appropriate internationally recognised wire services in connection with such report and (b) post such report on the Issuer's website.

In addition, so long as the Notes remain outstanding and during any period when the Issuer is not subject to Section 13 or 15(d) of the Exchange Act other than by virtue of the exemption therefrom pursuant to Rule 12g3-2(b), the Issuer will furnish to any holder or beneficial owner of Notes initially offered and sold in the United States to "qualified institutional buyers" as defined in Rule 144A under the US Securities Act of 1933 pursuant to such rule and any prospective purchaser in the United States designated by such holder or beneficial owner, upon request, any information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act of 1933.

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will submit to the Luxembourg Stock Exchange notices, where appropriate, of general meetings to be held to deliberate on a planned amendment to the articles of association affecting the rights of the holders of the Notes and will publish promptly on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable in a leading newspaper, in a leading English daily newspaper having general circulation in Europe all redemption and repayment notices together with a list of the numbers of the Notes drawn for redemption, and a full list of the Notes drawn but not presented for repayment, as well as the nominal amount of the Notes still outstanding.

Events of Default

The Indenture provides that any one or more of the following described events, which has occurred and is continuing, constitutes an "Event of Default" with respect to the Notes issued under such Indenture:

(1) failure for 30 days to pay interest on the Notes, including any Additional Amounts in respect thereof, when due; or

(2) failure to pay principal of or premium, if any, on the Notes when due, whether at maturity, upon redemption, by declaration or otherwise; or

(3) failure to observe or perform any other covenant contained in the Indenture for 60 days after notice as provided in the Indenture; or

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Subsidiaries), whether such Indebtedness or Guarantee now exists or is Incurred after the Issue Date, if (A) such default results in the acceleration of such Indebtedness prior to its express maturity or will constitute a default in the payment of such Indebtedness and (B) the principal amount of any such Indebtedness that has been accelerated or not paid at maturity, when added to the aggregate principal amount of all other such Indebtedness, at such time, that has been accelerated or not paid at maturity, exceeds £150.0 million; or

(5) any final judgment or judgments (not covered by insurance) which can no longer be appealed for the payment of money in excess of £150.0 million shall be rendered against the Issuer thereunder or the Issuer or any of its Subsidiaries and shall not be discharged for any period of 60 consecutive days during which a stay of enforcement shall not be in effect; or

(6) any Note Guarantee shall cease to be in full force and effect in accordance with its terms for any reason except pursuant to the terms of the Indenture governing the release of Note Guarantees or the satisfaction in full of all the obligations thereunder or shall be declared invalid or unenforceable other than as contemplated by its terms, or any Guarantor shall repudiate, deny or disaffirm any of its obligations thereunder; or

(7) certain events in bankruptcy, insolvency or reorganization of the Issuer, the Guarantors or any of the Issuer's Significant Subsidiaries, which are also Subsidiaries.

A default under paragraph (3) of this section will not constitute an Event of Default under the Indenture unless the Trustee or holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of such default and such default is not cured within the time specified in paragraph (3).

The Trustee or the holders of not less than 25% in aggregate outstanding principal amount of the Notes under the Indenture may declare the principal of and interest (including any Additional Amounts) on such Notes due and payable immediately on the occurrence of an Event of Default (other than an Event of Default described in clause (7) above). If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of Notes. The holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee and the Issuer may on behalf of all of the holders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except non-payment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived. For information as to waiver of defaults, please see "—Amendments and Waivers".

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an event of default shall occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any holders of Notes issued thereunder unless such holders shall have provided to the Trustee indemnity and/or security satisfactory to it. Subject to the provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the Notes issued thereunder then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee.

No holder of any Note will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless written notice of a continuing Event of Default shall have previously been given in accordance with the terms of the Indenture and reasonable indemnity shall have been offered to the Trustee to institute such proceeding as Trustee, the Trustee shall have failed to institute such proceeding within 60 days and the Trustee shall not have received from the holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture a direction inconsistent with such request within such 60-day period. However, such limitations do not apply to a suit instituted by a holder of a Note for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The holders of a majority in aggregate outstanding principal amount of the Notes may, on behalf of all of the holders of the Notes, waive any existing default, except a default in the payment of principal, premium, if any, or interest or a default in respect of a covenant or provision that cannot be modified or amended without consent of the holders of 90% of the principal amount of the Notes outstanding. The Issuer is required to file annually with the Trustee a certificate as to whether or not the Issuer is in compliance with all the conditions and covenants under the applicable Indenture.

Amendments and Waivers

Subject to certain exceptions, the Indenture may be amended with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any existing default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, without the consent of holders of at least 90% of the aggregate principal amount of the Notes then outstanding, no amendment or waiver may, among other things:

(1) reduce the percentage of principal amount of Notes whose holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any Note may be redeemed as described above under "—Optional Redemption";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any holder to receive payment of premium, if any, principal of and interest on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes;

(7) change the obligation of the Issuer or any Guarantor to pay Additional Amounts;

(8) release any Guarantor from their Note Guarantee; or

(9) make any change in the preceding amendment and waiver provisions.

Without the consent of any holder, the Issuer and the Trustee may amend the Indenture to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) conform the text of the Indenture, the Note Guarantees or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, or the Notes;

(3) add Note Guarantees with respect to the Notes;

(4) secure the Notes;

(5) add to the covenants of such Issuer and the Guarantors for the benefit of the holders or surrender any right or power conferred upon the Issuer;

(6) evidence and provide the acceptance and appointment of a successor trustee;

(7) comply with the rules of any applicable securities depositary;

(8) issue Additional Notes in accordance with such Indenture; or

(9) make any change that does not adversely affect the rights of any holder.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment or waiver to or under the Indenture. It is sufficient if such consent approves the substance of the proposed amendment or waiver. After an amendment, supplement or waiver under the Indenture becomes effective, the Issuer is required to mail to the holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice to all the holders, or any defect in the notice, will not impair or affect the validity of the amendment, supplement or waiver.

Defeasance

The Issuer at any time may terminate all its obligations under the Notes issued by it and the Indenture ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

The Issuer at any time may terminate its obligations under covenants described under "—Certain Covenants" (other than "—Certain Covenants—Consolidation, Merger and Sales of Assets"), the operation of the cross-default upon a payment default, cross-acceleration provisions, the bankruptcy provisions with respect to Subsidiaries and the judgment default provision described under "—Events of Default" above ("covenant defeasance").

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Issuer's Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option, payment of such Issuer's Notes may not be accelerated because of an Event of Default specified in paragraphs (3), (4), (5) or (7) (as it relates to Subsidiaries) under "—Events of Default" above or because of the failure of the Issuer to comply with paragraph (4) under "—Certain Covenants—Consolidation, Merger and Sales of Assets" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or another entity designated by the Trustee for such purposes) for the benefit of the holders US dollars or US dollar-denominated Designated Government Obligations for the payment of principal, premium, if any, and interest on the Notes of such Issuer to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(a) an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that US and non-US holders of such Notes will not recognize income, gain or loss for US federal income tax purposes as a result of such deposit and defeasance and will be subject to US federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable US federal income tax law;

(b) an Opinion of Counsel in the United Kingdom (subject to customary exceptions and exclusions) to the effect that holders of such Notes will not recognize income, gain or loss for tax purposes of the United Kingdom and will not be liable to any stamp duty, stamp duty reserve tax or other transfer tax in the United Kingdom as a result of such deposit and defeasance and will be subject to tax in the United Kingdom on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred; and

(c) an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent relating to Legal Defeasance or Covenant Defeasance, as applicable, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all the Notes issued thereunder, when:

(1) either:

(a) all the Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all the Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for such purposes) as trust funds in trust solely for the benefit of the holders, pounds sterling or Designated Government Securities, or a combination, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Stockholders

No member of the Board of Directors, director, officer, employee, incorporator or stockholder of the Issuer or the Guarantors, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability and agrees not to enforce any claim in respect of the Notes, the Indentures or the Note Guarantees to the extent that it would give rise to such personal liability. The waiver and release are part of the consideration for issuance of the Notes and the Note Guarantees. Such waiver and release may not be effective to waive liabilities under the US federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Consent to Jurisdiction and Service of Process

The Indenture provides that the Issuer and each Guarantor irrevocably agree to accept notice and service of process in any suit, action or proceeding with respect to the Indentures and the Notes, as the case may be, brought in any US federal or state court located in the Borough of Manhattan in the City of New York and that the Issuer and each Guarantor submits to the jurisdiction thereof.

Concerning the Trustee

Citibank, N.A., London Branch, is the Trustee under the Indenture and has been appointed by the Issuer as Registrar with regard to the Notes. Citibank, N.A., is a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal business office at 399 Park Avenue, New York, NY 10043, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with company number FC001835 and branch number BR001018. The Trustee authenticates each Global Note and, as Registrar, is responsible for the transfer and registration of Notes exchanged in accordance with the Indenture. Upon the occurrence of an Event of Default as defined under the Indenture, the Trustee must notify the holders of the Notes issued thereunder of such default and thereafter the Trustee may pursue various actions and remedies on behalf of the holders of such Notes as set out in the Indenture and approved by the holders of the Notes. In its capacity as Trustee, the Trustee may sue on its own behalf the holders of the Notes. The Trustee will not be liable for any action it takes or omits to take in good faith which it believes, acting in good faith, to be authorised under the Indenture. The Trustee is further entitled to require and rely in good faith on an Officer's Certificate, Issuer Order (as applicable) or Opinion of Counsel before taking action. The Trustee is indemnified by the Issuer under the Indenture for any and all loss, damage, claim proceedings, demands, costs, expenses or liability including taxes incurred by the Trustee without negligence or willful misconduct on its part in connection with the acceptance of administration of the trust under the Indenture. The Trustee may resign at any time by notifying the Issuer in writing. The Trustee may be removed by the holders of a majority in principal amount of the Notes as the case may be, by notifying the Issuer and the Trustee in writing, and such majority holders may appoint a successor trustee with the Issuer's consent. In addition, the Issuer may remove the Trustee upon certain bankruptcy and similar events relating to the Trustee or if the Trustee becomes incapable of acting with respect to its duties under the Indenture.

Validity of Claims

The time of validity for a payment of interest, principal, the redemption price or another amount payable under the Indenture is six years from the date on which such payment is due.

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York. The Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York, except that certain matters concerning the limitations thereof will be construed in accordance with the laws of the United Kingdom.

Certain Definitions

As used in the Indenture (except as specifically noted below):

"Accounting Principles" means IFRS as adopted in the EU or, upon adoption thereof by the Issuer and notice to the Trustee, any other accounting standards which are generally acceptable in the jurisdiction of organization of the Issuer, approved by the relevant regulatory or other accounting bodies in that jurisdiction and internationally generally acceptable and as in effect from time to time.

"Affiliate" of any specified Person means:

(1) any other Person, directly or indirectly, controlling or controlled by; or

(2) under direct or indirect common control with such specified Person.

For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Board of Directors" means, with respect to the Issuer or any Guarantor, as the case may be, the Board of Directors (or other body performing functions similar to any of those performed by a Board of Directors) or any committee thereof duly authorised to act on behalf of such Board of Directors (or other body).

"Business Day" means any day other than:

(1) a Saturday or Sunday;

(2) a day on which banking institutions in London, New York City or the jurisdiction of organization of the office of the Paying Agent (other than the Trustee) are authorised or required by law or executive order to remain closed; or

(3) except for purposes of payment made on or in respect of the Notes by a Paying Agent other than the Trustee, a day on which the corporate trust office of the Trustee is closed for business.

"Capital Lease Obligations" means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with Accounting Principles, as in effect as of the Issue Date, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with such Accounting Principles; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Change of Control" means the occurrence of one or more of the following events:

(1) so long as any portion of the Capital Stock of the Issuer is not listed on a securities exchange, if Tata Motors Limited (India) shall fail at any time to beneficially own and control more than 50% of the capital stock with ordinary voting power in the Issuer;

(2) if any portion of the Capital Stock of the Issuer is listed on a securities exchange, if Tata Motors Limited (India) shall fail at any time to beneficially own and control more than 30% of the capital stock with ordinary voting power in the Issuer;

(3) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Issuer to any Person or group of related Persons for purposes of Section 13(d) of the Exchange Act (a "Group"), together with any Affiliates thereof (whether or not otherwise in compliance with the provisions of the Indenture).

"Commodities Agreement" means any agreement or arrangement designed to protect the relevant Person against fluctuations in commodities prices.

"Comparable Sterling Benchmark Issue" means the U.K. Government security selected by at least two Sterling Reference Dealers as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Sterling Benchmark Price" means, with respect to any redemption date, (a) the average of the Sterling Reference Dealer Quotations for such redemption date, after excluding the highest and lowest such Sterling Reference Dealer Quotation or (b) if the Issuer obtains fewer than four such Sterling Reference Dealer Quotations, the average of all such quotations.

"Consolidated EBITDA" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income or profits of such Person and its Subsidiaries that are Subsidiaries for such period; *plus*

(2) the Consolidated Net Interest Expense of such Person and its Subsidiaries that are Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including, without limitation, write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on such Person and its Subsidiaries for such period) of such Person and its Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, acquisition, disposition, recapitalization or listing or the Incurrence of Indebtedness whether or not successful and, in each case, deducted in such period in computing Consolidated Net Income; *plus*

(5) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(6) any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme; *minus*

(7) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (10) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"Consolidated Leverage" means, with respect to any specified Person as of any date of determination, the sum of the total amount of Indebtedness of such Person and its Subsidiaries on a consolidated basis.

"Consolidated Leverage Ratio" means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of determination. In the event that the specified Person or any of its Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (for the purposes of this definition, the "Calculation Date"), then the Consolidated Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries acquired by the specified Person or any of its Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and assets, operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Subsidiary on the Calculation Date will be deemed to have been a Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Subsidiary on the Calculation Date will be deemed not to have been a Subsidiary at any time during such four-quarter period.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) the net income or loss of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Subsidiary of such Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (a)(2)(i) under the caption "—Certain Covenants—Restricted Payments", any net income or loss of any Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Subsidiary, directly or indirectly, to the Issuer (or any Guarantor that holds the Equity Interests of such Subsidiary, as applicable) by operation of the terms of such Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture and (c) contractual restrictions in effect on the Issue Date with respect to such Subsidiary and other restrictions with respect to such d Subsidiary that, taken as a whole, are not materially less favorable to the Holders of the Notes than such restrictions in effect on the Issue Date, except that the Issuer's equity in the net income of any such Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or cash equivalents actually distributed or that could have been distributed by such Subsidiary during such period to the Issuer or another Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(3) any net gain or loss realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any of its Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer) will be excluded;

(4) any one time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries will be excluded;

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) any extraordinary, exceptional or nonrecurring gains or losses or any charges in respect of any restructuring, redundancy or severance (in each case as determined in good faith by the Issuer) will be excluded;

(7) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(8) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;

(9) any goodwill or other intangible asset impairment charges will be excluded;

(10) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded; and

(11) all foreign exchange gains and losses on Indebtedness denominated in currencies other than pounds sterling will be excluded.

"Consolidated Net Interest Expense" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non- cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments gains or losses attributable to the discounting of liabilities or provisions as required under Accounting Principles and the unwinding of the discount and expected return on assets relating to pension schemes, plans and similar pension arrangements), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges Incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(2) the consolidated interest expense of such Person and its Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*

(5) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Subsidiary, other than dividends on Equity Interests payable to the Issuer or a Subsidiary.

"Consolidated Tangible Assets" means, as of any date of determination, the total amount of all assets of the Issuer and its Subsidiaries, less the sum of the Issuer's consolidated assets that are properly classified as intangible assets, in each case determined on a consolidated basis in accordance with Accounting Principles and as of the end of the most recent fiscal quarter for which the Issuer's financial statements are available.

"Currency Agreement" means any foreign currency exchange contract, currency swap agreement or other similar agreement or arrangement.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default (as defined herein).

"Designated Government Obligations" means direct non-callable and non-redeemable obligations (in each case, with respect to the issuer thereof) of any member state of the European Union that is a member of the European Union as of the Issue Date or of the United States of America (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is secured by the full faith and credit of the applicable member state or of the United States of America, as the case may be.

"Disqualified Stock" means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock; or

(3) is redeemable at the option of the holder thereof, in whole or in part,

in each case on or prior to the first anniversary of the Stated Maturity of the Notes; *provided*, *however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring on or prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions described under "—Change of Control".

"Equity Interest" means Capital Stock and all warrants, options or other rights to acquire Capital Stock.

"Exchange Act" means the US Securities Exchange Act of 1934, as amended.

"Fair Market Value" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer of the Issuer.

"Gilt Rate" means, as of any redemption date, the rate per annum equal to the annual equivalent yield to maturity or interpolated maturity of the Comparable Sterling Benchmark Issue, assuming a price for the Comparable Sterling Benchmark Issue (expressed as a percentage of its principal amount) equal to the Comparable Sterling Benchmark Price for such redemption date.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep- well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, *however*, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person Guaranteeing any obligation.

"Guarantee Agreement" means, in the context of a consolidation, merger or sale of all or substantially all of the assets of a Guarantor, an agreement by which the Surviving Person from such a transaction expressly assumes all of the obligations of such Guarantor under its Note Guarantee.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Commodities Agreement or Currency Agreement.

"IFRS" means international financial reporting standards and interpretations issued by the International Accounting Standards Board and adopted by the European Union, as in effect from time to time.

"Incur" means issue, assume, guarantee, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. The accretion of principal of a non-interest bearing or other discount security shall be deemed the Incurrence of Indebtedness. In connection with credit facilities, overdraft facilities, debt facilities and similar instruments or arrangements with banks, other institutions, funds or investors that provide for commitments or similar obligations to make loans or other advances, "Incur" means entering into the contractual commitment or agreement or similar obligation to make such loan or advance.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of and premium (if any) in respect of (A) (i) in connection with credit facilities, overdraft facilities, debt facilities and similar instruments or arrangements with banks, other institutions, funds or investors that provide for commitments or similar obligations to make loans (revolving or otherwise) or other advances, the total principal committed amount of such loans and advances and (ii) in connection with any other type of indebtedness, money borrowed and (B) Indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable;

(2) all Capital Lease Obligations of such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, bank guarantee, banker's acceptance or similar credit transaction (except to the extent such reimbursement obligation relates to trade debt in the ordinary course of business and such reimbursement obligation is paid within 90 days after payment of the trade debt);

(5) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(6) all obligations of the type referred to in paragraphs (1) through (5) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee;

(7) all obligations of the type referred to in paragraphs (1) through (6) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets and the amount of the obligation so secured; and

(8) to the extent not otherwise included in this definition, Hedging Obligations of such Person.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date. For the avoidance of doubt, the following will not be treated as Indebtedness:

(1) Trade debt Incurred in the ordinary course of business and not overdue by 90 days or more;

(2) Any lease of property which would be considered an operating lease under the Accounting Principles as in effect on the Issue Date and any guarantee given by the Issuer or a Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer or a Subsidiary under any operating lease;

(3) Indebtedness Incurred in respect of (i) workers' compensation claims, self-insurance obligations, social security or wage Taxes, pension fund obligations or contributions or similar claims, obligations or contributions, (ii) letters of credit, bank guarantees, banker's acceptances and similar credit transactions (except in relation to reimbursement obligations that would constitute Indebtedness under sub-paragraph (4) of the immediately preceding paragraph) and (iii) performance, surety and similar bonds and completion guarantees provided in the ordinary course of business for any reason whatsoever;

(4) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition or acquisition of any business, assets or Capital Stock of a Subsidiary, *provided* that the maximum aggregate liability in respect of all such Indebtedness (other than in respect of tax and environmental indemnities) shall at no time exceed, in the case of a disposition, the gross proceeds actually received by the Issuer or its Subsidiaries in connection with such disposition and, in the case of an acquisition, the fair market value of any business assets or Capital Stock acquired;

(5) Indebtedness Incurred in connection with repurchase obligations with respect to government securities in the ordinary course of business; and

(6) Obligations arising from the leasing of vehicles, parts and other assets in the ordinary course of business (including risk-sharing arrangements of any type whatsoever in relation to residual values of vehicles).

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement or other similar financial agreement or arrangement.

"Investment Grade" means a rating of BBB– or higher by S&P and Baa3 or higher by Moody's or the equivalent of such ratings by S&P or Moody's and the equivalent rating category of any Rating Agencies substituted for S&P or Moody's.

"Investment Grade Status" means such time when the Notes have achieved an Investment Grade rating and no Event of Default has occurred and is continuing.

"Issue Date" means 24 February 2015.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Manufacturing Subsidiary" means any Subsidiary (A) substantially all the property of which is located within the United Kingdom and (B) which owns a Principal Manufacturing Property; *provided, however*, that "Manufacturing Subsidiary" shall not include any Subsidiary which is principally engaged in leasing or in financing installment receivables or otherwise providing financial or insurance services to us or others.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Note Guarantee" means the Guarantee by a Guarantor of the Issuer's obligations under the Notes.

"Officer's Certificate" means a certificate signed by one Responsible Officer of the Issuer or, if applicable, a Guarantor.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer, a Guarantor or the Trustee.

"Parent Holdco" means any Person (other than a natural person) which legally and beneficially owns more than 50% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"Permitted Liens" means, with respect to any Person:

(1) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits or cash or Designated Government Obligations to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, including carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith if a reserve or other appropriate provisions, if any, as are required by Accounting Principles have been made in respect thereof;

(3) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith provided appropriate reserves, if any, as are required by Accounting Principles have been made in respect thereof;

(4) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers' acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(5) encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate

materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(6) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under the Indenture, secured by a Lien on the same property securing such Hedging Obligation or Interest Rate Agreement;

(7) leases, subleases and licenses of real property which do not materially interfere with the ordinary conduct of the business of the Issuer or any Subsidiary and leases, subleases and licenses of other assets in the ordinary course of business;

(8) Liens for the purpose of securing the payment (or the refinancing of the payment) of all or a part of the purchase or construction price of, or Capital Lease Obligations with respect to, assets or property acquired, constructed or improved in the ordinary course of business; *provided* that:

(a) the aggregate principal amount secured by such Liens does not exceed the cost of the assets or property so acquired, constructed or improved; and

(b) such Liens are created within 180 days of construction or acquisition of such assets or property (or, upon a refinancing, replace Liens created within such period) and do not encumber any other assets or property of the Issuer or any Subsidiary other than such assets or property and assets affixed or appurtenant thereto;

(9) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution; *provided* that such deposit account is not intended by the Issuer or any Subsidiary to provide collateral to the depositary institution;

(10) Liens arising from United States Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer or any Subsidiary in the ordinary course of business;

(11) Liens existing on the Issue Date;

(12) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary, *provided*, *however*, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such other Person becoming a Subsidiary of the Issuer or the Guarantors;

(13) Liens on property at the time the Issuer or any Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Issuer or any Subsidiary, *provided*, *however*, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such acquisition;

(14) Liens securing Indebtedness or other obligations of the Issuer to a Guarantor or of a Subsidiary owing to the Issuer or a Guarantor;

(15) Liens securing the Notes and all other Indebtedness which by its terms must be secured if the Notes are secured;

(16) Liens securing Indebtedness Incurred to refinance Indebtedness that was previously secured;

(17) Liens arising by operation of law or by agreement to the same effect in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the

review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(20) Liens on cash held by Subsidiaries of the Issuer or its Subsidiaries outside of the United Kingdom securing Indebtedness of the Issuer or its Subsidiaries;

(21) other Liens securing Indebtedness of the Issuer and its Subsidiaries for money borrowed (and, without duplication, guarantees of such Indebtedness by the Issuer or any Subsidiary), *provided* that the aggregate principal amount of such Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness secured only by Liens described in clause (20)), measured as of the date of the creation of such Lien and the date of Incurrence of any such Indebtedness and after giving pro forma effect to the creation of such Lien, shall not exceed the greater of £1,700.0 million or 15.0% of the Issuer's Consolidated Tangible Assets;

(22) Liens in favor of the United Kingdom or any department, agency or instrumentality or political subdivision thereof, or in favour of any other country, or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Indebtedness Incurred or guaranteed and for the purpose of financing all or any part of the purchase price or the cost of construction or improvement of the property subject to the Liens (including, without limitation, Liens Incurred in connection with pollution control, industrial revenue or similar financing); and

(23) any extension, renewal, refinancing or replacement (including successive extensions, renewals, refinancings or replacements), in whole or in part, of any Lien described in the foregoing clauses (1) through (22); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency, instrumentality or political subdivision thereof, or any other entity.

"Preferred Stock" as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"Principal Manufacturing Property" means any manufacturing plant or manufacturing facility (including land, buildings and plant & machinery) located within the United Kingdom owned by the Issuer or any of its Subsidiaries, excluding any such plants or facilities with an aggregate net book value not to exceed 1.0% of Consolidated Tangible Assets of the Issuer, determined as of the date of such exclusion.

"Qualified Capital Stock" means any Capital Stock which is not Disqualified Stock.

"Rating Agencies" means:

(1) S&P and;

(2) Moody's; or

(3) if S&P or Moody's or both shall not make a rating of the Notes publicly available, despite the Issuer using its commercially reasonable efforts to obtain such a rating, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P or Moody's or both, as the case may be.

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" shall have a correlative meaning.

"Responsible Officer" means the chief executive officer, president, chief financial officer, senior vice president-finance, treasurer, assistant treasurer, managing director, management board member or director of a company.

"Restricted Investment" means the making of loans in cash or other cash distributions having similar economic effect by the Issuer or any Subsidiary of the Issuer to Tata Motors Limited (India) or any of its Affiliates (other than the Issuer, the Subsidiaries of the Issuer or any joint venture of the Issuer or of any such Subsidiary) to the extent that such loans or other cash distributions exceed the total amount of loans in cash or other cash distributions having similar economic effect made to the Issuer or a Subsidiary of the Issuer by Tata Motors Limited (India) or any of its Affiliates (other than the Issuer, the Subsidiaries of the Issuer or any joint venture of the Issuer or of any such Subsidiary); *provided*, *however*, that the transaction described in the preceding sentence will not be a Restricted Investment if the Person receiving the loan or such other distribution by the Issuer or a Subsidiary of the Issuer becomes a Subsidiary of the Issuer or such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Subsidiary of the Issuer.

"Restricted Payments" means any of the following:

(1) to declare or pay any dividend on or make any distribution (whether made in cash, securities or other property) with respect to any of the Capital Stock of the Issuer or any Subsidiary (including, without limitation, any payment in connection with any merger, consolidation, amalgamation or other combination involving the Issuer or any Subsidiary) (other than to the Issuer, or any Subsidiary of the Issuer) except for dividends or distributions payable solely in shares of the Issuer or Qualified Capital Stock of the Issuer or in options, warrants or other rights to acquire such shares or Qualified Capital Stock; or

(2) to purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger, consolidation, amalgamation or other combination), directly or indirectly, any shares of the Issuer's Capital Stock or any Capital Stock of any Affiliate of the Issuer held by Persons other than the Issuer or its Subsidiaries (other than Capital Stock of any Subsidiary of the Issuer or any entity that becomes a Subsidiary of the Issuer as a result thereof) or any options, warrants or other rights to acquire such shares of Capital Stock; or

(3) any Restricted Investment.

If any Restricted Payment described above is not made in cash, the amount of the proposed Restricted Payment will be the fair market value of the asset to be transferred as at the date of transfer.

"S&P" means Standard & Poor's Financial Services LLC and its successors.

"SEC" means the US Securities and Exchange Commission.

"Secured Indebtedness" means any Indebtedness secured by a Lien.

"Significant Subsidiary" means, with respect to any Person, any Subsidiary of such Person that satisfies the criteria for a "significant subsidiary" set forth in Rule 1.02 of Regulation S-X under the Exchange Act.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred), or if any such date is not a Business Day, on the next succeeding Business Day.

"Sterling Reference Dealer" means (a) BNP Paribas and its successors, (b) Deutsche Bank AG, London Branch and its successors, (c) The Royal Bank of Scotland plc and its successors and (d) any other Primary Sterling Dealer(s) selected by the Issuer; provided, however, that, if any of the foregoing in clauses (a), (b) and (c) ceases to be a primary government securities dealer of securities of the UK Government (a "Primary Sterling Dealer"), the Issuer will substitute another Primary Sterling Dealer.

"Sterling Reference Dealer Quotation" means, with respect to each Sterling Reference Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable

Sterling Benchmark Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Sterling Reference Dealer at 11:00 a.m. (Central European Time) on the third business day preceding such redemption date.

"Subordinated Obligation" means any Indebtedness of the Issuer or a Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that is subordinate or junior in right of payment to the Notes or such Guarantor's Note Guarantee pursuant to a written agreement to that effect.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, association, partnership or other business entity of which more than 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly, by:

(1) such Person;

(2) such Person and one or more Subsidiaries of such Person; or

(3) one or more Subsidiaries of such Person.

Unless otherwise provided, all references to Subsidiaries shall be to Subsidiaries of the Issuer and the Guarantors.

"Surviving Person" means, with respect to any Person involved in any merger, consolidation or other business combination or the sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of such Person's assets, the Person formed by or surviving such transaction or the Person to which such disposition is made.

"Tax" means any tax, duty, levy, impost, assessment or other governmental charge, including penalties, interest and other liabilities related thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax. "Taxes" has a meaning correlative to the foregoing.

"Voting Stock" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes will be represented by one or more global notes in registered form without interest coupons attached (the "Global Notes"). The Global Notes will be deposited with a common depositary for, and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream Banking.

Ownership of interests in the Global Notes (the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream Banking, as applicable, or persons that hold interests through such participants. Euroclear and Clearstream Banking will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream Banking and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream Banking, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Indenture governing the Notes. In addition, participants must rely on the procedures of Euroclear and/or Clearstream Banking, and indirect participants must rely on the procedures of Euroclear and/or Clearstream Banking and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture. Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream Banking will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream Banking, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream Banking, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream Banking, as applicable, will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of £100,000 principal amount or less for the Notes may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to the common depositary or its nominee for Euroclear and Clearstream Banking, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts". If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts" above, we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (e.g., Euroclear or Clearstream Banking (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of their respective agents has or will have any responsibility or liability for any aspect of the records of Euroclear or Clearstream Banking or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream Banking or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or Euroclear, Clearstream Banking or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such Notes through Euroclear and/or Clearstream in sterling.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream Banking have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the Book-Entry Interests are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream Banking will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Indenture, each of Euroclear and Clearstream Banking reserves the right to exchange the Global Notes for definitive registered notes in certificated form ("Definitive Registered Notes") and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream Banking will be effected in accordance with Euroclear and Clearstream Banking rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in jurisdictions that require physical delivery of securities or to pledge such Notes, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream Banking and in accordance with the procedures set out in the Indenture.

The Global Notes will have a legend to the effect set out under "Notice to Investors". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors".

Through and including the 40th day after the later of the commencement of the offering of the Notes and the closing of the offering (the "Distribution Compliance Period"), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the Distribution Compliance Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the US Securities Act (if available).

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Notes.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if Euroclear or Clearstream Banking notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 120 days; or
- if the owner of a Book-Entry Interest requests such an exchange in writing delivered through Euroclear or Clearstream Banking following an event of default under the Indenture.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar or Transfer Agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided* that no Definitive Registered Note in a denomination less than £100,000 will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, we are not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. We may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of the Transfer Agent, we will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgement of both to protect themselves, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by us in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. Please see "Notice to Investors".

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, we will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which we expect to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Information Concerning Euroclear and Clearstream Banking

Our understanding with respect to the organization and operations of Euroclear and Clearstream Banking is as follows. Euroclear and Clearstream Banking hold securities for participating organisations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream Banking provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream Banking interface with domestic securities markets. Euroclear and Clearstream Banking participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream Banking is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with Euroclear or Clearstream Banking participant, either directly or indirectly.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange and any permitted secondary market trading activity in such Notes will, therefore, be required to be settled in immediately available funds. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds.

Although Euroclear and Clearstream Banking are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear and Clearstream Banking, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the initial purchasers, the Trustee, the Registrar or any Paying Agent will have any responsibility for the performance by Euroclear, Clearstream Banking or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

TAXATION

Prospective purchasers of the Notes are advised to consult their own tax advisers as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium, if any, on any sale or redemption of, the Notes or any interest therein.

References in this discussion to Notes acquired, owned, held or disposed of by noteholders include, except where otherwise expressly stated, the Book- Entry Interests held by purchasers in the Notes in global form deposited with a custodian for, and registered in the name of, a common depositary or its nominee for Euroclear and/or Clearstream Banking.

United Kingdom Taxation

The following is a general description of certain UK tax consequences relating to the Notes and is based on current UK tax law and HM Revenue & Customs ("HMRC") published practice, both of which may be subject to change, possibly with retrospective effect. It does not purport to be a complete analysis of all UK tax considerations relating to the Notes, does not purport to constitute legal or tax advice, relates only to persons who are the absolute beneficial owners of Notes and who hold Notes as a capital investment, and does not deal with certain classes of persons (such as brokers or dealers in securities and persons connected with the Issuer) to whom special rules may apply. If you are subject to tax in any jurisdiction other than the United Kingdom or if you are in any doubt as to your tax position, you should consult an appropriate professional adviser.

Interest on the Notes

Payment of interest on the Notes

Interest on the Notes will be payable without withholding or deduction for or on account of UK income tax provided the Notes are and remain listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "ITA"). The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. Securities such as the Notes will be treated as listed on the Luxembourg Stock Exchange if they are included in the Official List of the Luxembourg Stock Exchange and are listed and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

Interest on the Notes may also be paid without withholding or deduction for or on account of UK income tax where the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) at the time the payment is made that (a) the person beneficially entitled to the interest is a UK resident company or a non UK resident company that carries on a trade in the United Kingdom through a permanent establishment and the payment is one that the non UK resident company is required to bring into account when calculating its profits subject to UK corporation tax or (b) the person to whom the payment is made is one of the further classes of bodies or persons, and meets any relevant conditions, set out in sections 935-937 of the ITA, *provided* that in either case HMRC has not given a direction, the effect of which is that the payment may not be made without that withholding or deduction.

In all other cases, an amount must be withheld from payments of interest on the Notes on account of UK income tax at the basic rate (currently 20%), subject to any direction to the contrary by HMRC under an applicable double taxation treaty.

Holders of the Notes who are individuals may wish to note that HMRC has power to obtain information (including, in certain cases, the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays certain amounts in respect of the Notes to, or receives certain amounts in respect of the Notes for the benefit of, an individual. Such information may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

Further UK tax issues

Interest on the Notes constitutes UK source income for tax purposes and, as such, may be subject to UK tax by way of assessment (including self- assessment) even where paid without withholding or deduction.

However, interest with a UK source received without withholding or deduction for or on account of UK income tax will not be chargeable to UK tax in the hands of a holder of Notes (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless (a) that holder of Notes is a company which carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom or, if not such a company, carries on a trade, profession or vocation in the United Kingdom through a branch or agency, and (b) the interest is received in connection with, or the Notes are attributable to, that permanent establishment, branch or agency. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such holders of Notes.

European Union directive on the taxation of savings income

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, each Member State of the European Union (each, a "Member State") is required to provide to the tax or other relevant authorities of another Member State details of payments of interest or other similar income made by a person within its jurisdiction to an individual or certain other types of person resident in that other Member State; however, for a transitional period, Austria has instead opted to apply a withholding system in relation to such payments, deducting tax at the rate of 35%, unless during that period it elects otherwise. The transitional period is to terminate following agreement by certain non EU countries to the exchange of information relating to such payments. A number of non EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding).

On 24 March 2014, the Council of the European Union adopted Directive 2014/48/EU Council Directive 2003/48/EC, which, when implemented, will amend and broaden the scope of the requirements above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with this amending directive.

UK corporation tax payers

In general, holders of Notes which are within the charge to UK corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment. Holders of the Notes will be required to determine whether the income is to be treated as trading or non-trading based on the activities that they undertake.

Other UK tax payers

Taxation of chargeable gains

The Notes will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a holder of a Note will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

Accrued income profits

On a disposal of Notes by a holder of Notes, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules relating to accrued income profits as set out in Part 12 of the ITA if that holder of Notes is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. Holders of Notes are advised to consult their own professional advisers for further information about the accrued income scheme in general and the potentially adverse tax consequences of holding variable rate securities in particular.

Taxation of discount

Dependent on, among other things, the discount (if any) at which the Notes are issued, the Notes may be deemed to constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. If the Notes are deemed to constitute deeply discounted securities, individual holders of Notes who are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable generally will be liable to UK income tax on any gain made on the sale or other disposal (including redemption) of the Notes. Holders of Notes are advised to consult their own professional advisers if they require any advice or further information relating to "deeply discounted securities".

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT is payable on issue of, or on a transfer of, or agreement to transfer, Notes.

United States Federal Income Taxation

General

The following summary describes certain US federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of Notes by US Holders (as defined below) who purchase Notes in this offering at their "issue price" (i.e. the first price at which a substantial amount of Notes is sold for money to investors (not including bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers)). This summary only addresses US federal income tax considerations of US Holders that will hold the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. In particular, this summary does not address tax considerations applicable to US Holders that may be subject to special tax rules including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in securities or currencies; (iv) tax-exempt entities; (v) persons who will hold Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for US federal income tax purposes; (vi) persons who have a "functional currency" other than the US dollar; (vii) regulated investment companies; and (viii) persons who have ceased to be US citizens or lawful permanent residents of the United States. Further, this summary does not address the Medicare tax on net investment income, alternative minimum tax consequences or US federal estate and gift tax consequences.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code") and US Treasury regulations and judicial and administrative interpretations thereof, as of the date of this Offering Memorandum. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below.

For purposes of this summary, a "US Holder" is a beneficial owner of a Note that is, for US federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organised in or under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate, the income of which is subject to US federal income taxation regardless of its source; or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on 20 August 1996 and has properly elected to continue to be treated as a US person.

If any entity or arrangement treated as a partnership or other pass-through entity for US federal income tax purposes holds Notes, the tax treatment of a partner in or owner of the partnership or other pass-through entity will generally depend upon the status of the partner or owner and the activities of the entity or arrangement. A holder that is a partner in a partnership or other pass-through entity that is considering holding Notes should consult its own tax adviser.

Each prospective investor should consult its own tax adviser with respect to the US federal (including income, estate and gift), state, local and foreign tax consequences of acquiring, owning and disposing of Notes. US Holders should also review the discussion under "—United Kingdom Taxation" for the United Kingdom tax consequences to a US Holder of the ownership of Notes.

Payments of stated interest

Stated interest paid on a Note will be taxable to a US Holder as ordinary interest income at the time it is received or accrued, depending on the US Holder's method of accounting for US federal income tax purposes. Interest received by a US Holder will be treated as foreign source income.

A US Holder who uses the cash method of accounting and who receives a payment of stated interest in sterling (including a payment attributable to accrued but unpaid stated interest upon the sale, exchange, redemption, retirement or other disposition of a Note) will be required to include in income the US dollar value of the sterling payment received (determined based on the spot rate on the date the payment is received), regardless of whether the payment is in fact converted to US dollars at that time. A cash basis US Holder will not realise foreign currency gain or loss on the receipt of stated interest income but may recognise foreign currency gain or loss attributable to the actual disposition of the sterling received.

A US Holder who uses the accrual method of accounting will, unless the election described below is made, accrue sterling denominated stated interest income in sterling and translate that amount into US dollars based on the average spot rate of exchange in effect for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate for the partial period within the applicable taxable year. Alternatively, an accrual method US Holder may elect to translate stated interest income received in sterling into US dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of such partial accrual period) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A US Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service (the "IRS"). A US Holder that uses the accrual method will recognise foreign currency gain or loss with respect to accrued sterling denominated stated interest income on the date the interest payment (or proceeds from a sale, exchange, redemption, retirement or other disposition attributable to accrued interest) is actually received. The amount of foreign currency gain or loss recognised will equal the difference between the US dollar value of the sterling payment received (determined based on the spot rate on the date the payment is received) in respect of the accrual period and the US dollar value of stated interest income that has accrued during the accrual period (as determined above), regardless of whether the payment is in fact converted to US dollars. Foreign currency gain or loss generally will be treated, for US foreign tax credit purposes, as US source ordinary income or loss, and generally will not be treated as an adjustment to interest income or expense.

Disposition of a Note

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a US Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on such disposition (except to the extent any amount realised is attributable to accrued but unpaid stated interest, which is taxable as described under "—Payments of stated interest") and the US Holder's adjusted tax basis in the Note. A US Holder's adjusted tax basis will generally be the US dollar value of the sterling paid for the Notes, determined on the date the US Holder acquires the Note. If the Note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the US dollar value of the cost of the Note at the spot rate on the settlement date of the purchase. The amount realised on the sale, exchange, redemption, retirement or other taxable disposition of a Note for an amount of foreign currency will generally be the US dollar value of such foreign currency based on the spot exchange rate on the date the Note is disposed of; provided, however, that if the Note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the US dollar value of such foreign currency on the settlement date of the disposition. If an accrual method taxpayer makes the election described above, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. If a Note is not traded on an established securities market (or, if a Note is so traded, but a US Holder is an accrual basis taxpayer that has not made the settlement date election), a US Holder will recognise foreign currency gain or loss (which is generally taxable as US source ordinary income or loss) to the extent that the US dollar value of the sterling received (based on the spot rate on the settlement date) differs from the US dollar value of the amount realised.

Except as discussed below with respect to foreign currency gain or loss, any gain or loss realised by a US Holder on the disposition of a Note will generally be US source capital gain or loss and will be treated as long-term capital gain or loss if the Note has been held for more than one year at the time of the disposition of the Note. For certain non-corporate holders (including individuals), any such long-term capital gain is currently subject to US federal income tax at preferential rates. The deductibility of capital losses is subject to limitations.

Gain or loss realised upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss that will not be treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates generally will equal the difference between (i) the US dollar value of your purchase price for the Note, determined on the date the Note is retired or disposed of, and (ii) the US dollar value of your purchase price for the Note, determined on the date you acquired the Note (or, in each case, determined on the settlement date if the Notes are traded on an established securities market and the holder is either a cash basis or an electing accrual basis holder). Payments received that are attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest described above. Such foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by a US Holder on the sale, exchange, retirement, redemption or other disposition of the Note. As noted above, generally, such foreign currency gain or loss will be US source ordinary income or loss for US foreign tax credit purposes.

Exchange of foreign currencies

A US Holder's tax basis in any sterling received as interest on or on the sale or other disposition of a Note will be the US dollar value of such sterling at the spot rate in effect on the date of receipt of the sterling. Any gain or loss recognised by a US Holder on a sale, exchange or other disposition of the sterling will be ordinary income or loss and generally will be US source income or loss for US foreign tax credit purposes.

Tax return disclosure requirements

Certain US Treasury regulations meant to require the reporting of certain tax shelter transactions cover transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount (e.g. US$50,000 in the case of an individual or trust), such as the receipt or accrual of interest or a sale, exchange, retirement or other taxable disposition of a foreign currency note or of foreign currency received in respect of a foreign currency note. Persons considering the purchase of the Notes should consult with their own tax advisers to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes or the disposition of sterling, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

Information with respect to foreign financial assets

Individuals that own "specified foreign financial assets" with an aggregate value in excess of US$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their US federal income tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-US persons; (ii) financial instruments and contracts that have non-US issuers or counterparties; and (iii) interests in foreign entities. The Notes may be subject to these rules. Persons required to file US tax returns are urged to consult their tax advisers regarding the application of this reporting requirements to their ownership of the Notes.

Backup withholding and information reporting

Backup withholding and information reporting requirements may apply to certain payments to US Holders of interest on the Notes and to the proceeds of a sale, exchange or other disposition (including a retirement or redemption) of a Note. Backup withholding (currently at a rate of 28%) may be required if the US Holder fails (i) to furnish the US Holder's taxpayer identification number, (ii) to certify that such US Holder is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain US Holders (including, among others, corporations) are not currently subject to the backup withholding and information reporting requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a US Holder generally may be claimed as a credit against such US Holder's US federal income tax liability and any excess may result in a refund, *provided* that the required information is timely furnished to the IRS.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the Purchase Agreement, dated as at 19 February 2015, the initial purchasers named below have agreed to purchase, and we have agreed to sell to the initial purchasers, the principal amount of the Notes as set out below:

Initial purchasers	Principal amount of Notes
BNP Paribas	£66,000,000
Deutsche Bank AG, London Branch	£82,000,000
Goldman Sachs International	£66,000,000
The Royal Bank of Scotland plc	£66,000,000
Crédit Agricole Corporate and Investment Bank	£30,000,000
ING Bank N.V., London Branch	£30,000,000
Lloyds Bank plc	£30,000,000
Société Générale	£30,000,000
Total	£400,000,000

The Purchase Agreement provides that the obligation of the initial purchasers to purchase the Notes is subject to approval of legal matters by counsel and to other conditions.

The Notes and the Note Guarantees have not been and will not be registered under the US Securities Act or qualified for sale under the securities laws of any state or jurisdiction outside the United States and may not be offered to, or for the account or benefit of, persons in the United States except in transactions exempt from the registration requirements of the US Securities Act. Please see "Notice to Investors".

We have been advised that the initial purchasers propose to resell the Notes at the offering price set out on the cover page of this Offering Memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and to non-US persons outside the United States in offshore transactions in reliance on Regulation S. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the initial purchasers without notice. To the extent certain of the initial purchasers are not US-registered broker-dealers and they intend to effect any sales of the Notes in the United States they will do so through one or more US-registered broker-dealers permitted by the regulations of the Financial Industry Regulatory Authority, Inc.

In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the US Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant initial purchaser nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall result in a requirement for the publication by the Issuer, the Guarantors or the initial purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase any Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC as amended, (including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Each initial purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(b) it has complied and will comply with all applicable provisions of the FSMA with regard to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Notes will constitute a new class of securities with no established trading market. Application has been made to admit the Notes to the Official List of the Luxembourg Stock Exchange and be admitted to trading on the Euro MTF Market. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering.

The initial purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obliged to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Exchange Act, and may be limited. Accordingly, we cannot assure you that a liquid market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favourable.

In connection with this offering, the initial purchasers are not acting for anyone other than us and will not be responsible to anyone other than us for providing the protections afforded to their clients nor for providing advice in relation to this offering.

Buyers of the Notes sold by the initial purchasers may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the initial offering price set out on the cover of this Offering Memorandum.

In connection with this offering, the Stabilising Manager may purchase and sell Notes in the open market. These transactions may include over-allotment, syndicate-covering transactions and stabilising transactions. However, there is no assurance that such transactions may be effected. Over-allotment involves sales of Notes in excess of the principal amount of Notes to be purchased by the initial purchasers in this offering, which creates a short position for the initial purchasers. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilising transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Stabilising Manager may conduct these transactions in the over-the-counter market or otherwise. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of Notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which the Issuer receives the proceeds of the issue, or no later than 30 days after the date of the allotment of the relevant Notes, whichever is the earlier. Please see "Stabilisation".

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the US Securities Act.

Certain of the initial purchasers or their affiliates are lenders to the Issuer and/or act or may act from time to time as coordinator, arranger or assume other roles under an unsecured term facility and certain other facilities detailed in "Description of Other Indebtedness". The initial purchasers and their respective affiliates also perform, and may in the future perform, various financial advisory, investment banking and commercial banking services from time to time for us and our subsidiaries, joint ventures and associates. Deutsche Bank AG, London Branch is acting as dealer manager and tender agent for the Tender Offer. Certain of the initial purchasers and their respective affiliates may hold positions in the 2012 Notes in respect of which we have commenced the Tender Offer and may receive a portion of the proceeds from this offering in connection therewith. In addition, in the ordinary course of their business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the initial purchasers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such initial purchasers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The initial purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Note Guarantees have not been registered under the US Securities Act or any state securities laws and, unless so registered, they may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act) in reliance on Rule 144A under the US Securities Act and to persons outside the United States that are not, and are not acting for the account or benefit of, "U.S. persons" in offshore transactions (as defined in Regulation S under the US Securities Act) in reliance on Regulation S under the US Securities Act.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the initial purchasers as follows:

(1) It understands and acknowledges that the Notes and the Note Guarantees have not been registered under the US Securities Act or any applicable state securities law, are being offered for resale in transactions not requiring registration under the US Securities Act or any state securities law, including sales pursuant to Rule 144A under the US Securities Act, and may not be offered, sold or otherwise transferred in the United States or to, or for the account or benefit of, any "U.S. person" except in compliance with the registration requirements of the US Securities Act or any applicable state securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraph (5) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the US Securities Act) of the Issuer or acting on the Issuer's behalf and it is either:

(i) a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A and the acquisition of Notes will be for its own account or for the account of another QIB; or

(ii) a person that is not, and is not acting for the account or benefit of, a "U.S. person" purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S under the US Securities Act.

(3) It acknowledges that neither we nor the initial purchasers, nor any person representing us or the initial purchasers, have made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the US Securities Act or any state securities laws, subject to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the US Securities Act.

(5) Each holder of Notes issued in reliance on Regulation S ("Regulation S Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes during the Distribution Compliance Period, only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the US Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the

US Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the US Securities Act, (iv) pursuant to offers and sales to persons that are not, and are not acting for the account or benefit of, "U.S. persons" and that occur outside the United States in compliance with Regulation S under the US Securities Act, (v) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the US Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of US$250,000, or (vi) pursuant to any other available exemption from the registration requirements of the US Securities Act, subject in each of the foregoing cases to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (iv), (v) or (vi) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

(6) Each holder of Notes issued in reliance on Rule 144A ("Rule 144A Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the date of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the US Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the US Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the US Securities Act, (iv) pursuant to offers and sales to non-US persons that occur outside the United States in compliance with Regulation S under the US Securities Act, (v) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the US Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of US$250,000, or (vi) pursuant to any other available exemption from the registration requirements of the US Securities Act, subject in each of the foregoing cases to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (iv), (v) or (vi) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

(7) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [in the case of a Rule 144A Note: PRIOR TO THE RESALE RESTRICTION TERMINATION DATE, WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [in the case of a Regulation S Note: DURING THE DISTRIBUTION COMPLIANCE PERIOD, WHICH IS THE 40-DAY PERIOD COMMENCING ON THE

LATER OF THE DATE OF COMMENCEMENT OF THE DISTRIBUTION OF THE NOTES AND THE DATE OF THE ORIGINAL ISSUE OF THE NOTES] ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO PERSONS THAT ARE NOT, AND ARE NOT ACTING FOR THE ACCOUNT OR BENEFIT OF, "U.S. PERSONS" AND THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE U.S. SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF U.S.$250,000 EQUIVALENT, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE U.S. SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

(8) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(9) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the US Securities Act.

(10) It acknowledges that the Transfer Agent will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set out therein have been complied with.

It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

LEGAL MATTERS

Certain legal matters with respect to the Notes and the Note Guarantees are being passed upon for us and the Guarantors by Shearman & Sterling (London) LLP, US counsel to the Issuer and the Guarantors, and by Hogan Lovells International LLP, English counsel to the Issuer and the Guarantors. Certain legal matters with respect to the offering of the Notes and the Note Guarantees will be passed upon for the initial purchasers by Sullivan & Cromwell LLP, US and English counsel to the initial purchasers.

INDEPENDENT AUDITORS

The consolidated financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at and for the year ended 31 March 2014 included in this Offering Memorandum have been audited by Deloitte LLP, independent auditors, as stated in their report appearing herein.

The consolidated financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at and for the year ended 31 March 2013, included in this Offering Memorandum, have been audited by Deloitte LLP, independent auditors, as stated in their report appearing herein.

The consolidated financial statements of Jaguar Land Rover PLC (now Jaguar Land Rover Automotive plc) and its subsidiaries as at and for the year ended 31 March 2012, included in this Offering Memorandum, have been audited by Deloitte LLP, independent auditors, as stated in their report appearing herein.

Deloitte LLP is a current member of the Institute of Chartered Accountants in England and Wales.

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

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The Issuer and the Guarantors are incorporated in England and Wales. All of the directors and executive officers of the Issuer and the Guarantors reside outside the United States and a substantial part of their assets are located outside the United States. In addition, most of the assets of the Issuer and the Guarantors are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer and the Guarantors or any of their directors and executive officers, or to enforce against them judgments of US courts predicated upon civil liability provisions of the US federal or state securities laws.

If a judgment is obtained in a US court against the Issuer or the Guarantors, or any of their directors or executive officers, investors will need to enforce such judgment in jurisdictions where the relevant defendant has assets. Even though the enforceability of US court judgments outside the United States is described below for England and Wales, you should consult with your own advisers in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

The following summary with respect to the enforceability of certain US court judgments in England and Wales is based upon advice provided to us by US and English legal advisers. The United States and England and Wales currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon US federal securities laws, would not automatically be recognised or enforceable in England and Wales. In order to enforce any such US judgment in England and Wales, proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, the courts of England and Wales would not generally reinvestigate the merits of the original matter decided by the US court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defence to it). Recognition and enforcement of a US judgment by the courts of England and Wales in such an action is conditional upon (among other things) the following:

- the US court having had jurisdiction over the original proceedings according to English conflicts of laws principles in England and Wales;
- the US judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt for a definite sum of money;
- the US judgment not contravening public policy in England and Wales;

- the US judgment not being for a sum payable in respect of tax, or other charges of a like nature in respect of a penalty or fine;

- the US judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the Protection of Trading Interests Act 1980;

- the US judgment not having been obtained by fraud or in breach of principles of natural justice in England and Wales;

- the US judgment is not given in proceedings brought in breach of an agreement for settlement of disputes;

- there not having been a prior inconsistent decision of the courts of England and Wales or a non-US court between the same parties; and

- the enforcement proceedings in England and Wales being commenced within six years from the date of the US judgment.

Subject to the foregoing, investors may be able to enforce in England and Wales judgments in civil and commercial matters that have been obtained from US federal or state courts. However, we cannot assure you that those judgments will be recognised or enforceable in England and Wales. In addition, it is questionable whether the courts of England and Wales would accept jurisdiction and impose civil liability if the original action was commenced in England and Wales, instead of the United States, and predicated solely upon US federal securities laws.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the initial purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein (subject to confidentiality constraints);

- such person has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

- except as provided above, no person has been authorised to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorised by us or the initial purchasers.

This Offering Memorandum contains summaries, believed to be accurate in all material respects, of certain terms of certain agreements, but reference is made to the actual agreements (copies of which will be made available upon request to us, subject to confidentiality constraints) for complete information with respect thereto, and all such summaries are qualified in their entirety by this reference. While any Notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of Notes the information required pursuant to Rule 144A(d)(4) under the US Securities Act during any period in which we are not subject to Section 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. Requests for such information and requests for the agreements summarised in this Offering Memorandum should be directed to Jaguar Land Rover Automotive plc, Abbey Road, Whitley, Coventry CV3 4LF, United Kingdom. Our website can be found at www.jaguarlandrover.com. Information contained on our website is not incorporated by reference into this Offering Memorandum and is not part of this Offering Memorandum.

LISTING AND GENERAL INFORMATION

1. The Issuer was incorporated in England and Wales on 18 January 2008. The service address of the directors of the Issuer is Abbey Road, Whitley, Coventry CV3 4LF, United Kingdom. The name of Jaguar Land Rover PLC was changed to Jaguar Land Rover Automotive plc on 28 December 2012. Jaguar Land Rover Limited is a limited liability company, incorporated under the laws of England and Wales on 14 December 1982. The service address of the directors of Jaguar Land Rover Limited is Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom. Jaguar Land Rover Holdings Limited (previously Land Rover) is a private limited company, incorporated under the laws of England and Wales on 16 June 2000. The service address of the directors of Jaguar Land Rover Holdings Limited is Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom.

2. Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Luxembourg Stock Exchange's Euro MTF Market.

3. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained at the specified office of the Luxembourg listing agent during normal business hours:

   - the organisational documents of the Issuer and the Guarantors;
   - this Offering Memorandum;
   - the 2013 Condensed Consolidated Annual Financial Statements and the 2014 Condensed Consolidated Annual Financial Statements;
   - the 2013 and 2014 stand-alone financial statements of the Guarantors; and
   - the Indenture (which includes the Note Guarantees and the form of the Notes).

4. The Issuer and the Guarantors accept responsibility for the information contained in this Offering Memorandum. To the best of their knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum.

5. Save as discussed in "Plan of Distribution", so far as the Issuer is aware, no person involved in the issue has an interest material to the offering of the Notes.

6. Except as disclosed herein, there has been no material adverse change in our consolidated financial position or the financial position of each of the Guarantors since 31 December 2014, the date of the most recent unaudited financial statements included herein.

7. For so long as any Notes are outstanding, the Issuer will prepare interim financial statements for each of the first three quarters of each fiscal year.

8. Neither we nor any of our subsidiaries is a party to any litigation, administrative proceeding or arbitration that, in our judgement, is material in the context of the issue of the Notes, and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened, except as disclosed herein.

9. We have appointed Citibank, N.A., London Branch as our Paying Agent and Transfer Agent. We reserve the right to vary such appointment.

10. The statute of limitations applicable to payment of interest and repayment of principal under New York law is six years.

11. The Notes sold pursuant to Rule 144A have been accepted for clearance through Euroclear and Clearstream Banking under common code 119550335 and the ISIN XS1195503351. The Notes sold pursuant to Regulation S have been accepted for clearance through Euroclear and Clearstream Banking under common code 119550203 and the ISIN XS1195502031.

12. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer dated 18 February 2015, and the Note Guarantees were authorised by resolutions of the board of directors of Jaguar Land Rover Limited on 13 February 2015 and Jaguar Land Rover Holdings Limited on 13 February 2015.

GLOSSARY OF SELECTED TERMS

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

"Automatic transmission"	A device consisting of an arrangement of gears, brakes and clutches that automatically changes the speed ratio between the engine and the tyres of an automobile, freeing the driver of the automobile from having to shift gears manually.
"AWD"	All-wheel drive.
"C segment"	The third smallest car segment in the European market.
"CO_2"	Carbon dioxide.
"CKD"	Complete Knock Down; a complete kit containing all of the parts needed to assemble a vehicle. The parts are typically manufactured in one country or region, and then exported to another country or region for final assembly. CKD is a common practice within the automotive industry, the bus and heavy truck industry, and the rail vehicle industry.
"Convertible"	A type of vehicle characterised by rear glass that does not articulate with the rear trunk, no fixed roof and two or more seats.
"Corporate Average Fuel Economy" or "CAFE"	Regulations in the United States to improve the average fuel economy of automobiles sold in the United States. Fuel economy standards under these regulations are written and enforced by NHTSA.
"Coupé"	A type of vehicle characterised by a typical silhouette with two elongated doors and rear glass that does not articulate with the trunk, but only with the glass frame.
"Driveline"	The parts of the powertrain excluding the engine and the transmission.
"Engine capacity"	The volume swept by all the pistons of an engine, within their bores, from the top to the bottom of their travel. Engine capacity is typically measured in litres and engines with greater capacities are usually more powerful.
"EU Emissions Trading Scheme"	The largest multinational market based emissions trading scheme, used to control pollution by providing economic incentives for achieving reductions in the emission of environmental pollutants.
"Euro 5"	Part of a number of regulations introduced by the European Union stipulating common requirements for emissions from automobiles and their replacements parts. Euro 5 stipulates emission requirements for automobiles running diesel, petrol and natural gas engines. Effective from September 2009.
"Euro 6"	Part of a number of regulations introduced by the European Union stipulating common requirements for emissions from automobiles and their replacements parts. Euro 6 requires all vehicles equipped with diesel engines to substantially reduce their emissions of nitrogen oxides. Effective from September 2014.
"Evaporative emissions"	Emissions that are generally composed of gasoline vapours that have escaped from storage tanks, fuel lines and fuel systems of vehicles.

"GT"	Grand tourer.
"Hybrid"	A vehicle that uses two or more distinct power sources for propulsion.
"Infotainment"	Information based media content or programming that also includes entertainment content.
"Light vehicles"	Passenger cars and trucks.
"mph"	Miles per hour.
"Naturally aspirated engine"	An engine that depends solely on atmospheric pressure to draw in air for internal combustion.
"Parasitic losses"	Non-engine energy losses, such as energy losses due to wind resistance, drivetrain friction, brake drag, ancillary systems losses and tyre rolling resistance.
"Powertrain"	A system of mechanical parts, which first produces energy and then converts the energy to movement. In the case of an automobile, the powertrain would comprise the automobile's engine, transmission, driveshaft, a mechanical component that transmits torque and rotation, and tyres.
"Premium cars"	Vehicles categorised as either premium or luxury based on price class.
"Supercharged engine"	An engine that uses a supercharger, a device powered directly by the engine that compresses air flowing into the engine, to draw in more air for internal combustion. As a supercharger causes more air to enter the engine for combustion, a supercharged engine generally produces more power than the same engine without the charging.
"SUVs"	Sport Utility Vehicles; a type of vehicle characterised by a formal Z box silhouette with a wheelbase to overall height ratio greater than 60% and off road style elements.
"TDV6"	Turbo Diesel V6 engine (currently 3.0L displacement).
"TDV8"	Turbo Diesel V8 engine (currently 4.4L displacement).
"Turbocharged engine"	An engine that depends on a turbocharger, a device powered by the flow of exhaust from the engine that compresses air flowing into the engine, to draw in more air for internal combustion. As a turbocharger causes more air to enter the engine for combustion, a turbocharged engine generally produces more power than the same engine without the charging.
"Tyre rolling resistance"	The resistance that occurs when the tyre rolls at steady straight line velocity on a flat surface. The more rolling resistance a tyre has, the more power is required from the engine to move the vehicle.
"V6"	An engine with six cylinders arranged in pairs, driving a common crank, and forming a "V" shape when viewed end on.
"V8"	An engine with eight cylinders arranged in pairs, driving a common crank, and forming a "V" shape when viewed end on.

JAGUAR LAND ROVER AUTOMOTIVE PLC

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Jaguar Land Rover Automotive plc
(formerly Jaguar Land Rover PLC)

Audited consolidated financial statements
Registered number 06477691
Year ended 31 March 2014

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge the financial statements, prepared in accordance with International Financial Reporting Standards as approved by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

By order of the Board

Dr Ralf Speth, Director
Jaguar Land Rover Automotive plc

28 July 2014

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Jaguar Land Rover Automotive plc for the year ended 31 March 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 53. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the Group financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB). In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent Company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Richard Knights

Senior statutory auditor for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, United Kingdom

28 July 2014

CONSOLIDATED INCOME STATEMENT

Year ended 31 March (£ millions)	Note	2014	2013 (restated)	2012 (restated)
Revenue	**3**	**19,386**	**15,784**	**13,512**
Material and other cost of sales	4	(11,904)	(9,904)	(8,733)
Employee cost	5	(1,654)	(1,334)	(1,039)
Other expenses	8	(3,717)	(3,075)	(2,529)
Development costs capitalised	9	1,030	860	751
Other income		153	70	37
Depreciation and amortisation		(875)	(622)	(465)
Foreign exchange gain / (loss)		236	(109)	14
Finance income	10	38	34	16
Finance expense (net)	10	(185)	(18)	(85)
Share of loss from joint ventures	13	(7)	(12)	—
Profit before tax	**11**	**2,501**	**1,674**	**1,479**
Income tax expense	12	(622)	(460)	(19)
Profit for the year		**1,879**	**1,214**	**1,460**

The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and related notes (where relevant) have been restated for the comparative prior years presented following the adoption of IAS 19 *Employee Benefits* (2011) in the year as detailed in note 2 to the consolidated financial statements. The adoption of this revised standard had no impact on the consolidated balance sheet in any of the years presented.

Jaguar Land Rover Automotive PLC
Annual report and financial statements
Year ended 31 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March (£ millions)	Note	2014	2013 (restated)	2012 (restated)
Profit for the year		**1,879**	**1,214**	**1,460**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	30	(135)	(346)	(122)
Income tax related to items that will not be reclassified	18	(4)	73	152
		(139)	**(273)**	**30**
Items that may be reclassified subsequently to profit or loss:				
Gain / (loss) on effective cash flow hedges		1,041	(288)	(36)
Cash flow hedges reclassified to foreign exchange (gain) / loss in profit or loss		(112)	59	(20)
Income tax related to items that may be reclassified	18	(194)	53	14
		735	**(176)**	**(42)**
Other comprehensive income / (expense) net of tax		**596**	**(449)**	**(12)**
Total comprehensive income attributable to shareholders		**2,475**	**765**	**1,448**

Jaguar Land Rover Automotive PLC
Annual report and financial statements
Year ended 31 March 2014
CONSOLIDATED BALANCE SHEET

As at 31 March (£ millions)	Note	2014	2013	2012
Non-current assets				
Equity accounted investees	13	145	60	1
Other financial assets	14	473	195	107
Property, plant and equipment	15	3,184	2,335	1,586
Intangible assets	16	4,240	3,522	2,801
Pension asset	30	—	—	2
Other non-current assets	17	33	8	11
Deferred tax assets	18	284	508	474
Total non-current assets		**8,359**	**6,628**	**4,982**
Current assets				
Cash and cash equivalents	19	2,260	2,072	2,430
Short term deposits		1,199	775	—
Trade receivables		831	927	662
Other financial assets	14	392	176	183
Inventories	21	2,174	1,795	1,497
Other current assets	17	355	434	457
Current tax assets		19	30	6
Total current assets		**7,230**	**6,209**	**5,235**
Total assets		**15,589**	**12,837**	**10,217**
Current liabilities				
Accounts payable	22	4,787	4,227	3,285
Short term borrowings and current portion of long term debt	23	167	328	490
Other financial liabilities	24	277	433	313
Provisions	25	395	335	279
Other current liabilities	26	395	482	559
Current tax liabilities		113	192	115
Total current liabilities		**6,134**	**5,997**	**5,041**
Non-current liabilities				
Long term debt	23	1,843	1,839	1,484
Other financial liabilities	24	69	227	73
Provisions	25	582	468	344
Retirement benefit obligation	30	674	657	327
Other non-current liabilities	26	77	24	5
Non-current tax liabilities		—	—	18
Deferred tax liabilities	18	346	86	1
Total non-current liabilities		**3,591**	**3,301**	**2,252**
Total liabilities		**9,725**	**9,298**	**7,293**
Equity attributable to shareholders				
Ordinary share capital	27	1,501	1,501	1,501
Capital redemption reserve		167	167	167
Other reserves	28	4,196	1,871	1,256
Equity attributable to shareholders		**5,864**	**3,539**	**2,924**
Total liabilities and equity		**15,589**	**12,837**	**10,217**

These consolidated financial statements were approved by the board of directors and authorised for issue on 28 July 2014. They were signed on its behalf by:

Dr Ralf Speth
Chief Executive Officer
Company registered number: 06477691

Jaguar Land Rover Automotive PLC
Annual report and financial statements
Year ended 31 March 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
Balance at 1 April 2013	**1,501**	**167**	**1,871**	**3,539**
Profit for the year	—	—	1,879	1,879
Other comprehensive income for the year	—	—	596	596
Total comprehensive income	**—**	**—**	**2,475**	**2,475**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**1,501**	**167**	**4,196**	**5,864**
Balance at 1 April 2012	**1,501**	**167**	**1,256**	**2,924**
Profit for the year (restated)	—	—	1,214	1,214
Other comprehensive loss for the year (restated)	—	—	(449)	(449)
Total comprehensive income	**—**	**—**	**765**	**765**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2013	**1,501**	**167**	**1,871**	**3,539**
Balance at 1 April 2011	**1,501**	**167**	**(192)**	**1,476**
Profit for the year (restated)	—	—	1,460	1,460
Other comprehensive loss for the year (restated)	—	—	(12)	(12)
Total comprehensive income	**—**	**—**	**1,448**	**1,448**
Balance at 31 March 2012	**1,501**	**167**	**1,256**	**2,924**

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Cash flows from operating activities			
Profit for the year	**1,879**	**1,214**	**1,460**
Adjustments for:			
Depreciation and amortisation	875	622	466
Loss on sale of assets	4	2	8
Foreign exchange (gain) / loss on loans	(87)	37	10
Income tax expense	622	460	19
Loss / (gain) on embedded derivative	47	(47)	—
Finance expense (net)	138	18	85
Finance income	(38)	(34)	(16)
Foreign exchange (gain) / loss on derivatives	(57)	11	59
Foreign exchange loss on short term deposits	41	—	—
Share of loss from joint ventures	7	12	—
Cash flows from operating activities before changes in assets and liabilities	**3,431**	**2,295**	**2,091**
Trade receivables	96	(265)	(95)
Finance receivables	—	1	—
Other financial assets	10	(243)	10
Other current assets	121	23	(159)
Inventories	(379)	(284)	(341)
Other non-current assets	(24)	1	(4)
Accounts payable	534	797	893
Other current liabilities	(86)	(77)	199
Other financial liabilities	4	245	55
Other non-current liabilities and retirement benefit obligation	(63)	15	33
Provisions	180	169	(31)
Cash generated from operations	**3,824**	**2,677**	**2,651**
Income tax paid	(402)	(248)	(151)
Net cash generated from operating activities	**3,422**	**2,429**	**2,500**
Cash flows used in investing activities			
Investment in joint ventures	(92)	(71)	(1)
Movements in other restricted deposits	133	54	(147)
Investment in short term deposits	(464)	(775)	—
Purchases of property, plant and equipment	(1,201)	(891)	(596)
Proceeds from sale of property, plant and equipment	4	3	—
Cash paid for intangible assets	(1,155)	(958)	(814)
Finance income received	39	29	16
Net cash used in investing activities	**(2,736)**	**(2,609)**	**(1,542)**
Cash flows from financing activities			
Finance expenses and fees paid	(269)	(179)	(128)
Proceeds from issuance of short term debt	1	88	105
Repayment of short term debt	(158)	(250)	(655)
Proceeds from issuance of long term debt	829	317	1,500
Repayment of long term debt	(746)	—	(374)
Payments of lease obligations	(5)	(4)	(4)
Dividends paid	(150)	(150)	—
Net cash (used in) / generated from financing activities	**(498)**	**(178)**	**444**
Net change in cash and cash equivalents	**188**	**(358)**	**1,402**
Cash and cash equivalents at beginning of year	2,072	2,430	1,028
Cash and cash equivalents at end of year	**2,260**	**2,072**	**2,430**

NOTES TO THE FINANCIAL STATEMENTS

1 BACKGROUND AND OPERATIONS

Jaguar Land Rover Automotive PLC ("the company") and its subsidiaries, (collectively referred to as "the group" or "JLR"), designs, manufactures and sells a wide range of automotive vehicles. In December 2012 the company name was changed from Jaguar Land Rover PLC to Jaguar Land Rover Automotive PLC.

The company is a public limited company incorporated and domiciled in the UK and has its registered office at Whitley, Coventry, England.

The company is a subsidiary of Tata Motors Limited, India ("TATA Motors") and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high performance luxury saloons, specialist sports cars and four wheel drive off-road vehicles.

These consolidated financial statements have been prepared in GBP and rounded to the nearest million GBP (£ million) unless otherwise stated. Results for the year ending and as at 31 March 2012 have been disclosed solely for the information of the users.

2 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as "IFRS") as adopted by the European Union. There is no difference between these accounts and the accounts for the group prepared under IFRS as adopted by the International Accounting Standards Board ("IASB").

The company has taken advantage of s.408 of the Companies Act 2006 and therefore the separate financial statements of the company do not include the income statement or the statement of comprehensive income of the company on a stand-alone basis.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

GOING CONCERN

The directors have considered the financial position of the group at 31 March 2014 (net assets of £5,864 million (2013: £3,539 million, 2012: £2,924 million)) and the projected cash flows and financial performance of the group for at least 12 months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The directors have taken actions to ensure that appropriate long term cash resources are in place at the date of signing the accounts to fund group operations. The directors have reviewed the financial covenants linked to the borrowings in place and believe these will not be breached at any point and that all debt repayments will be met.

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

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include Jaguar Land Rover Automotive PLC and its subsidiaries. Subsidiaries are entities controlled by the company. Control exists when the company has power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns. In assessing control, potential voting rights that currently are exercisable are taken into account. All subsidiaries of the company given in note 39 are included in the consolidated financial statements.

Inter-company transactions and balances including unrealised profits are eliminated in full on consolidation.

Associates and joint ventures (equity accounted investees)

Associates are those entities in which the group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee and is presumed to exist when the group holds between 20 and 50 per cent of the voting power of another entity. Joint ventures are those entities over whose activities the group has joint control, established by contractual agreement and requiring unanimous consent for decisions about the relevant activities of the entity, being those activities that significantly affect the entity's returns.

Associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the group's share of the income and expenses, other comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the group has an obligation or has made payments on behalf of the investee.

When the group transacts with an associate or joint venture of the group, profits and losses are eliminated to the extent of the group's interest in its associate or joint venture.

USE OF ESTIMATES AND JUDGEMENTS

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

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

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

(i) Note 15—Property, plant and equipment—the group applies judgement in determining the estimate useful life of assets.

(ii) Note 16—Intangible assets—management applies significant judgement in establishing the applicable criteria for capitalisation of appropriate product development costs and impairment of indefinite life intangible assets. The key inputs to this assessment include the determination of Cash Generating Units, value of cash flows and appropriateness of discount rates.

(iii) Note 18—Deferred tax—management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses and assessing its recoverability and estimating taxes ultimately payable on remittance of overseas earnings.

(iv) Note 25—Provision for product warranty—it is necessary for group to assess the provision for anticipated lifetime warranty and campaign costs. The valuation of warranty and campaign provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs.

(v) Note 30—Retirement benefit obligation—it is necessary for actuarial assumptions to be made, including discount and mortality rates and the long-term rate of return upon scheme assets. The group engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

(vi) Note 33—Financial instruments—the group enters into complex financial instruments and therefore appropriate accounting for these requires judgement around the valuations. Embedded derivatives relating to prepayment options on senior notes are not considered as closely related and are separately accounted unless the exercise price of these options is approximately equal on each exercise date to the amortised cost of the senior notes.

REVENUE RECOGNITION

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

Sale of products

The group recognises revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer. Sale of products is presented net of excise duty where applicable and other indirect taxes.

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

If the sale of products includes a determinable amount for subsequent services (multiple—component contracts), the related revenues are deferred and recognised as income over the relevant service period. Amounts are normally recognised as income by reference to the pattern of related expenditure.

COST RECOGNITION

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

Expenditures are capitalised where appropriate in accordance with the policy for internally generated intangible assets and represent employee costs, stores and other manufacturing supplies, and other expenses incurred for product development undertaken by the group.

CASH AND CASH EQUIVALENTS

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

PROVISIONS

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a risk-free rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are held for product warranties, legal and product liabilities, residual risks and environmental risks as detailed in note 25 to the consolidated financial statements. The most significant is product warranty.

Product warranty

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

FOREIGN CURRENCY

The company has a functional currency of GBP. The presentation currency of the consolidated financial statements is GBP.

The functional currency of the UK and non-UK selling operations is GBP being the primary economic environment that influences these operations. This is on the basis that management control is in the UK and that GBP is the currency that primarily determines sales prices and is the main currency for the retention of operating income.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement.

INCOME TAXES

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

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

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

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

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and consumables are ascertained on a first-in first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the group and are amortised in changes in stocks and work in progress to their residual values (i.e. estimated second hand sale value) over the term of the arrangement.

PROPERTY, PLANT AND EQUIPMENT

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

Freehold land is measured at cost and is not depreciated.

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

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

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

Class of property, plant and equipment	Estimated useful life (years)
Buildings	20 to 40
Plant and equipment	3 to 30
Computers	3 to 6
Vehicles	3 to 10
Furniture and fixtures	3 to 20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

INTANGIBLE ASSETS

Acquired intangible assets

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

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

Class of intangible asset	Estimated amortisation period (years)
Patents and technological know-how	2 to 12
Customer related—Dealer network	20
Software	2 to 8
Intellectual property rights and other intangibles	Indefinite life

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

Capital-work-in-progress includes capital advances.

Customer related intangibles acquired in a business combination consist of order backlogs and dealer networks.

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

Internally generated intangible assets

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

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

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

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

Product development cost is amortised over a period of between 2 and 10 years.

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

IMPAIRMENT

Property, plant and equipment and other intangible assets

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

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

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

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

Equity accounted investees: joint ventures and associates

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

GOVERNMENT GRANTS AND INCENTIVES

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

Government grants are recognised in the consolidated income statement on a systematic basis when the group recognises, as expenses, the related costs that the grants are intended to compensate.

Government grants related to assets are deducted from the cost of the asset and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure and Government grants which are awarded as incentives with no ongoing performance obligations to the group are recognised as other income in the period the grant is received.

Sales tax incentives received from governments are recognised in the income statement at the reduced tax rate and revenue is reported net of these sales tax incentives.

LEASES

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease

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

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognised on the group's balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease.

EMPLOYEE BENEFITS

Pension plans

The group operates several defined benefit pension plans, which are contracted out of the second state pension scheme. The assets of the plans are held in separate trustee administered funds. The plans provide for monthly pension after retirement as per salary drawn and service year as set out in the rules of each plan.

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

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

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

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

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

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

Defined benefit costs are split into three categories:

- current service cost, past-service cost and gains and losses on curtailments and settlements;
- net interest cost; and
- remeasurement.

The Group presents the first two components of defined benefit costs within Employee costs in its consolidated income statement (see note 5). Net interest cost is recognised within finance costs (see note 10).

Post-retirement Medicare scheme

Under this unfunded scheme, employees of some subsidiaries receive medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the group as part of an Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The applicable subsidiaries account for the liability for the post-retirement medical scheme based on an annual actuarial valuation.

Actuarial gains and losses

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

Measurement date

The measurement date of retirement plans is 31 March.

LONG TERM INCENTIVE PLAN (LTIP)

The group operates an LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date, subject to profitability and employment conditions. These are accounted for as cash settled arrangements, whereby a liability is recognised at fair value at the date of grant, using a Black Scholes model. At each balance sheet date until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

FINANCIAL INSTRUMENTS

Classification, initial recognition and measurement

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

Financial instruments are recognised on the balance sheet when the group becomes a party to the contractual provisions of the instrument.

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

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

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

Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequently, these are measured at fair value and changes therein, other than impairment losses which are recognised directly in other comprehensive income, net of applicable deferred income taxes. The group does not hold any available-for-sale financial assets.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

Equity instruments

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

Other financial liabilities

These are measured at amortised cost using the effective interest method.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Subsequent to initial recognition, the group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Derecognition of financial assets and financial liabilities

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

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

When a financial instrument is derecognised, the cumulative gain or loss in equity is transferred to the consolidated income statement.

Impairment of financial assets

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

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers. Impairment loss in respect of loans and receivables is calculated as the difference between their carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognised in the consolidated income statement. If the amount of an impairment loss decreases in a subsequent year, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is recognised in the consolidated income statement.

Equity investments: Impairment loss on equity investments carried at cost is recognised in the consolidated income statement and is not reversed.

Hedge accounting

The group uses foreign currency forward contracts and options to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The group designates these forward contracts and options in a cash flow hedging relationship by applying the hedge accounting principles.

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

For options, the time value is not considered part of the hedge, and this is treated as an ineffective hedge portion and recognised immediately in the consolidated income statement.

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

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

NEW ACCOUNTING PRONOUNCEMENTS

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

IAS 1 *Presentation of Financial Statements* was amended in June 2011 to revise the way other comprehensive income is presented. In particular, it requires entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently and requires tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items. The amendment is effective for annual periods beginning on or after 1 July 2012, with early adoption permitted. The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IAS 19 *Employee Benefits* (2011) was amended in June 2011 to include revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The key amendments include: requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19); Introducing enhanced disclosures about defined benefit plans; Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits; Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; Incorporating other matters submitted to the IFRS Interpretations Committee. The standard is effective for annual periods beginning on or after 1 January 2013, with early application permitted.

An amendment to IAS 27 *Separate Financial Statements* (2011) was issued in May 2011. This now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 *Consolidated and Separate Financial Statements*. Requirements for consolidated financial statements are now contained in IFRS 10 *Consolidated Financial Statements*. The standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IAS 39 *Financial Instruments*. The standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements. The amendment is effective for annual periods beginning on or after 1 January 2013, with early application permitted.

IAS 28 *Investments in Associates and Joint Ventures* (2011) was issued in May 2011. This standard supersedes IAS 28 *Investments in Associates* and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted.

IAS 36 *Impairment of Assets* was amended in May 2013 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment is effective for annual periods beginning on or after 1 January 2014, with early adoption permitted.

IFRS 7 *Financial Instruments: Disclosures* was amended in December 2011 to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 *Financial Instruments: Presentation* to be disclosed. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The amendments are effective for annual periods beginning on or after 1 January 2013, with early application permitted.

IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. Under IFRS 10, control is the single basis for consolidation, irrespective of the nature of the investee; this standard therefore eliminates the risks-and-rewards approach that was used for certain special purpose entities. IFRS 10 identifies the three elements of control as power over the investee, exposure, or rights, to variable returns from involvement with the investee and the ability to use power over the investee to affect the amount of the investor's returns. An investor must possess all three elements to conclude that it controls an investee. The assessment of control is based on all facts and circumstances, and the conclusion is reassessed if there are changes to at least one of the three elements. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted. The group has reviewed its control assessments for its investees in accordance with IFRS 10 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees held during the period or comparative periods covered by these financial statements.

IFRS 11 *Joint Arrangements*, issued in May 2011 and amended in June 2012 for transition guidance, classifies joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (equivalent to the existing concept of a jointly controlled entity). A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires the use of the equity method of accounting for interests in joint ventures thereby eliminating the proportionate consolidation method. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted.

IFRS 12 *Disclosure of Interests in Other Entities* applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The standard, issued in May 2011 and amended in June 2012 for transition guidance, requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted.

IFRS 13 *Fair Value Measurement* defines 'fair value' and sets out in a single standard a framework for measuring fair value and requires disclosures about fair value measurements. It seeks to increase consistency and comparability in fair value measurements and related disclosures through a fair value hierarchy. IFRS 13 was issued in May 2011 and is applicable prospectively from the beginning of the annual period in which the standard is adopted. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted.

In addition, as part of the IASB's Annual Improvements, a number of minor amendments have been made to standards in the 2009 - 2011 cycle. These amendments are effective for annual periods beginning on or after 1 January 2013, with early application permitted.

Of the above standards, revisions and amendments to standards and interpretations, only the adoption of IAS 19 *Employee Benefits* (2011) has had an impact on the results of the group. However, this does not impact the net assets or total comprehensive income of the group in any period. The adjustment is for an element of the defined benefit cost being transferred between other comprehensive income and profit or loss. The comparatives included in these financial statements have been restated on a retrospective basis for the impact of the adoption of the revised IAS 19.

The impact of the retrospective restatement for IAS 19 on the components of total comprehensive income is as follows:

As at 31 March (£ millions)	2013	2012
Impact on the consolidated income statement		
Increase in employee cost	(1)	(28)
Decrease in income tax expense	—	7
Decrease in profit for the year	**(1)**	**(21)**
Impact on the consolidated statement of comprehensive income		
Decrease in remeasurement of defined benefit obligation	1	28
Decrease in income tax related to items that will not be reclassified	—	(7)
Increase in total other comprehensive income net of tax	**1**	**21**

In addition to the above restatement, the adoption of IAS 1, IAS 19, IFRS 7, IFRS 12 and IFRS 13 has resulted in changes to the presentation and disclosure included in the financial statements. The adoption of the other standards, revisions and amendments to standards and interpretations in the current year has not had any impact on the financial statements.

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

In October 2012, amendments were made to IAS 27 *Separate Financial Statements*, IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities* to: provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement*; require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. These amendments are effective for periods beginning on or after 1 January 2014, with early adoption permitted.

IAS 32 *Financial Instruments: Presentation* was amended in December 2011 to clarify certain aspects because of diversity in application of the requirements on offsetting. The amendments focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realisation and settlement; the offsetting of collateral amounts; and the unit of account for applying the offsetting requirements. The amendment is effective for annual periods beginning on or after 1 January 2014, with early adoption permitted.

IAS 39 *Financial Instruments: Recognition and Measurement* was amended in June 2013 to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is effective for annual periods beginning on or after 1 January 2014, with early adoption permitted.

IFRS15 *Revenue from contracts* with customers was issued in May 2014. The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

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

IFRS11 *Joint Arrangements* addresses how a joint operator should account for the interest in a joint operation in which the activity of the joint operation constitutes a business. The amendment is effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

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

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

IFRS 9 *Financial Instruments* (2009) was issued by IASB in November 2009 as the first step in its project to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety. This new standard introduces new requirements for classifying and measuring financial assets, requiring certain debt instruments to be measured at amortised cost, allowing certain equity instruments to be designated as fair value through other comprehensive income and requiring all other instruments to be measured at fair value through profit or loss. In October 2010, IFRS 9 *Financial Instruments* (2010) was issued, incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39. In November 2013, IFRS 9 *Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)* (2013) was issued. This revised standard introduces a new chapter on hedge accounting and permits any entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9. It also removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application. At its November 2013 meeting, the IASB tentatively decided that the mandatory effective date of IFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

IFRIC 21 *Levies* was issued in May 2013 to provide guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early adoption permitted.

In addition, as part of the IASB's Annual Improvements, a number of minor amendments have been made to standards in the 2010 - 2012 and 2011 - 2013 cycles. These amendments are effective for annual periods beginning on or after 1 July 2014, with early application permitted.

3 REVENUE

Year ended 31 March (£ millions)	2014	2013	2012
Sale of goods	19,386	15,784	13,512
Total revenues	**19,386**	**15,784**	**13,512**

4 MATERIAL AND OTHER COST OF SALES

Year ended 31 March (£ millions)	2014	2013	2012
Changes in inventories of finished goods and work in progress	(356)	(309)	(317)
Purchase of products for sale	715	549	505
Raw materials and consumables	11,545	9,664	8,545
Total material and other cost of sales	**11,904**	**9,904**	**8,733**

5 EMPLOYEE NUMBERS AND COSTS

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Wages and salaries	1,230	1,020	777
Social security costs and benefits	192	152	107
Pension costs	232	162	155
Total employee costs	**1,654**	**1,334**	**1,039**

Average employee numbers year ended 31 March 2014	Non-agency	Agency	Total
Manufacturing	13,890	1,670	15,560
Research and development	4,307	1,916	6,223
Other	4,914	1,256	6,170
Total employee numbers	**23,111**	**4,842**	**27,953**

Average employee numbers year ended 31 March 2013	Non-agency	Agency	Total
Manufacturing	9,801	4,310	14,111
Research and development	3,940	1,665	5,605
Other	4,091	1,106	5,197
Total employee numbers	**17,832**	**7,081**	**24,913**

Average employee numbers year ended 31 March 2012	Non-agency	Agency	Total
Manufacturing	8,702	2,899	11,601
Research and development	3,548	1,231	4,779
Other	3,596	911	4,507
Total employee numbers	**15,846**	**5,041**	**20,887**

6 DIRECTORS' EMOLUMENTS

Year ended 31 March (£)	2014	2013	2012
Directors' emoluments	3,059,210	2,097,405	7,875,898

The aggregate of emoluments and amounts receivable under the long term incentive plan (LTIP) of the highest paid director was £2,433,578 (2013: £1,905,298, 2012: £2,739,517). In addition, for the highest paid director, pension benefits of £524,000 (2013: £836,000, 2012: £836,000) have been accrued and cumulatively are subject to remuneration committee approval. During the year, the highest paid director did not receive any LTIP awards.

No directors received any LTIP cash payments during the years ended 31 March 2012, 2013 and 2014.

7 LONG TERM INCENTIVE PLAN (LTIP)

The group operates a LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date. The cash payment is dependent on the achievement of internal profitability targets over the 3 year vesting period and continued employment at the end of the vesting period. The cash payment has no exercise price and therefore the weighted average exercise price in all cases is £nil.

Year ended 31 March (number)	2014	2013	2012
Outstanding at the beginning of the year	4,217,801	2,934,435	351,392
Granted during the year	1,956,741	1,935,130	327,318
Vested in the year	(778,599)	(491,029)	(91,823)
Forfeited in the year	(42,384)	(160,735)	—
Outstanding at the end of the year	**5,353,559**	**4,217,801**	**586,887**
Outstanding at 31 March 2012 post 5:1 share split			**2,934,435**

During the year ended 31 March 2012, following the granting and vesting of the awards in the table above, Tata Motors Limited performed a 5:1 share split. The actual number of phantom stock awards outstanding at 31 March 2012 was therefore 2,934,435.

The weighted average share price of the 778,599 phantom stock awards vesting in the year was £4.45 (2013: £4.18, 2012: £12.75).

The weighted average remaining contractual life of the outstanding awards is 1.3 years (2013: 1.5 years, 2012: 1.6 years).

The amount charged in the year in relation to the long term incentive plan was £11 million (2013: £5 million, 2012: £4 million).

The fair value of the balance sheet liability in respect of phantom stock awards outstanding at the year end was £17 million (2013: £10 million, 2012: £6 million).

The fair value of the awards was calculated using a Black Scholes model at the grant date. The fair value is updated at each reporting date as the awards are accounted for as cash settled under IFRS 2. The inputs into the model are based on the Tata Motors Limited historic data and the risk-free rate is calculated on government bond rates. The inputs used are:

As at 31 March	2014	2013	2012
Risk-free rate (%)	0.91	0.26	0.49
Dividend yield (%)	0.49	1.57	1.44
Weighted average fair value per phantom share	£4.95	£3.74	£4.08

8 OTHER EXPENSES

Year ended 31 March (£ millions)	2014	2013	2012
Stores, spare parts and tools	114	81	57
Freight cost	610	437	342
Works, operations and other costs	1,538	1,303	1,075
Repairs	17	11	11
Power and fuel	62	57	49
Rent, rates and other taxes	41	33	27
Insurance	19	16	19
Warranty	541	462	372
Publicity	775	675	577
Total other expenses	**3,717**	**3,075**	**2,529**

9 RESEARCH AND DEVELOPMENT

Year ended 31 March (£ millions)	2014	2013	2012
Total research and development costs incurred	1,266	1,058	900
Research and development expensed	(236)	(198)	(149)
Development costs capitalised	**1,030**	**860**	**751**
Interest capitalised	102	110	74
Research and development expenditure credit	(45)	—	—
Total internally developed intangible additions	**1,087**	**970**	**825**

During the year legislation was enacted to allow UK companies to elect for the Research and Development Expenditure Credit (RDEC) on qualifying expenditure incurred since 1 April 2013, instead of the existing super-deduction rules. As a result of this election £45 million of the RDEC, the proportion relating to capitalised product development expenditure, has been offset against the cost of the respective assets. The remaining £18 million of the RDEC has been recognised as other income.

10 FINANCE INCOME AND EXPENSE

Year ended 31 March (£ millions)	2014	2013	2012
Finance income	38	34	16
Total finance income	**38**	**34**	**16**
Total interest expense on financial liabilities measured at amortised cost	(257)	(176)	(166)
Unwind of discount on provisions	6	1	7
Interest capitalised	113	110	74
Total interest expense	**(138)**	**(65)**	**(85)**
Embedded derivative value	(47)	47	—
Total finance expense (net)	**(185)**	**(18)**	**(85)**

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 7.2% (2013: 8.0%, 2012: 7.9%). During the year ended 31 March 2014 the group repaid two tranches of debt (see note 23) and as a result a redemption premium of £53 million was incurred and the fair value of the embedded derivatives was expensed in full.

11 PROFIT BEFORE TAX

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

Year ended 31 March (£ millions)	2014	2013	2012
Foreign exchange (gain) / loss on loans	(87)	37	10
Foreign exchange (gain) / loss on derivatives	(57)	11	59
Unrealised loss / (gain) on commodities	7	(1)	15
Depreciation of property, plant and equipment	386	274	234
Amortisation of intangible assets (excluding internally generated development costs)	44	52	48
Amortisation of internally generated development costs	445	296	183
Research and development expense	236	198	149
Operating lease rentals in respect of plant, property and equipment	42	26	19
Loss on disposal of property, plant, equipment and software	4	2	8
Auditor remuneration (see below)	4	3	4

During the year ended 31 March 2014, £91 million was received by a foreign subsidiary as an indirect tax incentive that requires the subsidiary to meet certain criteria relating to vehicle efficiency and investment in engineering and research and development. The incentive is provided as a partial offset to the higher sales taxes payable following implementation of new legislation. £88 million has been recognised in revenue and £3 million has been deferred to offset against capital expenditure, when incurred.

The following table sets out the auditor remuneration for the year (rounded to the nearest £0.1 million):

Year ended 31 March (£ millions)	2014	2013	2012
Fees payable to the company's auditor for the audit of the company's annual accounts	0.1	0.1	0.1
Fees payable to the company's auditor and their associates for other services to the group—audit of the company's subsidiaries	2.9	2.7	2.4
Total audit fees	**3.0**	**2.8**	**2.5**
Audit related assurance services	0.3	0.2	0.3
Other assurance services	0.5	0.3	0.8
Total non-audit fees	**0.8**	**0.5**	**1.1**
Total audit and related fees	**3.8**	**3.3**	**3.6**

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed separately as these fees are disclosed on a consolidated basis.

12 TAXATION

Recognised in the income statement

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Current tax expense			
Current year	348	306	207
Adjustments for prior years	9	(20)	9
Current tax expense	**357**	**286**	**216**
Deferred tax expense / (credit)			
Origination and reversal of temporary differences	330	138	(186)
Adjustments for prior years	(11)	28	(11)
Rate change	(54)	8	—
Deferred tax expense / (credit)	**265**	**174**	**(197)**
Total income tax expense	**622**	**460**	**19**

Recognised in the statement of comprehensive income

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Deferred tax credit on actuarial gains on retirement benefits	(31)	(80)	(152)
Deferred tax expense / (credit) on change in fair value of cash flow hedges	214	(53)	(14)
Deferred tax expense on rate change	15	7	—
	198	**(126)**	**(166)**
Total tax expense / (credit)	**820**	**334**	**(147)**

Prior year adjustments relate to differences between prior year estimates of tax position and current revised estimates or submission of tax computations.

Reconciliation of effective tax rate

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Profit for the year	1,879	1,214	1,460
Total income tax expense	622	460	19
Profit before tax	**2,501**	**1,674**	**1,479**
Income tax expense using the tax rates applicable to individual entities of 2014: 23.6% (2013: 24.2%, 2012: 26.4%)	590	405	391
Enhanced deductions for research and development	—	(33)	(38)
Non-deductible expenses	15	11	6
Recognition of previously unrecognised deferred tax assets	—	—	(382)
Changes in tax rate	(54)	8	—
Overseas unremitted earnings	71	57	44
Share of loss from joint ventures	2	3	—
(Over) / under provided in prior years	(2)	9	(2)
Total income tax expense	**622**	**460**	**19**

The UK Finance Act 2013 was enacted during the year which included provisions for a reduction in the UK corporation tax rate from 23% to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. Accordingly, UK deferred tax has been provided at 20% (2013: 23%; 2012: 24%), as the majority of the temporary differences are expected to reverse at that rate.

13 INVESTMENTS

Investments consist of the following:

As at 31 March (£ millions)	2014	2013	2012
Equity accounted investees	145	60	1

During the year ended 31 March 2013, the company invested a 50% stake in Suzhou Chery Jaguar Land Rover Trading Co. Limited for £1 million and a 50% stake in Chery Jaguar Land Rover Automotive Co. Limited for £70 million. During the current year, Suzhou Chery Jaguar Land Rover Trading Co. Limited, previously a direct joint venture of the group, was acquired in full by Chery Jaguar Land Rover Automotive Co. Limited. Therefore, the results shown of Chery Jaguar Land Rover Automotive Co. Limited are the consolidated results for that entity in the current year, which includes the results of Suzhou Chery Jaguar Land Rover Trading Co. Limited. The group has increased its investment in Chery Jaguar Land Rover Automotive Co. Limited by £92 million during the year ended 31 March 2014.

No dividend was received in the year (2013, 2012: no dividend) from any of the joint ventures or associates. All joint ventures and associates are accounted for using the equity method and are private companies and there are no quoted market prices available for their shares.

The group has the following investments at 31 March 2014:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Schweiz AG	10.0%	Switzerland	Sale of automotive vehicles and parts
Jaguar Cars Finance Limited	49.9%	England & Wales	Non-trading
Spark44 (JV) Limited	50.0%	England & Wales	Provision of advertising services
Chery Jaguar Land Rover Automotive Co. Limited	50.0%	China	Manufacture and assembly of vehicles

Except for Spark44 (JV) Limited, the proportion of voting rights disclosed in the table above is the same as the interest in the ordinary share capital. The group has an interest in 55.2% of the total ordinary share capital of Spark44 (JV) Limited, however this share capital is divided into A and B ordinary shares (the group holds 100% of the B shares), with each class of share having the same voting rights and interest in returns and therefore Spark44 (JV) Limited is considered a joint venture.

Chery Jaguar Land Rover Automotive Co. Limited is a limited liability company, whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint venture have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Chery Jaguar Land Rover Automotive Co. Limited is classified as a joint venture.

The following table sets out the summarised financial information in aggregate for the share of investments in joint ventures and associates that are not individually material:

As at 31 March (£ million)	2014	2013	2012
Group's share of profit / (loss) for the year	1	(2)	—
Group's share of other comprehensive income	—	—	—
Group's share of total comprehensive income / (loss)	**1**	**(2)**	**—**
Carrying amount of the group's interest	**2**	**(1)**	**1**

The following table sets out the summarised financial information of the group's individually material joint venture, Chery Jaguar Land Rover Automotive Co. Limited:

As at 31 March (£ million)	2014	2013
Current assets	170	136
Current liabilities	(67)	(27)
Non-current assets	236	19
Non-current liabilities	(65)	—
Equity attributable to shareholders	**274**	**128**
Revenue	**—**	**—**
Loss for the year	(16)	(20)
Other comprehensive income	—	—
Total comprehensive loss	**(16)**	**(20)**

Included within the summarised financial information above are the following amounts:

As at 31 March (£ million)	2014	2013
Cash and cash equivalents	122	131
Other current assets	48	5
Current financial liabilities (excluding trade and other payables and provisions)	—	—
Non-current financial liabilities (excluding trade and other payables and provisions)	(65)	—
Depreciation and amortisation	(1)	—
Interest income	2	—
Interest expense	(1)	—
Income tax credit	13	—

The following reconciles the carrying amount of the group's interests in joint ventures and associates:

As at 31 March (£ million)	2014	2013	2012
Net assets of material joint venture	**274**	**128**	**—**
Share of net assets of:			
Material joint venture	137	64	—
Individually immaterial joint ventures	2	(1)	1
Individually immaterial associates	—	—	—
Foreign exchange differences	6	(3)	—
Carrying amount of the group's interests in joint ventures and associates	**145**	**60**	**1**

The following reconciles the group's share of total comprehensive income from joint ventures and associates:

As at 31 March (£ million)	2014	2013	2012
Total comprehensive loss of material joint venture	**(16)**	**(20)**	**—**
Share of total comprehensive (loss) / income of:			
Material joint venture	(8)	(10)	—
Individually immaterial joint ventures	1	(2)	—
Individually immaterial associates	—	—	—
Share of total comprehensive loss from joint ventures and associates	**(7)**	**(12)**	**—**

There are no contingent liabilities or commitments relating to the group's interest in its associates. The group's share of capital commitments of its joint ventures at 31 March 2014 is £116 million (2013: £nil, 2012:£nil) and commitments relating to the group's interests in its joint ventures are disclosed in note 31. There are no contingent liabilities relating to the group's interests in its joint ventures.

The information above reflects the amounts presented in the financial statements of the associates and joint ventures adjusted for differences in accounting policies between the group and its associates and joint ventures.

14 OTHER FINANCIAL ASSETS

As at 31 March (£ millions)	2014	2013	2012
Non-current			
Restricted cash held as security	25	49	81
Derivative financial instruments	436	122	23
Other	12	24	3
Total non-current other financial assets	**473**	**195**	**107**
Current			
Advances and other receivables recoverable in cash	22	24	1
Derivative financial instruments	361	31	48
Restricted cash held as security	—	110	131
Other	9	11	3
Total current other financial assets	**392**	**176**	**183**

£23 million (2013: £47 million, 2012: £77 million) of the non-current restricted cash is held as security in relation to vehicles ultimately sold on lease, pledged until the leases reach their respective conclusion.

£nil (2013: £110 million, 2012: £131 million) of the current restricted cash is held as security in relation to bank loans, pledged until the loans reach their respective conclusion.

15 PROPERTY, PLANT AND EQUIPMENT

(£ millions)	Land and buildings	Plant and equipment	Vehicles	Computers	Fixtures & fittings	Leased assets	Under construction	Total
Cost								
Balance at 1 April 2011	337	1,265	10	11	17	35	83	1,758
Additions	30	491	14	3	6	—	54	598
Disposals	(2)	(15)	(4)	—	(1)	—	—	(22)
Balance at 31 March 2012	**365**	**1,741**	**20**	**14**	**22**	**35**	**137**	**2,334**
Additions	31	808	4	1	12	8	179	1,043
Disposals	(14)	(50)	(20)	(1)	(4)	—	—	(89)
Balance at 31 March 2013	**382**	**2,499**	**4**	**14**	**30**	**43**	**316**	**3,288**
Additions	155	667	1	3	19	—	389	1,234
Disposals	(3)	(17)	(1)	—	(1)	—	—	(22)
Reclassification from intangible assets	—	—	—	8	—	—	—	8
Balance at 31 March 2014	**534**	**3,149**	**4**	**25**	**48**	**43**	**705**	**4,508**
Depreciation								
Balance at 1 April 2011	49	451	3	2	12	11	—	528
Depreciation charge for the period	9	212	4	1	4	4	—	234
Disposals	—	(11)	(2)	—	(1)	—	—	(14)
Balance at 31 March 2012	**58**	**652**	**5**	**3**	**15**	**15**	**—**	**748**
Depreciation charge for the period	11	253	2	1	2	5	—	274
Disposals	(13)	(46)	(6)	—	(4)	—	—	(69)
Balance at 31 March 2013	**56**	**859**	**1**	**4**	**13**	**20**	**—**	**953**
Depreciation charge for the period	16	359	1	2	3	5	—	386
Disposals	(2)	(12)	(1)	—	(1)	—	—	(16)
Reclassification from intangible assets	—	—	—	1	—	—	—	1
Balance at 31 March 2014	**70**	**1,206**	**1**	**7**	**15**	**25**	**—**	**1,324**
Net book value								
At 31 March 2012	307	1,089	15	11	7	20	137	1,586
At 31 March 2013	326	1,640	3	10	17	23	316	2,335
At 31 March 2014	**464**	**1,943**	**3**	**18**	**33**	**18**	**705**	**3,184**

Under construction additions are shown net of additions to Land and buildings of £152 million (2013: £29 million, 2012: £29 million) and additions to Plant and equipment of £245 million (2013: £212 million, 2012: £165 million).

16 INTANGIBLE ASSETS

(£ millions)	Software	Patents and technological know-how	Customer related	Intellectual property rights and other intangibles	Product development in progress	Capitalised product development	Total
Cost							
Balance at 1 April 2011	121	147	89	618	947	499	2,421
Other additions—externally purchased	63	—	—	—	—	—	63
Other additions—internally developed	—	—	—	—	825	—	825
Capitalised product development—internally developed	—	—	—	—	(480)	480	—
Disposals	(1)	—	—	—	—	—	(1)
Balance at 31 March 2012	**183**	**147**	**89**	**618**	**1,292**	**979**	**3,308**
Other additions—externally purchased	99	—	—	—	—	—	99
Other additions—internally developed	—	—	—	—	970	—	970
Capitalised product development—internally developed	—	—	—	—	(999)	999	—
Disposals	(35)	—	—	—	—	—	(35)
Balance at 31 March 2013	**247**	**147**	**89**	**618**	**1,263**	**1,978**	**4,342**
Other additions—externally purchased	127	—	—	—	—	—	127
Other additions—internally developed	—	—	—	—	1,087	—	1,087
Capitalised product development—internally developed	—	—	—	—	(583)	583	—
Disposals	(3)	—	—	—	—	(146)	(149)
Reclassification to tangible assets	(8)	—	—	—	—	—	(8)
Balance at 31 March 2014	**363**	**147**	**89**	**618**	**1,767**	**2,415**	**5,399**
Amortisation and impairment							
Balance at 1 April 2011	43	42	37	—	—	155	277
Amortisation for the year	33	12	3	—	—	183	231
Disposals	(1)	—	—	—	—	—	(1)
Balance at 31 March 2012	**75**	**54**	**40**	**—**	**—**	**338**	**507**
Amortisation for the year	33	16	3	—	—	296	348
Disposals	(35)	—	—	—	—	—	(35)
Balance at 31 March 2013	**73**	**70**	**43**	**—**	**—**	**634**	**820**
Amortisation for the year	26	15	3	—	—	445	489
Disposals	(3)	—	—	—	—	(146)	(149)
Reclassification to tangible assets	(1)	—	—	—	—	—	(1)
Balance at 31 March 2014	**95**	**85**	**46**	**—**	**—**	**933**	**1,159**
Net book value							
At 31 March 2012	108	93	49	618	1,292	641	2,801
At 31 March 2013	174	77	46	618	1,263	1,344	3,522
At 31 March 2014	**268**	**62**	**43**	**618**	**1,767**	**1,482**	**4,240**

IMPAIRMENT TESTING

The directors are of the view that the operations of the group represent a single cash generating unit. The intellectual property rights are deemed to have an indefinite useful life on the basis of the expected longevity of the brand names.

The recoverable amount of the cash generating unit has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

As at 31 March	2014	2013	2012
Period on which management approved forecasts are based	5 years	5 years	4 years
Growth rate applied beyond approved forecast period	0%	0%	0%
Pre-tax discount rate	10.9%	10.2%	10.8%

The growth rates used in the value in use calculation reflect those inherent within the Board's business plan which is primarily a function of the group's cycle plan assumptions, past performance and management's expectation of future market developments, approved by the Board through to 2018/9. The cash flows are then extrapolated into perpetuity assuming a zero growth rate.

No reasonably possible change in any of the key assumptions would cause the recoverable amount calculated above to be less than the carrying value of the assets of the cash generating unit.

17 OTHER ASSETS

As at 31 March (£ millions)	2014	2013	2012
Current			
Recoverable VAT	237	378	409
Prepaid expenses	70	56	48
Other	48	—	—
Total current other assets	**355**	**434**	**457**
Non-current			
Prepaid expenses	31	5	9
Other	2	3	2
Total non-current other assets	**33**	**8**	**11**

18 DEFERRED TAX ASSETS AND LIABILITIES

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

(£ millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	145	(71)	—	—	74
Expenses deductible in future years:					
Provisions, allowances for doubtful receivables	182	29	—	(21)	190
Derivative financial instruments	61	—	(61)	—	—
Retirement benefits	164	(25)	(4)	—	135
Unrealised profit in inventory	76	62	—	—	138
Tax loss	556	(181)	—	—	375
Other	2	13	—	—	15
Total deferred tax asset	**1,186**	**(173)**	**(65)**	**(21)**	**927**
Deferred tax liabilities					
Property, plant & equipment	2	—	—	—	2
Intangible assets	676	37	—	—	713
Derivative financial instruments	—	—	133	—	133
Overseas unremitted earnings	86	55*	—	—	141
Total deferred tax liability	**764**	**92**	**133**	**—**	**989**
Presented as deferred tax asset**	508				284
Presented as deferred tax liability**	(86)				(346)

* Included within £55 million is a reversal of £5 million relating to withholding tax incurred on inter-company dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

The group continues to recognise all deferred tax assets at 31 March 2014 in view of the continued profitability of the companies in which the deferred tax assets arise.

All deferred tax assets and deferred tax liabilities at 31 March 2014 are non-current.

Significant components of deferred tax asset and liability for the year ended 31 March 2013 are as follows:

(£ millions)	Opening balance	Recognised in profit or loss (restated)	Recognised in other comprehensive income (restated)	Foreign exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	145	—	—	—	145
Expenses deductible in future years:					
Provisions, allowances for doubtful receivables	136	49	—	(3)	182
Derivative financial instruments	19	(8)	50	—	61
Retirement benefits	100	(9)	73	—	164
Unrealised profit in inventory	77	(1)	—	—	76
Tax loss	614	(58)	—	—	556
Other	—	2	—	—	2
Total deferred tax asset	**1,091**	**(25)**	**123**	**(3)**	**1,186**
Deferred tax liabilities					
Property, plant & equipment	5	(3)	—	—	2
Intangible assets	544	132	—	—	676
Derivative financial instruments	4	(1)	(3)	—	—
Overseas unremitted earnings	65	21*	—	—	86
Total deferred tax liability	**618**	**149**	**(3)**	**—**	**764**
Presented as deferred tax asset**	474				508
Presented as deferred tax liability**	(1)				(86)

* Included within £21 million is a reversal of £39 million relating to withholding tax incurred on inter-company dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

The group continued to recognise all deferred tax assets at 31 March 2013 in view of the continued profitability of the companies in which the deferred tax assets arise.

All deferred tax assets and deferred tax liabilities at 31 March 2013 are non-current.

Significant components of deferred tax asset and liability for the year ended 31 March 2012 are as follows:

(£ millions)	Opening balance	Recognised in profit or loss (restated)	Recognised in other comprehensive income (restated)	Foreign exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	224	(79)	—	—	145
Expenses deductible in future years:					
Provisions, allowances for doubtful receivables	105	31	—	—	136
Derivative financial instruments	—	10	9	—	19
Retirement benefits	49	(101)	152	—	100
Unrealised profit in inventory	43	34	—	—	77
Tax loss	—	614	—	—	614
Total deferred tax asset	**421**	**509**	**161**	**—**	**1,091**
Deferred tax liabilities					
Property, plant & equipment	2	3	—	—	5
Intangible assets	275	269	—	—	544
Derivative financial instruments	12	(3)	(5)	—	4
Overseas unremitted earnings	22	43*	—	—	65
Total deferred tax liability	**311**	**312**	**(5)**	**—**	**618**
Presented as deferred tax asset**	112				474
Presented as deferred tax liability**	(2)				(1)

* Included within £43 million is a reversal of £4 million relating to withholding tax incurred on inter-company dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

At 31 March 2012, the group recognised all previously unrecognised unused tax losses and other temporary differences in the JLR business in the UK (£505 million) in light of the planned consolidation of the UK manufacturing business in the year ending 31 March 2013 and business forecasts showing continuing profitability. Accordingly, £149 million of previously unrecognised deductible temporary differences was utilised to reduce current tax expense and previously unrecognised deferred tax benefits of £233 million and £123 million were recognised in the statements of income and other comprehensive income respectively in the year ended 31 March 2012.

All deferred tax assets and deferred tax liabilities at 31 March 2012 are non-current.

19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (£ millions)	2014	2013	2012
Cash and cash equivalents	2,260	2,072	2,430
	2,260	**2,072**	**2,430**

At 31 March 2014 all cash held by the group can be utilised across the group's manufacturing and sales operations. The restrictions on cash reported in prior years (2013: £524 million, 2012: £454 million) related to amounts held in China which could not be utilised by other Group companies due to the exchange controls in place. In the year ended 31 March 2014, these exchange controls were relaxed by the Chinese authorities to allow the lending of surplus cash held in China if certain criteria are met.

20 ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

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

Year ended 31 March (£ millions)	2014	2013	2012
At beginning of year	10	13	10
Change in allowance during the year	(1)	(1)	5
Written off	(1)	(2)	(2)
At end of year	**8**	**10**	**13**

21 INVENTORIES

As at 31 March (£ millions)	2014	2013	2012
Raw materials and consumables	75	52	63
Work in progress	211	197	169
Finished goods	1,888	1,546	1,265
Total inventories	**2,174**	**1,795**	**1,497**

Inventories of finished goods include £174 million (2013: £171 million, 2012: £134 million), relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements.

Cost of inventories (including cost of purchased products) recognised as an expense during the year amounted to £13,421 million (2013: £11,151 million, 2012: £9,674 million).

During the year, the group recorded inventory write-down expense of £24 million (2013: £33 million, 2012: £11 million). The write-down is included in material and other cost of sales. No previous write-downs have been reversed in any period.

22 ACCOUNTS PAYABLE

As at 31 March (£ millions)	2014	2013	2012
Trade payables	3,154	2,628	2,272
Liabilities to employees	148	106	88
Liabilities for expenses	1,244	1,277	856
Capital creditors	241	216	69
Total accounts payable	**4,787**	**4,227**	**3,285**

23 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (£ millions)	2014	2013	2012
EURO MTF listed bond	1,843	1,839	1,484
Loans from banks	167	328	333
Redeemable preference shares classified as debt	—	—	157
Finance lease obligations	18	23	20
Total borrowings	**2,028**	**2,190**	**1,994**
Less:			
Current bank loan	(167)	(328)	(333)
Current other loans	—	—	(157)
Short term borrowings	**(167)**	**(328)**	**(490)**
Current portion of finance lease obligations	(5)	(5)	(5)
Long term debt	**1,856**	**1,857**	**1,499**
Held as long term debt	1,843	1,839	1,484
Held as long term finance leases	13	18	15

As at 31 March (£ millions)	2014	2013	2012
Short term borrowings			
Bank loan	167	328	333
Redeemable preference shares classified as debt	—	—	157
Short term borrowings	**167**	**328**	**490**
Long term debt			
EURO MTF listed debt	1,843	1,839	1,484
Long term debt	**1,843**	**1,839**	**1,484**

EURO MTF LISTED DEBT

The bonds are listed on the EURO MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds outstanding at 31 March 2014 are as follows:

- $410 million Senior Notes due 2021 at a coupon of 8.125% per annum—issued May 2011
- £500 million Senior Notes due 2020 at a coupon of 8.25% per annum—issued March 2012
- $500 million Senior Notes due 2023 at a coupon of 5.625% per annum—issued January 2013
- $700 million Senior Notes due 2018 at a coupon of 4.125% per annum—issued December 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000% per annum—issued January 2014

The bond funds raised were used to repay both long-term and short- term debt and provide additional cash facilities for the group.

Details of the tranches of the bonds repaid in the year ended 31 March 2014 are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125% per annum—issued May 2011
- $410 million Senior Notes due 2018 at a coupon of 7.75% per annum—issued May 2011

PREFERENCE SHARES CLASSIFIED AS DEBT

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend is payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the sum of £1 per share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. The holders may demand repayment with one month’s notice at any time. On redemption, the company shall pay £1 per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company. In June 2012, £157 million of preference shares were repaid.

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2014 are set out below, including estimated interest payments and assumes the debt will be repaid at the maturity date.

As at 31 March (£ millions)	2014	2013	2012
Due in			
1 year or less	296	483	474
2nd and 3rd years	254	296	268
4th and 5th years	666	288	268
More than 5 years	1,666	2,152	2,023
Total contractual cash flows	**2,882**	**3,219**	**3,033**

UNDRAWN FACILITIES

As at 31 March 2014 the group has a fully undrawn revolving credit facility of £1,290 million. This facility is split into 3 and 5 year tranches which are available until 2016 and 2018 respectively.

24 OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2014	2013	2012
Current			
Finance lease obligations	5	5	5
Interest accrued	24	39	46
Derivative financial instruments	65	206	108
Liability for vehicles sold under a repurchase arrangement	183	183	154
Total current other financial liabilities	**277**	**433**	**313**
Non-current			
Finance lease obligations	13	18	15
Derivative financial instruments	55	208	33
Other payables	1	1	25
Total non-current other financial liabilities	**69**	**227**	**73**

25 PROVISIONS

As at 31 March (£ millions)	2014	2013	2012
Current			
Product warranty	343	317	261
Legal and product liability	49	16	16
Provisions for residual risk	2	2	2
Other employee benefits obligations	1	—	—
Total current provisions	**395**	**335**	**279**
Non-current			
Other employee benefits obligations	10	7	2
Product warranty	538	426	308
Provision for residual risk	13	13	14
Provision for environmental liability	21	22	20
Total non-current provisions	**582**	**468**	**344**

Year ended 31 March (£ millions)	2014	2013	2012
Product warranty			
Opening balance	743	569	503
Provision made during the year	541	462	372
Provision used during the year	(397)	(284)	(298)
Impact of discounting	(6)	(1)	(7)
Foreign currency translation	—	(3)	(1)
Closing balance	**881**	**743**	**569**
Legal and product liability			
Opening balance	16	16	19
Provision made during the year	41	6	17
Provision used during the year	(5)	(7)	(20)
Foreign currency translation	(3)	1	—
Closing balance	**49**	**16**	**16**
Residual risk			
Opening balance	15	16	7
Provision made during the year	2	—	9
Provision used during the year	—	(1)	—
Foreign currency translation	(2)	—	—
Closing balance	**15**	**15**	**16**

Year ended 31 March (£ millions)	2014	2013	2012
Environmental liability			
Opening balance	22	20	18
Provision made during the year	—	3	3
Provision used during the year	(1)	(1)	(1)
Closing balance	**21**	**22**	**20**

PRODUCT WARRANTY PROVISION

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

LEGAL AND PRODUCT LIABILITY PROVISION

A legal and product liability provision is maintained in respect of known litigation which impacts the group, but for which the amount and timing are uncertain. The provision primarily relates to motor accident claims, consumer complaints, dealer terminations, employment cases and personal injury claims.

RESIDUAL RISK PROVISION

In certain markets, the group is responsible for the residual risk arising on vehicles sold by dealers on a leasing arrangement. The provision is based on the latest available market expectations of future residual value trends that may change over time. The timing of the outflows will be at the end of the lease arrangements—being typically up to three years.

ENVIRONMENTAL RISK PROVISION

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

26 OTHER LIABILITIES

As at 31 March (£ millions)	2014	2013	2012
Current			
Liabilities for advances received	253	180	184
Deferred revenue	19	5	7
VAT	85	261	346
Others	38	36	22
Total current other liabilities	**395**	**482**	**559**
Non-current			
Deferred revenue	63	13	5
Others	14	11	—
Total non-current other liabilities	**77**	**24**	**5**

27 CAPITAL AND RESERVES

As at 31 March (£ millions)	2014	2013	2012
Allotted, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Nil (2013: nil, 2012: 157,052,620) 7.25% preference shares of £1 each	—	—	157
Total capital	**1,501**	**1,501**	**1,658**
Presented as equity	1,501	1,501	1,501
Presented as debt	—	—	157

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Preference shares contain no right to vote upon any resolution at any general meeting of the company. In June 2012, all £157 million of preference shares were repaid.

The capital redemption reserve of £167 million (2013, 2012: £167 million) was created in March 2011 on the cancellation of share capital.

28 OTHER RESERVES

The movement of other reserves is as follows:

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2013	(383)	(196)	2,450	1,871
Profit for the year	—	—	1,879	1,879
Remeasurement of defined benefit obligation	—	—	(135)	(135)
Gain on effective cash flow hedges	—	1,041	—	1,041
Income tax related to items recognised in other comprehensive income	—	(220)	(4)	(224)
Cash flow hedges reclassified to foreign exchange in profit or loss	—	(112)	—	(112)
Income tax related to items reclassified to profit or loss	—	26	—	26
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**(383)**	**539**	**4,040**	**4,196**

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2012	(383)	(20)	1,659	1,256
Profit for the year (restated)	—	—	1,214	1,214
Remeasurement of defined benefit obligation	—	—	(346)	(346)
Loss on effective cash flow hedges	—	(288)	—	(288)
Income tax related to items recognised in other comprehensive income	—	66	73	139
Cash flow hedges reclassified to foreign exchange in profit or loss	—	59	—	59
Income tax related to items reclassified to profit or loss	—	(13)	—	(13)
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2013	**(383)**	**(196)**	**2,450**	**1,871**
Balance at 1 April 2011	(383)	22	169	(192)
Profit for the year (restated)	—	—	1,460	1,460
Remeasurement of defined benefit obligation	—	—	(122)	(122)
Loss on effective cash flow hedges	—	(36)	—	(36)
Income tax related to items recognised in other comprehensive income	—	9	152	161
Cash flow hedges reclassified to foreign exchange in profit or loss	—	(20)	—	(20)
Income tax related to items reclassified to profit or loss	—	5	—	5
Balance at 31 March 2012	**(383)**	**(20)**	**1,659**	**1,256**

29 DIVIDENDS

Year ended 31 March (£ millions)	2014	2013	2012
Dividend proposed for the previous year paid during the year of £0.10 (2013: £nil, 2012: £nil) per ordinary share	150	—	—
Dividend for the year paid during the year of £nil (2013: £0.10, 2012: £nil) per ordinary share	—	150	—
Amounts recognised as distributions to equity holders during the year	**150**	**150**	**—**
Proposed dividend for the year of £0.10 (2013: £0.10, 2012: £nil) per ordinary share	150	150	—

The proposed dividend for the year ended 31 March 2014 was paid in full in June 2014. Preference shares of £157 million were repaid in the year ended 31 March 2013, along with preference share dividends of £14 million (2012: accrued £11 million).

30 EMPLOYEE BENEFITS

The group operates defined benefit schemes for qualifying employees of certain of its subsidiaries. The defined benefit schemes are administered by a separate fund that is legally separated from the company. The trustees of the pension schemes are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme are responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of trustees must be composed of representatives of the company and plan participants in accordance with the plan's regulations.

Under the schemes, the employees are entitled to post-retirement benefits based on their length of service and salary.

Through its defined benefit pension plans the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to corporate bond yields; if plan assets underperform these corporate bonds, this will create a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the group's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the UK defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The following tables set out the disclosures pertaining to the retirement benefit amounts recognised in the financial statements:

Change in present value of defined benefit obligation

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Defined benefit obligation at beginning of year	6,021	4,916	4,300
Current service cost	176	123	108
Interest expense	262	247	234
Actuarial (gains) / losses arising from:			
Changes in demographic assumptions	(39)	(115)	33
Changes in financial assumptions	(243)	951	259
Experience adjustments	8	15	75
Past service cost	6	6	15
Exchange differences on foreign schemes	(2)	1	(1)
Member contributions	1	7	7
Benefits paid	(137)	(129)	(114)
Other adjustments	—	(1)	—
Defined benefit obligation at end of year	**6,053**	**6,021**	**4,916**

Change in fair value of plan assets

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Fair value of plan assets at beginning of year	5,365	4,707	4,172
Interest income	237	238	230
Remeasurement (loss) / gain on the return of plan assets, excluding amounts included in interest income	(407)	384	190
Administrative expenses	(8)	(10)	(9)
Exchange differences on foreign schemes	(2)	1	—
Employer contributions	333	168	231
Member contributions	1	7	7
Benefits paid	(137)	(129)	(114)
Other adjustments	—	(1)	—
Fair value of plan assets at end of year	**5,382**	**5,365**	**4,707**

The actual return on plan assets for the year was £(170) million (2013: £622 million, 2012: £420 million).

Amounts recognised in the consolidated income statement consist of:

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Current service cost	176	123	108
Past service cost	6	6	15
Administrative expenses	8	10	9
Net interest cost (including onerous obligations)	25	15	13
Components of defined benefit cost recognised in the consolidated income statement	**215**	**154**	**145**

Amounts recognised in the consolidated statement of comprehensive income of:

Year ended 31 March (£ millions)	2014	2013 (restated)	2012 (restated)
Actuarial (gains) / losses arising from:			
Changes in demographic assumptions	(39)	(115)	33
Changes in financial assumptions	(243)	951	259
Experience adjustments	8	15	75
Remeasurement loss / (gain) on the return of plan assets, excluding amounts included in interest income	407	(384)	(190)
Change in restriction of pension asset recognised (as per IFRIC 14)	2	(27)	(6)
Change in onerous obligation, excluding amounts included in interest expense	—	(94)	(49)
Remeasurement loss on defined benefit obligation	**135**	**346**	**122**

Amounts recognised in the consolidated balance sheet consist of:

As at 31 March (£ millions)	2014	2013	2012
Present value of unfunded defined benefit obligations	(1)	(1)	(1)
Present value of funded defined benefit obligations	(6,052)	(6,020)	(4,915)
Fair value of plan assets	5,382	5,365	4,707
Restriction of pension asset recognised (as per IFRIC 14)	(3)	(1)	(28)
Onerous obligation	—	—	(88)
Net retirement benefit obligation	**(674)**	**(657)**	**(325)**
Presented as non-current asset	—	—	2
Presented as non-current liability	(674)	(657)	(327)

The most recent actuarial valuations of scheme assets and the present value of the defined benefit liability were carried out at 31 March 2014 by a qualified independent actuary. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used in accounting for the pension plans are set out below:

Year ended 31 March (%)	2014	2013	2012
Discount rate	4.6	4.4	5.1
Expected rate of increase in compensation level of covered employees	3.9	3.9	3.8
Inflation increase	3.4	3.4	3.3

For the valuation at 31 March 2014 and 2013, the mortality assumptions used are the SAPS base table, in particular S1NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor in both 2014 and 2013 of 115% has been used for the Jaguar Pension Plan, 110% for the Land Rover Pension Scheme, and 105% for males and 90% for females for Jaguar Executive Pension Plan. There is an allowance for future improvements in line with the CMI (2013) projections (2013: CMI (2012) projections) and an allowance for long term improvements of 1.25% per annum.

For the valuation at 31 March 2012, the mortality assumptions used are the SAPS base table, in particular S1PMA for males, S1PFA for females and the Light table for members of the Jaguar Executive Pension Plan, with a scaling factor of 90% for males and 115% for females for all members. There was an allowance for future improvements in line with the CMI (2011) projections and an allowance for long term improvements of 1.25% per annum.

The assumed life expectations on retirement at age 65 are:

Valuation at 31 March (years)	2014	2013	2012
Retiring today:			
Males	20.0	22.2	23.3
Females	24.5	24.6	23.7
Retiring in 20 years:			
Males	23.8	23.9	25.0
Females	26.4	26.6	25.6

The below sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on service cost
Discount rate	Increase / decrease by 0.25%	Decrease / increase by £348 million	Decrease / increase by £12 million
Inflation rate	Increase / decrease by 0.25%	Increase / decrease by £294 million	Increase / decrease by £12 million
Mortality	Increase / decrease by 1 year	Increase / decrease by £145 million	Increase / decrease by £4 million

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

As at 31 March (£ millions)	2014				2013				2012			
	Quoted*	Unquoted	Total	%	Quoted*	Unquoted	Total	%	Quoted*	Unquoted	Total	%
Equity instruments												
Information technology	73	—	73	1%	119	—	119	2%	127	—	127	3%
Energy	61	—	61	1%	100	—	100	2%	106	—	106	2%
Manufacturing	67	—	67	1%	109	—	109	2%	116	—	116	2%
Financials	128	—	128	3%	203	—	203	4%	137	—	137	3%
Other	281	—	281	5%	464	—	464	9%	570	—	570	12%
	610	**—**	**610**	**11%**	**995**	**—**	**995**	**19%**	**1,056**	**—**	**1,056**	**22%**
Debt instruments												
Government	2,119	—	2,119	40%	2,106	—	2,106	39%	1,988	—	1,988	42%
Corporate Bonds (investment grade)	1,167	—	1,167	22%	1,128	—	1,128	21%	843	—	843	18%
Corporate bonds (Non investment grade)	—	280	280	5%	—	202	202	4%	—	181	181	4%
	3,286	**280**	**3,566**	**67%**	**3,234**	**202**	**3,436**	**64%**	**2,831**	**181**	**3,012**	**64%**
Property funds												
UK	—	173	173	3%	—	128	128	2%	—	46	46	1%
Other	—	63	63	1%	—	59	59	1%	—	50	50	1%
	—	**236**	**236**	**4%**	**—**	**187**	**187**	**3%**	**—**	**96**	**96**	**2%**
Cash and cash equivalents	**360**	**—**	**360**	**7%**	**204**	**—**	**204**	**4%**	**—**	**—**	**—**	**—**
Other												
Hedge Funds	—	308	308	6%	—	317	317	6%	—	144	144	3%
Private Markets	—	78	78	1%	—	50	50	1%	—	34	34	1%
Alternatives	—	220	220	4%	—	203	203	4%	—	365	365	8%
	—	**606**	**606**	**11%**	**—**	**570**	**570**	**11%**	**—**	**543**	**543**	**12%**
Derivatives												
Foreign exchange contracts	—	4	4	—	—	(27)	(27)	(1%)	—	—	—	—
	—	**4**	**4**	**—**	**—**	**(27)**	**(27)**	**(1%)**	**—**	**—**	**—**	**—**
Total	**4,256**	**1,126**	**5,382**	**100%**	**4,433**	**932**	**5,365**	**100%**	**3,887**	**820**	**4,707**	**100%**

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

The split of level 1 assets is 79%(2013: 82%, 2012 83%), level 2 assets 20% (2013: 17%, 2012: 16%) and level 3 assets 1% (2013: 1%, 2012: 1%). Equity instruments and the majority of debt instruments have quoted prices in active markets (Level 1). Corporate bonds (Non-investment grade), derivatives, property and other assets are classified as Level 2 instruments. Private market holdings are classified as Level 3 instruments.

The group has agreed that it will aim to eliminate the pension plan funding deficit over the next 8 years. Funding levels are monitored on an annual basis and the current agreed contribution rate is 22.3% of pensionable salaries in the UK. The next triennial valuation is due to be carried out as at 5 April 2015 and completed by 5 June 2016. The group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The average duration of the benefit obligation at 31 March 2014 is 22.5 years (2013: 22.5 years, 2012: 19.4 years).

The expected net periodic pension cost for the year ended 31 March 2015 is £206 million. The group expects to contribute £113 million to its plans in the year ended 31 March 2015.

DEFINED CONTRIBUTION PLAN

The group's contribution to defined contribution plans aggregated £23 million (2013: £12 million, 2012: £11 million).

31 COMMITMENTS AND CONTINGENCIES

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

The following is a description of claims and assertions where a potential loss is possible, but not probable. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the group's financial condition, results of operations or cash flows

LITIGATION

The group is involved in legal proceedings, both as plaintiff and as defendant and there are claims as at 31 March 2014 of £27 million (2013: £16 million, 2012: £10 million) against the group which management have not recognised as they are not considered probable. The majority of these claims pertain to motor accident claims and consumer complaints. Some of the cases also relate to replacement of parts of vehicles and/or compensation for deficiency in the services by the group or its dealers.

OTHER CLAIMS

The Group had no significant tax matters in dispute as at 31 March 2014 (2013: £nil, 2012: £2 million).

COMMITMENTS

The group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating to £940 million (2013: £288 million, 2012: £545 million) and £nil (2013: £nil, 2012: £nil) relating to the acquisition of intangible assets.

The group has entered into various contracts with vendors and contractors which include obligations aggregating to £717 million (2013: £887 million, 2012: £866 million) to purchase minimum or fixed quantities of material and other procurement commitments.

Commitments related to leases are set out in note 34.

Inventory of £nil (2013: £nil, 2012: £69 million) and trade receivables with a carrying amount of £167 million (2013: £242 million, 2012: £143 million) and property, plant and equipment with a carrying amount of £nil (2013: £nil, 2012: £nil) and restricted cash with a carrying amount of £nil (2013: £110 million, 2012: £131 million) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of £1 million.

Stipulated within the joint venture agreement for Chery Jaguar Land Rover Automotive Co. Limited is a commitment for the group to contribute a total of RMB 3,500 million of capital, of which RMB 1,625 million has been contributed as at 31 March 2014. The outstanding commitment of RMB 1,875 million translates to £181 million at year-end exchange rates.

32 CAPITAL MANAGEMENT

The group's objectives when managing capital are to ensure the going concern operation of its entities and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The group's policy is to borrow primarily through capital market issues to meet anticipated funding requirements and maintain sufficient liquidity. The group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to group policies approved by the Board and is monitored by various metrics such as debt to EBITDA and EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

The following table summarises the capital of the group:

As at 31 March (£ millions)	2014	2013	2012
Short term debt	172	333	495
Long term debt	1,856	1,857	1,499
Total debt*	**2,028**	**2,190**	**1,994**
Equity	5,864	3,539	2,924
Total capital	**7,892**	**5,729**	**4,918**

* Total debt includes finance lease obligations of £18 million (2013: £23 million, 2012: £20 million).

33 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the group and provides additional information on balance sheet items that contain financial instruments.

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

(A) FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2014:

Financial assets

(£ millions)	Cash, loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	2,260	—	—	2,260	2,260
Short term deposits	1,199	—	—	1,199	1,199
Trade receivables	831	—	—	831	831
Other financial assets—current	31	349	12	392	392
Other financial assets—non-current	37	415	21	473	473
Total financial assets	**4,358**	**764**	**33**	**5,155**	**5,155**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	4,787	—	—	4,787	4,787
Short term debt	167	—	—	167	167
Long term debt	1,843	—	—	1,843	1,982
Other financial liabilities—current	212	54	11	277	277
Other financial liabilities—non-current	14	37	18	69	69
Total financial liabilities	**7,023**	**91**	**29**	**7,143**	**7,282**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2013:

Financial assets

(£ millions)	Cash, loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	2,072	—	—	2,072	2,072
Short term deposits	775	—	—	775	775
Trade receivables	927	—	—	927	927
Other financial assets—current	145	30	1	176	176
Other financial assets—non-current	73	51	71	195	195
Total financial assets	**3,992**	**81**	**72**	**4,145**	**4,145**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	4,227	—	—	4,227	4,227
Short term debt	328	—	—	328	328
Long term debt	1,839	—	—	1,839	2,058
Other financial liabilities—current	227	179	27	433	433
Other financial liabilities—non-current	19	156	52	227	227
Total financial liabilities	**6,640**	**335**	**79**	**7,054**	**7,273**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2012:

Financial assets

(£ millions)	Cash, loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	2,430	—	—	2,430	2,430
Trade receivables	662	—	—	662	662
Other financial assets—current	135	47	1	183	183
Other financial assets—non-current	84	23	—	107	107
Total financial assets	**3,311**	**70**	**1**	**3,382**	**3,382**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	3,285	—	—	3,285	3,285
Short term debt	490	—	—	490	490
Long term debt	1,484	—	—	1,484	1,534
Other financial liabilities—current	205	85	23	313	313
Other financial liabilities—non-current	40	11	22	73	73
Total financial liabilities	**5,504**	**96**	**45**	**5,645**	**5,695**

Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative financial assets and financial liabilities are subject to master netting arrangements whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2014:

£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount of derivatives which can be offset in case of insolvency	Cash collateral pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	855	(58)	797	(120)	—	677
Cash and cash equivalents	2,282	(22)	2,260	—	—	2,260
	3,137	**(80)**	**3,057**	**(120)**	**—**	**2,937**
Financial liabilities						
Derivative financial liabilities	178	(58)	120	(120)	—	—
Short-term debt	189	(22)	167	—	—	167
	367	**(80)**	**287**	**(120)**	**—**	**167**

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2013:

£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount of derivatives which can be offset in case of insolvency	Cash collateral pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	164	(11)	153	(105)	—	48
	164	(11)	153	(105)	—	48
Financial liabilities						
Derivative financial liabilities	425	(11)	414	(105)	—	309
	425	**(11)**	**414**	**(105)**	**—**	**309**

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2012:

£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount of derivatives which can be offset in case of insolvency	Cash collateral pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	71	—	71	(69)	—	2
	71	—	71	(69)	—	2
Financial liabilities						
Derivative financial liabilities	141	—	141	(69)	—	72
	141	—	141	(69)	—	72

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels.

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category mainly includes quoted equity shares, quoted corporate debt instruments and mutual fund investments.

- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The financial instruments that are measured subsequent to initial recognition at fair value are forward currency contracts, commodity contracts and embedded derivatives. All of these financial instruments are classified as Level 2 fair value measurements, as defined by IFRS 7, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves from Reuters.

The long term unsecured listed bonds are held at amortised cost. Its fair value (disclosed above) is determined using Level 1 valuation techniques, based on the closing price at 31 March 2014 on the Euro MTF market. There has been no change in the valuation techniques adopted or any transfers between fair value levels.

Fair values of cash and cash equivalents, short term deposits, trade receivables and payables, short term debt, other financial assets and liabilities, current and non-current (excluding derivatives) are assumed to approximate to cost due to the short term maturing of the instruments and as the impact of discounting is not significant.

Fair value of prepayment options of £nil (2013: £47 million, 2012: £nil) relates to the GBP 500 million and USD 410 million senior notes due 2018 which were bifurcated but have been repaid early in the year ended 31 March 2014. The fair value represents the difference in the traded market price of the bonds and the expected price the bonds would trade at if they did not contain any prepayment features. The expected price is based on market inputs including credit spreads and interest rates.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2014, 31 March 2013 and 31 March 2012 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

(B) CASH FLOW HEDGING

The group risk management policy allows the use of currency and interest derivative instruments to manage its exposure to fluctuations in foreign exchange and interest rates. To the extent possible under IAS 39, these instruments are designated in hedging relationships if the meet the requirements outlined in the standard.

As of 31 March 2014, the group has taken out a number of cash flow hedging instruments. The group uses USD/GBP forward and option contracts, USD/Euro forward contracts and other currency options to hedge future cash flows from sales and purchases. Cash flow hedges are expected to be recognised in profit or loss during the years ending 31 March 2015 to 2018.

The group also has a number of USD/Euro options which are entered into as an economic hedge of the financial risks of the group. These contracts do not meet the hedge accounting criteria of IAS 39, so the change in fair value is recognised immediately in the income statement.

The time value of options is considered ineffective in the hedge relationship and thus the change in time value is recognised immediately in the income statement.

The group uses foreign currency contracts to hedge its risk associated with foreign currency fluctuations relating to highly probable forecast transactions. The fair value of such contracts as of 31 March 2014 was a net asset of £673 million (2013: net liability of £254 million, 2012: net liability of £26 million).

Changes in fair value of foreign currency contracts to the extent determined to be an effective hedge is recognised in the statement of other comprehensive income and the ineffective portion of the fair value change is recognised in income statement. Accordingly, the fair value change of net gain of £1,041 million (2013: loss of £288 million, 2012: loss of £36 million) was recognised in other comprehensive income. The ineffective portion that arises from cash flow hedges amounts to a gain of £5 million (2013: loss of £1 million, 2012: loss of £1 million) which has been recognised in foreign exchange gain/(loss) in the consolidated income statement. The gain on derivative contracts not eligible for hedging was £57 million (2013: loss of £11 million, 2012: loss of £59 million) which has been recognised in foreign exchange gain/(loss) in the consolidated income statement. The total loss on commodities of £18 million (2013: £10 million, 2012 £12 million) has been recognised in other income in the consolidated income statement.

A 10% depreciation/appreciation of the foreign currency underlying such contracts would have resulted in an approximate additional gain/(loss) of £734 million / (£893) million (2013: £612 million / (£831) million, 2012: £493 million / (£385) million) in equity and a gain/(loss) of £51 million / (£31) million (2013: £35 million / £28 million, 2012: £28 million / (£9) million) in the consolidated income statement.

(C) FINANCIAL RISK MANAGEMENT

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

The group has a risk management policy which covers the foreign exchange risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment—by reducing the impact of currency and interest rate fluctuations to the company's business plan.

- Achieve greater predictability to earnings—by determining the financial value of the expected earnings in advance.

(D) MARKET RISK

Market risk is the risk of any loss in future earnings in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in any of the risks outlined in (C) above or other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Each of the sensitivity analyses presented in the following sections (E) to (H) assumes that all other variables remain constant and are based on reasonably possible changes in each of the market risks presented.

(E) FOREIGN CURRENCY EXCHANGE RATE RISK

The fluctuation in foreign currency exchange rates may have potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan, Japanese Yen and Euro against the functional currency of the group.

The group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange exposure. Any weakening of the functional currency may impact the group's cost of imports and cost of borrowings.

The group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The following table sets forth information relating to foreign currency exposure as of 31 March 2014:

As at 31 March 2014 (£ millions)	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
Financial assets	463	840	296	17	318	1,934
Financial liabilities	(1,594)	(715)	(1,322)	(62)	(224)	(3,915)
Net exposure asset / (liability)	**(1,130)**	**125**	**(1,026)**	**(45)**	**94**	**(1,982)**

A 10% appreciation / depreciation of the USD, Chinese Yuan, Euro and Yen would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £113 million, £12 million, £103 million and £4 million respectively for the year ended 31 March 2014.

The following table sets forth information relating to foreign currency exposure as of 31 March 2013:

As at 31 March 2013 (£ millions)	**US Dollar**	**Chinese Yuan**	**Euro**	**JPY**	***Others**	**Total**
Financial assets	332	667	259	35	358	1,651
Financial liabilities	(1,266)	(659)	(1,113)	(89)	(239)	(3,366)
Net exposure asset / (liability)	**(934)**	**8**	**(854)**	**(54)**	**119**	**(1,715)**

A 10% appreciation / depreciation of the USD, Chinese Yuan, Euro and Yen would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £93 million, £1 million, £85 million and £5 million respectively for the year ended 31 March 2013.

The following table sets forth information relating to foreign currency exposure as of 31 March 2012:

As at 31 March 2012 (£ millions)	**US Dollar**	**Chinese Yuan**	**Euro**	**JPY**	***Others**	**Total**
Financial assets	263	585	231	32	228	1,339
Financial liabilities	(862)	(370)	(923)	(106)	(198)	(2,459)
Net exposure asset / (liability)	**(599)**	**215**	**(692)**	**(74)**	**30**	**(1,120)**

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

A 10% appreciation / depreciation of the USD, Chinese Yuan, Euro and Yen would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £60 million, £22 million, £69 million and £7 million respectively for the year ended 31 March 2012.

(F) INTEREST RATE RISK

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates.

The group is presently funded with long-term fixed interest rate bonds. The group is subject to variable interest rates on certain other debt obligations.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the year.

As of 31 March 2014 net financial liabilities of £167 million (2013: £220 million, 2012: £336 million) were subject to the variable interest rate. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £2 million (2013: £2 million, 2012: £3 million) in the consolidated income statement.

The group is also exposed to interest rate risk with regard to the reported fair value of the prepayment options. At 31 March 2014, had interest rates been 25 basis points higher / lower with all other variables constant, consolidated profit for the year would be £nil lower / £nil higher (2013: £9 million lower / £9 million higher, 2012: £nil lower / £nil higher), mainly as a result of higher / lower finance expense.

(G) LIQUIDITY RISK

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and undrawn borrowing facilities to meet the group's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2014 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt	1,843	2,667	117	116	768	1,666
Short term borrowings	167	167	167	—	—	—
Finance lease obligations	18	20	6	6	8	—
Other financial liabilities	208	231	195	13	23	—
Accounts payable	4,787	4,787	4,787	—	—	—
Derivative financial instruments	120	130	71	48	11	—
Total contractual maturities	**7,143**	**8,002**	**5,343**	**183**	**810**	**1,666**

As at 31 March 2013 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt	1,839	2,868	143	143	430	2,152
Short term borrowings	328	331	331	—	—	—
Finance lease liabilities	23	28	6	6	14	2
Finance lease obligations	223	243	231	8	4	—
Accounts payable	4,227	4,227	4,227	—	—	—
Derivative financial instruments	414	414	206	119	89	—
Total contractual maturities	**7,054**	**8,111**	**5,144**	**276**	**537**	**2,154**

As at 31 March 2012 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt and preference shares	1,641	2,692	134	134	401	2,023
Short term borrowings	333	340	340	—	—	—
Finance lease obligations	20	23	5	6	12	—
Other financial liabilities	224	224	200	24	—	—
Accounts payable	3,285	3,285	3,285	—	—	—
Derivative financial instruments	141	141	108	24	9	—
Total contractual maturities	**5,644**	**6,705**	**4,072**	**188**	**422**	**2,023**

(H) CREDIT RISK

The majority of the group's credit risk pertains to the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

In addition to counterparty credit risk, the group is exposed to the impact of volatility with its own credit risk with regard to the fair value of prepayment options. At 31 March 2014, had credit spreads been 25 basis points lower / higher with all other variables constant, consolidated profit for the year would be £nil higher / £nil lower (2013: £9 million higher / £2 million lower, 2012: £nil higher / lower), mainly as a result of lower / higher finance expense.

Financial instruments that are subject to concentrations of credit risk principally consist of investments classified as loans and receivables and trade receivables. None of the financial instruments of the group result in material concentrations of credit risks. For trade receivables, the group considers counterparty creditworthiness by means of an internal rating process and its country risk. In this context, the historic financial performance and other relevant information on the counterparty such as payment history are used and assessed.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2014 (2013, 2012: no indications) that defaults in payment obligations will occur.

As at 31 March (£ millions)	2014 Gross	2014 Impairment	2013 Gross	2013 Impairment	2012 Gross	2012 Impairment
Not yet due	795	2	837	—	612	—
Overdue < 3 months	52	—	95	1	48	—
Overdue >3<6 months	4	—	19	2	5	3
Overdue >6 months	10	6	11	7	10	10
Total	**861**	**8**	**962**	**10**	**675**	**13**

Included within trade receivables is £167 million (2013: £242 million, 2012: £143 million) of receivables which are part of a debt factoring arrangement. These assets do not qualify for derecognition due to the recourse arrangements in place. The related liability of £167 million (2013: £242 million, 2012: £143 million) is in short term borrowings. Both asset and associated liability are stated at fair value.

34 LEASES

LEASES AS LESSEE

Non-cancellable finance lease rentals are payable as follows:

As at 31 March (£ millions)	2014	2013	2012
Less than one year	5	5	5
Between one and five years	13	16	15
More than five years	—	2	—
Total lease payments	**18**	**23**	**20**

The above leases relate to amounts payable under the minimum lease payments on plant and machinery. The group leased certain of its manufacturing equipment under finance lease. The average lease term is 8 years. The group has options to purchase certain equipment for a nominal amount at the end of lease term.

Non-cancellable operating lease rentals are payable as follows:

As at 31 March (£ millions)	2014	2013	2012
Less than one year	26	8	9
Between one and five years	39	16	24
More than five years	18	10	6
Total lease payments	**83**	**34**	**39**

The group leases a number of properties and plant and machinery under operating leases.

LEASES AS LESSOR

The future minimum lease receipts under non-cancellable operating leases are as follows:

As at 31 March (£ millions)	2014	2013	2012
Less than one year	4	4	3
Between one and five years	—	—	—
More than five years	—	—	—
Total lease receipts	**4**	**4**	**3**

The above leases relate to amounts receivable in respect of land and buildings and fleet car sales. The average lease life is less than one year.

35 SEGMENT REPORTING

Operating segments are defined as components of the group about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

The JLR group operates in the automotive segment. The automotive segment includes all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories from which the group derives its revenues. The group has only one operating segment, so no separate segment report is given.

The geographic spread of sales and non-current assets is as disclosed below:

(£ millions)	UK	US	China	Rest of Europe	Rest of World	Total
31 March 2014						
Revenue	2,989	2,683	6,687	2,978	4,049	19,386
Non-current assets	7,376	13	8	10	17	7,424
31 March 2013						
Revenue	2,606	2,137	5,161	2,514	3,366	15,784
Non-current assets	5,814	14	4	10	15	5,857
31 March 2012						
Revenue	2,259	1,996	3,889	2,420	2,948	13,512
Non-current assets	4,330	14	19	9	15	4,387

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

36 RELATED PARTY TRANSACTIONS

The group's related parties principally consist of Tata Sons Ltd., subsidiaries, associates and joint ventures of Tata Sons Ltd which includes Tata Motors Ltd. (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Ltd. The group routinely enters into transactions with these related parties in the ordinary course of business including transactions for sale and purchase of products with its associates and joint ventures. Transactions and balances with the group's own subsidiaries are eliminated on consolidation.

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

(£ millions)	With fellow subsidiaries, associates and joint ventures	With immediate or ultimate parent
31 March 2014		
Sale of products	—	55
Services received	157	10
Services rendered	26	—
Trade and other receivables	15	15
Accounts payable	5	1
31 March 2013		
Sale of products	—	52
Services received	90	16
Services rendered	9	—
Trade and other receivables	8	—
Accounts payable	27	2
Loans given	8	—
31 March 2012		
Sale of products	—	69
Services received	54	9
Trade and other receivables	—	3
Accounts payable	13	—
Accrued preference share dividend	—	11
Loans repaid	—	435

Compensation of key management personnel

Year ended 31 March (£ millions)	2014	2013	2012
Short term benefits	21	12	16
Post-employment benefits	1	—	2
Compensation for loss of office	—	—	2
Total compensation of key management personnel	**22**	**12**	**20**

In addition to the compensation noted above, a loan of £0.7 million has been granted to a member of key management personnel. This loan is for a term of 8 years and is interest bearing at the HMRC official rate.

Refer to note 30 for information on transactions with post-employment benefit plans.

37 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte Limited (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

38 SUBSEQUENT EVENTS

In May 2014, the company proposed an ordinary dividend of £150 million to its immediate parent TML Holdings Pte Limited (Singapore). This amount was paid in full in June 2014.

PARENT COMPANY BALANCE SHEET

As at 31 March (£ millions)	Note	2014	2013	2012
Non-current assets				
Investments	39	1,655	1,655	1,655
Other financial assets	40	1,868	1,954	—
Other non-current assets	41	6	4	9
Deferred income taxes	42	8	—	—
Total non-current assets		**3,537**	**3,613**	**1,664**
Current assets				
Cash and cash equivalents	43	1	1	1
Other financial assets	40	61	73	1,710
Other current assets	41	2	5	4
Total current assets		**64**	**79**	**1,715**
Total assets		**3,601**	**3,692**	**3,379**
Current liabilities				
Short term borrowings and current portion of long term debt	44	—	—	157
Other financial liabilities	45	28	39	48
Deferred finance income		2	5	—
Current income tax liabilities		12	11	—
Total current liabilities		**42**	**55**	**205**
Non-current liabilities				
Long term debt	44	1,843	1,839	1,484
Other financial liabilities	45	—	47	—
Deferred finance income		31	35	—
Total non-current liabilities		**1,874**	**1,921**	**1,484**
Total liabilities		**1,916**	**1,976**	**1,689**
Equity attributable to equity holders of the parent				
Ordinary share capital	46	1,501	1,501	1,501
Capital redemption reserve		167	167	167
Retained earnings		17	48	22
Equity attributable to equity holders of the parent		**1,685**	**1,716**	**1,690**
Total liabilities and equity		**3,601**	**3,692**	**3,379**

These parent company financial statements were approved by the board of directors and authorised for issue on 28 July 2014. They were signed on its behalf by:

Dr Ralf Speth
Chief Executive Officer
Company registered number: 06477691

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary share capital	Capital redemption reserve	Profit and loss reserve	Total equity
Balance at 1 April 2013	**1,501**	**167**	**48**	**1,716**
Profit for the year	—	—	119	119
Total comprehensive income	**—**	**—**	**119**	**119**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2014	**1,501**	**167**	**17**	**1,685**
Balance at 1 April 2012	**1,501**	**167**	**22**	**1,690**
Profit for the year	—	—	176	176
Total comprehensive income	**—**	**—**	**176**	**176**
Dividend paid	—	—	(150)	(150)
Balance at 31 March 2013	**1,501**	**167**	**48**	**1,716**
Balance at 1 April 2011	**1,501**	**167**	**24**	**1,692**
Loss for the year	—	—	(2)	(2)
Total comprehensive loss	**—**	**—**	**(2)**	**(2)**
Balance at 31 March 2012	**1,501**	**167**	**22**	**1,690**

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March (£ millions)	2014	2013	2012
Cash flows from operating activities			
Profit for the year	119	26	(2)
Adjustments for:			
Foreign exchange loss / (gain) on loans	1	(8)	10
Loss / (gain) on embedded derivatives	47	(47)	—
Income tax (credit) / expense	(8)	12	—
Dividends received	(150)	—	—
Finance income	(285)	(135)	(81)
Finance expense	236	135	88
Cash flows (used in) / from operating activities before changes in assets and liabilities	**(40)**	**(17)**	**15**
Other financial assets	(19)	195	(1,078)
Other current liabilities	2	(1)	5
Net cash (used in) / from operating activities	**(57)**	**177**	**(1,058)**
Cash flows from investing activities			
Finance income received	303	121	73
Dividends received	150	150	—
Net cash from investing activities	**453**	**271**	**73**
Cash flows (used in) / from financing activities			
Finance expenses and fees paid	(329)	(141)	(85)
Proceeds from issuance of long term debt	829	—	1,500
Repayment of long term debt	(746)	—	—
Repayment of short term debt	—	(157)	(433)
Dividends paid	(150)	(150)	—
Net cash (used in) / from financing activities	**(396)**	**(448)**	**982**
Net change in cash and cash equivalents	**—**	**—**	**(3)**
Cash and cash equivalents at beginning of year	1	1	4
Cash and cash equivalents at end of year	**1**	**1**	**1**

39 INVESTMENTS

Investments consist of the following:

(£ millions)	2014	2013	2012
Cost of unquoted equity investments at beginning of year	1,655	1,655	1,875
Preference share investments converted to financial asset	—	—	(220)
Cost of unquoted equity investments at end of year	**1,655**	**1,655**	**1,655**

The company has not made any investments or disposals of investments in the year.

In March 2012, Land Rover and Jaguar Cars Limited converted preference shares owed to Jaguar Land Rover Automotive PLC into debt.

The company has the following 100% direct interest in the ordinary shares of a subsidiary undertaking:

Subsidiary undertaking	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Holdings Limited (formerly Land Rover)	England and Wales	Holding company

The shareholding above is recorded at acquisition value in the company's accounts. Details of the indirect subsidiary undertakings are as follows, each being a 100% indirect interest in the ordinary share capital of the Jaguar Land Rover Holdings Limited:

Name of company	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Limited	England and Wales	Manufacture and sale of motor vehicles
Jaguar e Land Rover Brazil Importacao e Comercio de Veiculos Ltda	Brazil	Distribution and sales
Jaguar Land Rover (South Africa) (Pty) Ltd	South Africa	Distribution and sales
Jaguar Land Rover Australia Pty Limited	Australia	Distribution and sales
Jaguar Land Rover Austria GmbH	Austria	Distribution and sales
Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd	China	Distribution and sales
Jaguar Land Rover Belux N.V.	Belgium	Distribution and sales
Jaguar Land Rover Canada, ULC	Canada	Distribution and sales
Jaguar Land Rover Deutschland GmbH	Germany	Distribution and sales
Jaguar Land Rover Espana SL	Spain	Distribution and sales
Jaguar Land Rover France SAS	France	Distribution and sales
Jaguar Land Rover India Limited	India	Distribution and sales
Jaguar Land Rover Italia SpA	Italy	Distribution and sales
Jaguar Land Rover Japan Limited	Japan	Distribution and sales
Jaguar Land Rover Korea Company Limited	Korea	Distribution and sales
Jaguar Land Rover Nederland BV	Holland	Distribution and sales
Jaguar Land Rover North America, LLC	USA	Distribution and sales
Jaguar Land Rover Portugal-Veiculos e Pecas, Lda	Portugal	Distribution and sales
Limited Liability Company "Jaguar Land Rover" (Russia)	Russia	Distribution and sales
Jaguar Land Rover (South Africa) Holdings Ltd	England and Wales	Holding company
JLR Nominee Company Limited	England and Wales	Non-trading
Land Rover Ireland Limited	Ireland	Non-trading
Daimler Transport Vehicles Limited	England and Wales	Dormant
Jaguar Cars (South Africa) (Pty) Ltd	South Africa	Dormant
Jaguar Cars Limited	England and Wales	Dormant
Land Rover Exports Limited	England and Wales	Dormant
Land Rover Group Limited	England and Wales	Dormant
Land Rover Parts Limited	England and Wales	Dormant
S S Cars Limited	England and Wales	Dormant
The Daimler Motor Company Limited	England and Wales	Dormant
The Jaguar Collection Limited	England and Wales	Dormant
The Lanchester Motor Company Limited	England and Wales	Dormant

Details of the indirect holdings in equity accounted investees are given in note 13 to the consolidated financial statements.

40 OTHER FINANCIAL ASSETS

As at 31 March (£ millions)	2014	2013	2012
Non-current			
Receivables from subsidiaries	1,868	1,954	—
Current			
Other financial assets	61	73	1,710

41 OTHER ASSETS

As at 31 March (£ millions)	2014	2013	2012
Non-current			
Prepaid expenses	6	4	9
Current			
Prepaid expenses	2	5	4

42 DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 2014 the company has recognised a deferred tax asset of £8 million in relation to tax losses. The company had no deferred tax assets or liabilities either recognised or unrecognised at 31 March 2013 or 2012.

43 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (£ millions)	2014	2013	2012
Balances with banks	1	1	1

44 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (£ millions)	2014	2013	2012
Euro MTF listed bonds	1,843	1,839	1,484
Redeemable preference shares classed as debt	—	—	157
Total borrowings	**1,843**	**1,839**	**1,641**
Less:			
Short term preference shares	—	—	(157)
Long term debt	**1,843**	**1,839**	**1,484**

EURO MTF LISTED DEBT

The bonds are listed on the Euro MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds outstanding at 31 March 2014 are as follows:

- $410 million Senior Notes due 2021 at a coupon of 8.125% per annum—issued May 2011
- £500 million Senior Notes due 2020 at a coupon of 8.25% per annum—issued March 2012
- $500 million Senior Notes due 2023 at a coupon of 5.625% per annum—issued January 2013
- $700 million Senior Notes due 2018 at a coupon of 4.125% per annum—issued December 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000% per annum—issued January 2014

The bond funds raised were used to repay both long and short term debt and provide additional cash facilities for the company.

Details of the tranches of the bonds repaid in the year ended 31 March 2014 are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125% per annum—issued May 2011
- $410 million Senior Notes due 2018 at a coupon of 7.75% per annum—issued May 2011

The bond funds raised were used to repay both long-term and short-term debt and provide additional cash facilities for the group. Further information relating to the bond may be found in the borrowings and description of indebtedness section within the management discussion and analysis to the front of these financial statements.

PREFERENCE SHARES CLASSIFIED AS DEBT

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend is payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the sum of £1 per share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. The holders may demand repayment at any time, subject to giving one month's notice. On redemption, the company shall pay the £1 per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

In June 2012, £157 million of preference shares were repaid.

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2014 is set out below, including estimated interest payments and assumes the debt will be repaid at the maturity date.

As at 31 March (£ millions)	2014	2013	2012
Due in			
1 year or less	117	143	134
2nd and 3rd years	231	287	134
4th and 5th years	653	287	401
More than 5 years	1,666	2,151	2,023
Total contractual cash flows	**2,667**	**2,868**	**2,692**

45 OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2014	2013	2012
Current			
Interest payable	23	36	44
Other	5	3	4
Total current other financial liabilities	**28**	**39**	**48**
Non-current			
Derivative financial instruments	—	47	—
Total non-current other financial liabilities	**—**	**47**	**—**

46 CAPITAL AND RESERVES

As at 31 March (£ millions)	2014	2013	2012
Allotted, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Nil (2013: nil, 2012: 157,052,620) 7.25% preference shares of £1 each	—	—	157
Total capital	**1,501**	**1,501**	**1,658**
Presented as equity	1,501	1,501	1,501
Presented as debt	—	—	157

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Preference shares contain no right to vote upon any resolution at any general meeting of the company. In June 2012, all £157 million of preference shares were repaid.

The capital redemption reserve of £167 million (2013, 2012: £167 million) was created in March 2011 on the cancellation of share capital.

47 DIVIDENDS

Year ended 31 March (£ millions)	2014	2013	2012
Dividend proposed for the previous year paid during the year of £0.10 (2013: £nil, 2012: £nil) per ordinary share	150	—	—
Dividend for the year paid during the year of £nil (2013: £0.10, 2012: £nil) per ordinary share	—	150	—
Amounts recognised as distributions to equity holders during the year	**150**	**150**	**—**
Proposed dividend for the year of £0.10 (2013: £0.10, 2012: £nil) per ordinary share	150	150	—

The proposed dividend for the year ended 31 March 2014 was paid in full in June 2014. Preference shares of £157 million were repaid in the year ended 31 March 2013, along with preference share dividends of £14 million (2012: accrued £11 million).

48 COMMITMENTS AND CONTINGENCIES

The company does not have any commitments or contingencies at 31 March 2014, 2013 or 2012.

49 CAPITAL MANAGEMENT

The company's objectives when managing capital are to ensure the going concern operation of it and its subsidiaries and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The company's policy is to borrow primarily through capital market issues to meet anticipated funding requirements and maintain sufficient liquidity. The company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to company policies approved by the Board and is monitored by various metrics such as debt to EBITDA and EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

The following table summarises the capital of the company:

As at 31 March (£ millions)	2014	2013	2012
Short term debt	—	—	157
Long term debt	1,843	1,839	1,484
Total debt	**1,843**	**1,839**	**1,641**
Equity	1,685	1,716	1,690
Total capital	**3,528**	**3,555**	**3,331**

50 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the company and provides additional information on balance sheet items that contain financial instruments.

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

(A) FINANCIAL ASSETS AND LIABILITIES

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

Financial assets

(£ millions)	Cash, loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	1	—	1	1
Other financial assets—current	61	—	61	61
Other financial assets—non current	1,868	—	1,868	1,868
Total financial assets	**1,930**	**—**	**1,930**	**1,930**

Financial liabilities

(£ millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
Other financial liabilities—current	28	—	28	28
Long term debt	1,843	—	1,843	1,982
Total financial liabilities	**1,871**	**—**	**1,871**	**2,010**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2013:

Financial assets

(£ millions)	Cash, loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	1	—	1	1
Other financial assets—current	73	—	73	73
Other financial assets—non current	1,907	47	1,954	1,954
Total financial assets	**1,981**	**47**	**2,028**	**2,028**

Financial liabilities

(£ millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
Other financial liabilities—current	39	—	39	39
Other financial liabilities—non current	—	47	47	47
Long term debt	1,839	—	1,839	2,058
Total financial liabilities	**1,878**	**47**	**1,925**	**2,144**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2012:

Financial assets

(£ millions)	Cash, loans and receivables	Total carrying value	Total fair value
Cash and cash equivalents	1	1	1
Other financial assets—current	1,710	1,710	1,710
Total financial assets	**1,711**	**1,711**	**1,711**

Financial liabilities

(£ millions)	Other financial liabilities	Total carrying value	Total fair value
Preference shares	157	157	157
Short term debt	48	48	48
Long term debt	1,484	1,484	1,534
Total financial liabilities	**1,689**	**1,689**	**1,739**

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels.

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category mainly includes quoted equity shares, quoted corporate debt instruments and mutual fund investments.

- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The financial instruments that are measured subsequent to initial recognition at fair value are forward currency contracts, commodity contracts and embedded derivatives. All of these financial instruments are classified as Level 2 fair value measurements, as defined by IFRS 7, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Derivatives are marked to market using market observable rates and published prices together with forecast cash flow information where applicable.

The long term unsecured listed bonds are held at amortised cost. Its fair value (disclosed above) is determined using Level 1 valuation techniques, based on the closing price at 31 March 2014 on the Euro MTF market. There has been no change in the valuation techniques adopted or any transfers between fair value levels.

Fair values of cash and cash equivalents, short term deposits, trade receivables and payables, short term debt, other financial assets and liabilities, current and non-current (excluding derivatives) are assumed to approximate to cost due to the short term maturing of the instruments and as the impact of discounting is not significant.

Fair value of prepayment options of £nil (2013: £47 million, 2012: £nil) relates to the GBP 500 million and USD 410 million senior notes due 2018 which were bifurcated but have been repaid early in the year ended 31 March 2014. The fair value represents the difference in the traded market price of the bonds and the expected price the bonds would trade at if they did not contain any prepayment features. The expected price is based on market inputs including credit spreads and interest rates.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2014, 31 March 2013 and 31 March 2012 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

(B) CASH FLOW HEDGING

As at 31 March 2014, 31 March 2013 and 31 March 2012, there are no designated cash flow hedges.

(C) FINANCIAL RISK MANAGEMENT

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

The company has a risk management policy which not only covers the foreign exchange risks but also the risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment—by reducing the impact of currency and interest rate fluctuations to the company’s business plan.

- Achieve greater predictability to earnings—by determining the financial value of the expected earnings in advance.

(D) MARKET RISK

Market risk is the risk of any loss in future earnings in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in any of the risks outlined in (C) above or other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Each of the sensitivity analyses presented in the following sections (E) to (H) assumes that all other variables remain constant and are based on reasonably possible changes in each of the market risks presented.

(E) FOREIGN CURRENCY EXCHANGE RATE RISK

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

The company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in the GBP:US Dollar rate as the company has USD assets and liabilities and a GBP functional currency. The following analysis has been worked out based on the gross exposure as of the Balance Sheet date which could affect the income statement.

The following table sets forth information relating to foreign currency exposure as at 31 March 2014:

(£ millions)	US Dollar
Financial assets	1,078
Financial liabilities	(1,066)
Net exposure asset	**12**

A 10% appreciation / depreciation of the USD would result in an increase / decrease in the company's net profit before tax and net assets by approximately £1 million.

The following table sets forth information relating to foreign currency exposure as at 31 March 2013:

(£ millions)	US Dollar
Financial assets	891
Financial liabilities	(888)
Net exposure asset	**3**

A 10% appreciation / depreciation of the USD would result in an increase / decrease in the company's net profit before tax and net assets by approximately £nil.

The following table sets forth information relating to foreign currency exposure as at 31 March 2012:

(£ millions)	US Dollar
Financial assets	533
Financial liabilities	(528)
Net exposure asset	**5**

A 10% appreciation / depreciation of the USD would result in an increase / decrease in the company's net profit before tax and net assets by approximately £nil.

(F) INTEREST RATE RISK

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates.

The company is presently funded with long-term fixed interest rate bonds. The company is subject to variable interest rates on certain other debt obligations.

As of 31 March 2014 net financial assets of £25 million (2013: £18 million, 2012: £18 million) were subject to the variable interest rate. Increase / decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £nil (2013: £nil, 2012: £nil).

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the year.

(G) LIQUIDITY RISK

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The company's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund on-going operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the company is reviewed regularly and is designed to exceed forecast peak gross debt levels.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2014 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt	1,843	2,667	117	116	768	1,666
Other financial liabilities	28	5	5	—	—	—
Total contractual maturities	1,871	2,672	122	116	768	1,666

As at 31 March 2013 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt	1,839	2,868	143	143	430	2,152
Other financial liabilities	39	39	39	—	—	—
Derivative financial instruments	47	47	—	—	47	—
Total contractual maturities	**1,925**	**2,954**	**182**	**143**	**477**	**2,152**

As at 31 March 2012 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt and preference shares	1,641	2,692	134	134	401	2,023
Other financial liabilities	48	48	48	—	—	—
Total contractual maturities	**1,689**	**2,740**	**182**	**134**	**401**	**2,023**

(H) CREDIT RISK

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

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries, based in a variety of geographies and markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the company's cash equivalents or other financial receivables, including time deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2014 (2013, 2012: no indications) that defaults in payment obligations will occur.

51 RELATED PARTY TRANSACTIONS

The company's related parties principally consist of Tata Sons Ltd., subsidiaries, associates and joint ventures of Tata Sons Ltd which includes Tata Motors Ltd. (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Ltd. The company routinely enters into transactions with these related parties in the ordinary course of business.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements:

(£ millions)	With subsidiaries	With immediate parent
31 March 2014		
Loans to subsidiaries	1,929	—
31 March 2013		
Loans to subsidiaries	2,027	—
31 March 2012		
Loans from parent	—	157
Loans to subsidiaries	1,710	—

There was no compensation paid by the company to the directors or to key management personnel.

Apart from the directors, the company did not have any employees and had no employee costs in the years ended 31 March 2014, 2013 and 2012.

52 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte Limited (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

53 SUBSEQUENT EVENTS

In May 2014, the company proposed an ordinary dividend of £150 million to its immediate parent TML Holdings Pte Limited (Singapore). This amount was paid in full in June 2014.

Jaguar Land Rover Automotive plc
(formerly Jaguar Land Rover PLC)

Audited consolidated financial statements
Registered number 06477691
Year ended 31 March 2013

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 2006.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge the financial statements, prepared in accordance with International Financial Reporting Standards as approved by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole.

These financial statements were approved by the board of directors on 23 July 2013.

Independent Auditors' Report to the Members of Jaguar Land Rover Automotive PLC

We have audited the financial statements of Jaguar Land Rover Automotive PLC for the year ended 31 March 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 53. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2013 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards to the group financial statements, Article 4 of IAS Regulation.

Opinion in relation to IFRSs as issued by the IASB

As explained in Note 2 to the group financial statements, the group in addition to complying with it's legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Richard Knights
Senior statutory auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
23 July 2013

JAGUAR LAND ROVER AUTOMOTIVE PLC
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

Year ended 31 March (£ millions)	Note	2013	2012	2011
Revenue	4	**15,783.7**	**13,511.7**	**9,870.7**
Material and other cost of sales	6	(9,904.4)	(8,732.7)	(6,178.1)
Employee cost	7	(1,333.2)	(1,011.3)	(789.0)
Other expenses	6	(3,074.9)	(2,529.3)	(1,969.4)
Development costs capitalised	3	860.1	750.7	531.1
Other income		70.7	37.8	36.4
Depreciation and amortisation		(621.5)	(465.5)	(396.3)
Foreign exchange (loss) /gain		(108.7)	14.3	32.9
Finance income	10	33.7	16.2	9.7
Finance expense (net)	10	(18.1)	(85.2)	(33.1)
Share of loss from joint venture		(12.4)	—	—
Net income before tax	5	**1,675.0**	**1,506.7**	**1,114.9**
Income tax expense	18	(460.0)	(25.6)	(79.0)
Net income attributable to shareholders		**1,215.0**	**1,481.1**	**1,035.9**

JAGUAR LAND ROVER AUTOMOTIVE PLC
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March (£ millions)	Note	2013	2012	2011
Net income		**1,215.0**	**1,481.1**	**1,035.9**
Other comprehensive (loss) /income:				
Currency translation differences		—	—	123.4
(Loss) /gain on effective cash flow hedges		(287.7)	(35.6)	42.7
Cash flow hedges recognised in foreign exchange in the consolidated income statement		58.7	(19.7)	(13.2)
Actuarial losses	*30*	(346.6)	(149.9)	(321.1)
Total comprehensive income before tax impact		**639.4**	**1,275.9**	**867.7**
Tax impact		125.3	172.9	—
Total comprehensive income attributable to shareholders		**764.7**	**1,448.8**	**867.7**

JAGUAR LAND ROVER AUTOMOTIVE PLC
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET

As at 31 March (£ millions)	Note	2013	2012	2011
Non-current assets				
Equity accounted investees	*13*	59.5	1.4	0.3
Other financial assets	*17*	194.8	106.9	68.5
Property, plant and equipment	*19*	2,335.1	1,585.9	1,230.8
Pension asset	*30*	0.4	1.9	0.9
Intangible assets	*20*	3,522.2	2,801.0	2,144.6
Other assets	*16*	7.5	11.5	—
Deferred income taxes	*23*	508.2	473.8	112.2
Total non-current assets		**6,627.7**	**4,982.4**	**3,557.3**
Current assets				
Cash and cash equivalents	*11*	2,072.2	2,430.4	1,028.3
Short term deposits		775.0	—	—
Trade receivables		927.1	662.2	567.2
Other financial assets	*14*	176.0	182.8	61.5
Inventories	*15*	1,794.7	1,496.8	1,155.6
Other current assets	*16*	434.5	457.0	293.2
Current income tax assets		29.7	5.5	12.5
Total current assets		**6,209.2**	**5,234.7**	**3,118.3**
Total assets		**12,836.9**	**10,217.1**	**6,675.6**
Current liabilities				
Accounts payable	*25*	4,226.9	3,284.7	2,384.8
Short term borrowings and current portion of long term debt	*26*	327.8	489.7	863.4
Other financial liabilities	*21*	433.3	312.7	132.9
Provisions	*24*	334.4	279.5	246.3
Other current liabilities	*22*	482.0	559.3	360.2
Current income tax liabilities		192.3	115.2	79.8
Total current liabilities		**5,996.7**	**5,041.1**	**4,067.4**
Non-current liabilities				
Long term debt	*26*	1,839.0	1,484.4	518.1
Other financial liabilities	*21*	227.2	72.5	20.4
Non-current income tax liabilities		—	18.3	—
Deferred tax	*23*	85.7	0.5	1.6
Other liabilities	*22*	24.0	4.8	—
Provisions	*24*	1,125.5	671.3	592.7
Total non-current liabilities		**3,301.4**	**2,251.8**	**1,132.8**
Total liabilities		**9,298.1**	**7,292.9**	**5,200.2**
Equity attributable to shareholders				
Ordinary shares	*27*	1,500.6	1,500.6	1,500.6
Capital redemption reserve	*28*	166.7	166.7	166.7
Reserves / (accumulated deficit)	*28*	1,871.5	1,256.9	(191.9)
Equity attributable to shareholders		**3,538.8**	**2,924.2**	**1,475.4**
Total liabilities and equity		**12,836.9**	**10,217.1**	**6,675.6**

These consolidated financial statements were approved by the board of directors on 23/07/13 and signed on its behalf by:

Ralf Speth

Dr Ralf Speth
Chief Executive Officer
Company Registered number 06477691

JAGUAR LAND ROVER AUTOMOTIVE PLC
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary shares	Capital redemption reserve	Reserves/ (accumulated deficit)	Total equity
Balance at 31 March 2012	**1,500.6**	**166.7**	**1,256.9**	**2,924.2**
Income for the year	—	—	1,215.0	1,215.0
Other comprehensive loss for the year	—	—	(450.3)	(450.3)
Total comprehensive income	**—**	**—**	**764.7**	**764.7**
Dividend paid	—	—	(150.1)	(150.1)
Balance at 31 March 2013	**1,500.6**	**166.7**	**1,871.5**	**3,538.8**
Balance at 31 March 2011	1,500.6	166.7	(191.9)	1,475.4
Income for the year	—	—	1,481.1	1,481.1
Other comprehensive loss for the year	—	—	(32.3)	(32.3)
Total comprehensive income	**—**	**—**	**1,448.8**	**1,448.8**
Balance at 31 March 2012	**1,500.6**	**166.7**	**1,256.9**	**2,924.2**
Balance at 31 March 2010	**644.6**	**—**	**(1,107.4)**	**(462.8)**
Income for the year	—	—	1,035.9	1,035.9
Other comprehensive loss for the year	—	—	(168.2)	(168.2)
Total comprehensive income	**—**	**—**	**867.7**	**867.7**
Cancellation of preference shares	—	—	47.8	47.8
Issue of ordinary shares	856.0	166.7	—	1,022.7
Balance at 31 March 2011	**1,500.6**	**166.7**	**(191.9)**	**1,475.4**

JAGUAR LAND ROVER AUTOMOTIVE PLC
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March (£ millions)	2013	2012	2011
Cash flows from operating activities			
Net income attributable to shareholders	**1,215.0**	**1,481.1**	**1,035.9**
Adjustments for:			
Depreciation and amortisation	621.5	465.5	396.3
Loss on sale of property, plant, equipment and software	1.7	8.5	5.8
Foreign exchange loss /(gain) on loans	36.5	10.8	(17.1)
Income tax expense	460.0	25.6	79.0
Gain on embedded derivative	(47.0)	—	—
Finance expense (net of capitalised interest)	18.1	85.2	33.1
Finance income	(33.7)	(16.2)	(9.7)
Foreign exchange loss on derivatives	11.1	58.8	0.5
Loss / (income) received from associates	12.4	(0.3)	(2.0)
Cash flows from operating activities before changes in assets and liabilities	**2,295.6**	**2,119.0**	**1,521.8**
Cash paid on option premia	—	—	(16.2)
Trade receivables	(264.9)	(95.0)	102.2
Finance receivables	0.6	—	—
Other financial assets	(243.2)	9.8	16.9
Other current assets	22.5	(159.3)	(67.7)
Inventories	(283.5)	(341.2)	(160.2)
Other non-current assets	1.4	(3.4)	(0.5)
Accounts payable	797.3	893.6	421.4
Other current liabilities	(77.3)	199.2	65.1
Other financial liabilities	245.3	54.7	(18.2)
Other non-current liabilities	14.4	4.8	(132.3)
Provisions	168.7	(31.2)	5.8
Cash generated from operations	**2,676.9**	**2,651.0**	**1,738.1**
Income tax paid	(247.9)	(150.9)	(92.9)
Net cash from operating activities	**2,429.0**	**2,500.1**	**1,645.2**
Cash flows used in investing activities			
Investment in associate	(70.5)	(0.8)	—
Movements in other restricted deposits	53.7	(147.4)	(3.1)
Investment in short term deposits	(775.0)	—	—
Purchases of property, plant and equipment	(890.9)	(595.8)	(207.7)
Proceeds from sale of property, plant and equipment	3.2	—	3.7
Cash paid for intangible assets	(958.6)	(813.9)	(573.4)
Finance income received	29.1	16.1	9.1
Dividends received from associates	—	—	2.0
Net cash used in investing activities	**(2,609.0)**	**(1,541.8)**	**(769.4)**
Cash flows from financing activities			
Finance expenses and fees paid	(178.9)	(128.2)	(74.2)
Proceeds from issuance of short term debt	87.8	104.6	9.2
Repayment of short term debt	(249.8)	(655.0)	(477.7)
Payments of lease liabilities	(4.5)	(4.1)	(4.1)
Proceeds from issuance of long term debt	317.3	1,500.0	20.4
Repayment of long term debt	—	(373.5)	(1.0)
Dividends paid	(150.1)	—	—
Net cash (used in) /from financing activities	**(178.2)**	**443.8**	**(527.4)**
Net change in cash and cash equivalents	(358.2)	1,402.1	348.4
Cash and cash equivalents at beginning of year	2,430.4	1,028.3	679.9
Cash and cash equivalents at end of year	**2,072.2**	**2,430.4**	**1,028.3**

NOTES

Forming part of the financial statements

1. BACKGROUND AND OPERATIONS

Jaguar Land Rover Automotive PLC and its subsidiaries (collectively referred to "the group" or "JLR"), designs, manufactures and sells a wide range of automotive vehicles. In December 2012 the company name was changed from Jaguar Land Rover Automotive plc to Jaguar Land Rover Automotive PLC.

The company is a public limited company incorporated and domiciled in the UK and has its registered office at Whitley, Coventry, England.

The company is a subsidiary of Tata Motors Limited, India ("TATA Motors") and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high performance luxury saloons, specialist sports cars and four wheel drive off-road vehicles.

Balance sheet numbers for 2011 have been disclosed solely for the information of the users.

2. ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as "IFRS") as approved by the EU. There is no difference between these accounts and the accounts for the group prepared under IFRS as adopted by the International Accounting Standards Board ("IASB").

The company has taken advantage of s.408 of the Companies Act 2006 and therefore the accounts do not include the income statement of the company on a stand-alone basis.

BASIS OF PREPARATION

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

GOING CONCERN

The directors have considered the financial position of the group at 31 March 2013 (net assets of £3,538.8 million (2012: £2,924.2 million, 2011: £1,475.4 million)) and the projected cash flows and financial performance of the group for at least 12 months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The directors have taken actions to ensure that appropriate long term cash resources are in place at the date of signing the accounts to fund group operations. The directors have reviewed the financial covenants linked to the borrowings in place and believe these will not be breached at any point and that all debt repayments will be met.

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

BASIS OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements include Jaguar Land Rover Automotive PLC and its subsidiaries. Subsidiaries are entities controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Inter-company transactions and balances including unrealised profits are eliminated in full on consolidation.

ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (EQUITY ACCOUNTED INVESTEES)

Associates are those entities in which the company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the company holds between 20 and 50 per cent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Equity accounted investees are accounted for using the equity method and are recognised initially at cost. The company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the company's share of the income and expenses and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the company has an obligation or has made payments on behalf of the investee.

When the company transacts with an associate or jointly controlled entity of the company, profits and losses are eliminated to the extent of the company's interest in its associate or jointly controlled entity.

BUSINESS COMBINATION

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognised in net income / (loss) as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standard.

Purchase consideration in excess of the company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, in the consolidated income statement.

USE OF ESTIMATES AND JUDGMENTS

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

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

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

(i) Note 19—Property, plant and equipment—the group applies judgement in determining the estimate useful life of assets.

(ii) Note 20—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.

(iii) Note 23—Deferred tax—management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses.

(iv) Note 24—Provision for product warranty—it is necessary for group to assess the provision for anticipated lifetime warranty and campaign costs. The valuation of warranty and campaign provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs.

(v) Note 30—Assets and obligations relating to employee benefits—it is necessary for actuarial assumptions to be made, including discount and mortality rates and the long-term rate of return upon scheme assets. The group engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

(vi) Note 33—Financial Instruments—the group enters into complex financial instruments and therefore appropriate accounting for these requires judgement around the valuations. Embedded derivatives relating to pre-payment options on senior notes are not considered closely related and are separately accounted for unless the exercise price of these options is approximately equal, on each exercise date, to the amortised cost of the senior notes.

REVENUE RECOGNITION

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

Sale of products

The group recognises revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer. Sale of products is presented net of excise duty where applicable and other indirect taxes.

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

COST RECOGNITION

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

Expenditure capitalised represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction of product development undertaken by the group.

PROVISIONS

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

Product warranty expenses

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 timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

Residual risk

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

FOREIGN CURRENCY

At 31 March 2013, 31 March 2012 and 31 March 2011, the parent company, Jaguar Land Rover Automotive PLC, has a functional currency of GBP. The presentation currency of the group consolidated accounts is GBP as that is the primary economic environment of the group's key manufacturing and selling operations.

Prior to the capital reorganisation in Jaguar Land Rover Automotive plc on 31 March 2011, the parent company had a functional currency of USD.

The functional currency of the non-UK selling operations is GBP based on management control being in the UK and this is the currency that primarily influences sales prices and the main currency for the retention of operating income.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement.

INCOME TAXES

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

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

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

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

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and consumables are ascertained on a first in first out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the group and are amortised in changes in stocks and work in progress to their residual values (i.e. estimated second hand sale value) over the term of the arrangement.

PROPERTY, PLANT AND EQUIPMENT

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

Freehold land is measured at cost and is not depreciated.

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

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

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

	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. Capital-work-in-progress includes capital prepayments.

INTANGIBLE ASSETS

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

Amortisation is provided on a straight-line basis over the estimated useful lives of the intangible assets as per details below:

The amortisation for intangible assets with finite useful lives is reviewed at least at each year-end.

	Estimated amortisation period (years)
Patents and technological know-how	2 to 12
Customer related—Dealer network	20
Product development	2 to 10
Intellectual property rights and other	Indefinite life
Software	2 to 8

Changes in expected useful lives are treated as changes in accounting estimates.

Capital-work-in-progress includes capital advances.

Customer related intangibles consist of order backlog and dealer network.

INTERNALLY GENERATED INTANGIBLE ASSETS

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

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

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

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

Product development cost is amortised over a period of between 24 months and 120 months.

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

LEASES

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease

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

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognised on the group's balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight- line basis over the term of the lease.

IMPAIRMENT

Property, plant and equipment and other intangible assets

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

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

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

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

GOVERNMENT GRANTS

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

Grants are recognised in profit or loss on a systematic basis when the entity 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 either presented as an offset against the related expenditure or included in other income. This choice of presentation is applied consistently to all government grant income.

EMPLOYEE BENEFITS

Pension plans

The group operates several defined benefit pension plans, which are contracted out of the second state pension scheme. The assets of the plans are held in separate trustee administered funds. The plans provide for monthly pension after retirement as per salary drawn and service year as set out in the rules of each fund.

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

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

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

Post-retirement Medicare scheme

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

Actuarial gains and losses

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

Measurement date

The measurement date of 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 net income, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial liabilities are classified into financial liabilities at fair value through net income and other financial liabilities.

Financial instruments are recognised on the balance sheet when the group becomes a party to the contractual provisions of the instrument.

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

Financial assets and financial liabilities at fair value through net income

Derivatives, including embedded derivatives separated from the host contract, unless they are designated as hedging instruments, for which hedge accounting is applied, are classified into this category. Financial assets and liabilities are measured at fair value with changes in fair value recognised in the consolidated income statement.

Loans and receivables

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

Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequently, these are measured at fair value and changes therein, other than impairment losses which are recognised directly in other comprehensive income, net of applicable deferred income taxes.

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.

When the financial asset is derecognised, the cumulative gain or loss in equity is transferred to the consolidated income statement.

Equity instruments

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

Other financial liabilities

These are measured at amortised cost using the effective interest method.

Determination of fair value

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

Derecognition of financial assets and financial liabilities

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

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

Impairment of financial assets

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

Loans and receivables

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

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

Equity investments

Impairment loss on equity investments carried at cost is not reversed.

Hedge accounting

The group uses foreign currency forward contracts and options to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The group designates these forward contracts and options in a cash flow hedging relationship by applying the hedge accounting principles.

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

For options, the time value is not considered part of the hedge, and this is treated as an ineffective hedge portion and recognised immediately in the consolidated income statement.

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

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

NEW ACCOUNTING PRONOUNCEMENTS

The company adopted/early adopted following standards/amendments to standards and interpretations:

IFRS 7 was amended in October 2010, as part of Improvements to IFRSs 2010. The effect of the amendment was to help users of financial statements to evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. The amendment is effective for annual periods beginning on or after July 1, 2011.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards to; Replace references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRS; and provide guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The standard is effective for annual periods beginning on or after July 1, 2011.

Amendment to IAS 12 Income Taxes was issued by the IASB in December 2010 to clarify that recognition of deferred tax should have regard to the expected manner of recovery or settlement of the asset or liability. The amendment and consequential withdrawal of SIC 21 Deferred Tax: Recovery of Underlying Assets is effective for annual periods beginning on or after January 01, 2012.

None of these have impacted on the group results in any period.

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

An Amendment to IAS 27 Separate Financial Statements (2011) was issued during the year. This now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements.

The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements. The standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IAS 28 Investments in Associates and Joint Ventures (2011) was issued in 2011. This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines ‘significant influence’ and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. The standard will be effective for annual periods beginning on or after January 1, 2013, with early application permitted.

Amendments to IAS 1 Financial Statement Presentation. This amendment revises the way other comprehensive income is presented. Effective for annual periods beginning on or after July 1, 2012 with early adoption permitted.

IFRS 7 Financial Instruments disclosure requirements were amended. Disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The amendments are effective for annual periods beginning on or after January 1, 2013. Early application is permitted.

IAS 32 Financial Instruments: Presentation amended to clarify certain aspects because of diversity in application of the requirements on offsetting, 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; the unit of account for applying the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014. Early application is permitted.

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities. The standard is effective for annual periods beginning on or after 1 January 2013, with early application permitted.

IFRS 11 Joint Arrangements classifies joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (equivalent to the existing concept of a jointly controlled entity). Joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires the use of the equity method of accounting for interests in joint ventures thereby eliminating the proportionate consolidation method. The standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 12 Disclosure of Interests in Other Entities applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The IFRS requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 13 Fair Value Measurement defines 'fair value' and sets out in a single standard a framework for measuring fair value and requires disclosures about fair value measurements. It seeks to increase consistency and comparability in fair value measurements and related disclosures through a fair value hierarchy. IFRS 13 is applicable prospectively from the beginning of the annual period in which the standard is adopted. The standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 9 Financial Instruments was issued by IASB in November 2009 as part of its project for revision of the accounting guidance for financial instruments. The new standard provides guidance with respect to classification and measurement of financial assets. The standard will be effective for annual periods beginning on or after January 1, 2015, with early application permitted.

IFRS 9 Financial Instruments (2010) was issued by IASB in 2010 as part of its project for revision of the accounting guidance for financial instruments. A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss—in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

IAS 19 Employee Benefits (2011). An amended version of IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The key amendments include; requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19); Introducing enhanced disclosures about defined benefit plans; Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits; Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; Incorporating other matters submitted to the IFRS Interpretations Committee. The standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRIC Interpretation IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement. The standard will be effective for annual periods beginning on or after January 1, 2013.

Amendments to IFRS 1 relating to Government Loans. Amends IFRS 1 First-time Adoption of International Financial Reporting Standards to address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. The standard will be effective for annual periods beginning on or after January 1, 2013.

The following new IFRSs were issued during the year and these standards have not yet been endorsed by the EU:

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The standard will be effective for annual periods beginning on or after January 1, 2013.

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to; Provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments Recognition and Measurement; Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries; Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). These are effective for periods beginning on or after 1 January 2014.

Improvements to IFRSs. This is a collection of amendments to certain International Financial Reporting Standards—as part of its program of annual improvements to its standards, which is intended to make necessary, This amends five pronouncements (plus consequential amendments to various others) in this cycle of annual improvements.

Key amendments include; IFRS 1—Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets; IAS 1—Clarification of the requirements for comparative information; IAS 16—Classification of servicing equipment; IAS 32—Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes; IAS 34—Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments. These are effective for periods beginning on or after 1 January 2013.

3. RESEARCH AND DEVELOPMENT

Year ended 31 March (£ millions)	2013	2012	2011
Total R&D costs	1,057.7	900.0	650.5
R&D expensed	(197.6)	(149.3)	(119.4)
Development costs capitalised	**860.1**	**750.7**	**531.1**
Interest capitalised	109.7	74.0	50.8
Total Research and Development additions	**969.8**	**824.7**	**581.9**

4. REVENUE

Year ended 31 March (£ millions)	2013	2012	2011
Sale of goods	15,783.7	13,511.7	9,870.7
Total revenues	**15,783.7**	**13,511.7**	**9,870.7**

5. NET INCOME

Expense / (income) included in net income for the year are the following:

Year ended 31 March (£ millions)	2013	2012	2011
Net foreign exchange	108.7	(14.3)	(32.9)
Derivative at fair value through income statement	21.4	58.6	1.1
Depreciation of property, plant and equipment	274.4	234.1	242.8
Amortisation of intangible assets (excluding internally generated development costs)	50.6	48.1	53.5
Amortisation of internally generated development costs	296.5	183.3	105.4
Research and development expense	197.6	149.3	119.4
Operating lease rentals in respect of plant, property and equipment	26.4	19.1	16.4
Loss on disposal of fixed assets	1.7	8.5	5.8
Government grants	(44.0)	—	—
Auditor remuneration—audit services (see below)	3.3	3.6	2.4

Total government grants of £62.4 million were accounted for in the year.

A grant of £26.4 million was awarded for investment in manufacturing facility equipment (£8.8 million) and a commitment to provide sustainable employment for an agreed duration (£17.6 million). A grant of £36.0 million was awarded for supporting regional development and a commitment to maintain the company's role as general distributor, retaining regional business and sustain its current business scale in the respective market.

Year ended 31 March (£ millions)	2013	2012	2011
Fees payable to the company's auditors for the audit of the company's annual accounts	0.1	0.1	0.1
Fees payable to the company's auditors & their associates for other services to the group—audit of the company's subsidiaries	2.7	2.4	2.0
Total audit fees	**2.8**	**2.5**	**2.1**
Audit related assurance services	0.2	0.3	0.3
Other assurance services	0.3	0.8	—
Total audit and related fees	**3.3**	**3.6**	**2.4**

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed separately as these fees are disclosed on a consolidated basis.

6. MATERIAL COST OF SALES AND OTHER EXPENSES

Year ended 31 March (£ millions)	2013	2012	2011
Included in material cost of sales:			
Changes in inventories of finished goods and work in progress	308.6	317.4	171.6
Purchase of products for sale	(838.6)	(791.7)	(714.3)
Raw materials and consumables	(9,374.4)	(8,258.4)	(5,635.4)
Included in other expenses:			
Stores, spare parts and tools	81.2	57.6	76.7
Freight cost	436.7	342.6	216.6
Works, operations and other costs	1,303.4	1,075.0	784.2
Repairs	11.6	10.7	20.8
Power and fuel	56.6	49.1	41.7
Rent, rates and other taxes	33.5	27.2	20.7
Insurance	15.6	18.8	11.2
Warranty	461.6	371.5	332.4
Publicity	674.7	576.8	465.1

7. STAFF NUMBERS AND COSTS

Year ended 31 March (£ millions)	2013	2012	2011
Wages and salaries	1,020.1	776.5	617.4
Social security costs and benefits	152.0	107.3	82.6
Pension costs	161.1	127.5	89.0
Total staff costs	**1,333.2**	**1,011.3**	**789.0**

Average staff numbers year ended 31 March 2013	Non Agency	Agency	Total
Manufacturing	9,801	4,310	14,111
Research and development	3,940	1,665	5,605
Other	4,091	1,106	5,197
Total staff numbers	**17,832**	**7,081**	**24,913**

Average staff numbers year ended 31 March 2012	Non Agency	Agency	Total
Manufacturing	8,702	2,899	11,601
Research and development	3,548	1,231	4,779
Other	3,596	911	4,507
Total staff numbers	**15,846**	**5,041**	**20,887**

Average staff numbers year ended 31 March 2011	Non Agency	Agency	Total
Manufacturing	8,534	703	9,237
Research and development	3,384	941	4,325
Other	3,157	536	3,693
Total staff numbers	**15,075**	**2,180**	**17,255**

8. DIRECTORS' EMOLUMENTS

Year ended 31 March (£)	2013	2012	2011
Directors' emoluments	2,097,405	7,875,898	2,114,209
	2,097,405	**7,875,898**	**2,114,209**

The aggregate of emoluments and amounts receivable under the long term incentive plan (LTIP) of the highest paid director was £1,905,298 (2012: £2,739,517, 2011: £1,345,291). During the year, the highest paid director did not receive any LTIP awards.

9. LONG TERM INCENTIVE PLAN (LTIP)

The group operates an LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant 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.

Year ended 31 March (number)	2013	2012	2011
Outstanding at the beginning of the year	2,934,435	351,392	—
Granted during the year	1,935,130	327,318	351,392
Vested in the year	(491,029)	(91,823)	—
Forfeited in the year	(160,735)	—	—
Outstanding at the end of the year	**4,217,801**	**586,887**	**351,392**
Outstanding at March 2012 post 5:1 share split	**—**	**2,934,435**	**—**

During the prior year, following the granting and exercising of the options in the table above, Tata Motors Limited performed a 5:1 share split. The actual amount of share options outstanding at the end of March 2012 was therefore 2,934,435. The weighted average share price of the 491,029 phantom stock awards vesting in the year was £4.18 (2012: £12.75, 2011: Nil).

At the balance sheet date, the exercise price of the outstanding options was nil. The weighted average remaining contractual life of the outstanding awards is 1.5 years.

The amount charged in the year in relation to the long term incentive plan was £5.4 million (2012: £4.3 million, 2011: £2.8 million).

The fair value of the options was calculated using a Black Scholes model at the grant date. The fair value is updated at each reporting date as the options 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	2013	2012	2011
Risk-Free rate (%)	0.26	0.49	1.55
Dividend yield (%)	1.57	1.44	1.17
Weighted average fair value per phantom share	£3.74	£4.08	£18.31

10. FINANCE INCOME AND EXPENSE

Recognised in net income

Year ended 31 March (£ millions)	2013	2012	2011
Finance income	33.7	16.2	9.7
Total finance income	**33.7**	**16.2**	**9.7**
Total interest expense on financial liabilities measured at amortised cost	(176.2)	(166.1)	(83.8)
Unwind of discount on provisions	1.4	6.9	(0.1)
Interest capitalised	109.7	74.0	50.8
Total finance expense	**(65.1)**	**(85.2)**	**(33.1)**
Embedded derivative value	47.0	—	—
Total finance income / (expense)	**15.6**	**(69.0)**	**(23.4)**

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 8.0% (2012: 7.9%, 2011: 7.1%)

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (£ millions)	2013	2012	2011
Cash and cash equivalents	2,072.2	2,430.4	1,028.3
	2,072.2	**2,430.4**	**1,028.3**

The group holds £2,072.2 million (2012: £2,430.4 million, 2011: £1,028.3 million) cash and cash equivalents of which £524.4 million (2012: £453.5 million, 2011: £220.6 million) is in China. With exception of cash balances held in China (see below), all cash held in the group can be utilized across all the group's manufacturing and sales operations.

Due to Chinese foreign exchange controls, there are restrictions on taking cash out of the country. These controls limit the group's ability to utilise the cash held in China in all markets. At 31 March 2013, it is considered that all (2012: £372.9 million, 2011: all) of this cash can be utilised against current liabilities in China and therefore the restrictions on movement do not curtail the group's liquidity position.

12. ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

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

Year ended 31 March (£ millions)	2013	2012	2011
At beginning of year	13.2	10.1	16.3
Allowance made during the year	(1.1)	4.6	1.5
Written off	(1.8)	(1.5)	(7.7)
At end of year	**10.3**	**13.2**	**10.1**

13. INVESTMENTS

Investments consist of the following:

As at 31 March (£ millions)	2013	2012	2011
Equity accounted investees	59.5	1.4	0.3
	59.5	**1.4**	**0.3**

During the year, the company acquired a 50% stake in Suzhou Chery Jaguar Land Rover Trading Co. Limited for £1.0 million and a 50% stake in Chery Jaguar Land Rover Automotive Co. Limited for £69.5 million. The company's share of net assets at acquisition of Suzhou Chery Jaguar Land Rover Trading Co. Limited were

£1.0 million and the company's share of net assets at acquisition of Chery Jaguar Land Rover Automotive Co. Limited were £69.5 million. No dividend was received in the year from Suzhou Chery Jaguar Land Rover Trading Co. Limited or Chery Jaguar Land Rover Automotive Co. Limited.

The group has the following investments:

Jaguar Land Rover Schweiz AG	10.0% interest in the ordinary share capital
Jaguar Cars Finance Limited	49.9% interest in the ordinary share capital
Spark 44 Limited	50.0% interest in the ordinary share capital
Suzhou Chery Jaguar Land Rover Trading Co. Ltd	50.0% interest in the ordinary share capital
Chery Jaguar Land Rover Automotive Co. Ltd	50.0% interest in the ordinary share capital

The principal activity of Jaguar Land Rover Schweiz AG is the sale of automotive vehicle and parts. The principal activity of Jaguar Cars Finance Limited was the provision of credit finance. The principle activity of Spark 44 is the provision of advertising services. The principle activity of Suzhou Chery Jaguar Land Rover Trading Co. Limited is the assembly of motor vehicles. The principle activity of Chery Jaguar Land Rover Automotive Co. Limited is the assembly of motor vehicles.

JAGUAR CARS FINANCE LIMITED (49.9%)

The total assets, liabilities and profit of Jaguar Cars Finance Limited at the balance sheet date of 30 September 2012 are below.

(£ thousands)	2013	2012	2011
Current assets	89	606	2,946
Current liabilities	(1)	(370)	(719)
Net assets	**88**	**236**	**2,227**
Income	2	6	2,561
Expenses	—	(2)	(717)

SPARK 44 LIMITED (50%)

Spark 44 Limited is equity accounted as a joint venture.

(£ thousands)	2013	2012
Long-term assets	341	414
Current assets	2,053	2,157
Current liabilities	(1,070)	(1,902)
Long-term liabilities	(66)	(25)
Net assets	**1,258**	**644**
Income	6,986	4,653
Expenses	(6,375)	(4,382)

SUZHOU CHERY JAGUAR LAND ROVER TRADING CO. LIMITED (50%)

Suzhou Chery Jaguar Land Rover Trading Co. Limited was established in April 2012.

The company is equity accounted as a joint venture.

(£ thousands)	2013
Long-term assets	94
Current assets	14,972
Current liabilities	(17,206)
Long-term liabilities	(7)
Net assets	(2,147)
Income	—
Expenses	(3,050)

CHERY JAGUAR LAND ROVER AUTOMOTIVE CO. LTD (50%)

Chery Jaguar Land Rover Automotive Co. Limited was established in January 2013.

The company is equity accounted as a joint venture.

(£ thousands)	2013
Long-term assets	9,558
Current assets	68,185
Current liabilities	(13,644)
Long-term liabilities	—
Net assets	64,099
Income	67
Expenses	(10,024)

14. OTHER FINANCIAL ASSETS—CURRENT

As at 31 March (£ millions)	2013	2012	2011
Advances and other receivables recoverable in cash	24.6	0.1	8.1
Derivative financial instruments	31.0	48.4	49.7
Restricted cash	109.7	131.4	—
Other	10.7	2.9	3.7
	176.0	**182.8**	**61.5**

£109.7 million (2012: £131.4 million, 2011: £Nil) of the restricted cash is held as security in relation to bank loans.

The amount is pledged until the loans reach their respective conclusion.

15. INVENTORIES

As at 31 March (£ millions)	2013	2012	2011
Raw materials and consumables	51.3	62.3	38.5
Work in progress	197.1	169.4	87.1
Finished goods	1,546.3	1,265.1	1,030.0
	1,794.7	**1,496.8**	**1,155.6**

Inventories of finished goods include £171.2 million (2012: £133.9 million, 2011: £117.1 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 expense during the year amounted to £11,150.8 million (2012: £9,674.2 million, 2011: £7,011.7 million).

During the year, the group recorded inventory write-down expense of £33.0 million (2012: £11.1 million, 2011: £12.2 million). The write-down is included in cost of sales. No previous write-downs have been reversed in any period. Inventories with a net book value of £Nil (2012: £68.6 million, 2011: £66.7 million) are pledged as security in respect of certain bank loans.

16. OTHER ASSETS

As at 31 March (£ millions)	2013	2012	2011
Current			
Recoverable VAT	378.0	408.8	258.2
Prepaid expenses	56.5	48.2	35.0
	434.5	**457.0**	**293.2**

As at 31 March (£ millions)	2013	2012	2011
Non-current			
Prepaid expenses	4.7	9.0	—
Other	2.8	2.5	—
	7.5	**11.5**	**—**

17. OTHER FINANCIAL ASSETS (NON CURRENT)

As at 31 March (£ millions)	2013	2012	2011
Restricted cash	48.7	80.7	64.6
Derivative financial instruments	122.4	23.3	—
Others	23.7	2.9	3.9
	194.8	**106.9**	**68.5**

£47.0 million (2012: £77.1 million, 2011: £49.1 million) of the restricted cash is held as security in relation to vehicles ultimately sold on lease. The amount is pledged until the leases reach their respective conclusion.

18. TAXATION

Recognised in the income statement

Year ended 31 March (£ millions)	2013	2012	2011
Current tax expense			
Current year	305.7	206.4	113.5
Adjustments for prior years	(20.0)	9.0	32.3
Current income tax expense	**285.7**	**215.4**	**145.8**
Deferred tax expense / (income)			
Origination and reversal of temporary differences	137.9	(178.9)	(34.7)
Adjustments for prior years	28.5	(10.9)	(32.1)
Rate change	7.9	—	—
Deferred tax expense/(income)	**174.3**	**(189.8)**	**(66.8)**
Total income tax expense	**460.0**	**25.6**	**79.0**

Prior year adjustments relate to differences between prior year estimates of tax position and current revised estimates or submission of tax computations.

Reconciliation of effective tax rate

Year ended 31 March (£ millions)	2013	2012	2011
Net income attributable to shareholders for the period/year	1,215.0	1,481.1	1,035.9
Total income tax expense	460.0	25.6	79.0
Net income excluding taxation	**1,675.0**	**1,506.7**	**1,114.9**
Income tax expense using the tax rates applicable to individual entities of 2013: 24.2% (2012: 26.4%, 2011: 27.4%)	405.5	398.1	305.6
Enhanced deductions for research and development	(33.0)	(38.5)	(27.0)
Non-deductible expenses	11.4	6.4	6.2
Recognition of deferred tax on property, plant and equipment that was not previously recognised	—	—	(132.2)
Losses on which deferred tax was not previously recognised	—	(382.1)	(106.6)
Other timing differences	—	—	(3.3)
Deferred tax on employee benefits not previously recognised	—	—	13.7
Changes in tax rate	7.9	—	—
Overseas unremitted earnings	56.8	43.6	22.4
Share of profits in joint ventures	2.9	—	—
Under / (over) provided in prior years	8.5	(1.9)	0.2
Total income tax expense	**460.0**	**25.6**	**79.0**

The UK Finance Act 2012 was enacted during the period and included provisions for a reduction in the UK corporation tax rate to 23% with effect from 1 April 2013. Accordingly, UK deferred tax has been provided at 23% (2012: 24%; 2011: 26%).

Further UK tax rate reductions to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015 have been proposed by the UK Government. These further tax rate reductions had not been substantively enacted by the balance sheet date and therefore have not been reflected in these financial statements.

19. PROPERTY, PLANT AND EQUIPMENT

(£ millions)	Land and Buildings	Plant and Equipment	Vehicles	Computers	Fixtures & Fittings	Leased Assets	Under Construction	Total
Cost								
Balance at 1 April 2010	334.6	1,142.9	1.5	11.8	17.4	35.1	28.7	1,572.0
Additions	6.2	166.6	10.0	2.2	5.5	—	54.3	244.8
Disposals	(3.8)	(45.0)	(0.9)	(2.6)	(6.0)	—	—	(58.3)
Balance at 31 March 2011	**337.0**	**1,264.5**	**10.6**	**11.4**	**16.9**	**35.1**	**83.0**	**1,758.5**
Balance at 1 April 2011	337.0	1,264.5	10.6	11.4	16.9	35.1	83.0	1,758.5
Additions	30.1	491.2	13.9	3.2	5.9		53.4	597.7
Disposals	(1.7)	(14.6)	(4.8)	(0.1)	(1.1)	—	—	(22.3)
Balance at 31 March 2012	**365.4**	**1,741.1**	**19.7**	**14.5**	**21.7**	**35.1**	**136.4**	**2,333.9**
Balance at 1 April 2012	365.4	1,741.1	19.7	14.5	21.7	35.1	136.4	2,333.9
Additions	30.9	808.0	3.7	1.0	11.7	8.1	179.4	1,042.8
Disposals	(13.8)	(50.1)	(19.5)	(0.9)	(4.1)	—	—	(88.4)
Balance at 31 March 2013	**382.5**	**2,499.0**	**3.9**	**14.6**	**29.3**	**43.2**	**315.8**	**3,288.3**
Depreciation and impairment								
Balance at 1 April 2010	41.2	270.4	0.9	3.9	12.3	7.1	—	335.8
Depreciation charge for the period	11.0	220.2	2.0	1.0	4.5	4.1	—	242.8
Disposals	(3.6)	(39.7)	(0.4)	(2.6)	(4.6)	—	—	(50.9)
Balance at 31 March 2011	**48.6**	**450.9**	**2.5**	**2.3**	**12.2**	**11.2**	**—**	**527.7**
Balance at 1 April 2011	48.6	450.9	2.5	2.3	12.2	11.2	—	527.7
Depreciation charge for the period	9.5	212.3	3.6	1.1	3.6	4.0	—	234.1
Disposals	—	(10.9)	(1.8)	(0.1)	(1.0)	—	—	(13.8)
Balance at 31 March 2012	**58.1**	**652.3**	**4.3**	**3.3**	**14.8**	**15.2**	**—**	**748.0**
Balance at 1 April 2012	58.1	652.3	4.3	3.3	14.8	15.2	—	748.0
Depreciation charge for the period	11.3	252.9	2.1	1.6	1.9	4.6	—	274.4
Disposals	(13.1)	(46.3)	(5.4)	(0.4)	(4.0)	—	—	(69.2)
Balance at 31 March 2013	**56.3**	**858.9**	**1.0**	**4.5**	**12.7**	**19.8**	**—**	**953.2**
Net book value								
At 31 March 2011	288.4	813.6	8.1	9.1	4.7	23.9	83.0	1,230.8
At 31 March 2012	307.3	1,088.8	15.4	11.2	6.9	19.9	136.4	1,585.9
At 31 March 2013	**326.2**	**1,640.1**	**2.9**	**10.1**	**16.6**	**23.4**	**315.8**	**2,335.1**

20. INTANGIBLE ASSETS

(£ millions)	Software	Patents and technological know-how	Customer related	Intellectual property rights & other intangibles	Product development in progress	Capitalised product development	Total
Cost							
Balance at 1 April 2010	82.9	147.0	88.7	618.3	489.6	374.9	1,801.4
Other additions—externally purchased	42.3	—	—	—	—	—	42.3
Other additions—internally developed	—	—	—	—	581.9	—	581.9
Capitalised product development—internally developed	—	—	—	—	(124.2)	124.2	—
Disposals	(4.7)	—	—	—	—	—	(4.7)
Balance at 31 March 2011	**120.5**	**147.0**	**88.7**	**618.3**	**947.3**	**499.1**	**2,420.9**
Balance at 1 April 2011	120.5	147.0	88.7	618.3	947.3	499.1	2,420.9
Other additions—externally purchased	63.1	—	—	—	—	—	63.1
Other additions—internally developed	—	—	—	—	824.7	—	824.7
Capitalised product development—internally developed	—	—	—	—	(479.9)	479.9	—
Disposals	(1.0)	—	—	—	—	—	(1.0)
Balance at 31 March 2012	**182.6**	**147.0**	**88.7**	**618.3**	**1,292.1**	**979.0**	**3,307.7**
Balance at 1 April 2012	182.6	147.0	88.7	618.3	1,292.1	979.0	3,307.7
Other additions—externally purchased	98.5	—	—	—	—	—	98.5
Other additions—internally developed	—	—	—	—	969.8	—	969.8
Capitalised product development—internally developed	—	—	—	—	(999.2)	999.2	—
Disposals	(34.1)	—	—	—	—	—	(34.1)
Balance at 31 March 2013	**247.0**	**147.0**	**88.7**	**618.3**	**1,262.7**	**1,978.2**	**4,341.9**

(£ millions)	Software	Patents and technological know-how	Customer related	Intellectual property rights and other intangibles	Product development in progress	Capitalised product development	Total
Amortisation and impairment							
Balance at 1 April 2010	7.6	29.4	33.4	—	—	55.0	125.4
Amortisation for the year	38.2	12.3	3.0	—	—	100.0	153.5
Disposals	(2.6)	—	—	—	—	—	(2.6)
Balance at 31 March 2011	**43.2**	**41.7**	**36.4**	**—**	**—**	**155.0**	**276.3**
Balance at 1 April 2011	43.2	41.7	36.4	—	—	155.0	276.3
Amortisation for the year	32.8	12.3	3.0	—	—	183.3	231.4
Disposals	(1.0)	—	—	—	—	—	(1.0)
Balance at 31 March 2012	**75.0**	**54.0**	**39.4**	**—**	**—**	**338.3**	**506.7**
Balance at 1 April 2012	75.0	54.0	39.4	—	—	338.3	506.7
Amortisation for the year	31.6	16.0	3.0	—	—	296.5	347.1
Disposals	(34.1)	—	—	—	—	—	(34.1)
Balance at 31 March 2013	**72.5**	**70.0**	**42.4**	**—**	**—**	**634.8**	**819.7**
Net book value							
At 31 March 2011	77.3	105.3	52.3	618.3	947.3	344.1	2,144.6
At 31 March 2012	107.6	93.0	49.3	618.3	1,292.1	640.7	2,801.0
At 31 March 2013	**174.5**	**77.0**	**46.3**	**618.3**	**1,262.7**	**1,343.4**	**3,522.2**

IMPAIRMENT TESTING

The directors are of the view that there is 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 features of this calculation are shown below:

As at 31 March	2013	2012	2011
Period on which management approved forecasts are based	5 years	4 years	5 years
Growth rate applied beyond approved forecast period	0%	0%	0%
Pre-tax discount rate	10.2%	10.8%	12.4%

The growth rates used in the value in use calculation reflect those inherent within the Business Plan which is primarily a function of the company's cycle plan assumptions, approved by the Board through to 2017/8. The cash flows are then extrapolated into perpetuity assuming a zero growth rate.

No reasonable 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.

21. OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2013	2012	2011
Current			
Finance lease obligations	5.1	4.7	5.2
Interest accrued	38.9	46.5	1.1
Financial instruments	206.4	107.8	5.2
Liability for vehicles sold under a repurchase arrangement	182.9	153.7	121.4
	433.3	**312.7**	**132.9**
Non-Current			
Finance lease obligations	18.3	15.1	18.7
Other payables	0.6	24.1	1.7
Long term derivatives	208.3	33.3	—
	227.2	**72.5**	**20.4**

22. OTHER LIABILITIES

As at 31 March (£ millions)	2013	2012	2011
Current			
Liabilities for advances received	185.1	191.2	162.8
VAT	260.9	346.1	178.6
Others	36.0	22.0	18.8
	482.0	**559.3**	**360.2**
Non-current			
Deferred revenue	13.3	4.8	—
Others	10.7	—	—
	24.0	**4.8**	**—**

23. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax asset and liability for the year ended 31 March 2013:

(£ millions)	Opening balance	Recognised in net income	Recognised in other comprehensive income	Foreign Exchange	Closing balance)
Deferred tax assets					
Property, plant & equipment	145.0	0.3	—	—	145.3
Expenses deductible in future years:					
Provisions, allowances for doubtful receivables	136.1	49.1	—	(1.8)	183.4
Derivative financial instruments	18.3	(7.9)	50.0	—	60.4
Retirement benefits	100.0	(9.2)	72.9	—	163.7
Unrealised profit in inventory	77.2	(1.6)	—	—	75.6
Tax loss	614.0	(57.6)	—	—	556.4
Other	—	1.9	—	—	1.9
Total deferred tax asset	**1,090.6**	**(25.0)**	**122.9**	**(1.8)**	**1,186.7**
Deferred tax liabilities					
Property, plant & equipment	4.6	(1.9)	—	—	2.7
Intangible assets	544.4	131.5	—	—	675.9
Derivative financial instruments	3.0	(0.6)	(2.4)	—	—
Overseas unremitted earnings	65.3	20.3*	—	—	85.6
Total deferred tax liability	**617.3**	**149.3**	**(2.4)**	**—**	**764.2**
Held as deferred tax asset	**473.8**	**(89.1)**	**125.3**	**(1.8)**	**508.2**
Held as deferred tax liability	**(0.5)**	**(85.2)**	**—**	**—**	**(85.7)**

* Included within £20.3 million is a reversal of £38.9 million relating to withholding tax incurred on intercompany dividends paid in the year. In FY13 the group has continued to fully recognise the UK deferred tax asset in view of the continued profitability of the UK companies and of the business merger taking place on 1 January 2013

Significant components of deferred tax asset and liability for the year ended 31 March 2012:

(£ millions)	Opening balance	Recognised in net income	Recognised in other comprehensive income	Foreign Exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	223.8	(78.8)	—	—	145.0
Expenses deductible in future years:					
Provisions, allowances for doubtful receivables	104.9	31.2	—	—	136.1
Derivative financial instruments	—	9.7	8.6	—	18.3
Retirement benefits	48.8	(107.8)	159.0	—	100.0
Unrealised profit in inventory	43.4	33.8	—	—	77.2
Tax loss	0.2	613.8	—	—	614.0
Total deferred tax asset	**421.1**	**501.9**	**167.6**	**—**	**1,090.6**
Deferred tax liabilities					
Property, plant & equipment	1.5	3.1	—	—	4.6
Intangible assets	275.1	269.3	—	—	544.4
Derivative financial instruments	11.6	(3.3)	(5.3)	—	3.0
Overseas unremitted earnings	22.3	43.0	—	—	65.3
Total deferred tax liability	**310.5**	**312.1**	**(5.3)**	**—**	**617.3**
Held as deferred tax asset	**112.2**	**188.7**	**172.9**	**—**	**473.8**
Held as deferred tax liability	**(1.6)**	**1.1**	**—**	**—**	**(0.5)**

In FY12, the company recognised all previously unrecognised unused tax losses and other temporary differences in the JLR business in the UK (£505.3 million) in light of the planned consolidation of the UK manufacturing business in FY13 and business forecasts showing continuing profitability. Accordingly, £149.5 million of previously unrecognised deductible temporary differences has been utilised to reduce current tax expense and previously unrecognized deferred tax benefit of £232.6 million and £123.2 million has been recognized in the statements of income and other comprehensive income respectively in FY12.

Significant components of deferred tax asset and liability for the year ended March 2011:

(£ millions)	Opening balance	Recognised in net income	Recognised in other comprehensive income	Foreign Exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	179.1	44.7	—	—	223.8
Expenses deductible in future years:					
Provisions, allowances for doubtful receivables	39.9	65.0	—	—	104.9
Retirement benefits	46.9	(5.8)	7.7	—	48.8
Unrealised profit in inventory	8.6	34.8	—	—	43.4
Others	23.1	(22.9)	—	—	0.2
Total deferred tax asset	**297.6**	**115.8**	**7.7**	**—**	**421.1**
Deferred tax liabilities					
Property, plant & equipment	—	1.5	—	—	1.5
Intangible assets	253.8	21.3	—	—	275.1
Derivative financial instruments	—	3.9	7.7	—	11.6
Overseas unremitted earnings	—	22.3	—	—	22.3
Total deferred tax liability	**253.8**	**49.0**	**7.7**	**—**	**310.5**
Held as deferred tax asset	**45.4**	**66.8**	**—**	**—**	**112.2**
Held as deferred tax liability	**(1.6)**	**—**	**—**	**—**	**(1.6)**

24. PROVISIONS

As at 31 March (£ millions)	2013	2012	2011
Current			
Product warranty	316.5	261.1	226.3
Product liability	15.8	16.2	19.1
Provisions for residual risk	1.7	2.2	0.9
Other employee benefits obligations	0.4	—	—
Total current	**334.4**	**279.5**	**246.3**
Non current			
Defined benefit obligations	657.8	326.9	290.5
Other employee benefits obligations	7.2	2.2	1.0
Product warranty	425.8	308.1	276.8
Provision for residual risk	12.9	13.9	6.1
Provision for environmental liability	21.8	20.2	18.3
Total non-current	**1,125.5**	**671.3**	**592.7**

Year ended 31 March (£ millions)	2013	2012	2011
Product warranty			
Opening balance	569.2	503.1	476.4
Provision made during the year	461.7	371.5	332.4
Provision used during the year	(287.2)	(298.5)	(305.8)
Impact of discounting	(1.4)	(6.9)	0.1
Closing balance	**742.3**	**569.2**	**503.1**
Product liability			
Opening balance	16.2	19.1	30.6
Provision made during the year	5.8	17.2	6.8
Provision used during the year	(6.2)	(20.1)	(18.3)
Closing balance	**15.8**	**16.2**	**19.1**

Year ended 31 March (£ millions)	2013	2012	2011
Residual risk			
Opening balance	16.1	7.0	15.8
Provision made during the year	—	9.1	22.5
Provision used during the year	(0.9)	—	(31.3)
Unused amounts released in the year	(0.6)	—	—
Closing balance	**14.6**	**16.1**	**7.0**
Environmental liability			
Opening balance	20.2	18.3	18.8
Provision made during the year	3.0	2.6	—
Provision used during the year	(1.4)	(0.7)	(0.5)
Closing balance	**21.8**	**20.2**	**18.3**

WARRANTY PROVISION

The group offers warranty cover in respect of manufacturing defects, which become apparent within a year of up to five years after purchase, dependent on the market in which the purchase occurred. 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 warranty provision was previously presented with the impact of inflation included in the discounting rate. A change in accounting estimate increased warranty provisions in the year by nil (2012: nil, 2011:£9.2 million)

PRODUCT LIABILITY PROVISION

A product liability provision is maintained in respect of known litigation which the group is party to. In the main these claims pertain to motor accident claims and consumer complaints.

RESIDUAL RISK PROVISION

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

ENVIRONMENTAL RISK PROVISION

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

25. ACCOUNTS PAYABLE

As at 31 March (£ millions)	2013	2012	2011
Trade payables	2,627.9	2,272.0	1,627.4
Liabilities to employees	106.2	87.4	75.5
Liabilities for expenses	1,276.8	856.3	615.0
Capital creditors	216.0	69.0	66.9
	4,226.9	**3,284.7**	**2,384.8**

26. INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (£ millions)	2013	2012	2011
EURO MTF listed bond	1,839.0	1,484.4	—
Loans from banks	327.8	332.6	789.5
Redeemable preference shares classified as debt	—	157.1	157.1
Other loans	—	—	434.9
Finance lease liabilities	23.4	19.8	23.9
	2,190.2	**1,993.9**	**1,405.4**
Less:			
Current bank loan	(327.8)	(332.4)	(428.5)
Current other loans	—	(157.3)	(434.9)
Short term borrowings	**(327.8)**	**(489.7)**	**(863.4)**
Current portion of finance lease liabilities	(5.1)	(4.7)	(5.2)
Long term debt	**1,857.3**	**1,499.5**	**536.8**
Held as long term debt	1,839.0	1,484.4	518.1
Held as long term finance leases	18.3	15.1	18.7
Short term borrowings:			
Bank loan	327.8	332.6	428.5
Redeemable preference shares classified as debt	—	157.1	—
Loans from parent	—	—	434.9
Short term borrowings	**327.8**	**489.7**	**863.4**
Long term borrowings:			
Bank loan	—	—	361.0
Redeemable preference shares classified as debt	—	—	157.1
Other loans	—	—	—
EURO MTF listed debt	1,839.0	1,484.4	—
Long term debt	**1,839.0**	**1,484.4**	**518.1**

Certain loans from banks availed by some of the subsidiary companies carry covenants placing certain restrictions on repayment of intra group loans and payments of dividends.

EURO MTF LISTED DEBT

The bonds are listed on the Euro MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125% per annum—Issued May 2011
- $410 million Senior Notes due 2018 at a coupon of 7.75% per annum—Issued May 2011.
- $410 million Senior Notes due 2021 at a coupon of 8.125% per annum—Issued May 2011.
- £500 million Senior Notes due 2020 at a coupon of 8.25% per annum—Issued March 2012.
- $500 million Senior Notes due 2023 at a coupon of 5.625% per annum—Issued January 2013.

The bond funds raised were used to repay both long and short term debt and provide additional cash facilities for the group. Further information relating to the bond may be found in the borrowings and description of indebtedness section within the management discussion and analysis to the front of these financial statements.

PREFERENCE SHARES CLASSIFIED AS DEBT

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend is payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the sum of £1 per share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. The holders may demand repayment with one month's notice at any time. On redemption, the company shall pay £1 per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company. In June 2012, £157.1 million of preference shares were repaid and no preference shares remain outstanding.

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2013 are set out below, including estimated interest payments and excluding the effect of netting agreements and assumes the debt will be repaid at the maturity date.

As at 31 March (£ millions)	2013	2012	2011
Due in			
1 year or less	482.5	474.1	898.7
2nd and 3rd years	296.1	267.8	213.8
4th and 5th years	288.3	267.8	149.0
More than 5 years	2,151.7	2,022.8	298.3
	3,218.6	**3,032.5**	**1,559.8**

27. CAPITAL AND RESERVES

As at 31 March (£ millions)	2013	2012	2011
Allotted, called up and fully paid			
1,500,642,163 Ordinary shares of £1 each	1,500.6	1,500.6	1,500.6
Nil (Mar 2012 and 2011: 157,052,620) 7.25% Preference shares of £1 each	—	157.1	157.1
	1,500.6	**1,657.7**	**1,657.7**
Presented as equity	1,500.6	1,500.6	1,500.6
Presented as debt	—	157.1	157.1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

MOVEMENTS IN SHARE CAPITAL OF THE COMPANY

In May 2010, £47.8 million of USD preference shares were cancelled.

In November 2010, $298 million of preference shares were converted to short term debt.

In March 2011, the USD ordinary shares and the USD preference shares were converted to GBP ordinary shares and preference shares. The total share capital was reduced and a capital redemption reserve of £166.7 million was created. £250 million of the new preference shares were converted into short-term debt.

In June 2012, £157.1 million of preference shares were repaid.

28. OTHER RESERVES

The movement of other reserves is as follows:

(£ millions)	Translation reserve	Hedging reserve	Pension reserve	Profit & loss reserve	Total reserves/ accumulated deficit
Balance at 1 April 2012	(383.3)	(19.6)	(526.1)	2,185.9	1,256.9
Net profit for the year	—	—	—	1,215.0	1,215.0
Movements in employee benefit plan	—	—	(346.6)	—	(346.6)
Cash flow hedges booked in equity	—	(287.7)	—	—	(287.7)
Cash flow hedges moved from equity and recognised in the income statement	—	58.7	—	—	58.7
Tax booked through other comprehensive income	—	65.8	72.9	—	138.7
Tax impact of items reclassified from other comprehensive income	—	(13.4)	—	—	(13.4)
Dividend paid	—	—	—	(150.1)	(150.1)
Balance at 31 March 2013	**(383.3)**	**(196.2)**	**(799.8)**	**3,250.8**	**1,871.5**
Balance at 1 April 2011	(383.3)	21.8	(535.2)	704.8	(191.9)
Net profit for the year	—	—	—	1,481.1	1,481.1
Movements in employee benefit plan	—	—	(149.9)	—	(149.9)
Cash flow hedges booked in equity	—	(35.6)	—	—	(35.6)
Cash flow hedges moved from equity and recognised in the income statement	—	(19.7)	—	—	(19.7)
Tax booked through other comprehensive income	—	8.5	159.0	—	167.5
Tax impact of items reclassified from other comprehensive income	—	5.4	—	—	5.4
Balance at 31 March 2012	**(383.3)**	**(19.6)**	**(526.1)**	**2,185.9**	**1,256.9**
Balance at 1 April 2010	(506.7)	—	(221.8)	(378.9)	(1,107.4)
Net profit for the year	—	—	—	1,035.9	1,035.9
Foreign currency translation	123.4	—	—	—	123.4
Movements in employee benefit plan	—	—	(321.1)	—	(321.1)
Cash flow hedges	—	29.5	—	—	29.5
Cancellation of preference shares	—	—	—	47.8	47.8
Tax booked through other comprehensive income	—	(7.7)	7.7	—	—
Balance at 31 March 2011	**(383.3)**	**21.8**	**(535.2)**	**704.8**	**(191.9)**

The movement in capital redemption reserve is as follows:

Year ended 31 March (£ millions)	2013	2012	2011
Balance at beginning of year	166.7	166.7	—
Created in the year on cancellation of share capital	—	—	166.7
Balance at end of year	**166.7**	**166.7**	**166.7**

29. DIVIDENDS

During the year ended 31 March 2013 an ordinary share dividend of £150.1 million was paid (2012 and 2011: Nil). Preference shares of £157.1 million were repaid in the year ended 31 March 2013, along with preference share dividends of £14.0 million (2012: accrued £11.4 million, 2011: £Nil). A dividend of £150 million was proposed for the year ended 31 March 2013. This was paid in full in June 2013.

30. EMPLOYEE BENEFITS

Jaguar Cars Ltd and Land Rover UK, have pension arrangements providing employees with defined benefits related to pay and service as set out in the rules of each fund. The following table sets out the disclosurepertaining to employee benefits of Jaguar Cars Limited and Land Rover, UK.

Change in defined benefit obligation

Year ended 31 March (£ millions)	2013	2012	2011
Defined benefit obligation, beginning of the year	4,915.9	4,300.1	3,871.3
Service cost	117.4	102.3	106.4
Interest cost	253.3	239.8	216.1
Actuarial loss	850.6	366.5	226.3
Benefits paid	(129.4)	(113.5)	(128.6)
Member contributions	7.0	6.8	6.6
Prior service costs	5.7	14.8	5.0
Other adjustments	(0.5)	(0.2)	(1.4)
Foreign currency translation	1.6	(0.7)	(1.6)
Defined benefit obligation, at end of year	**6,021.6**	**4,915.9**	**4,300.1**

Change in plan assets

Year ended 31 March (£ millions)	2013	2012	2011
Fair value of plan assets at beginning of the year	4,706.9	4,172.0	3,806.5
Expected return on plan assets	223.0	240.2	241.6
Actuarial gain being actual return on assets differing from expected return on assets	388.8	171.2	30.5
Employer's contributions	168.1	230.6	218.3
Members contributions	7.0	6.8	6.6
Benefits paid	(129.4)	(113.5)	(128.6)
Plan combinations	—	—	(1.4)
Foreign currency translation	1.0	(0.3)	(1.5)
Other adjustment	(0.4)	(0.1)	—
Fair value of plan assets at end of year	**5,365.0**	**4,706.9**	**4,172.0**

The actual return on plan assets for the year was £611.8 million (2012: £411.4 million, 2011: £272.1 million)

Amounts recognised in the balance sheet consist of

As at 31 March (£ millions)	2013	2012	2011
Present value of unfunded defined benefit obligations	(1.2)	(1.3)	(1.1)
Present value of funded defined benefit obligations	(6,020.4)	(4,914.6)	(4,299.0)
Fair value of plan assets	5,365.0	4,706.9	4,172.0
Restriction of pension asset (as per IFRIC 14)	(0.8)	(28.0)	(33.7)
Onerous obligation	—	(88.0)	(127.8)
Net liability	**(675.4)**	**(325.0)**	**(289.6)**
Non-current assets	0.4	1.9	0.9
Non-current liabilities	(657.8)	(326.9)	(290.5)
Total net liability	**(657.4)**	**(325.0)**	**(289.6)**

Experience adjustments

Year ended 31 March (£ millions)	2013	2012	2011	2010	2009
Present value of defined benefit obligation	(6,021.4)	(4,915.9)	(4,300.1)	(3,871.3)	(3,045.1)
Fair value of plan assets	5,365.0	4,706.9	4,172.0	3,806.5	3,109.0
(Deficit) / surplus	(656.6)	(209.0)	(128.1)	(64.8)	63.9
Experience adjustments on plan liabilities (as a percentage of plan liabilities)	6.6/0.1%	74.9/1.6%	97.5/2.0%	(170.5)/(4.0)%	33.2/(1.1)%
Experience adjustments on plan assets (as a percentage of plan assets)	388.8/7.2%	170.8/3.6%	30.5/0.7%	562.2/14.8%	673.1/(21.6)%

Amount recognised in other comprehensive income

Year ended 31 March (£ millions)	2013	2012	2011
Actuarial loss	(461.8)	(195.3)	(195.8)
Change in restriction of pension asset (as per IFRIC 14)	27.2	5.6	(30.8)
Change in onerous obligation	88.0	39.8	(94.5)
	(346.6)	**(149.9)**	**(321.1)**

Net pension and post retirement cost consists of the following components

Year ended 31 March (£ millions)	2013	2012	2011
Current service cost	117.4	102.3	106.4
Prior service cost	5.7	14.8	5.0
Interest cost	253.3	239.8	216.1
Expected return on plan assets	(223.0)	(240.2)	(241.6)
Net periodic pension cost	**153.4**	**116.7**	**85.9**

The assumptions used in accounting for the pension plans are set out below:

Year ended 31 March (%)	2013	2012	2011
Discount rate	4.4	5.1	5.5
Rate of increase in compensation level of covered employees	3.9	3.8	3.9
Inflation increase	3.4	3.3	3.4
Expected rate of return on plan assets	4.7	4.8	6.2

For the valuation at 31 March 2013, the mortality assumptions used are the SAPS base table, in particular S1NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 115% has been used for the Jaguar Pension Plan, 110% for the Land Rover Pension Scheme, and 90% for males and 115% for females for Jaguar Executive Pension Plan. There is an allowance for future improvements in line with the CMI (2012) projections and an allowance for long term improvements of 1.25% per annum.

For the valuation at 31 March 2012 and 2011, the mortality assumptions used are the SAPS base table, in particular S1PMA for males, S1PFA for females and the Light table for members of the Jaguar Executive Pension Plan, with a scaling factor of 90% for males and 115% for females for all members. There is an allowance for future improvements in line with the CMI (2011) projections and an allowance for long term improvements of 1.25% (2011: 1.00%) per annum Changes in the mortality assumptions used in FY13 compared to FY12 have decreased the liability by £145.0 million (2012: increase of £47.0 million, 2011: increase of £283.7 million).

Pension plans asset allocation by category:

Year ended 31 March (%)	2013	2012	2011
Asset category			
Debt	64	64	62
Equities	19	22	29
Others	17	14	9

The expected return on assets assumptions are derived by considering the expected long-term rates of return on plan investments. The overall rate of return is a weighted average of the expected returns of the individual investments made in the group plans. The long-term rates of return on equities are derived from considering current risk free rates of return with the addition of an appropriate future risk premium from an analysis of historic returns in various countries. The long-term rates of return on bonds are set in line with market yields currently available at the statement of financial position date.

Significant actuarial assumptions used for the determination of the defined benefit obligation and service cost are discount rate and inflation rate. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period assuming that all other assumptions are held constant.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on service cost
Discount rate	Increase/decrease by 0.25%	Decrease/increase by £340.8 million	Decrease/increase by £6.9 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by £289.7 million	Increase/decrease by £7.0 million

The expected net periodic pension cost for FY13 is £245.0 million. The group expects to contribute £213.3 million to its plans in FY13.

DEFINED CONTRIBUTION PLAN

The group's contribution to defined contribution plans aggregated £11.7 million (2012: £10.8 million, 2011: £3.4 million).

31. COMMITMENTS AND CONTINGENCIES

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

The following is a description of claims and assertions where a potential loss is possible, but not probable. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the group's financial condition, results of operations or cash flows.

LITIGATION

The group is involved in legal proceedings, both as plaintiff and as defendant and there are claims of £15.9 million (2012: £9.9 million, 2011: £10.8 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 group or its dealers.

OTHER CLAIMS

The Group has not made any provisions for £Nil (2012: £1.9 million, 2011: £1.3 million) of tax matters in dispute as it is not considered probable that these will be settled in an adverse position for the Group.

COMMITMENTS

The group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating £287.5 million (2012: £545.2 million, 2011: £451.5 million) and £Nil (2012: £Nil, 2011: £3.5 million) relating to the acquisition of intangible assets.

The group has entered into various contracts with vendors and contractors which include obligations aggregating £886.8 million (2012: £865.8 million, 2011: £689.0 million) to purchase minimum or fixed quantities of material.

For commitments related to leases, see note 34. Inventory of £Nil million (2012: £68.6 million, 2011: £66.7 million) and trade receivables with a carrying amount of £241.5 million (2012: £142.9 million, 2011: £268.9 million) and property, plant and equipment with a carrying amount of £Nil (2012: £Nil, 2011: £463.4 million) and restricted cash with a carrying amount of £109.7 million (2012: £131.4 million, 2011: £Nil) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of £0.1 million.

32. CAPITAL MANAGEMENT

The group's objectives for managing capital are to create value for shareholders, to safeguard business continuity and support the growth of the group.

The group determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through a mixture of equity, convertible or non-convertible debt securities and other long-term/short-term borrowings. The group's policy is aimed at combination of short-term and long-term borrowings.

The group monitors the capital structure on basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the group.

Total debt includes all long and short-term debts and finance lease payables. Equity comprises all components.

The following table summarises the capital of the group:

As at 31 March (£ millions)	2013	2012	2011
Equity	3,538.8	2,924.2	1,475.4
Short term debt	332.9	494.4	868.6
Long term debt	1,857.3	1,499.5	536.8
Total debt	**2,190.2**	**1,993.9**	**1,405.4**
Total capital (debt and equity)	**5,729.0**	**4,918.1**	**2,880.8**

33. FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the group and provides additional information on balance sheet items that contain financial instruments.

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

33A. 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 2013:

Financial assets

(£ millions)	Cash, loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	2,072.2	—	—	2,072.2	2,072.2
Short term deposits	775.0	—	—	775.0	775.0
Trade receivables	927.1	—	—	927.1	927.1
Other financial assets—current	145.0	29.6	1.4	176.0	176.0
Other financial assets—non-current	72.4	51.3	71.1	194.8	194.8
	3,991.7	**80.9**	**72.5**	**4,145.1**	**4,145.1**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	4,226.9	—	—	4,226.9	4,226.9
Short-term debt	327.8	—	—	327.8	327.8
Long-term debt	1,839.0	—	—	1,839.0	2,058.1
Other financial liabilities—current	226.9	179.1	27.3	433.3	433.3
Other financial liabilities—non-current	18.9	156.5	51.8	227.2	227.2
	6,639.5	**335.6**	**79.1**	**7,054.2**	**7,273.3**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2012:

Financial assets

(£ millions)	Cash, loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	2,430.4	—	—	2,430.4	2,430.4
Trade receivables	662.2	—	—	662.2	662.2
Other financial assets—current	134.4	47.6	0.8	182.8	182.8
Other financial assets—non-current	83.6	23.1	0.2	106.9	106.9
	3,310.6	**70.7**	**1.0**	**3,382.3**	**3,382.3**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	3,284.7	—	—	3,284.7	3,284.7
Short-term debt	489.7	—	—	489.7	489.7
Long-term debt	1,484.4	—	—	1,484.4	1,534.0
Other financial liabilities—current	204.9	85.0	22.8	312.7	312.7
Other financial liabilities—non-current	39.2	11.4	21.9	72.5	72.5
	5,502.9	**96.4**	**44.7**	**5,644.0**	**5,693.6**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2011:

Financial assets

(£ millions)	Cash, loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	1,028.3	—	—	1,028.3	1,028.3
Trade receivables	567.2	—	—	567.2	567.2
Other financial assets—current	11.9	34.7	14.9	61.5	61.5
Other financial assets—non-current	68.5	—	—	68.5	68.5
	1,675.9	**34.7**	**14.9**	**1,725.5**	**1,725.5**

Financial liabilities

(£ millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Total carrying value	Total fair value
Accounts payable	2,384.8	—	2,384.8	2,384.8
Short-term debt	863.4	—	863.4	863.4
Long-term debt	518.1	—	518.1	520.3
Other financial liabilities—current	127.7	5.2	132.9	132.9
Other financial liabilities—non-current	20.4	—	20.4	20.4
	3,914.4	**5.2**	**3,919.6**	**3,921.8**

Fair value hierarchy

Financial instruments carried 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 assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category mainly includes quoted equity shares, quoted corporate debt instruments and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

All financial instruments held at fair value are valued using Level 2 valuation techniques.

Fair value of derivative financial instruments other than the embedded derivative are generally based on quotations obtained from inter-bank market participants.

The short term financial assets and liabilities, except for derivative instruments, are stated at amortised cost which is approximately equal to their fair value.

The fair value prepayment options of £47.0 million relate to the GBP 500 million and USD 410 million senior notes which have been bifurcated. The fair value represents the difference in the traded market price of the bonds and the expected price the bonds would trade at if they did not contain any pre-payment features. The expected price is based on market inputs including credit spread and interest rates. The fair value of the long term debt is calculated using the 31 March 2013 closing price on the Euro MTF market for the unsecured listed bonds

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2013, 31 March 2012 and 31 March 2011 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.

33B. CASH FLOW HEDGING

As of 31 March 2013, the group has taken out a number of cash flow hedging instruments. The group uses USD/GBP forward and option contracts, USD/ Euro forward contracts and other currency options to hedge future cash flows from sales and purchases. Cash flow hedges are expected to be recognised in profit or loss during the years ending 31 March 2014 to 2017.

The group also has a number of USD/Euro options which are entered into as an economic hedge of the financial risks of the group. These contracts do not meet the hedge accounting criteria of IAS 39, so the change in fair value is recognised immediately in the income statement.

The time value of options is considered ineffective in the hedge relationship and the change in fair value is recognised immediately in the income statement.

As per its risk management policy, the group uses foreign currency contracts to hedge its risk associated with foreign currency fluctuations relating to highly probable forecast transactions. The fair value of such contracts as of 31 March 2013 was a liability of £254.7 million (2012: liability of £25.6 million, 2011: asset of £29.5 million).

Changes in fair value of foreign exchange contracts to the extent determined to be an effective hedge is recognised in the statement of other comprehensive income and the ineffective portion of the fair value change is recognised in income statement. Accordingly, the fair value change of net loss of £287.8 million (2012: loss of £35.6 million, 2011: gain of £42.7 million) was recognised in other comprehensive income.

33C. FINANCIAL RISK MANAGEMENT

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

The group has a risk management policy which not only covers the foreign exchange risks but also the risks associated with the financial assets and liabilities like interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

Create a stable business planning environment—by reducing the impact of currency and interest rate fluctuations to the group's business plan.

Achieve greater predictability to earnings—by determining the financial value of the expected earnings in advance.

33D. MARKET RISK

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

33E. FOREIGN CURRENCY EXCHANGE RATE RISK

The fluctuation in foreign currency exchange rates may have potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US dollar, Chinese yuan, Japanese yen and euro against the functional currency of the group.

The group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange exposure. Any weakening of the functional currency may impact the group's cost of imports and cost of borrowings.

The group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The following table set forth information relating to foreign currency exposure as of 31 March 2013:

(£ millions)	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
Financial assets	331.7	667.6	259.2	35.0	357.9	1,651.4
Financial liabilities	(1,266.0)	(659.4)	(1,112.5)	(89.4)	(239.0)	(3,366.3)
Net exposure (liability) / asset	**(934.3)**	**8.2**	**(853.3)**	**(54.4)**	**118.9**	**(1,714.9)**

* Others include Russian Rouble, Singapore dollars, Swiss Franc, Australian dollars, South African Rand, Thai baht, Korean won etc.

10% appreciation/ depreciation of the Euro, USD, Yen and Chinese Yuan would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £85.3 million, £93.4 million, £5.4 million and £0.8 million respectively for the year ended 31 March 2013.

The following table set forth information relating to foreign currency exposure as of 31 March 2012:

(£ millions)	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
Financial assets	263.2	584.8	231.1	31.8	227.9	1,333.6
Financial liabilities	(862.3)	(370.0)	(923.0)	(105.8)	(198.0)	(2,453.9)
Net exposure (liability) / asset	**(599.1)**	**214.8**	**(691.9)**	**(74.0)**	**29.9**	**(1,120.3)**

* Others include Russian Rouble, Singapore dollars, Swiss Franc, Australian dollars, South African Rand, Thai baht, Korean won etc.

10% appreciation/ depreciation of the Euro, USD, Yen and Chinese Yuan would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £69.2 million, £59.9 million, £7.4 million and £21.5 million respectively for FY12.

The following table set forth information relating to foreign currency exposure as of 31 March 2011:

(£ millions)	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
Financial assets	206.3	279.3	209.7	40.3	364.9	1,100.5
Financial liabilities	(256.7)	(281.9)	(321.8)	(16.5)	(328.7)	(1,205.6)
Net exposure (liability) / asset	**(50.4)**	**(2.6)**	**(112.1)**	**23.8**	**36.2**	**(105.1)**

* Others include Russian Rouble, Singapore dollars, Swiss Franc, Australian dollars, South African Rand, Thai baht, Korean won etc.

10% appreciation/ depreciation of the Euro, USD, Yen and Chinese Yuan would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £10.2 million, £4.6 million, £2.2 million and £0.2 million respectively for FY11.

33F. INTEREST RATE RISK

At March 31st 2013, the majority of the group's interest rate risk relates to short term financing arrangements.

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the cash flows as well as costs.

The group is subject to variable interest rates on some of its interest bearing liabilities. The group's interest rate exposure is mainly related to debt obligations. The group also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible bonds and short term loans.

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

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.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

As of 31 March 2013, net financial liabilities of £220.0 million (2012: £335.9 million, 2011: £451.3 million) were subject to the variable interest rate. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £2.2 million (2012: £3.4 million, 2011: £4.5 million) in the consolidated income statement.

The group is also exposed to interest rate risk with regard to the reported fair value of the repayment options. At 31 March 2013, had interest rates been 25 basis points higher/lower with all other variables constant, consolidated net income would be £9.4 million higher/£9.3 million lower (2012: Nil/Nil, 2011: Nil/Nil) mainly as a result of lower/higher finance expense.

33G. LIQUIDITY RISK

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund on-going operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the group is reviewed regularly and is designed to exceed forecast peak gross debt levels.

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

	31 March 2013					
(£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt and preference shares	1,839.0	2,867.9	143.3	143.2	429.7	2,151.7
Short-term borrowings	327.8	330.4	330.4	—	—	—
Finance lease liabilities	23.4	28.1	6.3	6.5	13.4	1.9
Other financial liabilities	222.4	242.7	230.6	7.8	4.3	—
Accounts payable	4,226.9	4,226.9	4,226.9	—	—	—
Derivative instruments	414.7	414.7	206.4	118.9	89.4	—
	7,054.2	**8,110.7**	**5,143.9**	**276.4**	**536.8**	**2,153.6**

	31 March 2012					
(£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt and preference shares	1,641.5	2,692.3	133.9	133.9	401.7	2,022.8
Short-term borrowings	332.6	340.1	340.1	—	—	—
Finance lease liabilities	19.8	22.6	5.4	5.4	11.8	—
Other financial liabilities	224.3	224.3	200.2	24.1	—	—
Accounts payable	3,284.7	3,284.7	3,284.7	—	—	—
Derivative instruments	141.1	141.1	107.8	24.5	8.8	—
	5,644.0	**6,705.1**	**4,072.1**	**187.9**	**422.3**	**2,022.8**

(£ millions)	31 March 2011 Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term debt and preference shares	518.1	686.5	25.4	213.8	149.0	298.3
Short-term borrowings	863.4	873.4	873.4	—	—	—
Finance lease liabilities	23.9	27.6	5.2	5.3	13.6	3.5
Other financial liabilities	124.2	124.2	122.5	1.7	—	—
Accounts payable	2,384.8	2,384.8	2,384.8	—	—	—
Derivative instruments	5.2	5.2	5.2	—	—	—
	3,919.6	**4,101.7**	**3,416.5**	**220.8**	**162.6**	**301.8**

33H. CREDIT RISK

At March 31 2013, the majority of the group's credit risk exposure pertains to the risk of financial loss the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

In addition to counterparty credit risk, the group is exposed to the impact of volatility with its own credit risk with regard to the fair value of prepayment options. At 31 March 2013, had credit spreads been 25 basis points higher/lower with all other variables constant, consolidated net income would be £9.2 million higher/ £2.4 million lower (2012: Nil/Nil, 2011: Nil/Nil) mainly as a result of lower/higher finance expense. Financial instruments that are subject to concentrations of credit risk principally consist of investments classified as loans and receivables and trade receivables. None of the financial instruments of the group result in material concentrations of credit risks. For trade receivables, the 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. The maximum exposure to credit risk was £3,991.7 million (2012: £3,310.6 million, 2011: £1,675.9 million), being the total of the carrying amount of financial assets excluding unquoted equity investments.

Financial assets

None of the group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at 31 March 2013, that defaults in payment obligations will occur.

As at 31 March (£ millions)	2013 Gross	2013 Impairment
Not yet due	836.9	0.4
Overdue < 3 months	94.9	0.7
Overdue >3<6 months	19.3	2.0
Overdue >6 months	11.0	7.3
	962.1	**10.4**

Included within trade receivables is £241.5 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 £241.5 million is in short term borrowings. Both asset and associated liability are stated at fair value.

None of the group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at 31 March 2012, that defaults in payment obligations will occur.

As at 31 March (£ millions)	2012 Gross	2012 Impairment
Not yet due	612.2	—
Overdue < 3 months	47.5	—
Overdue >3<6 months	5.4	2.9
Overdue >6 months	10.3	10.3
	675.4	**13.2**

Included within trade receivables is £142.9 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 £142.9 million is in short term borrowings. Both asset and associated liability are stated at fair value.

None of the group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due there were no indications as at 31 March 2011, that defaults in payment may occur.

As at 31 March (£ millions)	2011 Gross	2011 Impairment
Not yet due	531.9	—
Overdue < 3 months	34.5	—
Overdue >3<6 months	—	—
Overdue >6 months	10.9	10.1
	577.3	**10.1**

Included within trade receivables is £268.9 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 £268.9 million is in short term borrowings. Both asset and associated liability are stated at fair value.

Derivative financial instruments and risk management

The group risk management policy allows the use of currency and interest derivative instruments to manage its exposure to fluctuations in foreign exchange and interest rates. To the extent possible under IAS 39, these instruments are hedge accounted under that Standard. The loss on hedged derivative contracts recognised in equity was £287.8 million (2012: loss of £35.6 million, 2011: gain of £42.7 million). The loss on derivative contracts not eligible for hedging and recognised in the consolidated income statement was £21.4 million (2012: £58.6 million, 2011: £1.1 million).

A 10% depreciation/appreciation of the foreign currency underlying such contracts would have resulted in an approximate additional gain/loss of £28.8 million (2012: £5.5 million, 2011: £3.0 million) in equity and a loss/gain of £8.2 million (2012: £2.4 million, 2011: £0.1 million) in the consolidated income statement.

34. LEASES

Non-cancellable operating lease rentals are payable as follows:

As at 31 March (£ millions)	2013	2012	2011
Less than one year	7.9	9.1	10.5
Between one and five years	15.7	24.1	18.9
More than five years	10.5	5.9	—
	34.1	**39.1**	**29.4**

The group leases a number of properties and plant and machinery under operating leases.

LEASES AS LESSOR

The future minimum lease payments under non-cancellable leases are as follows:

As at 31 March (£ millions)	2013	2012	2011
Less than one year	4.1	3.1	2.3
Between one and five years	0.1	0.1	0.3
More than five years	—	—	—
	4.2	**3.2**	**2.6**

The above leases relate to amounts payable in respect of land and buildings and fleet car sales. The average lease life is less than one year.

Non-cancellable finance lease rentals are payable as follows:

As at 31 March (£ millions)	2013	2012	2011
Less than one year	5.1	4.7	5.2
Between one and five years	16.5	15.1	15.9
More than five years	1.8	—	2.8
	23.4	**19.8**	**23.9**

The above lease relates to amounts payable on plant and machinery in line with IFRIC 4. The group leased certain of its manufacturing equipment under finance lease. The average lease term is 8 years. The group has options to purchase certain surplus equipment for a nominal amount at the end of lease term.

35. 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 JLR group operates in the automotive segment. The automotive segment includes all activites relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories. The group has only one operating segment, so no separate segmental report is given.

The geographic spread of sales and assets is as disclosed below

(£ millions)	UK	US	China	Rest of Europe	Rest of World
31 March 2013					
Revenue	2,605.6	2,136.8	5,160.7	2,514.0	3,366.6
Non current assets	5,813.8	13.7	4.4	9.8	15.6
31 March 2012					
Revenue	2,259.1	1,995.9	3,889.3	2,419.5	2,947.9
Non current assets	4,330.4	13.9	18.8	8.6	15.2
31 March 2011					
Revenue	1,923.8	2,005.3	1,642.7	2,042.8	2,256.1
Non current assets	3,336.3	15.6	9.3	4.0	10.2

36. RELATED PARTY TRANSACTIONS

The group's related parties principally consist of Tata Sons Ltd., subsidiaries of Tata Sons Ltd, associates and joint ventures of Tata Sons Ltd. Tata Sons Ltd routinely enters into transactions with these related parties in the ordinary course of business. The group enters into transactions for sale and purchase of products with its associates and joint ventures.

Transactions and balances with its own subsidiaries are eliminated on consolidation.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements for the year ended 31 March 2013.

(£ millions)	With associates and joint ventures	With immediate or ultimate parent
Sale of products	—	51.5
Services received	90.1	15.5
Services rendered	8.7	—
Trade and other receivables	7.7	—
Accounts payable	27.2	20
Loans given	8.2	—
Interest received	0.3	—

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements for the year ended 31 March 2012.

(£ millions)	With associates and joint ventures	With immediate or ultimate parent
Sale of products	—	69.4
Services received	54.1	9.0
Trade and other receivables	—	3.1
Accounts payable	12.8	—
Accrued preference share dividend	—	11.3
Loans repaid	—	434.9

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements for the year ended 31 March 2011.

(£ millions)	With associates and joint ventures	With immediate or ultimate parent
Sale of products	—	38.7
Services received	34.0	—
Trade and other receivables	—	5.5
Accounts payable	10.5	—
Loans given	—	434.9

The following table summarises related party transactions and balances included in the consolidated financial statements:

Compensation of key management personnel

Year ended 31 March (£ millions)	2013	2012	2011
Short term benefits	11.6	16.3	7.4
Post-employment benefits	0.1	2.0	0.3
Compensation for loss of office	0.2	1.8	—
	11.9	**20.1**	**7.7**

Refer to note 30 for information on transactions with post employment benefit plans

37. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Singapore Pte Limited and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

38. SUBSEQUENT EVENTS

In June 2013, the company proposed an ordinary dividend of £150 million to its immediate parent TML Singapore Pte Limited. This amount was paid in full in June 2013.

PARENT COMPANY BALANCE SHEET

As at 31 March (£ millions)	Note	2013	2012	2011
Non-current assets				
Investments	*40*	1,654.8	1,654.8	1,874.8
Other financial assets	*41*	1,953.7	—	—
Other non-current assets	*44*	4.7	9.0	—
Total non-current assets		**3,613.2**	**1,663.8**	**1,874.8**
Current assets				
Cash and cash equivalents	*39*	1.4	1.1	3.7
Other financial assets	*41*	72.7	1,709.7	404.6
Other current assets	*44*	4.8	4.5	—
Total current assets		**78.9**	**1,715.3**	**408.3**
Total assets		**3,692.1**	**3,379.1**	**2,283.1**
Current liabilities				
Deferred finance income		4.8	—	—
Short term borrowings and current portion of long term debt	*45*	—	157.1	434.8
Other financial liabilities	*42*	39.1	48.0	—
Current income tax liabilities		11.6	—	—
Total current liabilities		**55.5**	**205.1**	**434.8**
Non-current liabilities				
Long term debt	*45*	1,839.0	1,484.4	157.1
Other non-current financial liabilities		47.0	—	—
Non current deferred finance income		34.9	—	—
Total non-current liabilities		**1,920.8**	**1,484.4**	**157.1**
Total liabilities		**1,976.3**	**1,689.5**	**591.9**
Equity attributable to equity holders of the parent				
Ordinary shares	*46*	1,500.6	1,500.6	1,500.6
Capital redemption reserve		166.7	166.7	166.7
Foreign currency on change to presentational currency		—	—	—
Accumulated reserves / (deficit)		48.5	22.3	23.9
Equity attributable to equity holders of the parent		**1,715.8**	**1,689.6**	**1,691.2**
Total liabilities and equity		**3,692.1**	**3,379.1**	**2,283.1**

These financial statements were approved by the board of directors on 23/07/13 and signed on its behalf by:

Dr Ralf Speth
Chief Executive Officer
Company Registered number 06477691

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary share capital	Capital redemption reserve	Foreign currency on change to presentational currency	Reserves / (accumulated deficit)	Total Equity
Balance at 31 March 2012	1,500.6	166.7	—	22.3	1,689.6
Income for the year	—	—	—	176.3	176.3
Dividend paid	—	—		(150.1)	(150.1)
Balance at 31 March 2013	**1,500.6**	**166.7**	**—**	**48.5**	**1,715.8**
Balance at 31 March 2011	1,500.6	166.7	—	23.9	1,691.2
Loss for the year	—	—	—	(1.6)	(1.6)
Balance at 31 March 2012	**1,500.6**	**166.7**		**22.3**	**1,689.6**
Balance at 31 March 2010	644.6		(371.2)	(51.7)	221.7
Income for the year	—	—	—	21.9	21.9
Foreign currency on change to presentational currency			371.2		371.2
Cancellation of redeemable preference shares	—	—	—	48.8	48.8
Issue of ordinary shares	856.0	166.7	—	4.9	1,027.6
Balance at 31 March 2011	**1,500.6**	**166.7**	**—**	**23.9**	**1,691.2**

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March (£ millions)	2013	2012	2011
Cash flows from operating activities			
Net income / (loss)	26.2	(1.6)	21.9
Adjustments for:			
Income tax expense	11.6	—	—
Finance income	(135.0)	(80.6)	(21.9)
Finance expense	135.2	87.7	—
Foreign exchange losses on loans	(7.8)	9.9	—
Gain on embedded derivatives	(47.0)	—	—
Cash flows (used in) / from operating activities	**(16.8)**	**15.4**	**—**
Other financial assets	195.5	(1,077.9)	—
Other current liabilities	(1.4)	4.4	—
Net cash used in / (from) operating activities	**177.3**	**(1,058.1)**	**—**
Cash flows from investing activities			
Finance income received	121.1	73.4	2.8
Dividends received	150.1	—	—
Net cash from investing activities	**271.2**	**73.4**	**2.8**
Cash flows (used in) / from financing activities			
Finance expenses and fees paid	(141.0)	(85.3)	—
Repayment of short term debt	(157.1)	(432.6)	—
Proceeds from issuance of long term debt	—	1,500.0	—
Dividends paid	(150.1)	—	—
Net cash (used in) / from financing activities	**(448.2)**	**982.1**	**—**
Net change in cash and cash equivalents	0.3	(2.6)	2.8
Cash and cash equivalents at beginning of year	1.1	3.7	0.9
Cash and cash equivalents at end of year	**1.4**	**1.1**	**3.7**

39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (£ millions)	2013	2012	2011
Balances with banks	**1.4**	**1.1**	**3.7**

40. INVESTMENTS

Investments consist of the following:

As at 31 March (£ millions)	2013	2012	2011
Unquoted equity investments, at cost at beginning of the year	1,654.8	1,874.8	1,874.8
Preference share investments converted to financial asset	—	(220.0)	—
Unquoted equity investments, at cost at end of the year	**1,654.8**	**1,654.8**	**1,874.8**

In March 2012, Land Rover and Jaguar Land Rover Limited (formerly Jaguar Cars Limited) converted preference shares owed to Jaguar Land Rover Automotive PLC into debt.

The company has not made any additional investments or disposals of investments in the year.

Subsidiary Undertaking	Interest	Class of shares	Country of Incorporation & Registration	Principal activity
Land Rover	100%	Ordinary shares	England and Wales	Manufacture and sale of motor vehicles

The shareholdings above are recorded at acquisition values in the company's accounts. Details of the indirect subsidiary undertakings are as follows:

Name of Company	Interest	Class of shares	Country of incorporation & operation	Principal activity
Jaguar Land Rover Limited	100%	Ordinary shares	England and Wales	Manufacture and sale of motor vehicles
Jaguar Land Rover Exports Limited	100%	Ordinary shares	England and Wales	Export sales
Land Rover Exports Limited	100%	Ordinary shares	England and Wales	Non trading
Jaguar Belux N.V.	100%	Ordinary shares	Belgium	Distribution and sales
Jaguar Land Rover Deutschland GmbH	100%	Ordinary shares	Germany	Distribution and sales
Jaguar Hispania SL	100%	Ordinary shares	Spain	Distribution and sales
Jaguar Land Rover Austria GmbH	100%	Ordinary shares	Austria	Distribution and sales
Jaguar Land Rover North America LLC	100%	Ordinary shares	USA	Distribution and sales
Jaguar Cars (South Africa) (Pty) Ltd	100%	Ordinary shares	South Africa	Dormant
Jaguar Land Rover (South Africa) Holdings Ltd	100%	Ordinary shares	England and Wales	Holding company
Jaguar Cars Limited	100%	Ordinary shares	England and Wales	Dormant
The Jaguar Collection Limited	100%	Ordinary shares	England and Wales	Dormant
The Daimler Motor Company Limited	100%	Ordinary shares	England and Wales	Dormant
Daimler Transport Vehicles Limited	100%	Ordinary shares	England and Wales	Dormant
The Lanchester Motor Company	100%	Ordinary shares	England and Wales	Dormant
SS Cars Limited	100%	Ordinary shares	England and Wales	Dormant
Jaguar Land Rover Japan Limited	100%	Ordinary shares	Japan	Distribution and sales
Jaguar Land Rover Korea Company Limited	100%	Ordinary shares	Korea	Distribution and sales
Land Rover Group Limited	100%	Ordinary shares	England and Wales	Holding company
Jaguar Landrover Portugal-Veiculos e Pecas, Lda	100%	Ordinary shares	Portugal	Distribution and sales
Land Rover Espana SL	100%	Ordinary shares	Spain	Distribution and sales
Land Rover Nederland BV	100%	Ordinary shares	Holland	Distribution and sales
Jaguar Land Rover Automotive Trading (Shanghai) Ltd	100%	Ordinary shares	China	Distribution and sales
Jaguar Land Rover Australia Pty Limited	100%	Ordinary shares	Australia	Distribution and sales
Land Rover Belux SA/NV	100%	Ordinary shares	Belgium	Distribution and sales
Land Rover Ireland Limited	100%	Ordinary shares	Ireland	Non trading
Jaguar Land Rover Italia SpA	100%	Ordinary shares	Italy	Distribution and sales
Jaguar Land Rover Canada ULC	100%	Ordinary Shares	Canada	Distribution and sales
Jaguar Land Rover (South Africa) (Pty) Ltd	100%	Ordinary Shares	South Africa	Distribution and sales
Jaguar Land Rover France SAS	100%	Ordinary Shares	France	Distribution and sales
Jaguar e Land Rover Brazil Comercio e Importacao de Veiculos Ltda	100%	Ordinary Shares	Brazil	Distribution and sales
Jaguar Land Rover Limited Liability Company (Russia)	100%	Ordinary Shares	Russia	Distribution and sales
Land Rover Parts Limited	100%	Ordinary Shares	England and Wales	Non trading
Jaguar Land Rover India Limited	100%	Ordinary Shares	India	Distribution and sales

In addition, the company has the following investments:

Jaguar Land Rover Schweiz AG	10.0% interest in the ordinary share capital
Jaguar Cars Finance Limited	49.9% interest in the ordinary share capital
Spark 44 Limited	50.0% interest in the ordinary share capital
Suzhou Chery Jaguar Land Rover Trading Co. Limited	50.0% interest in the ordinary share capital
Chery Jaguar Land Rover Automotive Co.Limited	50.0% interest in the ordinary share capital

The principal activity of Jaguar Land Rover Schweiz AG is the sale of automotive vehicle and parts. The principal activity of Jaguar Cars Finance Limited was the provision of credit finance. The principle activity of Spark 44 is the provision of advertising services. The principle activity of Suzhou Chery Jaguar Land Rover Trading Co. Limited is the assembly of motor vehicles. The principle activity of Chery Jaguar Land Rover Automotive Co. Limited is the assembly of motor vehicles.

41. OTHER FINANCIAL ASSETS

As at 31 March (£ millions)	2013	2012	2011
Non-Current			
Receivables from subsidiaries	1,953.7	—	—
Current			
Other financial assets	72.7	1,709.7	404.6

42. OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2013	2012	2011
Interest payable	36.2	43.7	—
Other	2.9	4.3	—
	39.1	**48.0**	**—**

43. DEFERRED TAX ASSETS AND LIABILITIES

The company has no deferred tax assets or liabilities either recognised or unrecognised.

44. OTHER ASSETS

As at 31 March (£ millions)	2013	2012	2011
Non-current			
Prepaid expenses	4.7	9.0	—
Current			
Prepaid expenses	4.8	4.5	—

45. INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (£ millions)	2013	2012	2011
Others:			
Euro MTF listed bonds	1,839.0	1,484.4	—
Redeemable preference shares classed as debt	—	157.1	157.1
Loans from parent	—	—	434.8
	1,839.0	**1,641.5**	**591.9**
Less:			
Short-term preference shares	—	(157.1)	—
Current portion of parent loan	—	—	(434.8)
Long term debt	**1,839.0**	**1,484.4**	**157.1**

EURO MTF LISTED DEBT

The bonds are listed on the Euro MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125% per annum—Issued May 2011
- $410 million Senior Notes due 2018 at a coupon of 7.75% per annum—Issued May 2011.
- $410 million Senior Notes due 2021 at a coupon of 8.125% per annum—Issued May 2011.
- £500 million Senior Notes due 2020 at a coupon of 8.25% per annum—Issued March 2012.
- $500 million Senior Notes due 2023 at a coupon of 5.625% per annum—Issued January 2013. The bond funds raised were used to repay both long and short term debt and provide additional cash facilities for the group. Further information relating to the bond may be found in the borrowings and description of indebtedness section within the management discussion and analysis to the front of these financial statements.

PREFERENCE SHARES CLASSIFIED AS DEBT

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend is payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the sum of £1 per share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. The holders may demand repayment with one month's notice at any time. On redemption, the company shall pay £1 per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company. In June 2012, £157.1 million of preference shares were repaid and no preference shares remain outstanding.

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2013 are set out below, including estimated interest payments and excluding the effect of netting agreements and assumes the debt will be repaid at the maturity date.

As at 31 March (£ millions)	2013	2012	2011
Due in			
1 year or less	143.2	133.9	434.8
2nd and 3rd years	286.5	133.9	—
4th and 5th years	286.5	401.7	—
More than 5 years	2,151.6	2,022.8	157.1
	2,867.8	**2,692.3**	**591.9**

46. CAPITAL AND RESERVES

Year ended 31 March (£ millions)	2013	2012	2011
Allotted, called up and fully paid			
1,500,600,000 ordinary shares of £1 each	1,500.6	1,500.6	1,500.6
Nil (Mar 2012 and 2011: 157,100,000) 7.25% preference shares of £1 each	—	157.1	157.1
Nil Ordinary shares of USD $1 each	—	—	—
Nil 7.25% non-cumulative preference shares of USD $100	—	—	—
	1,500.6	**1,657.7**	**1,657.7**
Presented as equity	1,500.6	1,500.6	1,500.6
Presented as debt	—	157.1	157.1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. Preference shares contain no right to vote upon any resolution at any general meeting of the company.

MOVEMENTS IN SHARE CAPITAL OF THE COMPANY

In May 2010, 792,000 USD $100 preference shares were cancelled.

In November 2010, 2,890,000 USD $100 were cancelled and converted into short term debt.

In March 2011, the remaining USD preference shares and USD ordinary shares were converted into the GBP ordinary shares and preference shares. A capital contribution reserve was set up as a result of this reorganisation. Due to the conversion of the share capital of the company, the functional currency changed from USD to GBP.

In June 2012, 157,100,000 GBP £1 preference shares were repaid.

47. DIVIDENDS

During the year ended 31 March 2013 an ordinary share dividend of £150.1 million was paid (2012 and 2011: Nil). Preference shares of £157.1 million were repaid in the year ended 31 March 2013, along with preference share dividends of £14.0 million (2012: accrued £11.4 million, 2011: £Nil).

48. COMMITMENTS & CONTINGENCIES

The company does not have any commitments or contingencies.

49. CAPITAL MANAGEMENT

The company's objectives for managing capital are to create value for shareholders, to safeguard business continuity and support the growth of the company. The company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through a mixture of equity, convertible or non-convertible debt securities and other long-term/short-term borrowings.

The company's policy is aimed at combination of short-term and long- term borrowings.

The company monitors the capital structure on basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the company.

Total debt includes all long and short-term debts and finance lease payables. Equity comprises all components excluding loss on cash flow hedges and foreign currency translation reserve.

The following table summarises the capital of the company:

As at 31 March (£ millions)	2013	2012	2011
Equity	1,715.8	1,689.6	1,691.2
Short term debt	—	157.1	434.8
Long term debt	1,839.0	1,484.4	157.1
Total debt	**1,839.0**	**1,641.5**	**591.9**
Total capital (debt and equity)	**3,554.8**	**3,331.1**	**2,283.1**

50. FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

50A. FINANCIAL ASSETS AND LIABILITIES

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2013:

FINANCIAL ASSETS

(£ millions)	Cash, loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	1.4	—	1.4	1.4
Other financial assets—current	72.7	—	72.7	72.7
Other financial assets—non current	1,906.7	47.0	1,953.7	1,953.7
	1,980.8	**47.0**	**2,027.8**	**2,027.8**

FINANCIAL LIABILITIES

(£ millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
				£m
Preference shares	—	—	—	—
Other financial liabilities—current	39.1	—	39.1	39.1
Other financial liabilities—non current	—	47.0	47.0	47.0
Long term debt	1,839.0	—	1,839.0	2,058.1
	1,878.1	**47.0**	**1,925.1**	**2,144.2**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2012:

FINANCIAL ASSETS

(£ millions)	Cash, loans and receivables	Total carrying value	Total fair value
Cash and cash equivalents	1.1	1.1	1.1
Other financial assets—current	1,709.7	1,709.7	1,709.7
	1,710.8	**1,710.8**	**1,710.8**

FINANCIAL LIABILITIES

(£ millions)	Other financial liabilities	Total carrying value	Total fair value
Preference shares	157.1	157.1	157.1
Other financial liabilities	48.0	48.0	48.0
Long term debt	1,484.4	1,484.4	1,534.0
	1,689.5	**1,689.5**	**1,739.1**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2011:

FINANCIAL ASSETS

(£ millions)	Cash, loans and receivables	Total carrying value	Total fair value
Cash and cash equivalents	3.7	3.7	3.7
Other financial assets—current	404.6	404.6	404.6
	408.3	**408.3**	**408.3**

FINANCIAL LIABILITIES

(£ millions)	Other financial liabilities	Total carrying value	Total fair value
Short term debt	434.8	434.8	434.8
Long term debt	157.1	157.1	157.1
	591.9	**591.9**	**591.9**

Fair value hierarchy

Financial instruments carried 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 assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category mainly includes quoted equity shares, quoted corporate debt instruments and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

All financial instruments held at fair value are valued using Level 2 valuation techniques.

The short term financial assets and liabilities, except for derivative instruments, are stated at amortised cost which is approximately equal to their fair value.

The fair value prepayment options of £47.0 million relate to the GDP 500 million and USD 410 million senior notes which have been bifucated. The fair value represents the difference the in the traded market price of the bonds and the expected price the bonds would trade at if they did not contain any prepayment features. The expected price is based on market inputs including credit spread and interest rates. The fair value of the long term debt is calculated using the 31 March 2013 closing price on the Euro MTF market for the unsecured listed bonds

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2013, 31 March 2012 and 31 March 2011 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.

50B. CASH FLOW HEDGING

As at 31 March 2013, 31 March 2012 and 31 March 2011, there are no designated cash flow hedges.

50C. FINANCIAL RISK MANAGEMENT

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

The company has a risk management policy which not only covers the foreign exchange risks but also the risks associated with the financial assets and liabilities like interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

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

50D. MARKET RISK

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

50E. FOREIGN CURRENCY EXCHANGE RATE RISK

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

The company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in the GBP:US Dollar rate as the company has USD assets and liabilities and a GBP functional currency.

The following analysis has been worked out based on the gross exposure as of the Balance Sheet date which could affect the income statement.

(£ millions)	US Dollar
Financial assets	891.2
Financial liabilities	(888.2)
Net exposure asset	**3.0**

10% appreciation/ depreciation of the USD would result in an increase/ decrease in the company's net profit before tax and net assets by approximately £0.3 million.

The following table set forth information relating to foreign currency exposure as at 31 March 2012:

(£ millions)	US Dollar
Financial assets	533.2
Financial liabilities	(527.8)
Net exposure asset	**5.4**

10% appreciation/ depreciation of the USD would result in an increase/ decrease in the company's net profit before tax and net assets by approximately £0.5 million

The following table set forth information relating to foreign currency exposure as at 31 March 2011:

(£ millions)	US Dollar
Financial assets	434.8
Financial liabilities	(156.6)
Net exposure asset	**280.2**

10% appreciation/ depreciation of the USD would result in an increase/ decrease in the company's net profit before tax and net assets by approximately £25.5 million

50F. INTEREST RATE RISK

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the cash flows as well as costs.

The company is subject to variable interest rates on some of its interest bearing liabilities. The company's interest rate exposure is mainly related to debt obligations. The company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like preference shares and short term loans.

As of 31 March 2013 net financial liabilities of £17.9 million (2012: £18.4 million, 2011: £411.1 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 £0.2 million (2012: £0.2 million, 2011: £4.1 million).

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

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.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

50G. CREDIT RISK

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

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was £1,980.8 million (2012: £1,710.8 million, 2011: £408.3 million), being the total of the carrying amount of cash balance with banks and other finance receivables.

Financial assets that are neither past due nor impaired

None of the company’s cash equivalents or other financial receivables, including time deposits with banks, are past due or impaired.

51. RELATED PARTY TRANSACTIONS

The company’s related parties principally consist of Tata Sons Ltd., subsidiaries of Tata Sons Ltd, associates and joint ventures of Tata Sons Limited. The company routinely enters into transactions with these related parties in the ordinary course of business.

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

As at 31 March (£ millions)	With subsidiaries 2013	With immediate parent 2013
Loans from Parent	—	—
Loans to subsidiaries	2,026.4	—

As at 31 March (£ millions)	With subsidiaries 2012	With immediate parent 2012
Loans from Parent	—	157.2
Loans to subsidiaries	1,709.7	—

As at 31 March (£ millions)	With subsidiaries 2011	With immediate parent 2011
Loans from Parent	—	591.9
Loans to subsidiaries	404.6	—

There was no compensation paid by the company to the directors or to key management personnel.

Apart from the directors, the company did not have any employees and had no employee costs.

52. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Singapore Pte Limited and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

53. SUBSEQUENT EVENTS

In June 2013, the company proposed an ordinary dividend of £150 million to its immediate parent TML Singapore Pte Limited. This amount was paid in full in June 2013.

Jaguar Land Rover PLC
(formerly JaguarLandRover Limited)

Audited consolidated financial statements
Registered number 06477691
Year ended 31 March 2012

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Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 2006.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge the financial statements, prepared in accordance with International Financial Reporting Standards as approved by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole.

These financial statements were approved by the board of directors on 25 July 2012.

Ralf Speth
Director

Independent auditors' report to the members of Jaguar Land Rover PLC (previously JaguarLandRover Limited)

We have audited the financial statements of Jaguar Land Rover PLC for the year ended 31 March 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 51. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's profit for the period then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the group financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 2 to the group financial statements, the group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Richard Knights (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
25 July 2012

Consolidated Income Statement

	Note	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
		£m	£m	£m
Revenue	*4*	**13,511.7**	**9,870.7**	**6,527.2**
Material and other cost of sales	*6*	(8,732.7)	(6,178.1)	(4,437.0)
Employee cost	*7*	(1,011.3)	(789.0)	(746.8)
Other expenses	*6*	(2,529.3)	(1,969.4)	(1,479.4)
Development costs capitalised	*3*	750.7	531.1	457.5
Other income		37.8	36.4	27.6
Depreciation and amortisation		(465.5)	(396.3)	(316.4)
Foreign exchange gain		14.3	32.9	68.3
Finance income	*10*	16.2	9.7	3.4
Finance expense (net of capitalised interest)	*10*	(85.2)	(33.1)	(53.0)
Net income before tax	*5*	**1,506.7**	**1,114.9**	**51.4**
Income tax expense	*18*	(25.6)	(79.0)	(27.9)
Net income attributable to shareholders		**1,481.1**	**1,035.9**	**23.5**

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
		£m	£m	£m
Net income		**1,481.1**	**1,035.9**	**23.5**
Other comprehensive income:				
Currency translation differences		—	123.4	100.8
Cash flow hedges booked in equity		(35.6)	42.7	—
Cash flow hedges moved from equity and recognised in foreign exchange gains in the consolidated income statement		(19.7)	(13.2)	—
Actuarial losses	*30*	(149.9)	(321.1)	(21.3)
Tax impact		172.9	—	—
Total comprehensive income attributable to shareholders		**1,448.8**	**867.7**	**103.0**

Jaguar Land Rover PLC
Directors' report and financial statements
Year ended 31 March 2012
Consolidated Balance Sheet

	Note	31 March 2012	31 March 2011	31 March 2010
		£m	£m	£m
Non-current assets				
Investments	*13*	1.4	0.3	0.3
Other financial assets	*17*	106.9	68.5	73.3
Property, plant and equipment	*19*	1,585.9	1,230.8	1,236.2
Pension asset	*30*	1.9	0.9	0.4
Intangible assets	*20*	2,801.0	2,144.6	1,676.0
Other assets	*16*	11.5	—	—
Deferred income taxes	*23*	473.8	112.2	45.4
Total non-current assets		**4,982.4**	**3,557.3**	**3,031.6**
Current assets				
Cash and cash equivalents	*11*	2,430.4	1,028.3	679.9
Trade receivables		662.2	567.2	669.4
Other financial assets	*14*	182.8	61.5	20.1
Inventories	*15*	1,496.8	1,155.6	995.4
Other current assets	*16*	457.0	293.2	225.5
Current income tax assets		5.5	12.5	2.4
Total current assets		**5,234.7**	**3,118.3**	**2,592.7**
Total assets		**10,217.1**	**6,675.6**	**5,624.3**
Current liabilities				
Accounts payable	*25*	3,284.7	2,384.8	1,931.2
Short term borrowings and current portion of long term debt	*26*	489.7	863.4	904.9
Other financial liabilities	*21*	312.7	132.9	142.3
Provisions	*24*	279.5	246.3	303.2
Other current liabilities	*22*	559.3	360.2	295.1
Current income tax liabilities		115.2	79.8	12.9
Total current liabilities		**5,041.1**	**4,067.4**	**3,589.6**
Non-current liabilities				
Long term debt	*26*	1,484.4	518.1	2,125.5
Other financial liabilities	*21*	72.5	20.4	29.3
Non-current income tax liabilities		18.3	—	—
Deferred tax	*23*	0.5	1.6	1.6
Other liabilities	*22*	4.8	—	—
Provisions	*24*	671.3	592.7	341.1
Total non-current liabilities		**2,251.8**	**1,132.8**	**2,497.5**
Total liabilities		**7,292.9**	**5,200.2**	**6,087.1**
Equity attributable to shareholders				
Ordinary shares	*27*	1,500.6	1,500.6	644.6
Capital redemption reserve	*28*	166.7	166.7	—
Reserves/(accumulated deficit)	*28*	1,256.9	(191.9)	(1,107.4)
Equity attributable to shareholders		**2,924.2**	**1,475.4**	**(462.8)**
Total liabilities and equity		**10,217.1**	**6,675.6**	**5,624.3**

These financial statements were approved by the board of directors on 25 July 2012.

Ralf Speth
Director

Company registered number: 6477691.

Jaguar Land Rover PLC
Directors' report and financial statements
Year ended 31 March 2012
Consolidated Statement of Changes in Equity

	Ordinary shares	Capital redemption reserve	Reserves/ Accumulated deficit	Total equity
	£m	£m	£m	£m
Balance at 31 March 2011	**1,500.6**	**166.7**	**(191.9)**	**1,475.4**
Income for the year	—	—	1,481.1	1,481.1
Other comprehensive income for the year	—	—	(32.3)	(32.3)
Total comprehensive income	—	—	1,448.8	1,448.8
Balance at 31 March 2012	**1,500.6**	**166.7**	**1,256.9**	**2,924.2**

	Ordinary shares	Capital redemption reserve	Reserves/ Accumulated deficit	Total Equity
	£m	£m	£m	£m
Balance at 31 March 2010	**644.6**	**—**	**(1,107.4)**	**(462.8)**
Income for the year	—	—	1,035.9	1,035.9
Other comprehensive income for the year	—	—	(168.2)	(168.2)
Total comprehensive income	**—**	**—**	**867.7**	**867.7**
Cancellation of preference shares	—	—	47.8	47.8
Issue of ordinary shares	856.0	166.7	—	1,022.7
Balance at 31 March 2011	**1,500.6**	**166.7**	**(191.9)**	**1,475.4**

	Ordinary shares	Capital redemption reserve	Reserves/ Accumulated deficit	Total Equity
	£m	£m	£m	£m
Balance at 31 March 2009	**283.6**	**—**	**(1,210.4)**	**(926.8)**
Income for the year	—	—	23.5	23.5
Other comprehensive income for the year	—	—	79.5	79.5
Total comprehensive income	**—**	**—**	**103.0**	**103.0**
Issue of ordinary shares	361.0	—	—	361.0
Balance at 31 March 2010	**644.6**	**—**	**(1,107.4)**	**(462.8)**

Jaguar Land Rover PLC
Directors' report and financial statements
Year ended 31 March 2012
Consolidated Cash Flow Statement

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Cash flows from operating activities			
Net income attributable to shareholders	**1,481.1**	**1,035.9**	**23.5**
Adjustments for:			
Depreciation and amortisation	465.5	396.3	316.4
Loss on sale of property, plant, equipment and software	8.5	5.8	31.8
Foreign exchange losses/(gains) on loans	10.8	(17.1)	43.9
Income tax expense	25.6	79.0	27.9
Finance expense (net of capitalised interest)	85.2	33.1	53.0
Finance income	(16.2)	(9.7)	(3.4)
Foreign exchange loss on derivatives	58.8	0.5	—
Income received from associates	(0.3)	(2.0)	—
Cash flows from operating activities	**2,119.0**	**1,521.8**	**493.1**
Cash paid on option premia	—	(16.2)	—
Trade receivables	(95.0)	102.2	(230.1)
Other financial assets	9.8	16.9	(19.0)
Other current assets	(159.3)	(67.7)	(59.5)
Inventories	(341.2)	(160.2)	(67.4)
Other non-current assets	(3.4)	(0.5)	35.6
Accounts payable	893.6	421.4	443.9
Other current liabilities	199.2	65.1	205.3
Other financial liabilities	54.7	(18.2)	31.3
Other non-current liabilities	4.8	(132.3)	6.8
Provisions	(31.2)	5.8	(130.4)
Cash generated from operations	**532.0**	**1,738.1**	**709.6**
Income tax paid	(150.9)	(92.9)	(47.5)
Net cash from operating activities	**2,500.1**	**1,645.2**	**662.1**

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Cash flows used in investing activities			
Investment in associate	(0.8)	—	—
Movements in other restricted deposits	(147.4)	(3.1)	(28.7)
Purchases of property, plant and equipment	(595.8)	(207.7)	(266.1)
Proceeds from sale of property, plant and equipment	—	3.7	—
Cash paid for intangible assets	(813.9)	(573.4)	(471.7)
Finance income received	16.1	9.1	3.4
Dividends received from associates	—	2.0	—
Net cash used in investing activities	**(1,541.8)**	**(769.4)**	**(763.1)**
Cash flows from financing activities			
Finance expenses and fees paid	(128.2)	(74.2)	(69.2)
Proceeds from issue of ordinary shares	—	—	361.0
Proceeds from issuance of short term debt	104.6	9.2	530.3
Repayment of short term debt	(655.0)	(477.7)	(1,566.7)
Payments of lease liabilities	(4.1)	(4.1)	(4.0)
Proceeds from issuance of long term debt	1,500.0	20.4	1,448.8
Repayment of long term debt	(373.5)	(1.0)	(47.8)
Net cash from/(used in) financing activities	**443.8**	**(527.4)**	**652.4**
Net change in cash and cash equivalents	**1,402.1**	**348.4**	**551.4**
Cash and cash equivalents at beginning of year	1,028.3	679.9	128.5
Cash and cash equivalents at end of year	**2,430.4**	**1,028.3**	**679.9**

Notes
(forming part of the financial statements)

1 Background and operations

The company acquired the Jaguar Land Rover business for USD 2.5 billion on 2 June 2008, which included three manufacturing facilities and two advanced engineering centres in the UK and a worldwide sales network.

The company and its subsidiaries, collectively referred to as ("the group" or "JLR"), designs, manufactures and sells a wide range of automotive vehicles.

The company is a public limited company incorporated and domiciled in the UK and has its registered office at Gaydon, Warwickshire, England.

The company is a subsidiary of Tata Motors Limited, India ("TATA Motors") and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high performance luxury saloons, specialist sports cars and four wheel drive off-road vehicles.

Tata Sons Limited (or Tata Sons), together with its subsidiaries, owns 28% of the ordinary shares and 50.97% of "A" ordinary shares of Tata Motors Limited, the ultimate parent company of JLR, and has the ability to influence the company's operations significantly.

The company became a public limited company (PLC) on 6 April 2011.

Balance sheet numbers for 2010 have been disclosed solely for the information of the users.

2 Accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as "IFRS") as approved by the EU. There is no difference between these accounts and the accounts for the group prepared under IFRS as adopted by the International Accounting Standards Board ("IASB").

The company has taken advantage of s.408 of the Companies Act 2006 and therefore the accounts do not include the income statement of the company on a stand-alone basis.

Basis of preparation

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

Going concern

The directors have considered the financial position of the group at 31 March 2012 (net assets of £2,924.2 million (2011: net assets of £1,475.4 million, 2010: net liabilities of £462.8 million)) and the projected cash flows and financial performance of the group for at least 12 months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The directors have taken actions to ensure that appropriate long term cash resources are in place at the date of signing the accounts to fund group operations. The directors have reviewed the financial covenants linked to the borrowings in place and believe these will not be breached at any point and that all debt repayments will be met.

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

Basis of consolidation

Subsidiaries

The consolidated financial statements include Jaguar Land Rover PLC and its subsidiaries. Subsidiaries are entities controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Inter-company transactions and balances including unrealised profits are eliminated in full on consolidation.

Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the company holds between 20 and 50 per cent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Equity accounted investees are accounted for using the equity method and are recognised initially at cost. The company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the company's share of the income and expenses and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the company has an obligation or has made payments on behalf of the investee.

When the company transacts with an associate or jointly controlled entity of the company, profits and losses are eliminated to the extent of the company's interest in its associate or jointly controlled entity.

Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognised in net income/ (loss) as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standard.

Purchase consideration in excess of the company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, in the consolidated income statement.

Use of estimates and judgments

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

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

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

(i) Note 19—Property, plant and equipment—the group applies judgement in determining the estimate useful life of assets.

(ii) Note 20—Intangible assets—management applies significant judgement in establishing the applicable criteria for capitalisation of appropriate product development costs.

(iii) Note 23—Deferred tax—management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses.

(iv) Note 24—Provision for product warranty—it is necessary for group to assess the provision for anticipated lifetime warranty and campaign costs. The valuation of warranty and campaign provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs.

(v) Note 30—Assets and obligations relating to employee benefits—it is necessary for actuarial assumptions to be made, including discount and mortality rates and the long-term rate of return upon scheme assets. The group engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

(vi) Note 33—Financial Instruments—the group enters into complex financial instruments and therefore appropriate accounting for these requires judgement around the valuations.

Revenue recognition

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

Sale of products

The group recognises revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer. Sale of products includes export and other recurring and non-recurring incentives from Governments at the national and state levels. Sale of products is presented net of excise duty where applicable and other indirect taxes.

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

Cost recognition

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

Expenditure capitalised represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction of product development undertaken by the group.

Provisions

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

Product warranty expenses

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 timing of outflows will vary as and when a warranty claim will arise, being typically up to four years.

Residual risk

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

Foreign currency

At 31 March 2012 and 2011, the parent company, Jaguar Land Rover PLC, has a functional currency of GBP. The presentation currency of the group consolidated accounts is GBP as that is the functional currency of the group's key manufacturing and selling operations.

Prior to the capital reorganisation in Jaguar Land Rover PLC on 31 March 2011, the parent company had a functional currency of USD.

The functional currency of the non-UK selling operations is GBP based on management control being in the UK.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement.

Income taxes

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

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

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

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and consumables are ascertained on a first in first out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the group and are amortised in changes in stocks and work in progress to their residual values (i.e. estimated second hand sale value) over the term of the arrangement.

Property, plant and equipment

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

Freehold land is measured at cost and is not depreciated.

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

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

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

	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. Capital-work-in-progress includes capital prepayments.

Intangible assets

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

Amortisation is provided on a straight-line basis over the estimated useful lives of the intangible assets.

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

Capital-work-in-progress includes capital advances.

Customer related intangibles consist of order backlog and dealer network.

	Estimated amortisation period
Patents and technological know-how	2 to 12 years
Customer related—Dealer network	20 years
Product development	2 to 10 years
Intellectual property rights and other	Indefinite life
Software	2 to 8 years

Internally generated intangible assets

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

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

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

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

Product development cost is amortised over a period of between 24 months and 120 months.

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

Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease

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

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognised on the group's balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease.

Impairment

Property, plant and equipment and other intangible assets

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

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

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

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

As of 31 March 2012, 2011 and 2010, none of the group's property, plant and equipment and intangible assets were considered impaired.

Employee benefits

Pension plans

The group operates several defined benefit pension plans, which are contracted out of the second state pension scheme. The assets of the plans are held in separate trustee administered funds. The plans provide for monthly pension after retirement as per salary drawn and service year as set out in the rules of each fund.

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

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

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

Post-retirement Medicare scheme

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

Actuarial gains and losses

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

Measurement date

The measurement date of retirement plans is 31 March.

2 Accounting policies

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 net income, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial liabilities are classified into financial liabilities at fair value through net income and other financial liabilities.

Financial instruments are recognised on the balance sheet when the group becomes a party to the contractual provisions of the instrument.

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

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

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

These include cash and cash equivalents, trade receivables, finance receivables and other financial assets.

Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequently, these are measured at fair value and changes therein, other than impairment losses which are recognised directly in other comprehensive income, net of applicable deferred income taxes.

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.

When the financial asset is derecognised, the cumulative gain or loss in equity is transferred to the consolidated income statement.

Equity instruments

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

Other financial liabilities

These are measured at amortised cost using the effective interest method.

Determination of fair value:

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

Derecognition of financial assets and financial liabilities:

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

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

Impairment of financial assets:

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

Loans and receivables:

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

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

Equity investments

Impairment loss on equity investments carried at cost is not reversed.

Hedge accounting:

The group uses foreign currency forward contracts and options to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The group designates these forward contracts and options in a cash flow hedging relationship by applying the hedge accounting principles.

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

For options, the time value is not considered part of the hedge, and this is treated as an ineffective hedge portion and recognised immediately in the consolidated income statement.

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

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

New accounting pronouncements

The company adopted/early adopted following standards/amendments to standards and interpretations:

An amendment to *IAS 24 Related Party Disclosures* was issued by the IASB in *December 2010* to simplify the disclosure requirements for entities that are controlled, jointly controlled or are significantly influenced by a Government (referred to as government-related entities) and to clarify the definition of a related party. This amendment is effective for annual periods beginning on or after January 01, 2011.

An amendment to *IFRIC 14 Prepayments of a Minimum Funding Requirement* was issued by the IASB in December 2010 to address an unintended consequence of IFRIC 14. This makes limited-application amendments to IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendments apply when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements, permitting the benefit of such an early payment to be recognised as an asset.

IFRS 7 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters provides additional exemption on IFRS transition in relation to IFRS 7 Financial Instruments: Disclosures, to avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS preparers. The amendments are effective for annual periods beginning on or after July 1, 2010.

IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments: IFRIC 19 is applicable for annual periods beginning on or after July 1, 2010. This interpretation addresses accounting of equity instruments issued in order to extinguish all or part of a financial liability. The issue of equity instruments to extinguish an obligation constitutes consideration paid. The consideration is measured at the fair value of the equity instruments issued, unless that fair value is not readily determinable, in which case the equity instruments should be measured at the fair value of the obligation extinguished. Any difference between the fair value of the equity instruments issued and the carrying value of the liability extinguished is recognised in profit or loss.

IFRS 3 (2008) Business Combinations was amended by the IASB in *May 2010* effective for annual periods beginning on or after July 01, 2010. The amendments were as follows:

- Measurement of non-controlling interests: The option to measure non-controlling interests either at fair value or at the present ownership instrument's proportionate share of the acquiree's net identifiable assets.

- Share-based payment transactions: The amendment clarifies that a liability or an equity instrument related to share based transactions of the acquiree would be measured in accordance with *IFRS 2 Share-based Payment* at the acquisition date.

In May 2010, IASB issued an amendment to *IFRIC 13 Customer Loyalty Programmes* to provide a clarification on the measurement of the fair value award credits. The amendment stated that the fair value of the award credit should take into account the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale and the proportion of award credits that are not expected to be redeemed by customers. This amendment is effective for annual periods beginning on or after January 01, 2011.

None of these have impacted on the group results in any period.

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

An Amendment to *IAS 27 Separate Financial Statements (2011)* was issued during the year. This now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements. The standard will be effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IAS 28 Investments in Associates and Joint Ventures (2011) was issued in 2011. This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. The standard will be effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 9 Financial Instruments was issued by IASB in November 2009 as part of its project for revision of the accounting guidance for financial instruments. The new standard provides guidance with respect to classification and measurement of financial assets. The standard will be effective for annual periods beginning on or after January 1, 2015, with early application permitted.

IFRS 9 Financial Instruments (2010) was issued by IASB in 2010 as part of its project for revision of the accounting guidance for financial instruments. A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss—in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards to; Replace references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRS; and provide guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The standard will be effective for annual periods beginning on or after July 1, 2011.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income. Amends IAS 1 Presentation of Financial Statements to revise the way other comprehensive income is presented. Effective for annual periods beginning on or after July 1, 2012 with early adoption permitted.

IFRS 7 was amended in *May 2010* and *October 2010*, as part of Improvements to IFRSs 2010. The effect of the amendments were to provide (a) qualitative disclosures in the context of quantitative disclosures to enable users to link related disclosures to form an overall picture of the nature and extent of risks arising from financial instruments and (b) help users of financial statements to evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. The amendments issued in May 2010 are effective for annual periods beginning on or after January 1, 2011 and those issued in October 2010 are effective for annual periods beginning on or after July 1, 2011. Early application is permitted.

IFRS 7 Financial Instruments disclosure requirements were amended. Disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of *IAS 32 Financial Instruments: Presentation*. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments are effective for annual periods beginning on or after January 1, 2013. Early application is permitted.

Amendment to IAS 12 Income Taxes was issued by the IASB in *December 2010* to clarify that recognition of deferred tax should have regard to the expected manner of recovery or settlement of the asset or liability. The amendment and consequential withdrawal of SIC 21 Deferred Tax: Recovery of Underlying Assets is effective for annual periods beginning on or after January 01, 2012. This Standard has not yet been endorsed by the EU.

IAS 32 Financial Instruments: Presentation amended to clarify certain aspects because of diversity in application of the requirements on offsetting, 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; the unit of account for applying the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014. Early application is permitted.

The following new IFRSs were issued during the year and are applicable to annual reporting periods beginning on or after January 01, 2013. None of these Standards have yet been endorsed by the EU

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities. The standard will be effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 11 Joint Arrangements classifies joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (equivalent to the existing concept of a jointly controlled entity). Joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires the use of the equity method of accounting for interests in joint ventures thereby eliminating the proportionate consolidation method. The standard will be effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IAS 19 Employee Benefits (2011). An amended version of IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The key amendments include; requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19); Introducing enhanced disclosures about defined benefit plans; Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits; Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; Incorporating other matters submitted to the IFRS Interpretations Committee. The standard will be effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 12 Disclosure of Interests in Other Entities applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The IFRS requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The standard will be effective for annual periods beginning on or after January 1, 2013, with early application permitted.

IFRS 13 Fair value measurement defines 'fair value' and sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. It seeks to increase consistency and comparability in fair value measurements and related disclosures through a fair value hierarchy. IFRS 13 is applicable prospectively from the beginning of the annual period in which the Standard is adopted. The standard will be effective for annual periods beginning on or after January 1, 2013, with early application permitted.

Amendments to *IFRS 1* relating to Government Loans. Amends IFRS 1 First-time Adoption of International Financial Reporting Standards to address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. The standard will be effective for annual periods beginning on or after January 1, 2013.

IFRIC Interpretation IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement. The standard will be effective for annual periods beginning on or after January 1, 2013.

The impact of the early adoption is not material.

Improvements to IFRSs (2010). This is a collection of amendments to certain International Financial Reporting Standards—as part of its program of annual improvements to its standards, which is intended to make necessary, This amends seven pronouncements (plus consequential amendments to various others) in this cycle of annual improvements.

Key amendments include; IFRS 1—accounting policy changes in year of adoption and amendments to deemed cost (revaluation basis, regulatory assets); IFRS 3/IAS 27—clarification of transition requirements, measurement of non-controlling interests, unreplaced and voluntarily replaced share-based payment awards; Financial statement disclosures—clarification of content of statement of changes in equity (IAS 1), financial instrument disclosures (IFRS 7) and significant events and transactions in interim reports (IAS 34); IFRIC 13—fair value of award credits. These are generally effective for annual reporting periods beginning on or after 1 January 2011 (IFRS 3/IAS 27 transition clarifications apply to annual reporting periods beginning on or after 1 July 2010).

3 Research and development

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Total R&D costs	900.0	650.5	505.3
R&D expensed	(149.3)	(119.4)	(47.8)
Development costs capitalised	**750.7**	**531.1**	**457.5**
Interest capitalised	74.0	50.8	13.5
Total internally developed intangible additions	**824.7**	**581.9**	**471.0**

4 Revenue

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Sale of goods	13,511.7	9,870.7	6,527.2
Total revenues	**13,511.7**	**9,870.7**	**6,527.2**

5 Net income

Expense/(income) included in net income for the year are the following:

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Net foreign exchange	(14.3)	(32.9)	(68.3)
Derivative at fair value through income statement	58.6	1.1	—
Depreciation of property, plant and equipment	234.1	242.8	237.1
Amortisation of intangible assets (excluding internally generated development costs)	48.1	53.5	26.9
Amortisation of internally generated development costs	183.3	105.4	52.4
Research and development expense	149.3	119.4	47.8
Operating lease rentals in respect of plant, property and equipment	19.1	16.4	16.5
Loss on disposal of fixed assets	8.5	5.8	31.8
Government grants	—	—	(0.3)
Auditor remuneration—audit services (see below)	3.6	2.4	2.2

Government grant income relates to contributions towards a research project received in the year and for which expenditure has been incurred.

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Fees payable to the company's auditors for the audit of the company's annual accounts	0.1	0.1	0.1
Fees payable to the company's auditors and their associates for other services to the group—audit of the company's subsidiaries	2.4	2.0	1.9
Total audit fees	**2.5**	**2.1**	**2.2**
Audit related assurance services	0.3	0.3	—
Other assurance services	0.8	—	—
Total audit and related fees	**3.6**	**2.4**	**2.2**

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed separately as these fees are disclosed on a consolidated basis.

6 Material cost of sales and other expenses

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Included in material cost of sales:			
Changes in inventories of finished goods and work in progress	317.4	171.6	49.3
Purchase of products for sale	(791.7)	(714.3)	(603.1)
Raw materials and consumables	(8,258.4)	(5,635.4)	(3,883.2)
Included in other expenses:			
Stores, spare parts and tools	57.6	76.7	66.4
Freight cost	342.6	216.6	172.4
Works, operations and other costs	1,075.0	784.2	577.2
Repairs	10.7	20.8	23.6
Power and fuel	49.1	41.7	31.8
Rent, rates and other taxes	27.2	20.7	19.2
Insurance	18.8	11.2	13.0
Warranty	371.5	332.4	246.6
Publicity	576.8	465.1	328.6

7 Staff numbers and costs

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Wages and salaries	776.5	617.4	577.8
Social security costs and benefits	107.3	82.6	72.5
Pension costs	127.5	89.0	96.5
Total staff costs	**1,011.3**	**789.0**	**746.8**

Staff numbers	Average number in the year	Average number in the year	Average number in the year
Manufacturing	11,601	9,237	8,926
Research and development	4,779	4,325	3,853
Other	4,507	3,693	3,605
Total staff numbers	**20,887**	**17,255**	**16,384**

8 Directors' emoluments

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£	£	£
Directors' emoluments	7,875,898	2,114,209	50,000
	7,875,898	**2,114,209**	**50,000**

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £2,739,517 *(2011: £1,345,291 and 2010: £50,000)*. During the year, the highest paid director did not exercise share options.

9 Share based payments

The group operates a share based payment arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of shares and the share price of Tata Motors Limited at the vesting date. The number of shares 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.

	Year ended 31 March 2012		Year ended 31 March 2011		Year ended 1 March 2010	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the year	351,392	—	—	—	—	—
Granted during the year	327,318	—	351,392	—	—	—
Options exercised in the year	(91,823)	—	—	—	—	—
Outstanding at the end of the year	586,887	—	351,392	—	—	—
Exercisable at the end of the year	—	—	—	—	—	—

During the year, following the granting and exercising of the options in the table above, Tata Motors Limited performed a 5:1 share split. The actual amount of share options outstanding at the end of the period was therefore 2,934,435.

The weighted average share price of the 91,823 options exercised in the year was £12.75.

At the balance sheet date, the exercise price of the outstanding options was nil. The weighted average remaining contractual life of the outstanding options is 2 years.

The fair value of the options was calculated using a Black Scholes model at the grant date. The fair value is updated at each reporting date as the options 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:

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
Volatility (%)	14.6	14.6	—
Risk-Free rate (%)	0.49	1.55	—
Dividend yield (%)	1.44	1.17	—
Weighted average fair value per share	£4.08	£18.31	—

10 Finance income and expense

Recognised in net income

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Finance income	16.2	9.7	3.4
Total finance income	**16.2**	**9.7**	**3.4**

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Total interest expense on financial liabilities measured at amortised cost	166.1	83.8	67.3
Unwind of discount on provisions	(6.9)	0.1	(0.8)
Interest transferred to capital	(74.0)	(50.8)	(13.5)
Total finance expense	**85.2**	**33.1**	**53.0**

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 7.9% (2011: 7.1%, 2010: 4.8%)

11 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Cash and cash equivalents	2,430.4	1,028.3	679.9
	2,430.4	**1,028.3**	**679.9**

The group holds £2,430.4 million (2010: £1,028.3 million, 2010: £679.9 million) cash and cash equivalents of which £453.5 million (2011: £220.6 million, 31 March 2010: £32.8 million) is in China. The cash held in the group can be utilised across all the group's manufacturing and sales operations except for China (see details below).

Due to Chinese foreign exchange controls, there are restrictions on taking cash out of the country. These controls limit the group's ability to utilise the cash held in China in all markets. At 31 March 2012, it is considered that £372.9 million (2011: all, 2010: £24.7 million) of this cash can be utilised against current liabilities in China and therefore the restrictions on movement do not curtail the group's liquidity position.

12 Allowances for trade and other receivables

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

	2012	2011	2010
	£m	£m	£m
At beginning of year	10.1	16.3	15.7
Allowance made during the year	4.6	1.5	10.4
Written off	(1.5)	(7.7)	(9.6)
Foreign exchange translation differences	—	—	(0.2)
At end of year	**13.2**	**10.1**	**16.3**

13 Investments

Investments consist of the following:

	2012	2011	2010
	£m	£m	£m
Equity accounted investees	**1.4**	**0.3**	0.3
	1.4	**0.3**	**0.3**

During the year, the company acquired a 50% stake in Spark 44 for £0.8 million. The net assets at acquisition were £0.8 million. The company's share of the net income during the year was £0.3 million. No dividend was received in the year.

The group consolidates the following subsidiaries:

Subsidiary Undertaking	Interest	Class of shares	Country of Incorporation and registration	Principal activity
Jaguar Cars Limited	100%	Ordinary shares	England and Wales	Manufacture of motor Vehicles
Land Rover	100%	Ordinary shares	England and Wales	Manufacture of motor Vehicles

Details of the indirect subsidiary undertakings are as follows:

Name of Group	Interest	Class of shares	Country of incorporation and operation	Principal activity
Jaguar Land Rover Exports Limited	100%	Ordinary shares	England and Wales	Export sales
Land Rover Exports Limited	100%	Ordinary shares	England and Wales	Export sales
Jaguar Belgium N.V.	100%	Ordinary shares	Belgium	Distribution and sales
Jaguar Land Rover Deutschland GmbH	100%	Ordinary shares	Germany	Distribution and sales
Jaguar Hispania SL	100%	Ordinary shares	Spain	Distribution and sales
Jaguar Land Rover Austria GmbH	100%	Capital contribution €145,300	Austria	Distribution and sales
Jaguar Land Rover North America LLC	100%	Ordinary shares	USA	Distribution and sales
Jaguar Cars (South Africa) (Pty) Ltd	100%	Ordinary shares	South Africa	Dormant
Jaguar Land Rover (South Africa) Holdings Ltd	100%	Ordinary shares	England and Wales	Holding company
Jaguar Cars Overseas Holdings Limited	100%	Ordinary shares	England and Wales	Holding company
The Jaguar Collection Limited	100%	Ordinary shares	England and Wales	Dormant
The Daimler Motor Company Limited	100%	Ordinary shares	England and Wales	Dormant
Daimler Transport Vehicles Limited	100%	Ordinary shares	England and Wales	Dormant
The Lanchester Motor Company	100%	Ordinary shares	England and Wales	Dormant
SS Cars Limited	100%	Ordinary shares	England and Wales	Dormant
Jaguar Land Rover Japan Limited	100%	Ordinary shares	Japan	Distribution and sales
Jaguar Land Rover Korea Group Limited	100%	Ordinary shares	Korea	Distribution and sales
Land Rover Group Limited	100%	Ordinary shares	England and Wales	Holding company
Jaguar Landrover Portugal-Veiculos e Pecas, Lda	100%	Ordinary shares	Portugal	Distribution and sales
Land Rover Espana SL	100%	Ordinary shares	Spain	Distribution and sales
Land Rover Nederland BV	100%	Ordinary shares	Holland	Distribution and sales
Jaguar Land Rover Automotive Trading (Shanghai) Ltd	100%	Ordinary shares	China	Distribution and sales
Jaguar Land Rover Australia Pty Limited	100%	Ordinary shares	Australia	Distribution and sales
Land Rover Belux SA/NV	100%	Ordinary shares	Belgium	Distribution and sales
Land Rover Ireland Limited	100%	Ordinary shares	Ireland	Distribution and sales
Jaguar Land Rover Italia SpA	100%	Ordinary shares	Italy	Distribution and sales
Jaguar Land Rover Canada ULC	100%	Ordinary Shares	Canada	Distribution and sales
Jaguar Land Rover (South Africa) (Pty) Ltd	100%	Ordinary Shares	South Africa	Distribution and sales
Jaguar Land Rover France SAS	100%	Ordinary Shares	France	Distribution and sales
Jaguar Land Rover Brazil LLC	100%	Ordinary Shares	Brazil	Distribution and sales
Jaguar Land Rover Russia	100%	Ordinary Shares	Russian	Distribution and sales
Land Rover Parts Limited	100%	Ordinary Shares	England and Wales	Distribution and sales

In addition, the group has the following investments:

Jaguar Land Rover Schweiz AG	10% interest in the ordinary share capital
Jaguar Cars Finance Limited	49.9% interest in the ordinary share capital
Spark 44 Limited	50.0% interest in the ordinary share capital

The principal activity of Jaguar Land Rover Schweiz AG is the sale of automotive vehicle and parts. The principal activity of Jaguar Cars Finance Limited is the provision of credit finance. The principle activity of Spark 44 is the provision of advertising services.

Spark 44 Limited was established in June 2011. The company is equity accounted as a joint venture.

Jaguar Cars Finance Limited (100%)	2012	2011	2010
	£000	£000	£000
Total assets	1,214	5,904	789
Total liabilities	(742)	(1,441)	(22)
Revenues	—	5,133	12
Net income	9	3,696	8

Spark 44 Limited (100%)	2012
	£000
Total assets	5,142
Total liabilities	(3,854)
Revenues	9,307
Net income	543

14 Other financial assets—current

	2012	2011	2010
	£000	£000	£000
Advances and other receivables recoverable in cash	0.1	8.1	11.4
Derivative financial instruments	48.4	49.7	—
Restricted cash	131.4	—	—
Other	2.9	3.7	8.7
	182.8	**61.5**	**20.1**

£131.4 million (2011: nil, 2010: nil) of the restricted cash is held as security in relation to bank loans. The amount is pledged until the loans reach their respective conclusion.

15 Inventories

	2012	2011	2010
	£000	£000	£000
Raw materials and consumables	62.3	38.5	49.9
Work in progress	169.4	87.1	79.6
Finished goods	1,265.1	1,030.0	865.9
	1,496.8	**1,155.6**	**995.4**

Inventories of finished goods include £133.9 million (2011: £117.1 million, 2010: £124.2 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 expense during the year amounted to £9,674.2 million (2011: £7,011.7 million, 2010: £5,123.7 million).

During the year, the group recorded inventory write-down expense of £11.1 million (2011: £12.2 million, 2010: £19.5 million). The write-down is included in other expenses. No previous write-downs have been reversed in any period.

The carrying amount of inventories carried at fair value less costs to sell amounted to £36.8 million (2011: £32.7 million, 2010: £262.2 million).

Inventories with a net book value of £68.6 million (2011: £66.7 million, 2010:£94.4 million) are pledged as security in respect of certain bank loans.

16 Other assets

	2012	2011	2010
	£m	£m	£m
Current			
Recoverable VAT	408.8	258.2	189.0
Prepaid expenses	48.2	35.0	36.5
	457.0	**293.2**	**225.5**

	2012	2011	2010
	£m	£m	£m
Non-current			
Prepaid expenses	9.0	—	—
Other	2.5	—	—
	11.5	**—**	**—**

17 Other financial assets (non current)

	2012	2011	2010
	£m	£m	£m
Restricted cash	80.7	64.6	61.5
Derivative financial instruments	23.3	—	—
Others	2.9	3.9	11.8
	106.9	**68.5**	**73.3**

£77.1 million (2011: £59.4 million, 2010: £49.1 million) of the restricted cash is held as security in relation to vehicles ultimately sold on lease. The amount is pledged until the leases reach their respective conclusion.

18 Taxation

Recognised in the income statement

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Current tax expense			
Current year/period	206.4	113.5	36.3
Adjustments for prior years	9.0	32.3	3.8
Current income tax expense	**215.4**	**145.8**	**40.1**
Deferred tax expense			
Origination and reversal of temporary differences	(178.9)	(34.7)	(10.5)
Adjustments for prior years	(10.9)	(32.1)	(1.7)
Deferred tax expense	**(189.8)**	**(66.8)**	**(12.2)**
Total income tax expense	**25.6**	**79.0**	**27.9**

Prior year adjustments relate to differences between prior year estimates of tax position and current revised estimates or submission of tax computations.

Reconciliation of effective tax rate

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Net income attributable to shareholders for the year	1,481.1	1,035.9	23.5
Total income tax expense	25.6	79.0	27.9
Net income excluding taxation	**1,506.7**	**1,114.9**	**51.4**
Income tax expense using the tax rates applicable to individual entities of 2012: 26.4% (2011:27.4%, 2010:40%)	398.1	305.6	20.6
Enhanced deductions for research and development	(38.5)	(27.0)	(26.2)
Non-deductible expenses	6.4	6.2	14.8
Recognition of deferred tax on property, plant and equipment that was not previously recognised	—	(132.2)	—
Losses on which deferred tax was not previously recognised	(382.1)	(106.6)	—
Other timing differences	—	(3.3)	16.6
Deferred tax on employee benefits not previously recognised	—	13.7	—
Overseas unremitted earnings	43.6	22.4	—
Under/(over) provided in prior years	(1.9)	0.2	2.1
Total income tax expense	**25.6**	**79.0**	**27.9**

The UK Finance Act 2011 was enacted during the period and included provisions for a reduction in the UK corporation tax rate to 25% with effect from 1 April 2012. In March 2012 a further UK tax rate reduction to 24% was substantively enacted with effect from 1 April 2012. Accordingly, UK deferred tax has been provided at 24% (2011: 26%; 2010: 28%). Further UK tax rate reductions to 23% and 22% with effect from 1 April 2013 and 2014 respectively have been proposed by the UK Government. These further tax rate reductions had not been substantively enacted by the balance sheet date and therefore have not been reflected in these financial statements.

19 Property, plant and equipment

	Land and Buildings	Plant and Equipment	Vehicles	Computers	Fixtures & Fittings	Leased Assets	Under Construction	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost								
Balance at 1 April 2009	349.0	918.6	2.6	17.7	8.3	35.1	28.8	1,360.1
Additions	6.9	246.4	0.6	1.9	9.1	—	—	264.9
Disposals	(21.3)	(22.1)	(1.7)	(7.8)	—	—	(0.1)	(53.0)
Balance at 31 March 2010	**334.6**	**1,142.9**	**1.5**	**11.8**	**17.4**	**35.1**	**28.7**	**1,572.0**
Balance at 1 April 2010	334.6	1,142.9	1.5	11.8	17.4	35.1	28.7	1,572.0
Additions	6.2	166.6	10.0	2.2	5.5	—	54.3	244.8
Disposals	(3.8)	(45.0)	(0.9)	(2.6)	(6.0)	—	—	(58.3)
Balance at 31 March 2011	**337.0**	**1,264.5**	**10.6**	**11.4**	**16.9**	**35.1**	**83.0**	**1,758.5**
Balance at 1 April 2011	337.0	1,264.5	10.6	11.4	16.9	35.1	83.0	1,758.5
Additions	30.1	491.2	13.9	3.2	5.9		53.4	597.7
Disposals	(1.7)	(14.6)	(4.8)	(0.1)	(1.1)	—	—	(22.3)
Balance at 31 March 2012	**365.4**	**1,741.1**	**19.7**	**14.5**	**21.7**	**35.1**	**136.4**	**2,333.9**

Depreciation and impairment								
Balance at 1 April 2009	34.6	71.4	0.8	3.1	7.3	3.1	—	120.3
Depreciation charge for the period	12.7	212.0	0.4	2.0	6.0	4.0	—	237.1
Disposals	(6.1)	(13.0)	(0.3)	(1.2)	(1.0)	—	—	(21.6)
Balance at 31 March 2010	**41.2**	**270.4**	**0.9**	**3.9**	**12.3**	**7.1**	**—**	**335.8**
Balance at 1 April 2010	41.2	270.4	0.9	3.9	12.3	7.1	—	335.8
Depreciation charge for the period	11.0	220.2	2.0	1.0	4.5	4.1	—	242.8
Disposals	(3.6)	(39.7)	(0.4)	(2.6)	(4.6)	—	—	(50.9)
Balance at 31 March 2011	**48.6**	**450.9**	**2.5**	**2.3**	**12.2**	**11.2**	**—**	**527.7**
Balance at 1 April 2011	48.6	450.9	2.5	2.3	12.2	11.2	—	527.7
Depreciation charge for the period	9.5	212.3	3.6	1.1	3.6	4.0	—	234.1
Disposals	—	(10.9)	(1.8)	(0.1)	(1.0)	—	—	(13.8)
Balance at 31 March 2012	**58.1**	**652.3**	**4.3**	**3.3**	**14.8**	**15.2**	**—**	**748.0**
Net book value								
At 31 March 2010	293.4	872.5	0.6	7.9	5.1	28.0	28.7	1,236.2
At 31 March 2011	288.4	813.6	8.1	9.1	4.7	23.9	83.0	1,230.8
At 31 March 2012	**307.3**	**1,088.8**	**15.4**	**11.2**	**6.9**	**19.9**	**136.4**	**1,585.9**

The group had £113.9 million of freehold land at the end of all 3 periods. This land is not depreciated.

20 Intangible assets

	Software	Patents and technological know-how	Customer related	Intellectual property rights and other intangibles	Product development in progress	Capitalised product development	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
Balance at 1 April 2009	24.0	147.0	88.7	618.3	367.4	73.7	1,319.1
Other additions—internally developed	47.6	—	—	—	122.2	301.2	471.0
Other additions—externally purchased	14.2	—	—	—	—	—	14.2
Disposals	(2.9)	—	—	—	—	—	(2.9)
Balance at 31 March 2010	**82.9**	**147.0**	**88.7**	**618.3**	**489.6**	**374.9**	**1,801.4**
Balance at 1 April 2010	82.9	147.0	88.7	618.3	489.6	374.9	1,801.4
Other additions—externally purchased	42.3	—	—	—	—	—	42.3
Other additions—internally developed	—	—	—	—	457.7	124.2	581.9
Disposals	(4.7)	—	—	—	—	—	(4.7)
Balance at 31 March 2011	**120.5**	**147.0**	**88.7**	**618.3**	**947.3**	**499.1**	**2,420.9**
Balance at 1 April 2011	120.5	147.0	88.7	618.3	947.3	499.1	2,420.9
Other additions—externally purchased	63.1*	—	—	—	—	—	63.1
Other additions—internally developed	—	—	—	—	344.8	479.9	824.7
Disposals	(1.0)	—	—	—	—	—	(1.0)
Balance at 31 March 2012	**182.6**	**147.0**	**88.7**	**618.3**	**1,292.1**	**979.0**	**3,307.7**

* included within £63.1 million is £27.4 million (2011: £3.5 million, 2010: nil) of work in progress software.

	Software	Patents and technological know-how	Customer related	Intellectual property rights and other intangibles	Product development in progress	Capitalised product development	Total
	£m	£m	£m	£m	£m	£m	£m
Amortisation and impairment							
Balance at 1 April 2009	4.0	12.8	30.4	—	—	2.6	49.8
Amortisation for the year	7.3	16.6	3.0	—	—	52.4	79.3
Disposals	(3.7)	—	—	—	—	—	(3.7)
Balance at 31 March 2010	**7.6**	**29.4**	**33.4**	**—**	**—**	**55.0**	**125.4**
Balance at 1 April 2010	7.6	29.4	33.4	—	—	55.0	125.4
Amortisation for the year	38.2	12.3	3.0	—	—	100.0	153.5
Disposals	(2.6)	—	—	—	—	—	(2.6)
Balance at 31 March 2011	**43.2**	**41.7**	**36.4**	**—**	**—**	**155.0**	**276.3**
Balance at 1 April 2011	43.2	41.7	36.4	—	—	155.0	276.3
Amortisation for the year	32.8	12.3	3.0	—	—	183.3	231.4
Disposals	(1.0)	—	—	—	—	—	(1.0)
Balance at 31 March 2012	**75.0**	**54.0**	**39.4**	**—**	**—**	**338.3**	**506.7**
Net book value							
At 31 March 2010	75.3	117.6	55.3	618.3	489.6	319.9	1,676.0
At 31 March 2011	77.3	105.3	52.3	618.3	947.3	344.1	2,144.6
At 31 March 2012	**107.6**	**93.0**	**49.3**	**618.3**	**1,292.1**	**640.7**	**2,801.0**

Impairment testing

The directors are of the view that there is 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 features of this calculation are shown below:

	2012	2011	2010
Period on which management approved forecasts are based	*4 years*	*5 years*	*5 years*
Growth rate applied beyond approved forecast period	*0%*	*0%*	*0%*
Pre-tax discount rate	*10.8%*	*12.4%*	*10.9%*

The growth rates used in the value in use calculation reflect those inherent within the Business Plan, approved by the Board through to 2015/6. The cash flows are then extrapolated into perpetuity assuming a zero growth rate.

No reasonable 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.

21 Other financial liabilities

	2012	2011	2010
	£m	£m	£m
Current			
Finance lease obligations	4.7	5.2	5.5
Interest accrued	46.5	1.1	1.8
Financial instruments	107.8	5.2	0.5
Liability for vehicles sold under a repurchase arrangement	153.7	121.4	134.5
	312.7	**132.9**	**142.3**
Non-Current			
Finance lease obligations	15.1	18.7	22.5
Other payables	24.1	1.7	6.8
Long term derivatives	33.3	—	—
	72.5	**20.4**	**29.3**

22 Other liabilities

	2012	2011	2010
	£m	£m	£m
Current			
Liabilities for advances received	191.2	162.8	153.9
VAT	346.1	178.6	123.5
Others	22.0	18.8	17.7
	559.3	**360.2**	**295.1**
Non-current			
Deferred revenue	4.8	—	—
	4.8	**—**	**—**

23 Deferred tax assets and liabilities

Significant components of deferred tax asset and liability for the year ended March 2012:

	Opening balance	Recognised in net income	Recognised in other comprehensive income	Closing balance
Deferred tax assets				
Property, plant & equipment	223.8	(78.8)	—	145.0
Expenses deductible in future years:				
Provisions, allowances for doubtful receivables	104.9	31.2	—	136.1
Derivative financial instruments	—	9.7	8.6	18.3
Retirement benefits	48.8	(107.8)	159.0	100.0
Unrealised profit in inventory	43.4	33.8	—	77.2
Tax loss	0.2	613.8	—	614.0
Total deferred tax asset	**421.1**	**501.9**	**167.6**	**1,090.6**
Deferred tax liabilities				
Property, plant & equipment	1.5	3.1	—	4.6
Intangible assets	275.1	269.3	—	544.4
Derivative financial instruments	11.6	(3.3)	(5.3)	3.0
Overseas unremitted earnings	22.3	43.0	—	65.3
Total deferred tax liability	**310.5**	**312.1**	**(5.3)**	**617.3**
Held as deferred tax asset	**112.2**	**188.7**	**172.9**	**473.8**
Held as deferred tax liability	**(1.6)**	**1.1**		**(0.5)**

In FY12, the company recognised all previously unrecognised unused tax losses and other temporary differences in the JLR business in the UK (£505.3 million) in light of the planned consolidation of the UK manufacturing business in FY13 and business forecasts showing continuing profitability. Accordingly, £149.5 million of previously unrecognised deductible temporary differences has been utilised to reduce current tax expense and previously unrecognized deferred tax benefit of £232.6 million and £123.2 million has been recognized in the statements of income and other comprehensive income respectively in FY12.

Significant components of deferred tax asset and liability for the year ended March 2011:

	Opening balance	Recognised in net income	Recognised in other comprehensive income	Closing balance
Deferred tax assets				
Property, plant & equipment	179.1	44.7	—	223.8
Expenses deductible in future years:				
Provisions, allowances for doubtful receivables	39.9	65.0	—	104.9
Retirement benefits	46.9	(5.8)	7.7	48.8
Unrealised profit in inventory	8.6	34.8	—	43.4
Others	23.1	(22.9)	—	0.2
Total deferred tax asset	**297.6**	**115.8**	**7.7**	**421.1**
Deferred tax liabilities				
Property, plant & equipment	—	1.5	—	1.5
Intangible assets	253.8	21.3	—	275.1
Derivative financial instruments	—	3.9	7.7	11.6
Overseas unremitted earnings	—	22.3	—	22.3
Total deferred tax liability	**253.8**	**49.0**	**7.7**	**310.5**
Held as deferred tax asset	**45.4**	**66.8**	**—**	**112.2**
Held as deferred tax liability	**(1.6)**	**—**	**—**	**(1.6)**

Significant components of deferred tax asset and liability for the year ended March 2010:

	Opening balance	Recognised in net income	Closing balance
Deferred tax assets			
Property, plant & equipment	117.5	61.6	179.1
Expenses deductible in future years:			
Provisions, allowances for doubtful receivables	12.6	27.3	39.9
Retirement benefits	—	46.9	46.9
Unrealised profit in inventory	—	8.6	8.6
Others	4.1	19.0	23.1
Total deferred tax asset	**134.2**	**163.4**	**297.6**
Deferred tax liabilities			
Intangible assets	102.6	151.2	253.8
Total deferred tax liability	**102.6**	**151.2**	**253.8**
Held as deferred tax asset	**31.6**	**13.8**	**45.4**
Held as deferred tax liability	**—**	**(1.6)**	**(1.6)**

24 Provisions

	2012	2011	2010
	£m	£m	£m
Current			
Product warranty	261.1	226.3	270.7
Product liability	16.2	19.1	30.6
Provisions for residual risk	2.2	0.9	1.9
Total current	**279.5**	**246.3**	**303.2**
Non current			
Defined benefit obligations	326.9	290.5	101.4
Other employee benefits obligations	2.2	1.0	1.3
Product warranty	308.1	276.8	205.7
Provision for residual risk	13.9	6.1	13.9
Provision for environmental liability	20.2	18.3	18.8
Total non-current	**671.3**	**592.7**	**341.1**

Product warranty

	2012	2011	2010
	£m	£m	£m
Opening balance	503.1	476.4	531.9
Provision made during the year	371.5	332.4	246.6
Provision used during the year	(298.5)	(305.8)	(301.3)
Impact of discounting	(6.9)	0.1	(0.8)
Closing balance	**569.2**	**503.1**	**476.4**

Product liability

	2012	2011	2010
	£m	£m	£m
Opening balance	19.1	30.6	24.7
Provision made during the year	17.2	6.8	11.1
Provision used during the year	(20.1)	(18.3)	(5.2)
Closing balance	**16.2**	**19.1**	**30.6**

Residual risk

	2012	2011	2010
	£m	£m	£m
Opening balance	7.0	15.8	95.4
Provision made during the year	9.1	22.5	—
Provision used during the year	—	(31.3)	(15.2)
Unused amounts released in the year	—	—	(64.4)
Closing balance	**16.1**	**7.0**	**15.8**

Environmental liability

	2012	2011	2010
	£m	£m	£m
Opening balance	18.3	18.8	20.8
Provision made during the year	2.6	—	—
Provision used during the year	(0.7)	(0.5)	(0.2)
Unused amount released in the year	—	—	(1.8)
Closing balance	**20.2**	**18.3**	**18.8**

Warranty provision

The group offers warranty cover in respect of manufacturing defects, which become apparent within a year of up to four years after purchase, dependent on the market in which the purchase occurred. 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 warranty provision was previously presented with the impact of inflation included in the discounting rate.

A change in accounting estimate increased warranty provisions in the year by nil (2011: £9.2 million, 2010: nil)

Product liability provision

A product liability provision is maintained in respect of known litigation which the group is party to.

Residual risk provision

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

Environmental risk provision

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

25 Accounts payable

	2012	2011	2010
	£m	£m	£m
Trade payables	2,272.0	1,627.4	1,442.5
Liabilities to employees	87.4	75.5	54.1
Liabilities for expenses	856.3	615.0	400.0
Capital creditors	69.0	66.9	—
Others	—	—	34.6
	3,284.7	**2,384.8**	**1,931.2**

26 Interest bearing loans and borrowings

	2012	2011	2010
	£m	£m	£m
EURO MTF listed bond	1,484.4	—	—
Loans from banks	332.6	789.5	1,221.9
Redeemable preference shares classified as debt	157.1	157.1	1,795.5
Other loans	—	434.9	13.0
Finance lease liabilities	19.8	23.9	28.0
	1,993.9	**1,405.4**	**3,058.4**
Less:			
Current bank loan	(332.4)	(428.5)	(892.9)
Current other loans	(157.3)	(434.9)	(12.0)
Short term borrowings	**(489.7)**	**(863.4)**	**(904.9)**
Current portion of finance lease liabilities	(4.7)	(5.2)	(5.5)
Long term debt	**1,499.5**	**536.8**	**2,148.0**
Held as long term debt	1,484.4	518.1	2,125.5
Held as long term finance leases	15.1	18.7	22.5

	2012	2011	2010
	£m	£m	£m
Short term borrowings:			
Bank loan	332.6	428.5	892.9
Redeemable preference shares classified as debt	157.1	—	—
Loans from parent	—	434.9	12.0
Short term borrowings	**489.7**	**863.4**	**904.9**
Long term borrowings:			
Bank loan	—	361.0	329.0
Redeemable preference shares classified as debt	—	157.1	1,795.5
Other loans	—	—	1.0
EURO MTF listed debt	1,484.4	—	—
Long term debt	**1,484.4**	**518.1**	**2,125.5**

Certain loans from banks availed by some of the subsidiary companies carry covenants placing certain restrictions on repayment of intra group loans and payments of dividends.

EURO MTF listed debt

On 19 May 2011 and 27 March 2012 the company issued £1,000 million and £500 million (respectively) of listed bonds. The bonds are listed on the Euro MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

The bonds are fixed rate with £1,000 million denominated in GBP and £500 million denominated in USD with maturity dates between 2018 and 2021.

The bond funds raised were used to repay both long and short term debt and provide additional cash facilities for the group. Further information relating to the bond may be found in the borrowings and description of indebtedness section within the management discussion and analysis to the front of these financial statements.

Preference shares classified as debt

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend is payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the sum of £1 per share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. The holders may demand repayment with one month's notice at any time. On redemption, the company shall pay £1 per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2012 are set out below, including estimated interest payments and excluding the effect of netting agreements. The analysis assumes the annual coupon rate of 7.25% will be paid on the preference shares each year and the debt will be repaid at the maturity date.

	2012	2011	2010
	£m	£m	£m
Due in			
1 year or less	474.1	898.7	927.2
2nd and 3rd years	267.8	213.8	21.4
4th and 5th years	267.8	149.0	250.6
More than 5 years	2,022.8	298.3	1,983.4
	3,032.5	**1,559.8**	**3,182.6**

27 Capital and reserves

	2012	2011	2010
	£m	£m	£m
Allotted, called up and fully paid			
Nil (2011: Nil, 2010: 1,001,284,322) Ordinary shares of USD $1 each	—	—	644.6
Nil (2011: Nil, 2010: 27,222,877) 7.25% non-cumulative preference shares of USD $100	—	—	1,795.5
1,500,642,163 (2010: Nil) Ordinary shares of £1 each	1,500.6	1,500.6	—
157,052,620 (2010: Nil) 7.25% Preference shares of £1 each	157.1	157.1	—
	1,657.7	**1,657.7**	**2,440.1**
Held as equity	1,500.6	1,500.6	644.6
Held as debt	157.1	157.1	1,795.5

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

Movements in share capital of the company

In May 2010, £47.8 million of USD preference shares were cancelled.

In November 2010, $298 million of preference shares were converted to short term debt.

In March 2011, the USD ordinary shares and the USD preference shares were converted to GBP ordinary shares and preference shares. The total share capital was reduced and a capital redemption reserve of £166.7 million was created. £250 million of the new preference shares were converted into short-term debt.

28 Other reserves

The movement of other reserves is as follows:

	Translation reserve	Hedging reserve	Pension reserve	Profit & loss reserve	Total reserves/ accumulated deficit
	£m	£m	£m	£m	£m
Balance at 1 April 2011	(383.3)	21.8	(535.2)	704.8	(191.9)
Net profit for the year	—	—	—	1,481.1	1,481.1
Foreign currency translation	—	—	—	—	—
Movements in employee benefit plan	—	—	(149.9)	—	(149.9)
Cash flow hedges booked in equity	—	(35.6)	—	—	(35.6)
Cash flow hedges moved from equity and recognised in the income statement	—	(19.7)	—	—	(19.7)
Tax booked through other comprehensive income	—	8.5	159.0	—	167.5
Tax impact of items reclassified from other comprehensive income	—	5.4	—	—	5.4
Balance at 31 March 2012	**(383.3)**	**(19.6)**	**(526.1)**	**2,185.9**	**1,256.9**

	Translation reserve	Hedging reserve	Pension Reserve	Profit & loss reserve	Total reserves/ accumulated deficit
	£m	£m	£m	£m	£m
Balance at 1 April 2010	(506.7)	—	(221.8)	(378.9)	(1,107.4)
Net profit for the year	—	—	—	1,035.9	1,035.9
Foreign currency translation	123.4	—	—	—	123.4
Movements in employee benefit plan	—	—	(321.1)	—	(321.1)
Cash flow hedges	—	29.5	—	—	29.5
Cancellation of preference shares	—	—	—	47.8	47.8
Tax booked through other comprehensive income	—	(7.7)	7.7	—	—
Balance at 31 March 2011	**(383.3)**	**21.8**	**(535.2)**	**704.8**	**(191.9)**

	Translation reserve	Hedging reserve	Pension Reserve	Accumulated deficit: profit & loss reserve	Total Reserves/ accumulated deficit
	£m	£m	£m	£m	£m
Balance at 1 April 2009	(607.5)	—	(200.5)	(402.4)	(1,210.4)
Net profit for the year	—	—	—	23.5	23.5
Foreign currency translation	100.8	—	—	—	100.8
Movements in employee benefit plan	—	—	(21.3)	—	(21.3)
Balance at 31 March 2010	**(506.7)**	**—**	**(221.8)**	**(378.9)**	**(1,107.4)**

The movement in capital redemption reserve is as follows:

	2012	2011	2010
	£m	£m	£m
Balance at beginning of year	166.7	—	—
Created in the year on cancellation of share capital	—	166.7	—
Balance at end of year	**166.7**	**166.7**	**—**

29 Dividends

During 2012, 2011 and 2010, no dividends were paid or proposed on the ordinary shares. £11.4 million has been accrued on the preference shares (2011 and 2010: Nil).

30 Employee benefits

Jaguar Cars Ltd and Land Rover UK, have pension arrangements providing employees with defined benefits related to pay and service as set out in the rules of each fund. The following table sets out the disclosure pertaining to employee benefits of Jaguar Cars Limited and Land Rover, UK.

Change in defined benefit obligation

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Defined benefit obligation, beginning of the year	4,300.1	3,871.3	3,045.1
Service cost	102.3	106.4	63.4
Interest cost	239.8	216.1	205.3
Actuarial loss	366.5	226.3	647.3
Benefits paid	(113.5)	(128.6)	(109.0)
Member contributions	6.8	6.6	19.5
Prior service costs	14.8	5.0	—
Other adjustments	(0.2)	(1.4)	(0.3)
Foreign currency translation	(0.7)	(1.6)	—
Defined benefit obligation, at end of year	**4,915.9**	**4,300.1**	**3,871.3**

Change in plan assets

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Fair value of plan assets at beginning of the year	4,172.0	3,806.5	3,109.0
Expected return on plan assets	240.2	241.6	173.6
Actuarial gain being actual return on assets differing from expected return on assets	171.2	30.5	562.2
Employer's contributions	230.6	218.3	52.5
Members contributions	6.8	6.6	19.5
Benefits paid	(113.5)	(128.6)	(109.0)
Plan combinations	—	(1.4)	—
Foreign currency translation	(0.3)	(1.5)	(1.3)
Other adjustment	(0.1)	—	—
Fair value of plan assets at end of year	**4,706.9**	**4,172.0**	**3,806.5**

Amount recognised in the balance sheet consist of

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Present value of unfunded defined benefit obligations	(1.3)	(1.1)	(1.6)
Present value of funded defined benefit obligations	(4,914.6)	(4,299.0)	(3,869.7)
Fair value of plan assets	4,706.9	4,172.0	3,806.5
Restriction of pension asset (as per IFRIC 14)	(28.0)	(33.7)	(2.9)
Onerous obligation	(88.0)	(127.8)	(33.3)
Net liability	**(325.0)**	**(289.6)**	**(101.0)**
Non-current assets	1.9	0.9	0.4
Non-current liabilities	(326.9)	(290.5)	(101.4)
Total net liability	**(325.0)**	**(289.6)**	**(101.0)**

Experience adjustments

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2009
	£m	£m	£m	£m
Present value of defined benefit obligation	(4,915.9)	(4,300.1)	(3,871.3)	(3,045.1)
Fair value of plan assets	4,706.9	4,172.0	3,806.5	3,109.0
Surplus/(deficit)	(209.0)	(128.1)	(64.8)	63.9
Experience adjustments on plan liabilities (as a percentage of plan liabilities)	74.9/1.6%	97.5/2.0%	(170.5)/(4.0%)	33.2/(1.1%)
Experience adjustments on plan assets (as a percentage of plan assets)	170.8/3.6%	30.5/0.7%	562.2/14.8%	673.1/(21.6%)

Amount recognised in other comprehensive income

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Actuarial loss	(195.3)	(195.8)	(85.1)
Change in restriction of pension asset (as per IFRIC 14)	5.6	(30.8)	37.1
Change in onerous obligation	39.8	(94.5)	26.7
	(149.9)	**(321.1)**	**(21.3)**

Net pension and post retirement cost consists of the following components

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Current service cost	102.3	106.4	63.4
Prior service cost	14.8	5.0	—
Interest cost	239.8	216.1	205.3
Expected return on plan assets	(240.2)	(241.6)	(173.6)
Net periodic pension cost	**116.7**	**85.9**	**95.1**

The assumptions used in accounting for the pension plans are set out below:

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Discount rate	5.1%	5.5%	5.5%
Rate of increase in compensation level of covered employees	3.8%	3.9%	4.0%
Inflation increase	3.3%	3.4%	3.5%
Expected rate of return on plan assets	4.8%	6.2%	6.5%

For the valuation at 31 March 2012 and 2011, the mortality assumptions used are the SAPS base table, in particular S1PMA for males, S1PFA for females and the Light table for members of the Jaguar Executive Pension Plan, with a scaling factor of 90% for males and 115% for females for all members. There is an allowance for future improvements in line with the CMI (2011) projections and an allowance for long term improvements of 1.25% (2011: 1.00%) per annum

For the valuations at 31 March 2010, the mortality assumptions used are "92 series" base table (based on a year of use of 2009), with medium cohort improvements applied from 2005, and an underpin to future mortality improvements of 1% p.a. for males and 0.5% for females. In addition there is a scaling factor of 135% (males and females) for the Jaguar Pension Plan and Land Rover Pension Scheme, and 110% (males)/115% (females) for the Jaguar Executive Pension Plan.

Changes in the mortality assumptions used in FY12 compared to FY11 have increased the liability by £47.0 million (2011: £283.7 million, 2010: Nil).

Pension plans asset allocation by category is as follows:

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	%	%	%
Asset category			
Debt	64	62	47
Equities	22	29	51
Others	14	9	2

The expected return on assets assumptions are derived by considering the expected long-term rates of return on plan investments. The overall rate of return is a weighted average of the expected returns of the individual investments made in the group plans. The long-term rates of return on equities are derived from considering current risk free rates of return with the addition of an appropriate future risk premium from an analysis of historic returns in various countries. The long-term rates of return on bonds are set in line with market yields currently available at the statement of financial position date.

The expected net periodic pension cost for FY13 is £146.6 million. The group expects to contribute £44.1 million to its plans in FY13.

Defined contribution plan

The group's contribution to defined contribution plans aggregated £10.8 million, (2011: £3.4 million, 2010: £0.2 million.

31 Commitments and contingencies

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

The following is a description of claims and assertions where a potential loss is possible, but not probable. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the group's financial condition, results of operations or cash flows.

Litigation

The group is involved in legal proceedings, both as plaintiff and as defendant and there are claims of £9.9 million (2011: £10.8 million, 2010: £29.7 million) which management have not recognised as they are not considered probable.

Other claims

There are other claims against the group, the majority of which pertains to motor accident claims and consumer complaints. Some of the cases also relate to replacement of parts of vehicles and/or compensation for deficiency in the services by the group or its dealers.

The Group has not provided £1.9 million (2011: £1.3 million, 2010: £3.0 million) for tax matters in dispute as it is not considered probable that these will be settled in an adverse position for the Group.

Commitments

The group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating £545.2 million (2011: £451.5 million, 2010: £216.3 million) and nil (2011: £3.5 million, 2010: nil) relating to the acquisition of intangible assets.

The group has entered into various contracts with vendors and contractors which include obligations aggregating £865.8 million (2011: £689.0 million, 2010: £431.0 million) to purchase minimum or fixed quantities of material.

For commitments related to leases, see note 34.

Inventory of £68.6 million (2011: £66.7 million, 2010: £94.4 million) and trade receivables with a carrying amount of £142.9 million (2011: £268.9, 2010: £296.8 million) and property, plant and equipment with a carrying amount of nil (2011: £463.4 million, 2010 £714.8) and restricted cash with a carrying amount of £131.4 million (2011 and 2010: Nil) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of £6.9 million, of which £2.8 million are to HMRC.

32 Capital management

The group's objectives for managing capital are to create value for shareholders, to safeguard business continuity and support the growth of the group.

The group determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through a mixture of equity, convertible or non-convertible debt securities and other long-term/short-term borrowings. The group's policy is aimed at combination of short-term and long-term borrowings.

The group monitors the capital structure on basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the group.

Total debt includes all long and short-term debts and finance lease payables. Equity comprises all components.

The following table summarises the capital of the group:

	2012	2011	2010
	£m	£m	£m
Equity	2,924.2	1,475.4	(462.8)
Short term debt	494.4	868.6	910.4
Long term debt	1,499.5	536.8	2,148.0
Total debt	**1,993.9**	**1,405.4**	**3,058.4**
Total capital (debt and equity)	**4,918.1**	**2,880.8**	**2,595.6**

33 Financial instruments

This section gives an overview of the significance of financial instruments for the group and provides additional information on balance sheet items that contain financial instruments.

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

(a) **Financial assets and liabilities**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2012:

Financial assets

	Cash and receivables	Derivatives in cash flow hedging relationship	Derivatives not hedge accounted	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Cash and cash equivalents	2,430.4	—	—	2,430.4	2,430.4
Trade receivables	662.2	—	—	662.2	662.2
Other financial assets—current	134.4	47.6	0.8	182.8	182.8
Other financial assets—non-current	83.6	23.1	0.2	106.9	106.9
	3,310.6	**70.7**	**1.0**	**3,382.3**	**3,382.3**

Financial liabilities

	Other financial liabilities	Derivatives in cash flow hedging relationship	Derivatives not hedge accounted	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Accounts payable	3,284.7	—	—	3,284.7	3,284.7
Short-term debt	489.7	—	—	489.7	489.7
Long-term debt	1,484.4	—	—	1,484.4	1,534.0
Other financial liabilities—current	204.9	85.0	22.8	312.7	312.7
Other financial liabilities—non-current	39.2	11.4	21.9	72.5	72.5
	5,502.9	**96.4**	**44.7**	**5,644.0**	**5,693.6**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2011:

Financial assets

	Cash and receivables	Derivatives in cash flow hedging relationship	Derivatives not hedge accounted	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Cash and cash equivalents	1,028.3	—	—	1,028.3	1,028.3
Trade receivables	567.2	—	—	567.2	567.2
Other financial assets—current	11.9	34.7	14.9	61.5	61.5
Other financial assets—non-current	68.5	—	—	68.5	68.5
	1,675.9	**34.7**	**14.9**	**1,725.5**	**1,725.5**

Financial liabilities

	Other financial liabilities	Derivatives in cash flow hedging relationship	Total carrying value	Total fair value
	£m	£m	£m	£m
Accounts payable	2,384.8	—	2,384.8	2,384.8
Short-term debt	863.4	—	863.4	863.4
Long-term debt	518.1	—	518.1	520.3
Other financial liabilities—current	127.7	5.2	132.9	132.9
Other financial liabilities—non-current	20.4	—	20.4	20.4
	3,914.4	**5.2**	**3,919.6**	**3,921.8**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2010:

Financial assets

	Cash and receivables	Total carrying value	Total fair value
	£m	£m	£m
Cash and cash equivalents	679.9	679.9	679.9
Trade receivables	669.4	669.4	669.4
Other financial assets—current	20.1	20.1	20.1
Other financial assets—non-current	73.3	73.3	73.3
	1,442.7	**1,442.7**	**1,442.7**

Financial liabilities

	Other financial liabilities	Total carrying value	Total fair value
	£m	£m	£m
Accounts payable	1,931.2	1,931.2	1,931.2
Short-term debt	904.9	904.9	904.9
Long-term debt	2,125.5	2,125.5	2,125.5
Other financial liabilities—current	142.3	142.3	142.3
Other financial liabilities—non-current	29.3	29.3	29.3
	5,133.2	**5,133.2**	**5,133.2**

Fair value hierarchy

Financial instruments carried 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 assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category mainly includes quoted equity shares, quoted corporate debt instruments and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

All financial instruments held at fair value are valued using Level 2 valuation techniques.

The short term financial assets and liabilities, except for derivative instruments, are stated at amortised cost which is approximately equal to their fair value.

The fair value of the long term debt is calculated using the 31 March 2012 closing price on the Euro MTF market for the unsecured listed bonds

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2012, 31 March 2011 and 31 March 2010 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

(b) Cash flow hedging

As of 31 March 2012, the group has taken out a number of cash flow hedging instruments. The group uses USD/GBP forward and option contracts, USD/Euro forward contracts and other currency options to hedge future cash flows from sales and purchases. Cash flow hedges are expected to be recognised in profit or loss during the years ending 31 March 2013 to 2015.

The group also has a number of USD/Euro options which are entered into as an economic hedge of the financial risks of the group. These contracts do not meet the hedge accounting criteria of IAS 39, so the change in fair value is recognised immediately in the income statement.

The time value of options is considered ineffective in the hedge relationship and the change in fair value is recognised immediately in the income statement.

As at March 31, 2010, there are no designated cash flow hedges.

As per its risk management policy, the group uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to highly probable forecast sales transactions. The fair value of such forward contracts as of 31 March 2012 was a liability of £25.6 million (2011: asset of £29.5 million, 2010: nil).

Changes in fair value of forward exchange contracts to the extent determined to be an effective hedge is recognised in the statement of other comprehensive income and the ineffective portion of the fair value change is recognised in income statement. Accordingly, the fair value change of net loss £35.6 million (2011: gain of £42.7 million, 2010: nil) was recognised in other comprehensive income.

(c) Financial risk management

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

The group has a risk management policy which not only covers the foreign exchange risks but also the risks associated with the financial assets and liabilities like interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

Create a stable business planning environment—by reducing the impact of currency and interest rate fluctuations to the group's business plan.

Achieve greater predictability to earnings—by determining the financial value of the expected earnings in advance.

(d) Market risk

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

(e) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US dollar, Chinese yuan, Japanese yen and euro against the functional currency of the group.

The group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange exposure. Any weakening of the functional currency may impact the group's cost of imports and cost of borrowings.

The group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The following table set forth information relating to foreign currency exposure below as of 31 March 2012:

	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
	£m	£m	£m	£m	£m	£m
Financial assets	263.2	584.8	231.1	31.8	227.9	1,333.6
Financial liabilities	(862.3)	(370.0)	(923.0)	(105.8)	(198.0)	(2,453.9)
Net exposure asset/(liability)	**(599.1)**	**214.8**	**(691.9)**	**(74.0)**	**29.9**	**1,120.3**

* Others include Russian Rouble, Singapore dollars, Swiss Franc, Australian dollars, South African Rand, Thai baht, Korean won etc.

10% appreciation/depreciation of the Euro, USD, Yen and Chinese Yuan would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £69.2 million, £59.9 million, £7.4 million and £21.5 million respectively for FY12.

The following table set forth information relating to foreign currency exposure below as of 31 March 2011:

	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
	£m	£m	£m	£m	£m	£m
Financial assets	206.3	279.3	209.7	40.3	364.9	1,100.5
Financial liabilities	(256.7)	(281.9)	(321.8)	(16.5)	(328.7)	(1,205.6)
Net exposure asset/(liability)	**(50.4)**	**(2.6)**	**(112.1)**	**23.8**	**36.2**	**(105.1)**

* Others include Russian Rouble, Singapore dollars, Swiss Franc, Australian dollars, South African Rand, Thai baht, Korean won etc.

10% appreciation/depreciation of the Euro, USD, Yen and Chinese Yuan would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £10.2 million, £4.6 million, £2.2 million and £0.2 million respectively for FY11.

The following table set forth information relating to foreign currency exposure below as of 31 March 2010:

	US Dollar	Euro	JPY	Russian Rouble	*Others	Total
	£m	£m	£m	£m	£m	£m
Financial assets	280.7	150.8	23.4	25.1	164.4	644.4
Financial liabilities	(2,074.9)	(452.5)	(62.7)	(5.9)	(61.1)	(2,657.1)
Net exposure asset/(liability)	**(1,794.2)**	**(301.7)**	**(39.3)**	**19.2**	**103.3**	**(2,012.7)**

* Others include Singapore dollars, Swiss Franc, Australian dollars, South African Rand, Chinese Yuan, Thai baht, Korean won etc.

10% appreciation/depreciation of the Euro, USD and Yen would result in an increase/decrease in the group's net profit before tax and net assets by approximately £30.2 million, £179.4 million and £3.9 million respectively for the year ended 31 March 2010.

(f) Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the cash flows as well as costs.

The group is subject to variable interest rates on some of its interest bearing liabilities. The group's interest rate exposure is mainly related to debt obligations. The group also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible bonds and short term loans.

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

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.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

As of 31 March 2012 net financial liability of £335.9 million *(2011:* £451.3 million, *2010: £945.4 million)* was 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 £3.4 million (2011: £4.5 million, 2010: £8.0 million) in the consolidated income statement.

(g) Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund on-going operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the group is reviewed regularly and is designed to exceed forecast peak gross debt levels.

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

	31 March 2012					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long term debt and preference shares	1,641.5	2,692.3	133.9	133.9	401.7	2,022.8
Short-term borrowings	332.6	340.1	340.1	—	—	—
Finance lease liabilities	19.8	22.6	5.4	5.4	11.8	—
Other financial liabilities	224.3	224.3	200.2	24.1	—	—
Accounts payable	3,284.7	3,284.7	3,284.7	—	—	—
Derivative instruments	141.1	141.1	107.8	24.5	8.8	—
	5,644.0	**6,705.1**	**4,072.1**	**187.9**	**422.3**	**2,022.8**

	31 March 2011					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long term bank loans and preference shares	518.1	686.5	25.4	213.8	149.0	298.3
Short-term borrowings	863.4	873.4	873.4	—	—	—
Finance lease liabilities	23.9	27.6	5.2	5.3	13.6	3.5
Other financial liabilities	124.2	124.2	122.5	1.7	—	—
Accounts payable	2,384.8	2,384.8	2,384.8	—	—	—
Derivative instruments	5.2	5.2	5.2	—	—	—
	3,919.6	**4,101.7**	**3,416.5**	**220.8**	**162.6**	**301.8**

	31 March 2010					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Secured bank loans	1,221.9	1,341.0	871.6	15.2	273.6	180.6
Unsecured bank facility	13.0	13.0	12.0	1.0	—	—
	1,234.9	**1,354.0**	**883.6**	**16.2**	**273.6**	**180.6**
Finance lease liabilities	28.0	33.1	5.5	5.2	15.2	7.2
Redeemable preference shares classified as debt	1,795.5	1,795.5	—	—	—	1,795.5
Other financial liabilities	143.6	143.6	136.8	6.8	—	—
Accounts payable	1,931.2	1,931.2	1,931.2	—	—	—
	5,133.2	**5,257.4**	**2,957.1**	**28.2**	**288.8**	**1,983.3**

(h) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses 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 group result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was £3,310.6 million (2011: £1,675.9 million , 2010: £1,442.7 million, 2009: £612.9 million), being the total of the carrying amount of financial assets excluding unquoted equity investments.

Financial assets

None of the group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at 31 March 2012, that defaults in payment obligations will occur.

	2012 Gross	2012 Impairment
	£m	£m
Not yet due	612.2	—
Overdue <3 months	47.5	—
Overdue >3 <6 months	5.4	2.9
Overdue >6 months	10.3	10.3
	675.4	**13.2**

Included within trade receivables is £142.9 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 is in short term borrowings.

None of the group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at 31 March 2011, that defaults in payment obligations will occur.

	2011 Gross	2011 Impairment
	£m	£m
Not yet due	531.9	—
Overdue <3 months	34.5	—
Overdue >3 <6 months	—	—
Overdue >6 months	10.9	10.1
	577.3	**10.1**

Included within trade receivables is £268.9 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 is in short term borrowings.

None of the group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at 31 March 2010, that defaults in payment obligations will occur.

	2010 Gross	2010 Impairment
	£m	£m
Not yet due	600.6	0.8
Overdue <3 months	60.8	0.2
Overdue >3 <6 months	21.3	14.8
Overdue >6 months	3.0	0.5
	685.7	**16.3**

Included within trade receivables is £296.8 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 is in short term borrowings.

Derivative financial instruments and risk management

The group risk management policy allows the use of currency and interest derivative instruments to manage its exposure to fluctuations in foreign exchange and interest rates. To the extent possible under IAS 39, these instruments are hedge accounted under that Standard.

The loss on hedged derivative contracts recognised in equity was £35.6 million (2011: gain of £42.7 million, 2010: nil)). The loss on derivative contracts not eligible for hedging and recognised in the consolidated income statement was £58.6 million (2011: £1.1 million, 2010: nil).

A 10% depreciation/appreciation of the foreign currency underlying such contracts would have resulted in an approximate additional gain/loss of £5.5 million (2011: £3.0 million. 2010: nil) in equity and a loss/gain of £2.4 million (2011: £0.1 million, 2010: nil) in the consolidated income statement.

34 Leases

Non-cancellable operating lease rentals are payable as follows:

	2012	2011	2010
	£m	£m	£m
Less than one year	9.1	10.5	7.8
Between one and five years	24.1	18.9	14.9
More than five years	5.9	—	—
	39.1	**29.4**	**22.7**

The group leases a number of properties and plant and machinery under operating leases.

Leases as lessor

The future minimum lease payments under non-cancellable leases are as follows:

	2012	2011	2010
	£m	£m	£m
Less than one year	3.1	2.3	11.8
Between one and five years	0.1	0.3	0.2
More than five years	—	—	—
	3.2	**2.6**	**12.0**

The above leases relate to amounts payable in respect of land and buildings and fleet car sales. The average lease life is less than one year.

Non-cancellable finance lease rentals are payable as follows:

	2012	2011	2010
	£m	£m	£m
Less than one year	4.7	5.2	5.5
Between one and five years	15.1	15.9	16.7
More than five years	—	2.8	5.8
	19.8	**23.9**	**28.0**

The above lease relates to amounts payable on plant and machinery in line with IFRIC 4.

35 Segment reporting

The JLR group operates in the automotive segment. The group has only one operating segment, so no separate segmental report is given.

The geographic spread of sales and assets is as disclosed below.

31 March 2012	UK	US	China	Rest of Europe	Rest of World
	£m	£m	£m	£m	£m
Revenue	2,259.1	1,995.9	3,889.3	2,419.5	2,947.9
Segment assets	4,330.4	13.9	18.8	8.6	15.2
Capital expenditure	1,465.2	0.8	15.6	1.2	2.7

31 March 2011	UK	US	China	Rest of Europe	Rest of World
	£m	£m	£m	£m	£m
Revenue	1,923.8	2,005.3	1,642.7	2,042.8	2,256.1
Segment assets	3,336.3	15.6	9.3	4.0	10.2
Capital expenditure	850.1	1.0	11.1	1.1	5.7

31 March 2010	UK	US	China	Rest of Europe	Rest of World
	£m	£m	£m	£m	£m
Revenue	1,536.7	1,266.7	635.2	1,666.0	1,422.7
Segment assets	2,874.1	15.4	0.6	5.4	16.6
Capital expenditure	744.6	4.3	0.3	0.6	1.5

36 Related party transactions

The group's related parties principally consist of Tata Sons Ltd., subsidiaries of Tata Sons Ltd, associates and joint ventures of the company. The group routinely enters into transactions with these related parties in the ordinary course of business. The group enters into transactions for sale and purchase of products with its associates and joint ventures. Transactions and balances with its own subsidiaries are eliminated on consolidation.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements for FY12.

	With associates and joint ventures 2012	With immediate or ultimate parent 2012
	£m	£m
Sale of products	—	69.4
Services received	54.1	9.0
Trade and other receivables	—	3.1
Accounts payable	12.8	—
Accrued preference share dividend	—	11.3
Loans repaid	—	434.9

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements for FY11.

	With associates 2011	With immediate or ultimate parent 2011
	£m	£m
Sale of products	—	38.7
Services received	34.0	—
Trade and other receivables	—	5.5
Accounts payable	10.5	—
Loans given	—	434.9

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements for the year ended 31 March 2010.

	With associates 2010	With immediate or ultimate parent 2010
	£m	£m
Sale of products	—	12.5
Services received	26.7	0.3
Loan transactions in the period	—	1,026.0
Trade and other receivables	3.6	0.6
Loans given	—	1,795.7

The following table summarises related party transactions and balances included in the consolidated financial statements:

Compensation of key management personnel

	2012	2011	2010
	£m	£m	£m
Short term benefits	16.3	7.4	3.4
Post-employment benefits	2.0	0.3	0.2
Compensation for loss of office	1.8	—	—
	20.1	**7.7**	**3.6**

37 Ultimate parent company and parent company of larger group

The immediate parent undertaking is TML Singapore Pte Limited and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

Parent Company Balance Sheet
at 31 March 2012

	Note	2012	2011	2010
		£m	£m	£m
Non-current assets				
Investments	*39*	1,654.8	1,874.8	1,605.2
Other assets	*43*	9.0	—	—
Total non-current assets		**1,663.8**	**1,874.8**	**1,605.2**
Current assets				
Cash and cash equivalents	*38*	1.1	3.7	0.9
Other Financial Assets	*40*	1,709.7	404.6	411.1
Other current assets	*43*	4.5	—	—
Total current assets		**1,715.3**	**408.3**	**412.0**
Total assets		**3,379.1**	**2,283.1**	**2,017.2**
Current liabilities				
Short term borrowings and current portion of long term debt	*44*	157.1	434.8	—
Other financial liabilities	*41*	48.0	—	—
Total current liabilities		**205.1**	**434.8**	**—**
Non-current liabilities				
Long term debt	*44*	1,484.4	157.1	1,795.5
Total non-current liabilities		**1,484.4**	**157.1**	**1,795.5**
Total liabilities		**1,689.5**	**591.9**	**1,795.5**
Equity attributable to equity holders of the parent				
Ordinary shares	*45*	1,500.6	1,500.6	644.6
Capital redemption reserve		166.7	166.7	—
Foreign currency on change to presentational currency		—	—	(371.2)
Accumulated reserves/(deficit)		22.3	23.9	(51.7)
Equity attributable to equity holders of the parent		**1,689.6**	**1,691.2**	**221.7**
Total liabilities and equity		**3,379.1**	**2,283.1**	**2,017.2**

These financial statements were approved by the board of directors on and were signed on its behalf by:

Director

Company registered number: 6477691.

Parent Company Statement of Changes in Equity
for the year ended 31 March 2012

	Ordinary share Capital	Capital redemption reserve	Accumulated reserves	Total Equity
	£m	£m	£m	£m
Balance at 31 March 2011	1,500.6	166.7	23.9	1,691.2
Loss for the year	—	—	(1.6)	(1.6)
Balance at 31 March 2012	**1,500.6**	**166.7**	**22.3**	**1,689.6**

	Ordinary share capital	Capital redemption reserve	Foreign currency on change to presentational currency	Accumulated reserves/ (deficit)	Total Equity
	£m	£m	£m	£m	£m
Balance at 31 March 2010	644.6	—	(371.2)	(51.7)	221.7
Income for the year	—	—	—	21.9	21.9
Foreign currency on change to presentational currency	—	—	371.2	—	371.2
Cancellation of redeemable preference shares	—	—	—	48.8	48.8
Issue of ordinary shares	856.0	166.7	—	4.9	1,027.6
Balance at 31 March 2011	**1,500.6**	**166.7**	**—**	**23.9**	**1,691.2**

Parent Company Cash Flow Statement
for the year ended 31 March 2012

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Cash flows from operating activities			
Net income/(loss)	(1.6)	21.9	(15.2)
Adjustments for:			
Finance income/(expense) (net)	7.1	(21.9)	12.8
Foreign exchange gains on loans	10.0	—	—
Cash flows from/used in operating activities	**15.5**	**—**	**(2.4)**
Other financial assets	(1,077.9)	—	—
Other current liabilities	4.3	—	—
Net cash from operating activities	**(1,058.1)**	**—**	**(2.4)**
Cash flows from investing activities			
Finance income received	73.4	2.8	—
Net cash from investing activities	**73.4**	**2.8**	**—**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	—	—	370.3
Finance expense paid	(85.3)	—	(29.7)
Repayment of short term debt	(432.6)	—	(1,179.1)
Proceeds from issuance of long term debt	1,500.0	—	841.7
Net cash from financing activities	**982.1**	**—**	**3.2**
Net change in cash and cash equivalents	(2.6)	2.8	0.8
Cash and cash equivalents at beginning of year	3.7	0.9	0.1
Cash and cash equivalents at end of year	**1.1**	**3.7**	**0.9**

38 Cash and Cash equivalents

Cash and cash equivalents consist of the following:

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
	£m	£m	£m
Balances with banks	1.1	3.7	0.9
	1.1	**3.7**	**0.9**

39 Investments

Investments consist of the following:

	2012	2011	2010
	£m	£m	£m
Unquoted equity investments, at cost at beginning of the year	1,874.8	1,874.8	1,605.2
Preference share investments converted to financial asset	(220.0)	—	—
Unquoted equity investments, at cost at end of the year	**1,654.8**	**1,874.8**	**1,605.2**

In March 2012, Land Rover and Jaguar Cars Limited converted preference shares owed to Jaguar Land Rover PLC into debt.

The movement in investments in 2011 is due to the conversion of the functional currency of the company from USD to GBP.

The company has not made any additional investments or disposals of investments in the year.

The company has the following investments in subsidiaries:

Subsidiary Undertaking	Interest	Class of shares	Country of Incorporation and Registration	Principal activity
Jaguar Cars Limited	100%	Ordinary shares	England and Wales	Manufacture and sale of motor vehicles
Land Rover	100%	Ordinary shares	England and Wales	Manufacture and sale of motor vehicles

The shareholdings above are recorded at acquisition values in the company's accounts. Details of the indirect subsidiary undertakings are as follows:

Name of Company	Interest	Class of shares	Country of incorporation and operation	Principal activity
Jaguar Land Rover Exports Limited	100%	Ordinary shares	England and Wales	Export sales
Land Rover Exports Limited	100%	Ordinary shares	England and Wales	Export sales
Jaguar Belgium N.V.	100%	Ordinary shares	Belgium	Distribution and sales
Jaguar Land Rover Deutschland GmbH	100%	Ordinary shares	Germany	Distribution and sales
Jaguar Hispania SL	100%	Ordinary shares	Spain	Distribution and sales
Jaguar Land Rover Austria GmbH	100%	Capital contribution €145,300	Austria	Distribution and sales
Jaguar Land Rover North America LLC	100%	Ordinary shares	USA	Distribution and sales
Jaguar Cars (South Africa) (Pty) Ltd	100%	Ordinary shares	South Africa	Dormant
Jaguar Land Rover (South Africa) Holdings Limited	100%	Ordinary shares	South Africa	Holding company
Jaguar Cars Overseas Holdings Limited	100%	Ordinary shares	England and Wales	Holding company

The Jaguar Collection Limited	100%	Ordinary shares	England and Wales	Dormant
The Daimler Motor Company Limited	100%	Ordinary shares	England and Wales	Dormant
Daimler Transport Vehicles Limited	100%	Ordinary shares	England and Wales	Dormant
The Lanchester Motor Company	100%	Ordinary shares	England and Wales	Dormant
SS Cars Limited	100%	Ordinary shares	England and Wales	Dormant
Jaguar Land Rover Japan Limited	100%	Ordinary shares	Japan	Distribution and sales
Jaguar Land Rover Korea Group Limited	100%	Ordinary shares	Korea	Distribution and sales
Land Rover Group Limited	100%	Ordinary shares	England and Wales	Holding company
Jaguar Landrover Portugal-Veiculos e Pecas, Lda	100%	Ordinary shares	Portugal	Distribution and sales
Land Rover Espana SL	100%	Ordinary shares	Spain	Distribution and sales
Land Rover Nederland BV	100%	Ordinary shares	Holland	Distribution and sales
Jaguar Land Rover Automotive Trading (Shanghai) Co Ltd	100%	Ordinary shares	China	Distribution and sales
Jaguar Land Rover Australia Pty Limited	100%	Ordinary shares	Australia	Distribution and sales
Land Rover Belux SA/NV	100%	Ordinary shares	Belgium	Distribution and sales
Land Rover Ireland Limited	100%	Ordinary shares	Ireland	Distribution and sales
Jaguar Land Rover Italia SpA	100%	Ordinary shares	Italy	Distribution and sales
Jaguar Land Rover Canada ULC	100%	Ordinary Shares	Canada	Distribution and sales
Jaguar Land Rover (South Africa) (Pty) Ltd	100%	Ordinary Shares	South Africa	Distribution and sales
Jaguar Land Rover France SAS	100%	Ordinary Shares	France	Distribution and sales
Jaguar Land Rover Brazil LLC	100%	Ordinary Shares	Brazil	Distribution and sales
Jaguar Land Rover Russia	100%	Ordinary Shares	Russia	Distribution and sales
Land Rover Parts Limited	100%	Ordinary Shares	England and Wales	Distribution and sales

In addition, the group has the following investments:

Jaguar Land Rover Schweiz AG	10% interest in the ordinary share capital
Jaguar Cars Finance Limited	49.9% interest in the ordinary share capital
Spark 44 Limited	50% interest in the ordinary share capital

The principal activity of Jaguar Land Rover Schweiz AG is the sale of automotive vehicle and parts. The principal activity of Jaguar Cars Finance Limited was the provision of credit finance. The company has been dormant in the period covered by these accounts. The principal activity of Spark 44 Limited is the provision of advertising services.

40 Other financial assets

	2012	2011	2010
	£m	£m	£m
Receivables from subsidiaries	1,709.7	404.6	411.1

41 Other financial liabilities

	2012	2011	2010
	£m	£m	£m
Interest payable	43.7	—	—
Other	4.3	—	—
	48.0	**—**	**—**

42 Deferred tax assets and liabilities

The company has no deferred tax assets or liabilities either recognised or unrecognised.

43 Other assets

	2012	2011	2010
	£m	£m	£m
Non-current			
Prepaid expenses	9.0	—	—
	9.0	**—**	**—**

	2012	2011	2010
	£m	£m	£m
Current			
Prepaid expenses	4.5	—	—
	4.5	**—**	**—**

44 Interest bearing loans and borrowings

	2012	2011	2010
	£m	£m	£m
Others:			
Euro MTF listed bonds	1,484.4	—	—
Redeemable preference shares classed as debt	157.1	157.1	1,795.5
Loans from parent	—	434.8	—
	1,641.5	**591.9**	**1,795.5**
Less:			
Short-term preference shares	(157.1)	—	—
Current portion of parent loan	—	(434.8)	—
Long term debt	**1,484.4**	**157.1**	**1,795.5**
Held as long term debt	1,484.4	157.1	1,795.5

EURO MTF listed debt

On 19 May 2011 and 27 March 2012 the company issued £1,000 million and £500 million (respectively) of listed bonds. The bonds are listed on the Euro MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

The bonds are fixed rate with £1,000 million denominated in GBP and £500 million denominated in USD with maturity dates between 2018 and 2021.

The bond funds raised were used to repay both long and short term debt and provide additional cash facilities for the group. Further information relating to the bond may be found in the borrowings and description of indebtedness section within the management discussion and analysis to the front of these financial statements.

Preference shares classified as debt

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend is payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the par value of each share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. The holders may demand repayment at any time, subject to giving one month's notice. On redemption, the company shall pay the par value per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

The dividend on the preference shares was £11.4 million (2011 and 2010: Nil).

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2012 is set out below, including estimated interest payments and excluding the effect of netting agreements. The analysis assumes the annual coupon rate of 7.25% will be paid on the preference shares each year and the debt will be repaid at the maturity date.

	2012	2011	2010
	£m	£m	£m
Due in			
1 year or less	133.9	434.8	—
1 to 2 years	133.9	—	—
2 to 5 years	401.7	—	—
More than 5 years	2,022.8	157.1	1,795.5
	2,692.3	**591.9**	**1,795.5**

45 Capital and reserves

	2012	2011	2010
	£m	£m	£m
Allotted, called up and fully paid			
1,500,600,000 (2010 and 2009: Nil) ordinary shares of £1 each	1,500.6	1,500.6	—
157,100,000 (2010 and 2009: Nil) 7.25% preference shares of £1 each	157.1	157.1	—
Nil, (2010: 1,001,284,322, 2009: 471,284,322) Ordinary shares of USD $1 each	—	—	644.6
Nil, (2010: 27,222,877, 2009: 11,015,000) 7.25% non-cumulative preference shares of USD $100	—	—	1,795.5
	1,657.7	**1,657.7**	**2,440.1**
Held as equity	1,500.6	1,500.6	644.6
Held as debt	157.1	157.1	1,795.5

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

Movements in share capital of the company

On 31 May 2010, 792,000 USD $100 preference shares were cancelled.

On November 5 2010, 2,890,000 USD $100 were cancelled and converted into short term debt.

On 31 March 2011, the remaining USD preference shares and USD ordinary shares were converted into the GBP ordinary shares and preference shares. A capital contribution reserve was set up as a result of this reorganisation.

Due to the conversion of the share capital of the company, the functional currency changed from USD to GBP.

46 Dividends

During 2012, 2011 and 2010, no dividends were paid or proposed on the ordinary shares. A dividend of £11.4 million (2011 and 2010: nil) has been accrued on the preference shares. In the period to 31 March 2011, the company did not pay or accrue any preference dividends to TMLH as these were waived.

47 Commitments and contingencies

The company does not have any commitments or contingencies.

48 Capital management

The company's objectives for managing capital are to create value for shareholders, to safeguard business continuity and support the growth of the company.

The company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through a mixture of equity, convertible or non-convertible debt securities and other long-term/short-term borrowings. The company's policy is aimed at combination of short-term and long-term borrowings.

The company monitors the capital structure on basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the company.

Total debt includes all long and short-term debts and finance lease payables. Equity comprises all components excluding loss on cash flow hedges and foreign currency translation reserve.

The following table summarises the capital of the company:

	2012	2011	2010
	£m	£m	£m
Equity	1,689.6	1,691.2	221.7
Short term debt	157.1	434.8	—
Long term debt	1,484.4	157.1	1,795.5
Total debt	**1,641.5**	**591.9**	**1,795.5**
Total capital (debt and equity)	**3,331.1**	**2,283.1**	**2,017.2**

49 Financial instruments

This section gives an overview of the significance of financial instruments for the company and provides additional information on balance sheet items that contain financial instruments.

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

(a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2012:

Financial assets

	Cash and loans and receivables	Total carrying value	Total fair value
	£m	£m	£m
Cash and cash equivalents	1.1	1.1	1.1
Other financial assets—current	1,709.7	1,709.7	1,709.7
	1,710.8	1,710.8	1,710.8

Financial liabilities

	Other financial liabilities	Total carrying value	Total fair value
	£m	£m	£m
Preference shares	157.1	157.1	157.1
Other financial liabilities	48.0	48.0	48.0
Long-term debt	1,484.4	1,484.4	1,534.0
	1,689.5	1,689.5	1,739.1

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2011:

Financial assets

	Cash and loans and receivables	Total carrying value	Total fair value
	£m	£m	£m
Cash and cash equivalents	3.7	3.7	3.7
Other financial assets—current	404.6	404.6	404.6
	408.3	408.3	408.3

Financial liabilities

	Other financial liabilities	Total carrying value	Total fair value
	£m	£m	£m
Short-term	434.8	434.8	434.8
Long-term debt	157.1	157.1	157.1
	591.9	591.9	591.9

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2010:

Financial assets

	Cash and loans and receivables	Total carrying value	Total fair value
	£m	£m	£m
Cash and cash equivalents	0.9	0.9	0.9
Other financial assets—current	411.1	411.1	411.1
	412.0	412.0	412.0

Financial liabilities

	Other financial liabilities	Total carrying value	Total fair value
	£m	£m	£m
Long-term debt	1,795.5	1,795.5	1,795.5

Fair value hierarchy

Financial instruments carried 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 assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category mainly includes quoted equity shares, quoted corporate debt instruments and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes

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

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the company could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of March 31 2012, 2011 and 2010 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

(b) Cash flow hedging

As at March 31 2012, 2011 and 2010, there are no designated cash flow hedges.

(c) Financial risk management

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

The company has a risk management policy which not only covers the foreign exchange risks but also the risks associated with the financial assets and liabilities like interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

Create a stable business planning environment—by reducing the impact of currency and interest rate fluctuations to the company's business plan.

Achieve greater predictability to earnings—by determining the financial value of the expected earnings in advance.

(d) Market risk

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

(i) Foreign currency exchange rate risk:

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

The company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in the GBP:US Dollar rate as the company has USD assets and liabilities and a GBP functional currency.

The following analysis has been worked out based on the gross exposure as of the Balance Sheet date which could affect the income statement.

The following table set forth information relating to foreign currency exposure below as of 31 March 2012:

	US Dollar
	£m
Financial assets	533.2
Financial liabilities	(527.8)
Net exposure asset	5.4

10% appreciation/depreciation of the USD would result in an increase/ decrease in the company's net profit before tax and net assets by approximately £0.5 million.

The following table set forth information relating to foreign currency exposure below as of 31 March 2011:

	US Dollar
	£m
Financial assets	434.8
Financial liabilities	(154.6)
Net exposure asset	280.2

10% appreciation/depreciation of the USD would result in an increase/ decrease in the company's net profit before tax and net assets by approximately £25.5 million.

The following table set forth information relating to foreign currency exposure as of 31 March 2010:

	US Dollar
	£m
Financial assets	411.1
Financial liabilities	(1,795.5)
Net exposure liability	(1,384.4)

10% weakening/strengthening of the Euro, USD and Yen would result in a decrease/increase in the company's net loss before tax and net assets by approximately £138.4 million for the year ended 31 March 2010.

(e) Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the cash flows as well as costs.

The company is subject to variable interest rates on some of its interest bearing liabilities. The company's interest rate exposure is mainly related to debt obligations. The company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like preference shares and short term loans.

As of 31 March 2012 net financial liabilities of £18.4 million (2011: £411.1 million, 2010: £404.6 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 £0.2 million (2011: £4.1 million, 2010: £4.0 million).

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

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.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant

(f) Credit risk

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

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was £1,710.8 million (2011: £408.3 million, 2010: £412.0 million), being the total of the carrying amount of cash balance with banks and other finance receivables.

Financial assets that are neither past due nor impaired

None of the company's cash equivalents or other financial receivables, including time deposits with banks, are past due or impaired.

50 Related party transactions

The company's related parties principally consist of Tata Sons Ltd., subsidiaries of Tata Sons Ltd, associates and joint ventures of Tata Sons (including Tata Motors). The company routinely enters into transactions with these related parties in the ordinary course of business.

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

	With subsidiaries 2012	With immediate parent 2012
	£m	£m
Loans from parent	—	157.2
Loans to subsidiaries	1,709.7	—

	With subsidiaries 2011	With immediate parent 2011	With subsidiaries 2010	With immediate parent 2010
	£m	£m	£m	£m
Loans from parent	—	591.9	—	1,795.5
Loans to subsidiaries	404.6	—	411.1	—

There was no compensation paid by the company to the directors or to key management personnel.

Apart from the directors, the company did not have any employees and had no employee costs.

51 Ultimate parent company and parent company of larger group

The immediate parent undertaking is TML Singapore Pte Limited and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai—400001, India.

Jaguar Land Rover Automotive plc
(formerly Jaguar Land Rover PLC)

Unaudited condensed consolidated interim financial statements
Registered number 06477691
For 3 and 9 months ended 31 December 2014

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This report uses:

Group, Company, Jaguar Land Rover and JLR to refer to Jaguar Land Rover Automotive plc and its subsidiaries.

EBITDA—measured as earnings before tax and adding back depreciation, amortisation, finance income, finance expense, foreign exchange gains/(losses) on financing and unrealised derivatives, unrealised commodity gains/(losses) and share of gains/(losses) from joint ventures.

PBT—profit before tax.

PAT—profit after tax.

Net cash—measured as cash and cash equivalents and short term deposits less total borrowings (including secured and unsecured borrowings and factoring facilities, but excluding finance leases).

Free cash flow—measured as the net change in cash and cash equivalents, less net cash in financing activities, less movement in short term deposits.

Product and other investment—measured as cash outflows relating to tangible assets, intangible assets, expensed R&D and investment in joint ventures.

FY15—Year ending 31 March 2015
FY14—Year ended 31 March 2014
Q3—3 months ended 31 December

Management's discussion and analysis of financial condition and results of operations

Q3 FY15 was another solid quarter for Jaguar Land Rover:

- Retail volumes of 111,525 units, down 0.6% from Q3 FY14 with Land Rover volumes flat and Jaguar down 3.5%
- Wholesale volumes of 122,187 units, up 5.0% from Q3 FY14 with Land Rover volumes up 7.4% and Jaguar down 6.5%
- Revenue £5,879 million, up £551 million
- EBITDA £1,096 million, up £79 million with EBITDA margin of 18.6%, down 0.5 ppt
- PBT £685 million, down £157 million
- Negative free cash flow of £46 million, after total investment of £890 million
- Cash and financial deposits £4,027 million and undrawn long-term committed bank lines of £1,517 million

The increase in wholesale volumes and revenue reflects strong sales of Range Rover, Land Rover Discovery and the Jaguar F-Type.

Retail sales grew in the UK, China and Asia Pacific Region, were flat in Europe and down in the US and some emerging markets (such as Brazil and Russia).

In the nine months to 31 December 2014, revenue was £16,040 million and PBT was £2,218 million representing growth of 14% and 15% respectively compared to the equivalent period a year ago.

The EBITDA margin remained strong, at 18.6% for the quarter and 19.4% for the nine months to 31 December 2014, (down 0.5 ppt and up 1.8 ppt respectively compared to the equivalent periods in FY14).

Performance in the quarter was supported by generally favourable macroeconomic conditions with solid growth in the UK, China and the US. Economic conditions have been more sluggish in Europe and more challenging in some other markets, particularly Russia.

The US Dollar and Chinese Renminbi both strengthened against the Pound Sterling in Q3 while the Euro has weakened, all of which benefit JLR although this is offset to extent JLR has hedged these currencies. Some currencies have moved unfavourably particularly the Russian Rouble, although again this is offset to the extent JLR has hedged its exposure. Commodity prices generally softened in Q3 following the decline in oil prices.

The Company continues to invest significantly to grow the business, with total investment spend, including R&D and capital expenditure of £890 million in Q3 FY15, up £102 million compared to Q3 FY14. Total investment spend for the nine months ended 31 December 2014 was £2,336 million compared to £2,003 million for the same nine month period last year.

Free cash flow was negative £46 million in Q3 FY15 after total investment of £890 million. Free cash flow for the nine months to 31 December was £456 million, compared to £323 million for the same period last year.

Recent developments

In October 2014, the Company opened a new 130,000 unit capacity joint venture manufacturing plant in China with its joint venture partner Chery Automobile Company Ltd. The Range Rover Evoque is the first model to be built in the new plant with at least 2 additional Jaguar Land Rover models to follow.

The Company also opened its new Engine Manufacturing Centre in the UK during October 2014 which will manufacture Jaguar Land Rover's new family of 2.0 Litre Ingenium engines.

Construction of the Company's manufacturing facility in Brazil commenced in December 2014 with production planned for 2016. Annual capacity is estimated to reach 24,000 units and the new Discovery Sport will be one of the first models to be produced at this new manufacturing facility.

General trends in performance (including results of operations)

Overall strong volume growth

Total retail volumes were 111,525 units for the quarter, a decrease of 0.6% compared to Q3 FY14. By brand, Land Rover retailed 93,189 units in Q3 FY15, flat compared to prior period, whilst Jaguar retailed 18,336 units, down 3.5% compared to the equivalent quarter in the prior year.

For Land Rover, strong sales of Range Rover and Land Rover Discovery were offset by the run out of Freelander production. For Jaguar, lower XF and XJ sales volumes in the period were offset partially by continuing strong sales of F-Type.

Wholesale volumes totalled 122,187 units in Q3 FY15, up 5.0% compared to the same quarter a year ago, comprised of 103,134 units for Land Rover and 19,053 units for Jaguar.

Revenue and profits

The Company generated revenue of £5,879 million in Q3 FY15, an increase of 10.3% compared to the £5,328 million in Q3 FY14. For the nine months to 31 December 2014 revenue rose 14.3% to £16,040 million from £14,037 million in the same period a year ago.

EBITDA increased to £1,096 million in Q3 FY15 compared to £1,017 million in Q3 FY14, primarily due to higher revenues driven by higher wholesale volumes. For the nine months to 31 December 2014, EBITDA increased to £3,116 million from £2,473 million over the same period last year.

PBT for the three months to 31 December 2014 was £685 million, down £157 million from £842 million in Q3 FY14. The decrease in PBT is more than explained by unfavourable revaluation of foreign currency debt and unrealised hedges in Q3 FY15 of £138 million loss compared to positive revaluation of £30 million in Q3 FY14. PBT for the nine months to 31 December 2014 was £2,218 million, up £293 million compared to the same nine month period last year.

PAT for Q3 FY15 was £593 million compared to £619 million in Q3 FY14. The effective tax rate of 13.4% in Q3 FY15 is substantially lower than the 26.5% observed in Q3 FY14 reflecting the release of certain withholding tax ("WHT") provisions following confirmation that dividends from China would be subject to a reduction in the withholding tax rate to 5% as set out in the new UK-China tax treaty. In the nine months to 31 December 2014 PAT increased by £306 million to £1,736 million compared to £1,430 million for the same period last year.

EBITDA reconciliation

Three months ended 31 December (£ millions)	2014	2013
EBITDA margin	**18.6%**	**19.1%**
EBITDA	**1,096**	**1,017**
Adjustments:		
Depreciation and amortisation	(265)	(221)
Foreign exchange gains/(losses)—financing	(64)	23
Foreign exchange gains/(losses)—unrealised derivatives	(51)	12
Unrealised commodity gains/(losses)	(23)	(5)
Finance income	13	9
Finance expense (net)	(8)	10
Share of loss from joint ventures	(14)	(3)
Other	1	—
Profit before tax	**685**	**842**
Income tax expense	(92)	(223)
Profit after tax	**593**	**619**

Performance in key geographical markets on retail basis

Three months ended 31 December (Units)	2014	2013	Change (%)
China	29,745	28,732	3.5%
Europe (excluding UK)	21,535	21,552	(0.1)%
UK	17,006	15,297	11.2%
North America	18,906	20,936	(9.7)%
Asia Pacific (excluding China)	6,316	5,628	12.2%
All other markets	18,017	20,027	(10.0)%
Total JLR	**111,525**	**112,172**	**(0.6)%**

Global economic performance was mixed over the quarter. Falling unemployment and lower inflation, impacted by the fall in energy prices, has supported higher consumer spending and GDP growth in the US and UK. Although the rate of GDP growth for China has been slowing, it remains above 7%. Conditions in the Eurozone have been more sluggish, prompting the European Central Bank to announce quantitative easing to stimulate the economy. In Russia and some other emerging markets political and economic uncertainties have more significantly impacted growth.

Growth in the United States continues as unemployment fell further and low inflation supports sustained consumer spending which is driving the expectation of strong GDP growth for 2015. New passenger car sales in the US grew by 2.9% in the 3 months to 31 December 2014 compared to the same period last year, however JLR sales in the US fell by 9.7% in Q3 FY15 compared to Q3 FY14 due primarily to the run out of the Freelander and production scheduling.

The outlook for economic growth remains positive in the United Kingdom with falling unemployment and healthy retail spending. New passenger car sales in the UK were up 10.3% over Q3 FY15 compared to Q3 FY14 and JLR continue to outperform the market with retail volumes up 11.2%.

China's economy remains strong and on track to maintain GDP growth above 7.0%, despite some signs of softening. New vehicle sales remain buoyant with growth of 9.2% in Q3 FY15 compared to Q3 FY14 whilst JLR retail sales grew by 3.5% over the same period.

The Eurozone continues to experience sluggish growth and reported deflation during December 2014. The ECB have recently announced a €1 trillion quantitative easing programme in an attempt to stimulate growth and avert persistent deflation. The softening in consumer demand has impacted new passenger car sales which fell by 8% in Q3 FY15 compared to the same quarter a year ago, however JLR maintained solid sales in Q3 FY15 comparable to the same period last year.

Challenging economic and political conditions continue in some emerging markets, particularly in Russia where the rouble depreciated by over 40% over the 3 months to 31 December 2014. New vehicle sales in Russia fell by 3% in Q3 FY15 compared to Q3 FY14 and JLR sales fell 8% over the same period. In Brazil, falling consumer spending, fuelled by higher interest rates, and falling industrial output contributed to a 3% fall in new vehicle sales in Q3 FY15 compared to the same quarter last year whilst JLR retail sales fell 23% over the same period.

Business risks and mitigating factors

As discussed on pages 83-89, and elsewhere, of the Annual Report 2013-14 of the Company, Jaguar Land Rover is exposed to various business risks including but not limited to the uncertainty of global economic conditions, fluctuations of currency exchange rates and raw material prices.

Employees

At the end of Q3 FY15, Jaguar Land Rover employed 33,897 people worldwide including agency personnel (Q3 FY14: 28,938). Employees in overseas markets now exceed 1,300.

Cash flow

Free cash flow was negative £46 million in Q3 FY15 after £890 million of total investment spend, which includes capital spending and R&D.

Cash generated by operating activities was £763 million in Q3 FY15 compared to £949 million during Q3 FY14, primarily reflecting unfavourable working capital changes and higher tax, offset partially by higher EBITDA.

Investment in tangible assets (property, plant and equipment), expenditure on intangible assets (product development programs) and investment in joint ventures totalled £825 million in the three months to 31 December 2014, compared to £733 million in Q3 FY14. The Company's capital expenditure on tangible and intangible assets primarily relates to the introduction of new products as well as capacity expansion of its production facilities and continuing quality and reliability improvement projects.

Reported net cash outflow in investing activities of £445 million in Q3 FY15 (Q3 FY14: £1,107 million outflow) reflects the £825 million of investment described above, offset by a £364 million decrease in bank deposits with a maturity of over 3 months (Q3 FY14: increase of £392 million) which are classified as investments.

Cash inflows of £303 million due to financing activities in the three months to 31 December 2014 reflect debt financing proceeds from the $500 million bond raised in October 2014, less finance expense and fees.

Liquidity and capital resources

As at 31 December 2014, the Company had £2,884 million of cash and cash equivalents and a further £1,143 million of bank deposits with maturities greater than 3 months. The total amount of cash and cash equivalents includes an amount of £528 million in subsidiaries of Jaguar Land Rover outside the United Kingdom.

The cash in some of these jurisdictions is subject to restrictions on remitting cash to the UK through inter-company cash pooling loans or interim dividends although annual dividends are generally permitted.

In addition, the Company increased its undrawn committed credit facility by £160 million during Q3 FY15 to £1,485 million with £1,114 million maturing in July 2018 and the balance maturing in July 2016. The Company also had £32 million of undrawn shorter-term committed credit facilities.

Subsequent events

On 3 January 2015, a large car transporter ship named Hoegh Osaka, carrying approximately 1,143 export Jaguar and Land Rover vehicles bound for the Middle East, was grounded in the Solent (body of water close to the Port of Southampton, UK). A salvage operation is currently underway. This incident has no impact on the results for Q3 FY15.

Borrowings

The following table shows details of the Company's financing arrangements as at 31 December 2014.

(£ millions)	Facility amount	Outstanding	Undrawn	First call date
Committed				
£500m 8.25% Senior Notes due 2020*	500	500	—	Mar-2016
£400m 5% Senior Notes due 2022**	400	400	—	n/a
$410m 8.125% Senior Notes due 2021*	263	263	—	May-2016
$500m 5.625% Senior Notes due 2023*	321	321	—	Feb-2018
$700m 4.125% Senior Notes due 2018**	450	450	—	n/a
$500m 4.250% Senior Notes due 2019**	321	321	—	n/a
Revolving 3 and 5 year credit facilities	1,485	—	1,485	n/a
Receivable factoring facilities	225	193	32	n/a
Subtotal	**3,965**	**2,448**	**1,517**	
Prepaid costs	—	(25)	—	
Total	**3,965**	**2,423**	**1,517**	

* The Notes are guaranteed on a senior unsecured basis by the guarantors Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Land Rover Exports Limited, JLR Nominee Company Limited and Jaguar Land Rover North America LLC.

** The Notes are guaranteed on a senior unsecured basis by the guarantors Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited.

Acquisitions and disposals

There were no material acquisitions or disposals in the period.

Off-balance sheet financial arrangements

The Company has no off-balance sheet financial arrangements other than commitments disclosed in the condensed consolidated financial statements.

Board of Directors

The following table provides information with respect to members of the Board of Directors of Jaguar Land Rover:

Name	Position	Year appointed as Director, Chief Executive Officer
Cyrus P Mistry	Chairman and Director	2012
Andrew M. Robb	Director	2009
Dr. Ralf D. Speth	Chief Executive Officer and Director	2010
Nasser Mukhtar Munjee	Director	2012
Chandrasekaren Ramakrishnan	Director	2012

Condensed Consolidated Income Statement

For the three and nine months ended 31 December 2014 (unaudited)

(£ millions)	Note	Three months ended 31 December 2014 (unaudited)	Three months ended 31 December 2013 (unaudited)	Nine months ended 31 December 2014 (unaudited)	Nine months ended 31 December 2013 (unaudited)
Revenue		**5,879**	**5,328**	**16,040**	**14,037**
Material and other cost of sales		(3,565)	(3,296)	(9,768)	(8,613)
Employee cost		(535)	(440)	(1,427)	(1,191)
Other expenses		(1,059)	(933)	(2,925)	(2,677)
Net impact of commodity derivatives		(24)	(7)	(16)	(16)
Development costs capitalised	2	303	271	850	772
Other income		94	32	150	141
Depreciation and amortisation		(265)	(221)	(743)	(639)
Foreign exchange (loss)/gain		(134)	92	58	135
Finance income	3	13	9	36	27
Finance expense (net)	3	(8)	10	(13)	(36)
Share of loss from joint ventures		(14)	(3)	(24)	(15)
Profit before tax		**685**	**842**	**2,218**	**1,925**
Income tax expense		(92)	(223)	(482)	(495)
Profit for the period		**593**	**619**	**1,736**	**1,430**

Condensed Consolidated Statement of Comprehensive Income

For the three and nine months ended 31 December 2014 (unaudited)

	Three months ended		Nine months ended	
(£ millions)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period	**593**	**619**	**1,736**	**1,430**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	197	112	3	(166)
Income tax related to items that will not be reclassified	(40)	1	(1)	3
	157	**113**	**2**	**(163)**
Items that may be reclassified subsequently to profit or loss:				
(Loss)/gain on effective cash flow hedges	(290)	120	(702)	937
Cash flow hedges reclassified to foreign exchange gain in profit or loss	32	56	(126)	9
Currency translation differences	7	—	7	—
Income tax related to items that may be reclassified	52	(59)	166	(198)
	(199)	**117**	**(655)**	**748**
Other comprehensive (expense)/income net of tax	**(42)**	**230**	**(653)**	**585**
Total comprehensive income attributable to shareholders	**551**	**849**	**1,083**	**2,015**

Condensed Consolidated Balance Sheet

As at (£ millions)	Note	31 December 2014 (unaudited)	31 March 2014 (audited)
Non-current assets			
Equity accounted investees		249	145
Other financial assets		137	473
Property, plant and equipment		4,137	3,184
Intangible assets		4,769	4,240
Other assets		77	33
Deferred income taxes		354	284
Total non-current assets		**9,723**	**8,359**
Current assets			
Cash and cash equivalents		2,884	2,260
Short term deposits		1,143	1,199
Trade receivables		879	831
Other financial assets	5	264	392
Inventories	6	2,238	2,174
Other current assets	7	390	355
Current tax assets		8	19
Total current assets		**7,806**	**7,230**
Total assets		**17,529**	**15,589**
Current liabilities			
Accounts payable		4,699	4,787
Short term borrowings	13	193	167
Other financial liabilities	10	516	277
Provisions	11	453	395
Other current liabilities	12	320	395
Current tax liabilities		172	113
Total current liabilities		**6,353**	**6,134**
Non-current liabilities			
Long term debt	13	2,230	1,843
Other financial liabilities	10	263	69
Provisions	11	638	582
Retirement benefit obligation	16	743	674
Other non-current liabilities		98	77
Deferred tax liabilities		407	346
Total non-current liabilities		**4,379**	**3,591**
Total liabilities		**10,732**	**9,725**
Equity attributable to shareholders			
Ordinary shares		1,501	1,501
Capital redemption reserve		167	167
Reserves	14	5,129	4,196
Equity attributable to shareholders		**6,797**	**5,864**
Total liabilities and equity		**17,529**	**15,589**

These condensed consolidated interim financial statements including notes 1 to 20 were approved by the board of directors.

Company registered number: 6477691

Condensed Consolidated Statement of Changes in Equity

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
Balance at 1 April 2014 (audited)	**1,501**	**167**	**4,196**	**5,864**
Profit for the period	—	—	1,736	1,736
Other comprehensive expense for the period	—	—	(653)	(653)
Total comprehensive income	**—**	**—**	**1,083**	**1,083**
Dividend paid	—	—	(150)	(150)
Balance at 31 December 2014 (unaudited)	**1,501**	**167**	**5,129**	**6,797**

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
Balance at 1 April 2013 (audited)	**1,501**	**167**	**1,871**	**3,539**
Profit for the period	—	—	1,430	1,430
Other comprehensive income for the period	—	—	585	585
Total comprehensive income	**—**	**—**	**2,015**	**2,015**
Dividend paid	—	—	(150)	(150)
Balance at 31 December 2013 (unaudited)	**1,501**	**167**	**3,736**	**5,404**

Condensed Consolidated Cash Flow Statement

For the three and nine months ended 31 December 2014 (unaudited)

(£ millions)	Three months ended 31 December 2014	Three months ended 31 December 2013	Nine months ended 31 December 2014	Nine months ended 31 December 2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities				
Profit for the period	**593**	**619**	**1,736**	**1,430**
Adjustments for:				
Depreciation and amortisation	265	221	743	639
Loss on sale of assets	—	1	1	1
Foreign exchange loss/(gain) on loans	59	(26)	85	(78)
Income tax expense	92	223	482	495
Gain on embedded derivative	—	(23)	—	(20)
Finance expense (net)	8	13	13	56
Finance income	(13)	(9)	(36)	(27)
Foreign exchange loss/(gain) on derivatives	50	(12)	50	(50)
Foreign exchange gain on short term deposits	(15)	—	(35)	—
Share of loss from joint ventures	14	3	24	15
Other non-cash adjustments	3	—	3	—
Cash flows from operating activities before changes in assets and liabilities	**1,056**	**1,010**	**3,066**	**2,461**
Trade receivables	(131)	(20)	(47)	90
Other financial assets	3	(14)	(9)	269
Other current assets	(147)	(121)	(28)	191
Inventories	37	37	(65)	(253)
Other non-current assets	(8)	4	(17)	—
Accounts payable	14	(65)	(240)	(197)
Other current liabilities	(106)	75	(75)	(78)
Other financial liabilities	19	24	15	(261)
Other non-current liabilities and retirement benefit obligations	13	(2)	93	39
Provisions	83	32	121	76
Cash generated from operations	**833**	**960**	**2,814**	**2,337**
Income tax paid	(70)	(11)	(242)	(277)
Net cash generated from operating activities	**763**	**949**	**2,572**	**2,060**
Cash flows used in investing activities				
Investment in joint ventures	(52)	(93)	(124)	(93)
Movements in other restricted deposits	3	5	4	66
Investment in short term deposits	364	(392)	91	(287)
Purchases of property, plant and equipment	(492)	(343)	(1,147)	(913)
Proceeds from sale of property, plant and equipment	—	4	1	4
Cash paid for intangible assets	(281)	(297)	(885)	(830)
Finance income received	13	9	35	29
Net cash used in investing activities	**(445)**	**(1,107)**	**(2,025)**	**(2,024)**
Cash flows from financing activities				
Finance expenses and fees paid	(30)	(51)	(97)	(135)
Proceeds from issuance of short term debt	21	8	21	109
Repayment of short term debt	—	(75)	(6)	(176)
Payments of lease obligations	(1)	(1)	(4)	(4)
Proceeds from issuance of long term debt	313	429	313	429
Dividends paid	—	—	(150)	(150)
Net cash generated from financing activities	**303**	**310**	**77**	**73**
Net change in cash and cash equivalents	**621**	**152**	**624**	**109**
Cash and cash equivalents at beginning of period	2,263	2,029	2,260	2,072
Cash and cash equivalents at end of period	**2,884**	**2,181**	**2,884**	**2,181**

Notes (forming part of the condensed consolidated financial statements)

1 Accounting policies

Basis of preparation

The information for the three months ended 31 December 2014 is unaudited and does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The condensed consolidated interim financial statements of Jaguar Land Rover Automotive plc have been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'' under IFRS as adopted by the European Union ('EU').

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments held at fair value. These financial instrument valuations are classified as level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices which are observable. There have been no changes in the valuation techniques used or transfers between fair value levels from those set out in the annual consolidated financial statements for the year ended 31 March 2014.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2014, which were prepared in accordance with IFRS as adopted by the EU. There were no differences between those financial statements and the financial statements for the group prepared under IFRS as adopted by the International Accounting Standards Board.

The condensed consolidated interim financial statements have been prepared on the going concern basis as set out within the directors' statement of responsibilities section of the group's annual report for the year ended 31 March 2014.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2014, as described in those financial statements.

2 Research and development

(£ millions)	Three months ended 31 December 2014 (unaudited)	Three months ended 31 December 2013 (unaudited)	Nine months ended 31 December 2014 (unaudited)	Nine months ended 31 December 2013 (unaudited)
Total R&D costs	368	326	1,030	939
R&D expensed	(65)	(55)	(180)	(167)
Development costs capitalised	**303**	**271**	**850**	**772**
Interest capitalised	30	28	89	75
R&D tax credit	(24)	(11)	(50)	(34)
Total internally developed intangible additions	**309**	**288**	**889**	**813**

3 Finance income and expense

Recognised in net income

(£ millions)	Three months ended 31 December 2014 (unaudited)	Three months ended 31 December 2013 (unaudited)	Nine months ended 31 December 2014 (unaudited)	Nine months ended 31 December 2013 (unaudited)
Finance income	13	9	36	27
Total finance income	**13**	**9**	**36**	**27**
Total interest expense on financial liabilities measured at amortised cost	(40)	(46)	(111)	(145)
Unwind of discount on provisions	1	1	7	5
Interest capitalised	31	32	91	84
Finance expense	**(8)**	**(13)**	**(13)**	**(56)**
Embedded derivative value movement	—	23	—	20
Total finance expense (net)	**(8)**	**10**	**(13)**	**(36)**

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 6.0% (nine months to 31 December 2013: 7.5%).

4 Allowances for trade and other receivables

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

As at (£ millions)	31 December 2014	31 March 2014
	(unaudited)	(audited)
At beginning of period	8	10
Change in allowance during the period	2	(1)
Written off	—	(1)
At end of period	**10**	**8**

5 Other financial assets—current

As at (£ millions)	31 December 2014	31 March 2014
	(unaudited)	(audited)
Advances and other receivables recoverable in cash	29	22
Derivative financial instruments	220	361
Other	15	9
Total current other financial assets	**264**	**392**

6 Inventories

As at (£ millions)	31 December 2014	31 March 2014
	(unaudited)	(audited)
Raw materials and consumables	69	75
Work in progress	318	211
Finished goods	1,851	1,888
Total inventories	**2,238**	**2,174**

7 Other current assets

As at (£ millions)	31 December 2014	31 March 2014
	(unaudited)	(audited)
Recoverable VAT	226	237
Prepaid expenses	110	70
Other	54	48
Total current other assets	**390**	**355**

8 Taxation

Recognised in the income statement

The income tax for the 3 month and 9 month periods ended 31 December 2014 and 31 December 2013 is charged at the estimated effective tax rate expected to apply for the applicable financial year ends.

9 Capital expenditure

Capital expenditure in the period was £1,273 million (9 month period to 31 December 2013: £894 million) on fixed assets and £1,003 million (9 month period to 31 December 2013: £913 million) was capitalised as intangible assets (excluding the R&D tax credit). There were no impairments, material disposals or changes in use of assets.

10 Other financial liabilities

As at (£ millions)	31 December 2014	31 March 2014
	(unaudited)	(audited)
Current		
Finance lease obligations	5	5
Interest accrued	36	24
Derivative financial instruments	287	65
Liability for vehicles sold under a repurchase arrangement	188	183
	516	**277**
Non-current		
Finance lease obligations	10	13
Derivative financial instruments	252	55
Other payables	1	1
	263	**69**

11 Provisions

As at (£ millions)	31 December 2014	31 March 2014
	(unaudited)	(audited)
Current		
Product warranty	395	343
Legal and product liability	52	49
Provisions for residual risk	5	2
Other employee benefits obligations	1	1
Total current provisions	**453**	**395**
Non-current		
Other employee benefits obligations	9	10
Product warranty	585	538
Provision for residual risk	20	13
Provision for environmental liability	24	21
Total non-current provisions	**638**	**582**

(£ millions)	Nine months ended 31 December 2014	Year ended 31 March 2014
	(unaudited)	(audited)
Product warranty		
Opening balance	881	743
Provision made during the period	405	541
Provision used during the period	(284)	(397)
Impact of discounting	(7)	(6)
Foreign currency translation	(15)	—
Closing balance	**980**	**881**
Legal and product liability		
Opening balance	49	16
Provision made during the period	20	41
Provision used during the period	(17)	(5)
Foreign currency translation	1	(3)
Closing balance	**53**	**49**

(£ millions)	Nine months ended 31 December 2014	Year ended 31 March 2014
	(unaudited)	(audited)
Residual risk		
Opening balance	15	15
Provision made during the period	9	2
Provision used during the period	—	—
Foreign currency translation	—	(2)
Closing balance	**24**	**15**
Environmental liability		
Opening balance	21	22
Provision made during the period	3	—
Provision used during the period	—	(1)
Closing balance	**24**	**21**

Product warranty provision

The group offers warranty cover in respect of manufacturing defects, which become apparent within a year and up to five years after purchase, dependent on the market in which the purchase occurred.

Legal and product liability provision

A legal and product liability provision is maintained in respect of known litigation which impacts the group. In the main the provision relates to motor accident claims, consumer complaints, dealer terminations, employment cases and personal injury claims.

Residual risk provision

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

Environmental risk provision

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

12 Other current liabilities

As at (£ millions)	31 December 2014	31 March 2014
	(unaudited)	(audited)
Liabilities for advances received	179	253
Deferred revenue	30	19
VAT	68	85
Others	43	38
Total current other liabilities	**320**	**395**

13 Interest bearing loans and borrowings

As at (£ millions)	31 December 2014	31 March 2014
	(unaudited)	(audited)
EURO MTF listed debt	2,230	1,843
Loans from banks	193	167
Finance lease liabilities	14	18
Total borrowings	**2,437**	**2,028**
Less:		
Current bank loan	(193)	(167)
Total short term borrowings	**(193)**	**(167)**
Current portion of finance lease obligations	(5)	(5)
Long term debt	**2,239**	**1,856**
Held as long term debt	2,230	1,843
Held as long term finance lease obligations	9	13

14 Other reserves

The movement of reserves is as follows:

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2014 (audited)	**(383)**	**539**	**4,040**	**4,196**
Profit for the period	—	—	1,736	1,736
Remeasurement of defined benefit obligation	—	—	3	3
Loss on effective cash flow hedges	—	(702)	—	(702)
Currency translation differences	7	—	—	7
Income tax related to items recognised in other comprehensive income	—	139	(1)	138
Cash flow hedges reclassified to foreign exchange in profit or loss	—	(126)	—	(126)
Income tax related to items reclassified to profit or loss	—	27	—	27
Dividend paid	—	—	(150)	(150)
Balance at 31 December 2014 (unaudited)	**(376)**	**(123)**	**5,628**	**5,129**

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2013 (audited)	**(383)**	**(196)**	**2,450**	**1,871**
Profit for the period	—	—	1,430	1,430
Remeasurement of defined benefit obligation	—	—	(166)	(166)
Gain on effective cash flow hedges	—	937	—	937
Income tax related to items recognised in other comprehensive income	—	(196)	3	(193)
Cash flow hedges reclassified to foreign exchange in profit or loss	—	9	—	9
Income tax related to items reclassified to profit or loss	—	(2)	—	(2)
Dividend paid	—	—	(150)	(150)
Balance at 31 December 2013 (unaudited)	**(383)**	**552**	**3,567**	**3,736**

15 Dividends

During the three months ended 31 December 2014, no ordinary share dividend was proposed and paid (three months to 31 December 2013: £nil).

During the nine months ended 31 December 2014, an ordinary share dividend of £150 million was proposed and paid (nine months to 31 December 2013: £150 million).

16 Employee benefits

Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited (previously Land Rover), have pension arrangements providing employees with defined benefits related to pay and service as set out in the rules of each fund. The following table sets out the disclosure pertaining to employee benefits of Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, UK and overseas subsidiaries which operate defined benefit pension plans.

(£ millions)	Nine months ended 31 December 2014	Year ended 31 March 2014
	(unaudited)	(audited)
Change in defined benefit obligation		
Defined benefit obligation, beginning of the period	6,053	6,021
Service cost	126	176
Interest cost	206	262
Actuarial losses/(gains) arising from:		
—Changes in demographic assumptions	93	(39)
—Changes in financial assumptions	823	(243)
—Experience adjustments	—	8
Prior service costs	1	6
Foreign currency translation	1	(2)
Member contributions	1	1
Benefits paid	(99)	(137)
Defined benefit obligation, at end of period	**7,205**	**6,053**
Change in plan assets		
Fair value of plan assets at beginning of the period	5,382	5,365
Interest income	185	237
Remeasurement gain/(loss) on the return of plan assets, excluding amounts included in interest income	919	(407)
Administrative expenses	(6)	(8)
Foreign currency translation	1	(2)
Employer's contributions	82	333
Members contributions	1	1
Benefits paid	(99)	(137)
Fair value of plan assets at end of period	**6,465**	**5,382**
Amount recognised in the balance sheet consist of		
Present value of defined benefit obligations	(7,205)	(6,053)
Fair value of plan assets	6,465	5,382
Restriction on asset and onerous obligation	(3)	(3)
Net liability	**(743)**	**(674)**
Non-current assets	—	—
Non-current liabilities	(743)	(674)

The range of assumptions used in accounting for the pension plans in both periods is set out below:

(£ millions)	Nine months ended 31 December 2014	Year ended 31 March 2014
	(unaudited)	(audited)
Discount rate	3.7	4.6
Expected rate of increase in compensation level of covered employees	3.6	3.9
Inflation increase	3.1	3.4

For the valuation at 31 December 2014 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 (2013) projections and an allowance for long term improvements of 1.25% per annum.

17 Commitments and contingencies

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

The following is a description of claims and assertions where a potential loss is possible, but not probable. Management believe that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the group's financial condition, results of operations, or cash flows.

Litigation

The group is involved in legal proceedings, both as plaintiff and as defendant and there are claims of £18 million (31 March 2014: £27 million) against the group which management have not recognised as they are not considered probable. The majority of these claims pertain to motor accident claims and consumer complaints. Some of the cases also relate to replacement of parts of vehicles and/or compensation for deficiency in the services by the group or its dealers.

Other claims

From time to time, in the normal course of business, the group may face tax claims in various jurisdictions. The group has assessed there are no contingent liabilities arising from such claims as at 31 December 2014 and 31 March 2014 as the likelihood that these will give rise to any material settlement is considered remote.

Commitments

The group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating £830 million (31 March 2014: £940 million) and £Nil (31 March 2014: £Nil) relating to the acquisition of intangible assets.

The group has entered into various contracts with vendors and contractors which include obligations aggregating £687 million (31 March 2014: £717 million) to purchase minimum or fixed quantities of material.

Inventory of £Nil (31 March 2014: £Nil) and trade receivables with a carrying amount of £193 million (31 March 2014: £167 million) and property, plant and equipment with a carrying amount of £Nil (31 March 2014: £Nil) and restricted cash with a carrying amount of £Nil (31 March 2014: £Nil) are pledged as collateral/ security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of £Nil (31 March 2014: £1 million).

18 Capital Management

The group's objectives when managing capital are to ensure the going concern operation of its entities and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The group's policy is to borrow primarily through capital market issues to meet anticipated funding requirements and maintain sufficient liquidity. The group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to group policies approved by the Board and is monitored by various metrics such as debt to EBITDA and EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

The following table summarises the capital of the group:

As at (£ millions)	31 December 2014 (unaudited)	31 March 2014 (unaudited)
Short term debt	198	172
Long term debt	2,239	1,856
Total debt*	**2,437**	**2,028**
Equity	6,797	5,864
Total capital (debt and equity)	**9,234**	**7,892**

* Total debt includes finance lease obligations of £14 million (31 March 2014: £18 million).

19 Related party transactions

The group's related parties principally consist of Tata Sons Ltd., subsidiaries, associates and joint ventures of Tata Sons Ltd which includes Tata Motors Ltd. (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Ltd. The group routinely enters into transactions with these related parties in the ordinary course of business including transactions for sale and purchase of products with its associates and joint ventures. Transactions and balances with the group's own subsidiaries are eliminated on consolidation.

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

	2014 (unaudited)		2013 (unaudited)	
Nine months ended 31 December (£ millions)	With fellow subsidiaries, associates and joint ventures	With immediate or ultimate parent	With fellow subsidiaries, associates and joint ventures	With immediate or ultimate parent
Sale of products	93	51	—	41
Purchase of goods	—	1	—	—
Services received	113	11	111	4
Services rendered	17	—	22	—
Trade and other receivables	77	15	7	9
Accounts payable	5	19	15	—
Dividend paid	—	150	—	150

Compensation of key management personnel

Nine months ended 31 December (£ millions)	2014 (unaudited)	2013 (unaudited)
Key management personnel remuneration	**19**	**12**

20 Subsequent Events

On 3 January 2015, a large car transporter ship named Hoegh Osaka, carrying approximately 1,143 export Jaguar and Land Rover vehicles bound for the Middle East, was grounded in the Solent (body of water close to the Port of Southampton, UK). A salvage operation is currently underway. This incident has no impact on the results for Q3 FY15.

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Jaguar Land Rover Automotive plc

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6 March 2015