OFFERING MEMORANDUM

NOT FOR GENERAL CIRCULATION
IN THE UNITED STATES

Jaguar Land Rover Automotive plc
$500,000,000 5.500% Senior Notes due 2029
€500,000,000 4.500% Senior Notes due 2028

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

The 5.500% Senior Notes due 2029 will be issued in the aggregate principal amount of $500,000,000 (the "Dollar Notes") and the 4.500% Senior Notes due 2028 will be issued in the in the aggregate principal amount of €500,000,000 (the "Euro Notes," and together with the Dollar Notes, the "Notes"). The Dollar Notes will bear interest at the rate of 5.500% per annum and the Euro Notes will bear interest at the rate of 4.500% per annum, in each case payable semi-annually in arrears on 15 January and 15 July of each year, beginning on 15 January 2022. The Dollar Notes will mature on 15 July, 2029 and the Euro Notes will mature on 15 July, 2028. Jaguar Land Rover Automotive plc (the "Issuer") may redeem all or part of the Dollar Notes, in whole or in part, at any time and from time to time on or after 15 July 2024 and the Issuer may redeem all or part of the Euro Notes, in whole or in part, at any time and from time to time on or after 15 July 2024, at the redemption prices specified herein. At any time and from time to time prior to 15 July 2024, the Issuer may redeem all or part of the Dollar Notes and at any time from time to time prior to 15 July 2024, the Issuer may redeem all or part of the Euro Notes, in each case 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. At any time and from time to time prior to 15 July 2024, the Issuer may redeem up to 40% of the Dollar Notes and/or up to 40% of the Euro Notes with the net cash proceeds from certain equity offerings at the redemption price set forth herein. In addition, the Issuer may redeem all of each series 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 Repurchase Event (as defined herein), the Issuer must make an offer to purchase each series of the Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase.

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

Currently, there is no public market for the Notes. The Notes will be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market thereof (the "Euro MTF Market"). This offering memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated 16 July 2019. There is no assurance that the Notes will remain listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof.

Investing in the Notes involves risks. Please see "Risk Factors" beginning on page 32.

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.

Price of the Notes: 100% plus accrued interest, if any, from and including 14 July 2021

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

15 July 2021

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IMPORTANT INFORMATION

None of the Issuer, the Guarantors, or 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 (this "Offering Memorandum"). The Issuer, the Guarantors and the initial purchasers take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. 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.

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, tax or any other 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 the Issuer 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, adequacy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

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

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

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

Bank SA/NV ("Euroclear") or Clearstream Banking, S.A. ("Clearstream") currently in effect. While the Issuer accepts responsibility for accurately summarising the information concerning DTC, Euroclear and Clearstream, 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, adequacy or completeness 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 agreements relating to the Notes entered into between the Issuer and the applicable initial purchasers (collectively, the "Purchase Agreements"). 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. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of us in such jurisdiction. Please see "Notice to US Investors," "Notice to EEA Investors" and "Notice to UK Investors."

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

NOTICE TO US INVESTORS

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

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

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

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

NOTICE TO EEA INVESTORS

This Offering Memorandum has been prepared on the basis that any offer of the securities referred to herein in any member state of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “Prospectus Regulation”) from the requirement to publish a prospectus for offers of the securities referred to herein. Accordingly any person making or intending to make an offer in a member state of Notes which are the subject of the offering 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 pursuant to Article 3 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor the initial purchasers have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any of the initial purchasers to publish a prospectus for such offer.

MiFID Product Governance/Professional Investors and ECPs Only Target Market: Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the debt securities described in the offering memorandum has led to the conclusion that: (i) the target market for such debt securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of such debt securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such debt securities (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such debt securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation/Prohibition of Sales to EEA Retail Investors: The Notes described in this Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTICE TO UK INVESTORS

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

This Offering Memorandum has been prepared on the basis that any offer of the Notes referred to herein in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes referred to herein. Accordingly any person making or intending to make an offer in the United Kingdom of Notes which are the subject of the offering 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 pursuant to Article 3 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor the initial purchasers have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any of the initial purchasers to publish a prospectus for such offer.

UK MiFIR Product Governance/Professional Investors and ECPs Only Target Market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the debt securities described in the offering memorandum has led to the conclusion that: (i) the target market for such debt securities is eligible counterparties as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of EUWA ("UK MiFIR"); and (ii) all channels for distribution of such debt securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such debt securities (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of such debt securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation/Prohibition of Sales to UK Retail Investors: The debt securities described in the offering memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "UK Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (as amended, the "UK PRIIPs Regulation") for offering or selling the debt securities described in the offering memorandum or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling such debt securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO CANADIAN INVESTORS

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

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

DEFINED TERMS USED IN THIS OFFERING MEMORANDUM

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

Notes

"January 2013 Notes"	The existing $500,000,000 5.625% Senior Notes due 2023 issued 28 January 2013.
"January 2014 Notes"	The existing £400,000,000 5.000% Senior Notes due 2022 issued 31 January 2014.
"February 2015 Notes"........................	The existing £400,000,000 3.875% Senior Notes due 2023 issued 24 February 2015.
"January 2017 Euro Notes"	The existing €650,000,000 2.200% Senior Notes due 2024 issued 17 January 2017.
"October 2017 Notes"	The existing $500,000,000 4.500% Senior Notes due 2027 issued 10 October 2017.
"September 2018 Notes"	The existing €500,000,000 4.500% Senior Notes due 2026 issued 14 September 2018.
"November 2019 Notes"......................	The existing €500,000,000 5.875% Senior Notes due 2024 and the existing €300,000,000 6.875% Senior Notes due 2026 issued 26 November 2019.
"December 2019 Notes"	The existing €200,000,000 6.875% Senior Notes due 2026 issued 20 December 2019 having the same terms and conditions as the €300,000,000 6.875% Senior Notes due 2026 issued 26 November 2019.
"October 2020 Notes"	The existing $700,000,000 7.750% Senior Notes due 2025 issued 13 October 2020.
"December 2020 Notes"	The existing $650,000,000 5.875% Senior Notes due 2028 issued 8 December 2020.
"Existing Notes"	The January 2013 Notes, the January 2014 Notes, the February 2015 Notes, the January 2017 Euro Notes, the October 2017 Notes, the September 2018 Notes, the November 2019 Notes, the December 2019 Notes, the October 2020 Notes and the December 2020 Notes.

Certain Other Terms

"Adjusted EBIT"...............................	Defined as Adjusted EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortisation. See "Presentation of Financial and Other Data—Non-IFRS Financial Measures."
"Adjusted EBIT margin"	Defined as Adjusted EBIT divided by revenue.

"Adjusted EBITDA"	Defined as profit before: income tax expense; exceptional items; finance expense (net of capitalised interest) and finance income; gains/losses on debt and unrealised derivatives, realised derivatives entered into for the purpose of hedging debt, and equity or debt investments held at fair value; foreign exchange gains/losses on other assets and liabilities, including short-term deposits and cash and cash equivalents; share of profit/loss from equity accounted investments; depreciation and amortisation. See "Presentation of Financial and Other Data—Non-IFRS Financial Measures."
"Available Liquidity"	Defined as total cash and cash equivalents, deposits and investments plus committed undrawn credit facilities.
"Board" or "board of directors"	The board of directors of the Issuer.
"Brexit"	The exit of the United Kingdom from the European Union formally initiated by the United Kingdom government on 29 March 2017, which occurred on 31 January 2020; followed by a transition period which ended on 31 December 2020, during which the European Union would treat the United Kingdom as if it were still a member of the European Union. On 24 December 2020, an agreement in principle was reached in relation to the EU-UK trade and cooperation agreement (the "Trade and Cooperation Agreement"), to govern the future relations between the EU and the United Kingdom following the end of the transition period. On 31 December 2020, the UK implemented the Trade and Cooperation Agreement, which entered into force provisionally on 1 January 2021. The Trade and Cooperation Agreement was ratified on 29 April 2021.
"British pounds," "GBP," "pounds sterling," "sterling," or "£"	Pounds sterling, the currency of the United Kingdom of Great Britain and Northern Ireland.
"Chery"	Chery Automobile Company Ltd.
"China Joint Venture"	Chery Jaguar Land Rover Automotive Co., Ltd., our joint venture with Chery to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China.
"China Revolving Facility"	The three year (subject to annual review) RMB 5 billion (£554 million equivalent as at 31 March 2021) working capital loan facility entered into by Jaguar Land Rover (China) Investment Co., our wholly owned Chinese subsidiary, on 8 June 2020.
"COVID-19"	The infectious disease caused by acute respiratory syndrome SARS-CoV-2 and the pandemic resulting therefrom, which is continuing as of the date of this Offering Memorandum, and public health events related thereto.
"EMC"	The engine manufacturing centre in Wolverhampton.
"euro" or "€"	Euro, the currency of the member states of the European Union participating in the European Monetary Union.

"Fiscal 2017"	Year beginning 1 April 2016 and ended 31 March 2017.
"Fiscal 2018"	Year beginning 1 April 2017 and ended 31 March 2018.
"Fiscal 2019"	Year beginning 1 April 2018 and ended 31 March 2019.
"Fiscal 2020"	Year beginning 1 April 2019 and ended 31 March 2020.
"Fiscal 2021"	Year beginning 1 April 2020 and ended 31 March 2021.
"Fiscal 2022"	Year beginning 1 April 2021 and ending 31 March 2022.
"Fiscal 2023"	Year beginning 1 April 2022 and ending 31 March 2023.
"Fiscal 2024"	Year beginning 1 April 2023 and ending 31 March 2024.
"Fiscal year"	Year beginning 1 April and ending 31 March of the following year.
"Ford"...	Ford Motor Company and its subsidiaries.
"Free cash flow"	Defined as net cash generated from operating activities less net cash used in automotive investing activities, excluding investments in consolidated entities and movements in financial investments, and after finance expenses and fees paid. Financial investments are those reported as cash and cash equivalents, short-term deposits and other Investments, and equity or debt investments held at fair value.
"IAS 11"	International Accounting Standard (IAS 11) *Construction Contracts*.
"IAS 17"	International Accounting Standard (IAS 17) *Leases*.
"IAS 18"	International Accounting Standard (IAS 18) *Revenue*.
"IAS 36"	International Accounting Standard (IAS 36) *Impairment of Assets.*
"IAS 39"	International Accounting Standard (IAS 39) *Financial Instruments: Recognition and Measurement.*
"IASB"	International Accounting Standards Board.
"IFRIC 4".......................................	International Financial Reporting Interpretations (IFRIC 4) *Determining Whether an Arrangement Contains a Lease.*
"IFRIC 13"	International Financial Reporting Interpretations (IFRIC 13) *Customer Loyalty Programmes.*
"IFRS"...	International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Our financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006.
"IFRS 4"	International Financial Reporting Standard (IFRS 4) *Insurance Contracts*.

"IFRS 9"	International Financial Reporting Standard (IFRS 9) *Financial Instruments*.
"IFRS 15"	International Financial Reporting Standard (IFRS 15) *Revenue from Contracts with Customers*.
"IFRS 16"	International Financial Reporting (IFRS 16) *Leases*.
"IFRS 17"	International Financial Reporting Standard (IFRS 17) *Insurance Contracts*.
"Indenture"	The indenture governing the Notes offered hereby.
"initial purchasers"	The initial purchasers of the Notes on the Issue Date.
"Invoice Discounting Facility"	The $499.975 million invoice discounting committed facility agreement entered into on 26 March 2019 (and amended on 28 May 2020, 19 June 2020, 22 October 2020 and 22 March 2021).
"Issuer"	Jaguar Land Rover Automotive plc, a public limited company incorporated under the laws of England and Wales.
"Jaguar Land Rover," "Group," "we," "us" and "our"	Jaguar Land Rover Automotive plc and its subsidiaries (including any of their predecessors).
"LIBOR"	London Interbank Offered Rate.
"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/(debt)"	Cash and cash equivalents plus short-term deposits less total balance sheet borrowings, which includes secured and unsecured borrowings and factoring facilities.
"OCI"	Other comprehensive income.
"Overseas"	The marketing region including Australia, Brazil, India, Japan, Russia, South Korea, South Africa, New Zealand, Sub-Saharan Africa importers, Latin America importers, Asia Pacific importers, Middle East and North Africa importers as well as all other minor markets. The volumes from Hong Kong and Taiwan have been included in Overseas since the beginning of Fiscal 2017.
"Profit/(loss) before tax and exceptional items"	Defined as profit/(loss) before income tax excluding exceptional items.
"Project Accelerate"	Our transformation programme aimed at implementing structural improvements to our business, as further described under "Our Business—Recent Initiatives—Project Accelerate."
"Project Charge" and "Project Charge+"	Our cost and cash saving initiatives, through which we succeeded at achieving £6 billion of cost and cash savings during Fiscal 2021, as further described under "Summary—Recent Initiatives—Project Charge and Project Charge+."

"Refocus"	Our new operational transformation programme for driving our "Reimagine" strategy. "Refocus" brings together existing initiatives (amongst them, Project Charge+ and Project Accelerate) with new activity, into one programme of priorities that we believe will drive greater value creation as further described under "Summary—Our Strategy—Refocus."
"Reimagine"	Our new global strategy which places sustainability at the core of our business. The strategy includes the electrification of both the Land Rover and Jaguar brands with the aim of becoming a zero carbon business by 2039 as further described under "Summary—"Reimagine" Strategy—Reimagine."
"Retail volumes"	Aggregate number of finished vehicles sold by dealers to end users (and in limited numbers by us directly), including to dealers. Although retail volumes do not directly impact our revenue, we consider retail volumes as the best indicator of consumer demand for our vehicles and the strength of our brands.
"Revolving Credit Facility"	The £2,015,000,000 unsecured syndicated revolving credit facility entered into in July 2015, as amended from time to time, and maturing in July 2022. On 1 April 2021, we agreed upon a revolving credit facility (the "Forward Start Facility") which we have agreed to upsize to £1,500,000,000 in July 2021, to become available when the existing facility expires in July 2022. The Forward Start Facility will be available in full until March 2024 and includes a covenant requiring us to maintain a minimum liquidity of £1 billion.
"RMB"	Renminbi, the legal currency of the People's Republic of China.
"Russian rouble"	Russian roubles, the currency of the Russian Federation.
"SEC"	United States Securities and Exchange Commission.
"Term Loan Facility"	The term loan facility in an aggregate principal amount of $1.0 billion provided under an agreement entered into on 17 October 2018.
"Total product and other investment"	Cash used in the purchase of property, plant and equipment, intangible assets, investments in subsidiaries, equity accounted investments and other trading investments, and expensed research and development costs.
"UKEF & Commercial Loan Facilities"	The £625 million five-year amortising loan facilities supported by a £500 million guarantee from UK Export Finance entered into in October 2019.
"UK Fleet Financing Facility"	The £113 million working capital facility for fleet buybacks entered into in October 2019, as subsequently amended in December 2020.
"US dollars," "US$" 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. We recognise revenue on the sale of finished vehicles (net of discounts, sales incentives, customer bonuses and rebates granted) when products are allocated to dealers and, in connection with sales to importers, when products are delivered to a carrier for export sales.
"WLTP"	Worldwide Harmonised Light Vehicle Test Procedure.

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 Private Limited ("Tata Sons"), together with its subsidiaries, owned 45.75% of the voting rights capital in Tata Motors as at 31 March 2021. 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 consolidated subsidiaries as at and for the year ended 31 March 2021 (the "2021 Consolidated Financial Statements");

- the audited consolidated financial statements of Jaguar Land Rover Automotive plc and its consolidated subsidiaries as at and for the year ended 31 March 2020 (the "2020 Consolidated Financial Statements"); and

- the audited consolidated financial statements of Jaguar Land Rover Automotive plc and its consolidated subsidiaries as at and for the year ended 31 March 2019 (the "2019 Consolidated Financial Statements").

We have derived the consolidated financial data for the periods described herein from the Consolidated Financial Statements. You should note the following in this respect.

Factors Affecting Comparability

With effect from 1 April 2019, we implemented IFRS 16. The 2020 Consolidated Financial Statements and the 2021 Consolidated Financial Statements, included elsewhere in this Offering Memorandum, give effect to the adoption of IFRS 16. The new standard replaces the previous accounting standard, IAS 17—Leases and the related interpretations under IFRIC 4—Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases—Incentives and SIC 27—Evaluating the Substance of the Transactions Involving the Legal Form of a Lease interpretations. We have applied IFRS 16 exemptions for short-term leases and leases of low value items. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term or using another systematic basis. All leases will be recognised on the balance sheet with a right-of-use asset capitalised and depreciated over the estimated lease term together with a corresponding liability that will reduce over the same period with an appropriate interest charge recognised.

We chose to adopt the modified retrospective approach on transition to IFRS 16. There have been no IFRS 16 adjustments made to the consolidated income statements for the periods prior to 1 April 2019. Under the modified retrospective approach on transition the comparative financial statements contained in this Offering Memorandum will not be restated. The cumulative impact of the first-time application of IFRS 16 is recognised as an adjustment to opening equity at 1 April 2019. The impact of the first-time application of IFRS 16 as at

1 April 2019 is the recognition of right-of-use assets of £548 million and lease liabilities of £499 million. In addition, £27 million has been reclassified from property, plant and equipment to right-of-use assets in respect of assets previously held under finance leases. As at the date of initial application, there was a £23 million reduction in net assets (net of tax). When measuring lease liability, we discounted lease payments using our incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 7.9%. For more information about our application of IFRS 16, see Note 37 to the 2021 Consolidated Financial Statements.

For more information about our application of IFRS 15 and IFRS 9, see Note 2 to the 2021 Consolidated Financial Statements.

IFRS

The Consolidated Financial Statements have been prepared in accordance with IFRS. 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, engines, transmissions and new products must, however, be capitalised and recognised as intangible assets when (i) feasibility has been established, (ii) we have committed technical, financial and other resources to complete the development and (iii) it is probable that the relevant asset will generate probable future economic benefits. The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use. Interest costs incurred in connection with the relevant development are capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset. We amortise product development costs on a straight-line basis over the estimated useful life of the intangible assets. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss.

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

The Consolidated Financial Statements have been prepared based on the fiscal year and are presented in British pounds rounded to the nearest £1 million. The Consolidated Financial Statements have been prepared under the historical cost convention modified for certain items carried at fair value, as stated in the accounting policies set out in the Consolidated Financial Statements.

Internal Controls

Upon an evaluation of the effectiveness of the design and operation of 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 2019.

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.

Material weakness as at 31 March 2019

During Fiscal 2019, we identified a material weakness as part of an assessment of the effectiveness of internal control over financial reporting based on the framework established in Internal Control—Integrated Framework (2013) issued by COSO (the "Committee of Sponsoring Organizations of the Treadway Commission").

As at 31 December 2018, we assessed that there were sufficient indications that property, plant and equipment and intangible assets may need to be impaired, due to significant changes in market conditions (especially in China), technology disruptions impacting the industry, rising cost of debt and the business missing its internal budgets over the previous quarterly periods. Accordingly, an interim impairment test was performed, which resulted in a £3,105 million impairment charge as at 31 December 2018.

Forecast financial information produced to support our annual business planning process is a key data input into the impairment assessment. The controls associated with the business planning process were not effective to mitigate the risk of material misstatement in the financial statements. Specifically, controls over the completeness and accuracy of certain source data in the business planning process were not designed to operate to a sufficient level of precision to address the related risks of misstatement. In addition, ineffective risk assessment activities performed over the ad-hoc impairment assessment did not identify the increased precision required in the design of the controls, allowing such risk assessment activities to be ineffective in identifying those inputs that may contain a reasonable possibility of a risk of material misstatement.

It was therefore considered the design of internal controls over the preparation of the forecast financial information arising from the ineffective risk assessment activities to be deficient, and that this deficiency results in a reasonable possibility that a material misstatement could occur in the financial statements related to the impairment of our property, plant and equipment and intangible assets that may be required from time to time. It was determined that this deficiency constitutes a material weakness in internal control over financial reporting as of 31 March 2019, based on our evaluation under the criteria in Internal Control—Integrated Framework (May 2013) issued by COSO. Accordingly, it was concluded that we did not maintain effective internal control over our financial reporting as of 31 March 2019.

The material weakness was remediated as of 31 March 2020. The specific remediation actions taken by management included:

- Simplification of the business planning process and design of the associated controls, which supported any need for ad-hoc impairment assessments during the year in addition to the existing annual assessment;

- Redesign of controls to reflect improved risk assessment and further improvements to the management review controls including consideration of aggregation levels, setting of management expectations and the investigation and resolution of outliers in those areas where this is insufficient; and

- Additional controls to validate any late changes to the forecast financial information once the primary controls have operated.

The material weakness did not result in material misstatements of our financial statements. During the quarters ended 30 June, 30 September and 31 December 2019, we assessed that there were no indications that property, plant and equipment and intangible assets may need to be impaired, and therefore the controls associated with the business planning process have not been required to operate.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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 Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, Available Liquidity, free cash flow, net cash/(debt), profit/(loss) before tax and exceptional items and total product and other investment. Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, Available Liquidity, free cash flow, net cash/(debt), profit/(loss) before tax and exceptional items and total product and other investment are not IFRS measures and should not be construed as alternatives to any IFRS measure such as revenue, gross profit, other income, net profit or cash flow generated from/(used in) operating activities. We use Adjusted EBITDA to review and measure our underlying profitability on an ongoing basis for comparability across our periods of operations, as it recognises that increased capital expenditure year-on-year will lead to a corresponding increase in depreciation and amortisation expense recognised within the consolidated income statement. Similarly, we use Adjusted EBIT to review and measure our underlying profitability on an ongoing basis for comparability across our periods of operations as this excludes volatility on unrealised foreign exchange transactions. Due to the significant level of debt and currency derivatives held, unrealised foreign exchange can distort the financial performance of the Group from one period to another.

During the second quarter of Fiscal 2021, we revised the definitions of Adjusted EBIT and Adjusted EBITDA to exclude foreign exchange gains and losses on revaluation of other assets and liabilities, including short-term deposits and cash and cash equivalents. We consider the amended alternative performance measure to better measure the underlying operational profitability of the Group, and is consistent with the treatment of the revaluation of other balance sheet items such as that of debt and unrealised hedges. It also recognises that we may use cash and/or derivatives to hedge debt and/or working capital balance sheet exposures and therefore it is logical to present gains or losses on revaluation of all such items consistently, excluded from EBITDA. We present Adjusted EBIT and Adjusted EBITDA for all historical periods included in this Offering Memorandum using the new definitions of these measurements. We previously defined "Adjusted EBITDA" as profit before income tax expense; exceptional items; finance expense (net of capitalised interest); finance income; gains/losses on debt and unrealised derivatives, gains/losses on realised derivatives entered into for the purpose of hedging debt, unrealised fair value gains/losses on equity investments; share of profit/loss from equity accounted investments; depreciation and amortisation. The new definition of "Adjusted EBITDA" is profit before: income tax expense; exceptional items; finance expense (net of capitalised interest) and finance income; gains/losses on debt and unrealised derivatives, realised derivatives entered into for the purpose of hedging debt, and equity or debt investments held at fair value; foreign exchange gains/losses on other assets and liabilities, including short-term deposits and cash and cash equivalents; share of profit/loss from equity accounted investments; depreciation and amortisation. We define "Adjusted EBIT" as Adjusted EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortisation. We define "Adjusted EBIT margin" as Adjusted EBIT divided by revenue. We previously defined "free cash flow" as net cash generated from operating activities less net cash used in investing activities (excluding movements in short-term deposits), and after finance expenses and fees paid. During the second quarter of Fiscal 2021, we revised the definition of "free cash flow" to exclude non-automotive investments and net investments in equity and debt investments held at fair value, which are deemed more financial investment in nature. The definition was also amended to exclude foreign exchange gains/losses on short-term deposits and cash and cash equivalents, therefore ensuring more consistent treatment since revaluation of other current assets and liabilities is already excluded. We believe that these changes should provide greater clarity of free cash flow and that these changes will result in metrics that are more closely aligned to our competitors, hence providing improved comparability for users of the alternative performance measures. We present free cash flow for all historical periods included in this Offering Memorandum using the new definition of this measurement. The new definition is net cash generated from operating activities less net cash used in automotive investing activities, excluding investments in consolidated entities and movements in financial investments, and after finance expenses and fees paid. Financial investments are those reported as cash and cash equivalents, short term deposits and other investments, and equity or debt investments held at fair value. We define "net cash/(debt)" as cash and cash equivalents plus short- term deposits less total balance sheet borrowings, which includes secured and unsecured borrowings and factoring facilities. We define "total product and other investment" as cash used in the purchase of property, plant and equipment, intangible assets, investments in equity accounted investments and other trading investments, acquisition of subsidiaries and expensed research and development costs.

In this Offering Memorandum, we present Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, Available Liquidity, free cash flow, net cash/(debt), total product and other investment and related ratios for Jaguar Land Rover Automotive plc and its consolidated subsidiaries. Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, Available Liquidity, free cash flow, net cash/(debt), total 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. Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, Available Liquidity, free cash flow, net cash/(debt) and total 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, Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, Available Liquidity, free cash flow, net cash/(debt) and total 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 Adjusted EBITDA to profit for the period, free cash flow to net cash generated from/(used in) operating activities, net cash/(debt) to cash and cash equivalents, and total product and other investment to net cash used in investing activities, in each case the nearest comparable IFRS financial measure.

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

This Offering Memorandum includes unaudited consolidated *pro forma* financial data which have been adjusted to reflect the offering of the Notes hereby. 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 hereby had occurred (i) on 31 March 2021 for the purposes of the calculation of *pro forma* net cash/(debt) and other balance sheet items and (ii) on 1 April 2020 for the purposes of the calculation of *pro forma* net finance costs and other income statement items, nor do they purport to project our consolidated net cash/(debt), net finance costs or any other financial metrics 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.

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. In addition, certain of these publications, surveys and information were conducted or published before the COVID-19 pandemic and therefore do not reflect any past, present or future impact of COVID-19 on any specific market or globally. 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.

The total industry car volume data presented in this Offering Memorandum has been compiled using relevant data available at the time of publishing this Offering Memorandum, compiled from national automotive associations such as the Society of Motor Manufacturers and Traders in the UK and the European Automobile Manufacturers’ Association in Europe, according to their segment definitions, which may differ from those used by us.

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:

- the COVID-19 pandemic may cause further harm to our business, prospects, financial condition and results of operation;
- deterioration in economic, political and social conditions in the United Kingdom and Europe, North America, China and other markets in which we operate and sell our products could have an adverse impact on our sales and results of operations;
- the impact of the United Kingdom's exit from the European Union on our business, including potential changes in export volumes and customer behaviour, potential currency fluctuations, new customs requirements, additional administration, an uncertain regulatory climate and general macroeconomic instability;
- any changes we may make to our product offering, brand positioning and strategy;
- anticipated dates on which we will begin providing certain products and services;
- intensifying industry competition that could materially and adversely affect our sales and results of operations;
- the potential for new drive and other technologies being developed and the resulting effects on the automobile market;
- the electric vehicle market and related opportunities may not evolve as anticipated, including that this market may remain relatively small;
- new industry consolidation or alliances that allow our competitors to make strategic cost savings;
- delays or limited availability of key inputs and related cost increases as a result of accidents or natural disasters;
- new, revised or stricter laws, regulations and government policies, including those specifically regarding the automotive industry, such as industrial licensing, environmental laws and regulations, safety regulations and the potential that we may not be able to comply with these regulations and requirements;
- import restrictions and duties, excise duties, sales taxes, value added taxes, product range restrictions, diesel and gasoline prices and road network enhancement projects;
- the implementation and success of competitive new products, designs and innovations, and changing consumer demand for the premium cars and all-terrain vehicles we sell;
- the implementation and success of our strategic priorities to grow our business;
- future customer demand for premium performance cars and all-terrain vehicles;

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

- the purchasing power of retail customers in the future and general consumer confidence for retail and corporate customers;

- the availability and cost of consumer finance to our customers and fluctuations in used car valuations;

- future over-dependence on certain key markets increasing the risk of negative impact following adverse changes in consumer demand in those markets;

- disruptions to our supply chains or shortages of essential raw materials that may adversely affect our production and results of operations;

- increases in input prices that may have a material adverse impact on our result of operations;

- cybersecurity and other information technology risks;

- privacy requirements under the General Data Protection Regulation regime that may result in substantial changes to our IT environment and result in significant costs;

- environmental, health and safety and other compliance requirements that may affect our operating facilities and result in significant costs;

- the impact of climate change;

- 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;

- under-performance of our distribution channels may adversely affect our sales and results of operations;

- 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;

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

- disruptions to our manufacturing, design and engineering facilities and their operations;

- credit and liquidity risks, including the seasonal effect of a substantial decrease in our sales during certain quarters, and the terms on which we finance our working capital and capital and product development expenditures and investment requirements;

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

- the protection and preservation of our intellectual property;

- the risks associated with joint ventures with third parties;
- any future failure to implement and manage our strategy;
- any future requirement to impair the value of our intangible assets in our financial statements;
- potential labour unrest and the loss of one or more key personnel or the potential inability to attract and retain highly qualified employees;
- pension obligations, which may prove more costly than currently anticipated, and the market value of assets in our pension plans, which could decline;
- our insurance coverage may not be adequate to protect us against all potential losses;
- the use of lithium-ion battery cells in some of our vehicles;
- legal proceedings and governmental and supra-national investigations, as well as adverse publicity connected with such proceedings and investigations;
- increasing tax liabilities in the geographical markets where we operate;
- failures and weaknesses in our internal controls;
- exchange rate fluctuations;
- any adverse outcome in legal proceedings or regulatory investigations in which we are or may become involved, including with respect to product liability claims, warranties and recalls of products manufactured by us;
- new and changing corporate governance and public disclosure requirements;
- relations with our shareholder; and
- other factors beyond our control.

All statements other than statements of historical fact included in this Offering Memorandum, including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs, Adjusted EBIT margin 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," "target" 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.

SUMMARY

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

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

Overview

We design, develop, manufacture and sell Jaguar premium sports saloons, sports cars and luxury performance SUVs and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. We have a long tradition as a manufacturer of technologically advanced, 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, including for the development of autonomous, connected and electrification technologies, as well as for innovative mobility solutions aiming to overcome and address future travel and transport challenges. Our vehicles are designed and developed by award-winning design teams and we are committed to a continuing programme of innovative product design. For example, in Fiscal 2021, we made significant upgrades across our product portfolio for model year 2021 vehicles, including an expansion of electrified options across our model range, which now consists of eight plug-in hybrids, 11 mild hybrids and the all-electric Jaguar I-PACE. Our product portfolio continues to receive numerous prestigious awards: most recently, the new Land Rover Defender won the Top Gear Car of the Year and the World Car Design of the Year 2021.

We operate three principal automotive manufacturing facilities, an engine manufacturing facility and two advanced design and engineering facilities in the United Kingdom, wholly owned manufacturing plants in Brazil and Slovakia, and a manufacturing partnership with Magna Steyr (an operating unit of Magna International Inc.) in Graz, Austria. We have also established a manufacturing joint venture in China, which currently produces the Range Rover Evoque, the Land Rover Discovery Sport, the long wheel base Jaguar XF (the "**Jaguar XFL**"), the long wheel base Jaguar XE (the "**Jaguar XEL**") and the Jaguar E-PACE for sale in the local market. Globally, we employed a total of 36,174 employees, including agency personnel, as at 31 March 2021. Our R&D operations currently consist of an engineering team co-managed for Jaguar and Land Rover, sharing premium technologies, powertrains and vehicle architectures.

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. In Fiscal 2021, Europe (excluding the United Kingdom and Russia), North America, the United Kingdom and China, respectively, accounted for 18 %, 25.2%, 18.9% and 25.3% of our retail volumes (including sales from the China Joint Venture) and 22%, 27%, 23.4% and 13.6% of our wholesale volumes (excluding sales from the China Joint Venture). The COVID-19 pandemic has impacted our business and the geographic distribution of our retail sales due to the global scale of disruption it has caused and due to differences in the extent of the relaxation of remaining lockdown and social distancing measures in different regions, and the extent of the economic recovery thereafter.

In December 2019, a novel strain of coronavirus SARS-CoV-2, causing a disease referred to as COVID-19, was reported in Wuhan, China. Since then, the coronavirus spread and infections have been found in the vast majority of countries around the world, including throughout Europe and the United States. In March 2020, the World Health Organization recognised the COVID-19 outbreak as a pandemic based on the global spread of the disease, the severity of illnesses it causes and its effects on society. In response to the COVID-19 pandemic, the governments of many countries, states and cities took, and continue to take, preventative or protective measures, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. As these actions have been imposed on a country-by-country basis, the level of economic impact and timing of the impact have varied across different markets. Accordingly, the COVID-19 pandemic severely restricted the level of economic activity in many countries, including in regions in which we operate, and continues to adversely impact global economic activity and contribute to volatility in financial markets. We have also faced semiconductor supply constraints. The semiconductor shortage has resulted in significant near term challenges, including temporary plant shutdowns. In particular, wholesale sales have been lower due to semiconductor supply constraints. Based on recent input from suppliers, we now expect semiconductor supply shortages in the second quarter of Fiscal 2022 to be greater than in the first quarter and supply potentially about 50% lower than planned, although we are continuing to work to mitigate this. We expect the situation will start to improve in the second half of our financial year. However, the broader underlying structural capacity issues will only be resolved as supplier investment in new capacities comes online over the next 12-18 months and so we expect some level of shortages will continue through to the end of the year and beyond. While the present supply constraints continue, we will continue to prioritise production of higher margin vehicles for the chip supply available as well as make chip and product specification changes where possible to reduce the impact. We expect COVID-19 will continue to cause or will exacerbate some supply disruption for the remainder of Fiscal 2022, including but not limited to semiconductor shortages, but that the severity and length of such shortages will be dependent on a number of factors related to the COVID-19 pandemic, economic activity and other global factors.

In response to the pandemic and related lockdowns, we enacted temporary plant shutdowns in the first quarter of Fiscal 2021, with production restarting at most of our plants in the period from mid-May 2020 through June 2020. Our global network of retailers was also impacted by the lockdown measures implemented in different markets but, as of the date of this Offering Memorandum, substantially all of our retailers have re-opened (fully or partially). As of the date of this Offering Memorandum, notwithstanding disruptions to manufacturing operations and intermittent production as a result of the supply shortage of semiconductors, all of our plants are presently open, each under defined health and safety protocols. As a result of the COVID-19 pandemic, many of our employees in the United Kingdom were furloughed under the UK government's job retention scheme in early Fiscal 2021. Many of our employees have returned to sites, where practical to do so, supported by work-from-home and other arrangements.

In the second, third and fourth quarters of Fiscal 2021, we undertook a "demand-led" restart to our operations with a focus on producing vehicles in line with customer demand and rationalising the use of our resources accordingly, coupled with targeted spending measures on critical aspects of our operations and improving sales with a favourable product margin mix. Manufacturing at substantially all of our plants resumed by the end of the first quarter of Fiscal 2021 (other than at the Castle Bromwich plant, where manufacturing resumed in the second quarter of that period). Overall, in Fiscal 2021 our total product and other investment spending was £2,343 million (lower than the £3,294 million spent in Fiscal 2020). Free cash flow was positive (£185 million) over Fiscal 2021, and we aim to achieve sustainable positive cash flow from Fiscal 2022 alongside a reduction in net debt. See "Forward-looking Statements" and "Risk factors—Risks Associated with the Automotive Industry—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operation."

Despite the many headwinds, the business recovered in the second half of Fiscal 2021. We reacted quickly and decisively to the pandemic, with an accelerated focus on improving cash flow and strengthening liquidity to pave the way for long-term Adjusted EBIT margin improvement. Project Charge+ has delivered £6 billion of cost savings in Fiscal 2021 and we expect that the "Refocus" transformation programme, together with our new architecture strategy, will deliver improved cash flow and profitability. We are targeting a double-digit Adjusted EBIT margin by Fiscal 2026 and reducing net debt, targeting a net cash position by Fiscal 2025. Retail sales in the fourth quarter of Fiscal 2021, were much improved at 123,483 vehicles, up 12.4% year-on-year in that quarter. This was supported by a strong recovery in China, where sales grew 127% over the fourth quarter of last fiscal year, when the impact of the COVID-19 pandemic peaked in that market. Full fiscal year retail sales were 439,588 vehicles, still down by 13.6% compared to last fiscal year, although sales in China increased by 23.4% year-on-year. The award-winning new Land Rover Defender contributed significantly to retail sales, with 16,963 units sold in the fourth quarter and 45,244 units for the entire Fiscal 2021.

The following table presents our revenue, profit/(loss) and Adjusted EBITDA in Fiscal 2019, Fiscal 2020 and Fiscal 2021:

	Fiscal year ended 31 March		
	2019	**2020**	**2021**
		(£ in millions)	
Revenue	24,214	22,984	19,731
(Loss) before tax	(3,629)*	(422)	(861)**
(Loss) for the period	(3,321)*	(469)	(1,100)**
Adjusted EBITDA***	1,994	2,050	2,531

* This includes an impairment of £3,105 million as at 31 December 2018 and for the year ended 31 March 2019. See "Presentation of Financial and Other Data—Internal Controls."

** This includes asset write-downs of £952 million and £534 million of restructuring costs in relation to models cancelled under our "Reimagine" strategy. See "Operating and Financial Review and Prospects—Results of Operations—Fiscal 2021 compared to Fiscal 2020—Exceptional Items."

*** During the second quarter of Fiscal 2021, the definition of Adjusted EBITDA was revised to exclude foreign exchange gains and losses on revaluation of other assets and liabilities, including short-term deposits and cash and cash equivalents. Adjusted EBITDA for Fiscal 2019 and Fiscal 2020 has been restated to reflect our new definition of "Adjusted EBITDA."

Our unit sales (on a retail basis and including sales through our China Joint Venture) for each of our brands for Fiscal 2019, Fiscal 2020 and Fiscal 2021 are set out in the table below:

	Fiscal year ended 31 March		
	2019	**2020**	**2021**
		(£ in millions)	
Jaguar	180,198	140,593	97,669
Land Rover	398,717	368,066	341,919
Total	**578,915**	**508,659**	**439,588**
Retail volumes from our China Joint Venture (included above)	*57,578*	*49,976*	*64,319*

Our unit sales (on a wholesale basis, excluding sales from our China Joint Venture) under each of our brands for Fiscal 2019, Fiscal 2020 and Fiscal 2021, are set out in the table below:

	Fiscal year ended 31 March		
	2019	**2020**	**2021**
	(£ in millions)		
Jaguar	153,757	125,820	67,333
Land Rover	354,138	350,132	280,299
Total	**507,895**	**475,952**	**347,632**
Wholesale volumes from our China Joint Venture (excluded above)	*57,428*	*49,450*	*65,279*

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 (and in limited numbers by us directly, including to dealers). 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.

Our Available Liquidity as at 31 March 2021 was £6,720 million, including £4,782 million of cash and cash equivalents, deposits and investments, comprising £3,778 million of cash and cash equivalents and £1,004 million of short-term deposits and other investments, and committed credit facility of £1,935 million (which was upsized to £2,015 million in July 2021 and remains undrawn as of the date of this Offering Memorandum) and £3 million of undrawn available credit under the UK Fleet Financing Facility. To improve our liquidity, we raised £1.6 billion of new funding in Fiscal 2021, including the CNY 5 billion China Revolving Facility in June 2020, the issuance of the October 2020 Notes and the issuance of the December 2020 Notes. On 1 April 2021, we agreed upon the Forward Start Facility, which we agreed to upsize to £1,500 million in July 2021, to become available when the existing facility expires in July 2022. The new facility will mature in March 2024. See "Description of Other Indebtedness."

We are a wholly owned indirect subsidiary of Tata Motors, a member of the international conglomerate Tata Group. Tata Motors is the largest commercial vehicle manufacturer in terms of revenue in India and among the top three vehicle manufacturers in terms of units sold in India during Fiscal 2021.

Our Vehicles

Jaguar designs, develops and manufactures a range of premium sports cars, saloons and luxury performance SUVs recognised for their design, performance and quality and we are committed to a continuing programme of innovative product design and development. Our two UK based 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.

Jaguar's range of products comprises the E-PACE compact SUV, the Jaguar F-PACE luxury performance SUV, the Jaguar F-TYPE two-seater sports car coupé and convertible (including all-wheel drive derivatives), the Jaguar I-PACE (our first all-electric vehicle), the XE sports saloon (including the Jaguar XEL for the Chinese market), the lightweight Jaguar XF (including the Jaguar XFL for the Chinese market) and the XF Sportbrake.

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 Land Rover Discovery, the refreshed Land Rover Discovery Sport, the refreshed Range Rover and Range Rover Sport, the Range Rover Velar and the all-new Range Rover Evoque and the new Land Rover Defender.

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. The Advanced Product Creation Centre at our Gaydon facility, unveiled in September 2019, will support the development of the next-generation of Jaguar and Land Rover vehicles as well as the development and creation of future autonomous, connected, electrified and shared mobility technologies.

We develop and manufacture technologically advanced vehicles. Our development and engineering activities include the development of autonomous, connected and electrification technologies, as well as investing in innovative mobility solutions aiming to overcome and address future travel and transport challenges. All our vehicles include level 1 features (e.g. parking assistance and automatic emergency braking), with level 2 features (e.g. traffic jam assist and integrated cruise assist) launched with the all-electric Jaguar I-PACE. Our R&D operations currently consist of a team of engineers, co-managed for Jaguar and Land Rover, sharing premium technologies, powertrains and vehicle architectures. Please see "Our Business—Product Design, Technology and Research and Development."

"Reimagine" Strategy

Reimagine

We have a multifaceted strategy to strengthen our position as a leading manufacturer of premium and luxury vehicles reflected in our new global strategy, "Reimagine," which was announced in February 2021 and focuses on a sustainability-rich reimagination of modern luxury, unique customer experiences, and positive societal impact. We have embarked on our journey with a goal of becoming a net zero carbon business by 2039 with emphasis on becoming a more efficient and agile business. Our success is tied to our commitment to high quality products, environmental innovation and putting the customer first and our strategic focus on capital expenditure, R&D and product design reflects this.

"Reimagine" is targeting to transform our business, with a value creation approach, delivering quality and profit-over-volume. We aim to become a more agile business, with a simplified manufacturing operation. It will deliver a new benchmark in environmental, societal and community impact for a luxury business, creating the world's most desirable luxury vehicles, against a canvas of true sustainability.

Our strategic priorities include autonomous, connected and electrification technologies, as well as investing in innovative mobility solutions to overcome and address future travel and transport challenges. We are focused on the following:

- launching Jaguar as a pure electric brand from 2025;
- introducing the first Land Rover all-electric model by 2024 with an additional five Land Rover models with a full battery electric option launched by 2026;

- launching the modular longitudinal architecture and electrified modular architecture (native-BEV architecture) for Land Rover products and a BEV only architecture dedicated to Jaguar;
- increased collaboration within the Tata Group and external partners in a number of key strategic areas;
- repurposing and reorganising our global manufacturing and non-manufacturing footprint; and
- the "Refocus" transformation programme targeting to improve our Adjusted EBIT margin by Fiscal Year 2026.

In addition, our autonomous strategy includes investing in driver assistance technologies to support increasing degrees of automation, and including autonomous features on our new models. Our connected strategy includes investing in technology and infrastructure to support higher levels of connectivity, as exemplified by the opening of an additional engineering centre in Manchester to support the development of next-generation, connected car technologies. Our electrification strategy is currently exemplified by the fact that twelve of our thirteen nameplates now have electrified options, comprising eight plug-in hybrid and 11 mild hybrid models as well as the all-electric Jaguar I-PACE. We continue to expand our electric drivetrain options across our model range. Furthermore, we are currently competing in the FIA Formula E championship, which enables us to create a test bed for our future electrification technology with our partner Panasonic. We also expect that the Jaguar I-PACE eTROPHY championships will help us assess the performance of our all-electric engines. Our InMotion business unit focuses on developing innovative mobility solutions to address future travel and transport needs, and invests in strategically relevant early-stage technology business including Voyage, a US-based self-driving taxi service ($4.5 million invested), Urgently, a US-based digital roadside assistance provider ($4 million invested), By Miles, a leading UK-based connected car insurance provider (£1 million invested), and Circulor, a software-based supply chain tracking solution to trace commodities from extraction to the final product (£0.5 million invested). In addition, InMotion developed proprietary solutions in the urban mobility sector such as THE OUT, an on-demand premium car rental service, and Pivotal, a vehicle subscription service, with the goal to capture new customer segments and provide our customers with flexibility when accessing Jaguar and Land Rover products.

Modern luxury by design

Our distinct British brands are steeped in a history of timeless designs that emotionally resonate with our customers. In June 2020, we marked the 50th anniversary of Range Rover and have seen our iconic Land Rover Defender reborn in its 73^{rd} year, with an all-new family of vehicles on sale in nearly 100 countries around the world. Our history and our Britishness create a rich brand equity built over decades.

Our "Reimagine" strategy aims to release the full potential of our brands, by leapfrogging forward in technology, placing quality and sustainability at the heart of everything we do. We are working on the electrification of both the Land Rover and Jaguar brands, with two clear, distinct personalities. This marks the start of our journey to become a new zero carbon business across our supply chain, products and operations by 2039. Over the next five years, Land Rover intends to welcome six all-electric variants, with the first scheduled to arrive in 2024. In this timeframe, we aim for Jaguar to have undergone a complete renaissance, emerging as a pure electric luxury brand, from 2025. By the end of the decade, full-BEV powertrains are expected to represent the majority of our sales.

Quality and efficiency

To enable this accelerated shift in electrification, we plan to establish new benchmark standards in quality and efficiency for the luxury sector and central to this is our new architecture strategy. We expect to migrate from six different vehicle architectures today, to just three by the end of the decade.

For Land Rover, we intend to use the forthcoming flexible modular longitudinal architecture ("MLA-Flex"). This is expected to deliver electrified internal combustion engines (e.g., plug-in hybrids and mild-hybrids) initially, but also allows for full battery-electric capability, as we evolve our future product line-up. Joining MLA-Flex will be our new electrified modular architecture. It is born from an emphasis on simplicity—native-BEV and agnostic to battery chemistry, to advance with future technology. It has also been engineered to accommodate small capacity, high performance electrified internal combustion engines—which we believe will allow us to offer BEV, plug-in hybrid and mild-hybrid vehicles with exceptional range and performance.

For Jaguar, we plan to create a radical new market position; one that is aspirational and technologically engaging for the discerning modern luxury customer. And in this, we will be led by design. For that reason, we aim to have all new Jaguars created on a completely separate vehicle architecture from 2025 and for this, we are also consulting with potential partners.

Technology within

Beyond our vehicles, the other significant strategic pillar in "Reimagine" is a radical digital transformation of our business.

Being part of the Tata Group offers significant advantages in this respect. While other automobile companies must rely solely on external partnerships and compromise, through the Tata Group we expect to have access to some of the world's leading players in technology, software and clean energy. Through this, we endeavour to accelerate the ingredients for modern luxury by design, including our advanced driver assistance systems, autonomous capability, connected services and electric vehicle infrastructure. Our designs are expected to rely on the next generation of its domain based electrical vehicle architecture ("EVA")—EVA continuum—developed along with Tata Consultancy Services. This delivers 'always on, always connected, always up-to-date' software-over-the-air and the ability for Level 2, 2+ and 4 autonomous travel.

Annual commitments of approximately £2.5 billion will include investments in electrification technologies and the development of connected services, to enhance the journey and experiences of its customers, alongside data-centric technologies to further improve their ownership ecosystem.

Refocus to a more agile operation

Through "Reimagine," we aim to right-size, reorganise and repurpose our footprint to become a more agile business. We intend to retain all our core global manufacturing plants, with a simple vision: to design new benchmark quality standards for the luxury sector. We will strive to rationalise sourcing and accelerate investments in local circular economy supply chains, by consolidating the number of platforms and models being produced per plant. Solihull is planned to become the manufacturing base for the MLA-Flex architecture and the new Jaguar portfolio.

Our Halewood facility is planned to welcome the new electrified modular architecture and we aim to continue to enhance the strategic benefits of our plants in Slovakia and China. The Castle Bromwich plant will continue to make its existing models to the end of their life and will then be repurposed to benefit from our plans to realise efficiencies in our Midlands property portfolio. The value creation achieved by simplifying our manufacturing and architecture strategy is expected to dramatically improve the utilisation of our facilities and overall efficiency. Beyond manufacturing, we are driving transformation through our recently launched "Refocus" programme, which brings together existing and additional activity from across the organisation, to deliver value and efficiencies. Our global engineering centre at Gaydon is planned to become the consolidated home to all our management functions, for frictionless cooperation and agile decision-making, while substantially reducing and rationalising our other non-manufacturing infrastructure.

Further, agility is not just based on size: we intend to employ flatter management structures which are expected to empower employees to create and deliver at speed and with clear purpose.

A clear vision towards 2039

Through our "Reimagine" strategy, we strive to achieve a net zero carbon position by 2039. In doing so, we intend to reimagine the sustainability of luxury. We are also exploring hydrogen fuel-cell technology, to be ready if that market matures, and active development of these powertrains is already underway.

We will also strive to create a new benchmark in environmental and societal impact for the luxury sector, accelerating pioneering innovations in materiality, engineering, manufacturing, services and circular economy investments. This will be focused in one team, working globally across the business, the brands and the customer experience. They will be empowered to build on existing initiatives, such as championing of ultra-luxurious alternatives to leather, as well as investing in start-ups like blockchain technology firm, Circulor, which enables us to source premium materials with greater transparency as to the provenance, welfare, and compliance of suppliers.

Together, these actions will contribute to our targets of zero tailpipe emissions by 2036 and to be a net zero carbon business by 2039, including our supply chain, products and global operations.

Structured to succeed

"Reimagine" is targeting to transform our business, with a value creation approach, delivering quality and profit-over-volume. We aim to become a more agile business, with a simplified manufacturing operation. It will deliver a new benchmark in environmental, societal and community impact for a luxury business, creating the world's most desirable luxury vehicles, against a canvas of true sustainability.

The "Reimagine" strategy is designed to improve our Adjusted EBIT and cash flows and reduce our net debt over the next few years. Ultimately, by reimagining the future of modern luxury, our ambition is to be one of the most profitable luxury manufacturers in the world.

Refocus

"Refocus" is the operational transformation programme for driving our "Reimagine" strategy. "Refocus" brings together existing initiatives (amongst them, Project Charge+ and Project Accelerate) with new activity, into one clear programme of priorities that we believe will drive greater value creation. See "Our Business—Recent Initiatives—Project Charge, Project Charge+ and Project Accelerate." Our existing initiatives, such as Project Charge, have already generated cash savings and "Refocus" intends to build quickly on these solid foundations, continuing the most successful aspects and reorganising them for faster results.

Six Pillars of Refocus

The "Refocus" programme consists of six separate pillars: quality; programme delivery and performance; delivered cost per car; end-to-end supply chain; customer and market performance; and China, supported by three cross-functional enablers: agile organisation and culture; in-digital; and responsible spending. Quality is everything and we are committed to reducing our warranty costs further and improving service quality. In programme delivery, we will focus on reducing time to market in product development. Further, we endeavour to reduce cost per car in vehicle manufacturing as part of the "Refocus" programme and the "Reimagine strategy, and logistics by bringing together existing initiatives such as Project Charge+. We will focus on our end-to-end supply chain, ensuring it can give customers the right vehicle, at the right time, at the right quality. We plan to grow our profitable market share, both by maximising opportunities in existing markets and by paying specific attention to the potential for our business in China.

Our Competitive Strengths

We believe that our overall performance during recent years 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 our overall performance in recent years and position us well to benefit from future growth opportunities. Founded in 1922, Jaguar has a long tradition of designing and manufacturing premium sports cars and saloons recognised for their design, engineering performance and a distinctive British style. The brand has a strong racing history, with Jaguar first winning the Le Mans race in 1951 and winning numerous racing titles since. Founded in 1948, Land Rover designs and manufactures vehicles known for their off-road capability, strength, durability and refinement. Land Rover's brand identity is built around utility, reliability, refinement, luxury 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, and with sales in 118 and 123 markets, respectively, via independent franchises and, in our key markets, national sales companies as well as third-party importers. Please see "—Award-winning design capabilities and distinctive model line-ups" for further details on these awards.

Technical excellence with a strong focus on R&D

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 CO2 efficiency and performance, while maintaining the body stiffness that customers in the premium segment demand. Most of our vehicle models are constructed with this lightweight aluminium vehicle architecture. We believe we are world leaders in aluminium recycling.

We believe 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 the in-house Ingenium diesel and petrol engines. In addition, we are developing technological improvements including aerodynamic drag reduction and "lightweighting" through our new modular longitudinal architecture ("MLA") and the production of native battery electric vehicles ("BEV") through our Electric Modular Architecture ("EMA"). 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."

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 Chief Creative Officer, Professor Gerry McGovern OBE, have a distinguished track record of designing contemporary and elegant cars, while retaining the distinctive brand identity of both 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 regularly receive awards from leading international magazines and opinion leaders.

The following table sets out certain awards received more recently, but this list is not exhaustive:

Award	Model	Awarding Institution	Date
World Car Design of the Year	All-new Land Rover Defender	World Car of the Year Awards	April 2021
Supreme Winner Women's World Car of the Year 2021	All-new Land Rover Defender	Women's World Car of the Year (WWCOTY) Awards	March 2021
Car of the Year	All-new Land Rover Defender	Top Gear	December 2020
Best Electric Luxury SUV	Jaguar I-PACE	What Car? Electric Car Awards	August 2020
Best Domestic Compact SUV & Offroader	All new Range Rover Evoque	BEST CAR 风云车	March 2020

Jaguar has a long tradition of producing innovative automobiles exemplified by design icons such as the Jaguar E-TYPE. Jaguar's entire product range is unified under a single design and concept language. Moreover, we believe that Land Rover, which celebrated its 70th year anniversary in 2018, offers one of the most universally recognised, distinctive and successful model line-ups within the automotive industry. In addition, in June 2020 Range Rover celebrated its 50th anniversary of all-terrain and luxury SUVs by introducing a new exclusive limited edition, the Range Rover Fifty.

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. We run regular product development process with regular management reviews and specific product cycle milestones. We believe that this is a key factor in our operational efficiency and has helped our recent performance 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 innovations launches, such as the all-new Land Rover Defender which we began producing in January 2020. It now includes plug-in hybrid variants, mild hybrid variants, available as the 110 long wheel base and 90 short wheel base, as well as commercial derivatives. We now offer electrified options across our model range including the all-electric Jaguar I-PACE, eight plug-in hybrid electric vehicles and 11 mild hybrid electric vehicles. These new products, including significant upgrades launched for model year 2021 vehicles, and other new and refreshed models to be announced, are expected to support sales growth across wider vehicle segments.

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

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

Our success in established markets and strong brand recognition ensure that we are well positioned to capture sales growth in emerging markets. We believe the growth potential in emerging markets with growing affluent populations will counterbalance the expected lower rate of sales growth in more developed markets, and offers significant opportunities to further increase and diversify our sales volumes. Consequently, we are developing our sales presence outside of our major markets. We established a manufacturing joint venture in China with Chery Automobile Company Ltd. (“Chery”) which currently manufactures the Range Rover Evoque, the Land Rover Discovery Sport, the long wheel base Jaguar XFL, the long wheel base Jaguar XEL and the Jaguar E-PACE for the local market. In addition, we opened an engine assembly plant in China in July 2017 to assemble the 2.0-litre Ingenium petrol engine for installation in vehicles produced by the China Joint Venture. Please see “Our Business—China Joint Venture.” In India, we opened an NSC to expand our presence in this key market. Currently, the Jaguar XF, the Jaguar XE, the Jaguar F-PACE, the Range Rover Evoque, the Range Rover Velar and the Land Rover Discovery Sport vehicles are manufactured for local sales at a facility operated by Tata Motors in Pune, India. Production of the Land Rover Discovery Sport for local sales takes place at our manufacturing facility in Brazil. From time to time we establish a presence in other markets according to our business needs. In July 2015, we agreed a manufacturing partnership in Graz, Austria, with Magna Steyr, an operating unit of Magna International Inc., where the Jaguar E-PACE (excluding vehicles for China) and all-electric Jaguar I-PACE are currently produced. In December 2015, we concluded an agreement with the Government of the Slovak Republic for the development of a new manufacturing plant in the city of Nitra in western Slovakia, which has been producing the Land Rover Discovery since October 2018, and which began production of the all-new Land Rover Defender in January 2020.

Resilient profitability amid challenging market conditions

Due to challenging market conditions, including the COVID-19 pandemic, with industry volumes significantly down year-on-year, our revenue for Fiscal 2021 was £19,731 million, 14% lower year-on-year compared to Fiscal 2020, as the COVID-19 pandemic impacted sales during Fiscal 2021 with wholesale volumes (excluding China Joint Venture) down 27% year-on-year compared to Fiscal 2020. Despite the significant decline in sales and revenue, our profit before tax and exceptional items was £662 million, up £1,055 million compared to the £393 million loss before tax and exceptional items in Fiscal 2020, primarily due to favourable sales mix, lower costs (including the effects deriving from the implementation of Project Charge+) as well as favourable foreign exchange rate movement that more than offset lower wholesale volumes. Exceptional items in Fiscal 2021 primarily relate to the one-time charge of £1,486 million in the fourth quarter of Fiscal 2021 on account of announcement of the new global strategy “Reimagine,” which comprised £952 million of non-cash write down primarily for previous investment spending on certain planned products that will now not be completed and restructuring costs of £534 million.

The COVID-19 pandemic inevitably impacted our results in Fiscal 2021 as the temporary plant shutdowns and dealership closures restricted the supply of, and demand for, vehicles, notably in the first quarter. However, in Fiscal 2021, our free cash flow was positive £185 million, compared to negative £759 million in Fiscal 2020, primarily reflecting the strong recovery in the second, third and fourth quarters which more than offset the impact of COVID-19 social distancing and lockdown measures in the first quarter.

We believe that our focus on efficiently deploying our total product and other investment spending, focusing on improving the quality of our sales, the implementation of “Reimagine” and “Refocus” and fundamental long-term cost improvements, will allow us to improve our competitive position supported by the development of technologically advanced vehicles.

Experienced and highly qualified board of management team

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

Shareholder support

We benefit from strong and on-going support from our parent company Tata Motors, which is a member of the international conglomerate Tata Group. Tata Motors is the largest commercial vehicle manufacturer in terms of revenue in India and among the top three vehicle manufacturers in terms of units sold in India during Fiscal 2021. 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. In 2018, Tata Motors celebrated the 10th year anniversary of ownership of Jaguar Land Rover. We believe that, since Tata Motors acquired us in 2008, our shareholder support has helped us grow and improve our performance. From 2008, our unit retail sales have significantly increased, reaching a peak of 614,309 units in Fiscal 2018 with £25.8 billion of revenue, before retail sales became impacted by certain macro and other challenges, including the COVID-19 pandemic more recently. Tata Motors group have manufacturing facilities and design and engineering centres in India, the United Kingdom, China, South Korea, Thailand, South Africa, Brazil and Indonesia.

We believe that we are of strategic importance to Tata Motors given that we represented 78% of its net revenue for Fiscal 2021. Our Board includes three members who are also members of the board of directors of Tata Motors, namely Mr Natarajan Chandrasekaran, Mr Thierry Bolloré and Ms Hanne Sorensen. Further, Mr P B Balaji, a member of our board, is also the Group CFO of Tata Motors. Tata Motors does not guarantee or assume any direct or indirect liability for the Notes.

Our Strategy

Our strategy consists of the following key elements, in addition to those described under "—'Reimagine' Strategy" above:

Grow the business through new and refreshed products, market expansion and brand positioning to deliver sustainable returns

To mitigate the impact of high cyclicality in the automobile industry and provide a foundation from which to invest in new products, designs and technologies in line with our overall strategy, we have strengthened our operations and gained a significant presence across a selected range of products and a wide diversity of geographic markets.

New products

One key component of this strategy has been our focus on improving the mix of our products (by developing vehicles designed to increase our penetration in margin-rich segments). We offer products in the premium and luxury car and all-terrain vehicle segments, and we plan to improve the quality of sales by growing our share in higher-margin and luxury segments through the development of vehicles in such segments.

We continue to improve our products by including the latest technology including infotainment, connectivity and expansion of electrified options across our model range with eight plug-in hybrid models, 11 mild hybrids and the all-electric Jaguar I-PACE. Furthermore the production of the new Land Rover Defender started in January 2020, with sales continuing to grow globally. During Fiscal 2021 we also announced a number of 2021 model year upgrades and refreshes across our model range including improved infotainment, exterior and interior updates, as well as expansion of electrification.

Market expansion

Our strategy involves expanding our global sales footprint into geographic locations where we see opportunities to grow. As a producer of distinctive, premium and luxury products, we believe we are well positioned to increase our revenue 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 presence in emerging markets. Please see "—Our Competitive Strengths—Global market presence through comprehensive and global sales and distribution and international manufacturing networks."

- ***Selected markets:*** We have a global manufacturing footprint which we plan to retain, repurpose, reorganise and right-size under our "Reimagine" strategy to reduce manufacturing capacity by 25% and optimise utilisation. For example, we have a manufacturing facility at our China Joint Venture, where we have produced the Range Rover Evoque since the end of 2014, the Land Rover Discovery Sport since September 2015, the Jaguar XFL since September 2016, the Jaguar XEL since December 2017 and the Jaguar E-PACE, the fifth vehicle produced at the China Joint Venture, which went on sale in China in August 2018. In addition, we opened an engine assembly plant in China in July 2017 to assemble the 2.0-litre Ingenium petrol engine for installation in vehicles produced by the China Joint Venture. Please see "Our Business—China Joint Venture." Our manufacturing facility in Brazil opened in June 2016, where we currently produce the Land Rover Discovery Sport for sale in the local Brazilian market. In July 2015, we agreed a manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc., where the Jaguar E-PACE (excluding vehicles for sale in China) and all-electric Jaguar I-PACE are now produced. In December 2015, we concluded an agreement with the Government of the Slovak Republic for the development of a new manufacturing plant in the city of Nitra in western Slovakia, where the Land Rover Discovery and the new Land Rover Defender are currently produced. In addition, the Jaguar XF, Jaguar XE, Jaguar F-PACE, Range Rover Evoque, Range Rover Velar and Land Rover Discovery Sport are currently manufactured locally at a facility operated by Tata Motors in Pune, India.

As part of the "Refocus" transformation programme, underpinning our "Reimagine" strategy, 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 will enhance global sourcing, supported by our trading division and by continuing to develop suppliers from countries with a lower cost base. We also aim to increase the natural hedging of our substantial foreign currency exposures, where logical to do so, by developing low cost suppliers in markets to which we currently have substantial exposure, which can act as a complementary source of competitive advantage.

We aim for Jaguar to emerge as an all-electric brand from 2025 targeting a more luxurious segment of the market. The significant increase in the electrification of Land Rover products should enable the brand to capitalise on the fast growing BEV segment. In addition, we are aiming to increase our collaboration and partnerships both within the Tata Group (see "—Reimagine—Technology within") and with external organisations in a number of areas, including ADAS ("Advanced driver-assistance systems") and battery technologies, services, and connectivity.

Profitably: grow the business through capital investments

We continue to focus on profitably growing our strong globally recognised brands with continued investment in models, modular architectures, autonomous driving, connectivity, alternative propulsion and other technologies as well as shared mobility services and initiatives. In addition, notwithstanding our cash conservation through the peak of the COVID-19 pandemic, in order to meet customer aspirations and regulatory requirements, we continue to invest in the United Kingdom and internationally, to further develop technologies and products, and to compete in new and existing segments.

Our key strategic actions to improve profitability over the medium to long term include demand-led sales volume planning moderated to reflect revised market conditions, driving cost efficiencies and operating leverage across our business and selective investment plans to meet affordability criteria while remaining competitive and innovative. The outlook for the remainder of Fiscal 2022 remains uncertain as a result of the continuing shortage of semiconductor supply which is impacting our industry on a global scale. Based on our current outlook, we believe there will be a Free Cash Flow outflow of about £1 billion in the second quarter of Fiscal 2022. Our main areas of strategic focus in the near future are: the launch of the "Reimagine" strategy, supported by the "Refocus" transformation programme (targeting double digit margins by Fiscal 2026) and the launch of new and refreshed models on new vehicle architectures and the significant roll out of full battery electric vehicles supported by annual investment spending of approximately £2.5 billion. There can however be no assurance that we will achieve any of these targets, whether in the near, medium or long term and while we undertake no obligation to update our targets, we may change our targets from time to time. Actual results may differ materially from our targets. See "Forward-Looking Statements" in this Offering Memorandum on the risk and uncertainties affecting forward-looking statements. The occurrence of any of the risks and contingencies described under "Risk Factors—Risks Associated with Our Business—Our Reimagine strategy and/or "Refocus" transformation programme may not be successful or as successful as we expect," many of which are beyond our control and could have an immediate impact on our earnings and/or the probability of which may be exacerbated in the medium to long term, could have a material impact on our ability to realise some or all of our targets, whether within the timeframe described above or at all.

Based on our continuing overall performance and our cash and liquidity position, we plan to continue with our capital investment plans to develop new products in new and existing segments and invest in new and existing propulsion and other technologies, including to meet customer and regulatory requirements.

We continue to target funding most of our capital spending out of operating cash flow and in Fiscal 2021 free cash flow was positive £185 million. We monitor the economic environment and market demand as we plan our future capital spending. We expect that our strong balance sheet, including total cash and cash equivalents and financial deposits of £4,782 million as at 31 March 2021 and our five year committed credit facility of £1,935 million (which was upsized to £2,015 million in July 2021 and remains undrawn as of the date of this Offering Memorandum, and which will be replaced from July 2022 onwards by a £1,500 million facility maturing in March 2024 from July 2022 onwards) and £3 million of undrawn credit under the UK Fleet Financing Facility, resulting in Available Liquidity of £6,720 million, as well as proven access to funding from capital markets and banks, including through working capital funding and local funding programmes, will also support our investment plans as required.

In Fiscal 2021, total product and other investment was £2,343 million, the equivalent to 11.9% of our revenue for Fiscal 2021 (with 51.9% for R&D and 48.1% for expenditure on tangible and intangible assets such as research and development, product design and engineering technology). Our capital spending programme is primarily focused on R&D activities. In particular, we spend a significant amount on product development and technology development including, but not limited to, CO2 emissions technology, autonomous, connected and electrification and other propulsion technologies and innovative mobility solutions aiming to overcome and address future travel and transport challenges. Additionally, some of our capital spending is allocated to new and refreshed product launches and reconfiguring our manufacturing facilities, as necessary under the "Reimagine" strategy. A strong cash and liquidity position (as discussed under "Operating and Financial Review and Prospects—General Trends of Our Recent Performance") has supported our capital spending strategy over recent years. Total cash at the end of Fiscal 2021 was £4,782 million (24.2% of revenue), comprising cash and cash equivalents of £3,778 million and £1,004 million of financial deposits, as compared to total cash (comprising cash and cash equivalents and financial deposits) of £3,664 million at the end of Fiscal 2020 and £3,775 million at the end of Fiscal 2019.

Continue to 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 continue to invest in new technologies, including developing electric and other sustainable technologies to improve fuel economy and reduce CO2 emissions such as our collaboration with BMW to develop next-generation Electric Drive Units. We continue to develop autonomous, connected and electrification technologies, as well as investing in innovative mobility solutions aiming to overcome and address future travel and transport challenges. We are also developing a new modular longitudinal architecture and (native BEV) electric modular architecture for Land Rover and a dedicated BEV platform for Jaguar in an effort to optimise commonality among our vehicles, reduce complexity in vehicle architecture and bring flexibility to our production with greater economies of scale. Our architecture strategy is intended to allow the full range of our vehicles to be produced with pure battery electric propulsion technology, electrified internal combustion technology (hybrids) and, over the a shorter time horizon, conventional internal combustion engines. 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. Consistently with this objective we plan to continue to build on recent successful product launches such as the all-new Land Rover Defender, including the short wheel base 90 and commercial derivatives, as well as the launch of new and refreshed model year 2021 products, including the significant increase in electrified options across our model range now consisting of eight plug-in hybrids, 11 mild hybrids and the all-electric Jaguar I-PACE.

In line with this objective, we make from time to time early stage investments in automotive technology companies, and 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. In addition, our InMotion Ventures business unit invests in future transport and mobility solutions and focuses on developing innovative mobility solutions to overcome and address future travel and transport challenges. Please see "Our Business—Product Design, Technology and Research and Development."

Focus on environmental performance

Our strategy is to continue to invest in products and technologies that position us ahead of expected stricter environmental regulation and ensure that we benefit from a shift in consumer awareness of the environmental impact of the vehicles they drive. We focus on maintaining strong environmental performance and we aim to improve our local environmental operations. Our environmental vehicle strategy focuses on new propulsion technology, weight reduction, improved aerodynamics, reducing parasitic losses through the driveline and minimising energy consumption. In Fiscal 2021, we significantly increased our offering of electrified options across our model range, which now includes eight plug-in hybrid models, 11 mild hybrids and the all-electric Jaguar I-PACE.

We are a global leader in the use of aluminium and other lightweight materials to reduce vehicle weight and improve CO2 emissions and fuel efficiency. We plan to continue to build on this expertise and extend the application of aluminium construction as we develop new Jaguar and Land Rover products. The aluminium body architecture introduced on the Jaguar XE is also used in the Jaguar XF, the Jaguar F-PACE and the Range Rover Velar. The Land Rover Discovery uses the same lightweight architecture as the refreshed Range Rover and Range Rover Sport, as do the Land Rover Discovery and the all-new Land Rover Defender. Our lighter vehicles, powered by downsized, more efficient engines and alternative powertrains, have all contributed to our improved carbon footprint. As indicated above, we are planning to launch our new modular longitudinal and electric modular architecture, on which our future vehicles will be based.

Our strategy is to continue to develop more efficient powertrains and other technologies. The smaller and more efficient 2.0-litre Ingenium diesel and petrol engines are now available across the majority of our vehicles as well as a 6 cylinder 3.0-litre petrol and diesel Ingenium engine. We also have a 1.5-litre petrol engine that supports the plug-in hybrid variants of the all-new Range Rover Evoque, Land Rover Discovery Sport and the Jaguar E-PACE. The modular nature of our Ingenium engines allows for different engine configurations, allowing us to further expand our Ingenium family of engines.

We are taking measures to use resources responsibly, produce less waste and reduce our carbon footprint. In the United Kingdom and our newest plant in Slovakia, we have achieved our goal of zero waste direct to landfill from our core operations and we were certified as having carbon neutral operations with the Carbon Trust for UK manufacturing and product development operations in Fiscal 2019 and Fiscal 2020. In other markets, we aspire for similar targets where it is possible. We aim to improve the local market and capacity for zero waste and carbon neutral manufacturing operations and we aim to become net carbon neutral by 2039, targeting zero emissions not just in relation to vehicle emissions, but also emissions associated with our operations and supply. We also aim to have greater influence in the design and reuse of materials (including upstream supply chain) to fully consider the environmental impact of materials used in our business. We have introduced a portfolio of electrified products across our model range, embracing fully electric, plug-in hybrid and mild hybrid vehicles as well as continuing to offer the latest cleaner diesel and petrol engines.

Continue to improve vehicle quality

Quality is a key pillar of the “Refocus” transformation programme. 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 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 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 seek to implement corrections on an on-going basis to improve the performance of our vehicles.

Recent Developments

Revolving Credit Facility

In July 2021, our Revolving Credit Facility was upsized to £2,015 million. On 1 April 2021, we agreed upon the Forward Start Facility, which in July 2021 we agreed to upsize to £1,500 million (with 24 banks), to become available when the Revolving Credit Facility expires in July 2022. The new facility will be available in full until March 2024 and includes a covenant requiring us to maintain a minimum liquidity of £1 billion.

Trading Update

Retail Volumes

Retail sales have recovered in the first quarter of Fiscal 2022, with 124,537 vehicles being sold, a year-on-year increase of 68.1%. This applies to every key region, with year-on-year growth at 186.9% in the UK, 124% in Europe, 71% Overseas, 50.5% in North America and 14% in China. Sales of the new Land Rover Defender continued to climb with 17,194 vehicles retailed in the first quarter of Fiscal 2022. These results are primarily attributable to the continuing recovery in demand from the COVID-19 pandemic.

We have reported retail volumes for the three months ended 30 June 2021 as follows:

	Three months ended 30 June			
	2020	2021	Year-on-year Change	
	(units)			(%)
Global retail volumes (including sales from the China Joint Venture)	74,067	124,537	50,470	68.1%
Jaguar retail volumes:				
XE	4,562	4,369	(193)	(4.2)%
XF Sedan	1,858	2,480	622	33.5%
XF Sportbrake	88	162	74	84.1%
XJ	578	12	(566)	(97.9)%
F-TYPE	927	1,762	835	90.1%
E-PACE	3,593	7,374	3,781	105.2%
F-PACE	4,700	10,457	5,757	122.5%
I-PACE	2,481	2,536	55	2.2%
Total	**18,787**	**29,152**	**10,365**	**55.2%**
Land Rover retail volumes:				
Land Rover Defender(1)	2,182	17,194	15,012	688.0%
Land Rover Discovery Sport	10,659	12,910	2,251	21.2%
Land Rover Discovery	4,440	6,168	1,728	38.9%
Range Rover Evoque	11,168	17,622	6,454	57.8%
Range Rover Velar	7,161	12,382	5,221	72.9%
Range Rover Sport	11,607	16,809	5,202	44.8%
Range Rover	8,063	12,300	4,237	52.5%
Total	**55,280**	**95,385**	**40,105**	**72.5%**
Regional retail volumes:				
China	23,726	27,045	3,319	14.0%
Europe (excluding the United Kingdom and Russia)	11,527	25,815	14,288	124.0%
North America	20,833	31,357	10,524	50.5%
United Kingdom	8,252	23,679	15,427	186.9%
Overseas	9,729	16,641	6,912	71.0%
Total	**74,067**	**124,537**	**50,470**	**68.1%**
Retail volumes from our China Joint Venture (included above)(2)	*14,083*	*14,812*	*729*	*5.2%*

(1) The production of the new Land Rover Defender started in January 2020.

(2) The volumes from our China Joint Venture are included.

Wholesale Volumes

Wholesales were up by 72.6% year-on-year in the first quarter of Fiscal 2022, at 84,442 units. However, this was about 30,000 units lower than otherwise would have been planned as a result of semiconductor supply constraints and the impacts of the COVID-19 pandemic.

We have reported wholesale volumes for the three months ended 30 June 2021 as follows:

	Three months ended 30 June			
	2020	2021	Year-on-year Change	
	(units)		(%)	
Global wholesale volumes	48,912	84,442	35,530	72.6%
Regional wholesale volumes:				
China	8,596	12,726	4,130	48.0%
Europe (excluding the United Kingdom and Russia)	11,041	18,207	7,166	64.9%
North America	10,692	23,687	12,995	121.5%
United Kingdom	9,064	14,962	5,898	65.1%
Overseas	9,519	14,860	5,341	56.1%
Total	**48,912**	**84,442**	**35,530**	**72.6%**

At the end of the three months ended 30 June 2021, we had about £3.7 billion of cash and cash equivalents and short-term investments. Based on this and broadly in line with expectations given the supply constraints, we expect to report a Free Cash Flow outflow of about £1 billion with a negative Adjusted EBIT margin for the quarter and a substantial improvement in underlying operating cashflow (before exceptional restructuring charges as part of the "Reimagine" strategy) in the second half of the financial year as chip supply improves. Available Liquidity at the end of the first quarter was over £5.6 billion, including the Revolving Credit Facility.

The chip shortage is presently very dynamic and looking ahead it is difficult to forecast. Based on recent input from suppliers, we now expect chip supply shortages in the second quarter of Fiscal 2022 to be greater than in the first quarter and potentially resulting in wholesale volumes about 50% lower than planned, although we are continuing to work to mitigate this. We expect the situation will start to improve in the second half of our financial year. However, the broader underlying structural capacity issues will only be resolved as supplier investment in new capacities comes online over the next 12-18 months and so we expect some level of shortages will continue through to the end of the year and beyond. While the present supply constraints continue, we will continue to prioritise production of higher margin vehicles for the chip supply available as well as make chip and product specification changes where possible to reduce the impact of the chip shortage.

We continue to see strong demand for our products when semiconductor supply ultimately improves. We presently have approximately 110,000 global retail orders, the highest in our history, representing three months of sales cover, with five months of sales cover in Europe and four months in the UK. Orders for the new Land Rover Defender alone total 29,000, representing over four months cover.

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 telephone number of the Issuer is + 44 (0) 2476 303 080 and the website of the Issuer is www.jaguarlandrover.com.

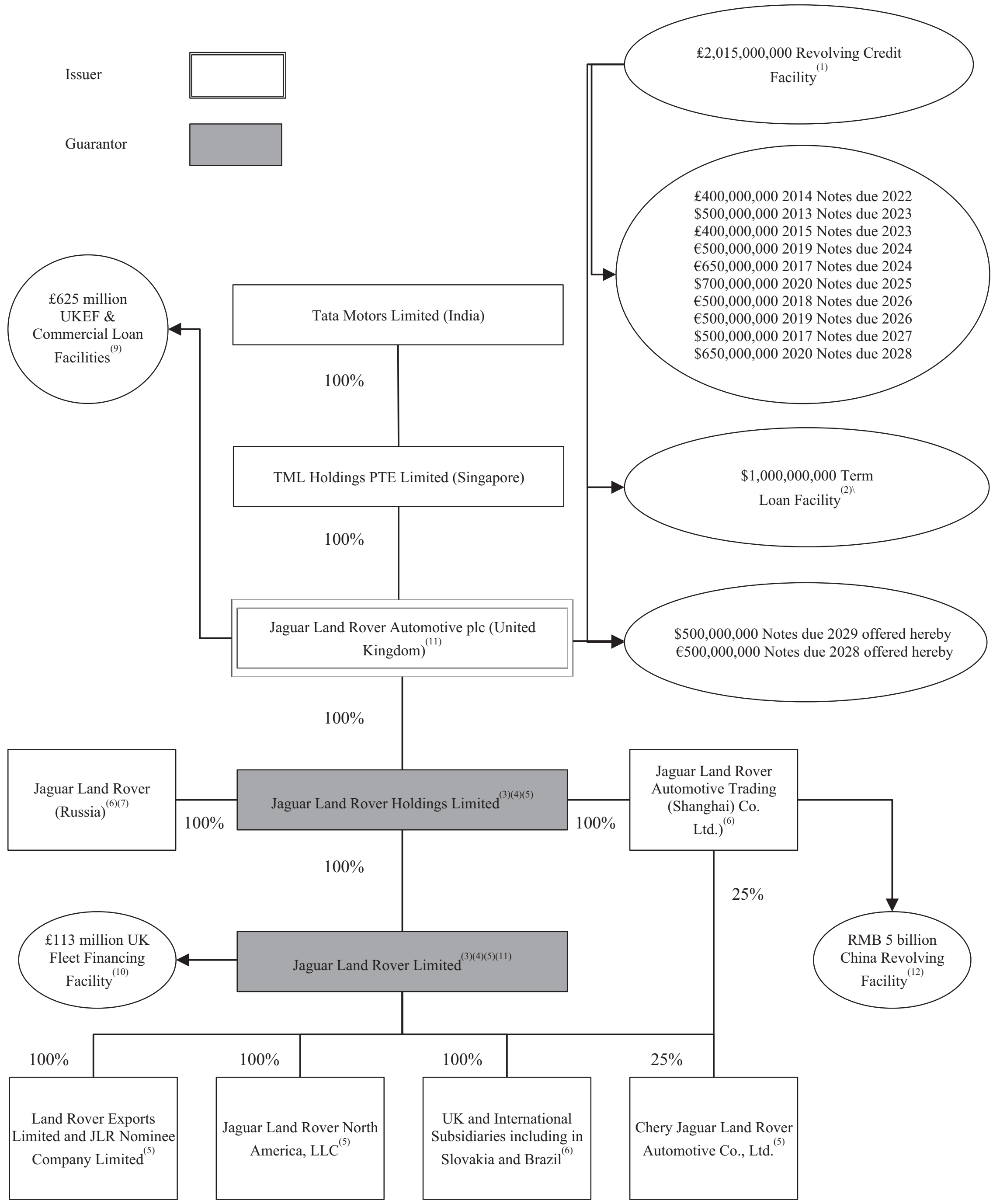
The Guarantors

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

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

CORPORATE AND FINANCING STRUCTURE

The following diagram gives a simplified overview of the corporate and financing structure of the Issuer and its subsidiaries, after giving *pro forma* effect to the offering of the Notes hereby. 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, and since our entry into in the Revolving Credit Facility in 2015, the Revolving Credit Facility remains 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. On 1 April 2021, we agreed upon the Revolving Credit Facility, which we agreed to upsize to £1,500 million in July 2021, to become available when the existing facility expires in July 2022. The new facility will be available in full until March 2024 and includes a covenant requiring us to maintain a minimum liquidity of £1 billion.

(2) Represents the $1.0 billion term loan facility provided under an agreement entered into on 17 October 2018 and fully drawn as of the date of this Offering Memorandum. See "Description of Other Indebtedness—US$1.0 billion Term Loan Facility."

(3) Jaguar Land Rover Limited is directly responsible for the UK defined benefit pension plans. Jaguar Land Rover Holdings Limited has also given guarantees to the pension trustee of Jaguar Land Rover Limited's liabilities under the plans.

(4) We estimate that the Guarantors accounted for 84.7% of the aggregated total assets, 53.5% of the aggregated net assets and 28.8% of revenue of Jaguar Land Rover Automotive plc and its consolidated subsidiaries as at and for the twelve months ended 31 March 2021, excluding intragroup assets and transactions.

(5) As at 31 March 2021, indebtedness of our subsidiaries that will not initially guarantee the Notes consisted of £836 million of debt (primarily the RMB 5 billion China Revolving Facility (£554 million equivalent as at 31 March 2021) and IFRS 16 lease liabilities). 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 but all of whom are guarantors with respect to the January 2013 Notes) accounted for 6.6% of the aggregated total assets and 23.8% of revenue of Jaguar Land Rover Automotive plc and its consolidated subsidiaries as at 31 March 2021. Both Land Rover Exports Limited and JLR Nominee Company Limited are currently dormant subsidiaries.

(6) This corporate and financing structure chart has been condensed and is not intended to be a comprehensive presentation of our indirect subsidiaries. We have established subsidiaries in a number of countries including India, Slovakia, Brazil, Singapore, Colombia and Mexico.

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

(8) As part of our joint venture with Chery, we have established a joint venture company in China called Chery Jaguar Land Rover Automotive Co., Ltd. As at 31 March 2021, we owned 50% of the share capital of Chery Jaguar Land Rover Automotive Co., Ltd. through our subsidiaries Jaguar Land Rover (China) Investment Co., Ltd. (25%) and Jaguar Land Rover Limited (25%). The remaining 50% is held by Chery. Please see "Our Business—China Joint Venture."

(9) Represents the £625 million five-year amortising loan facilities entered into in October 2019 and supported by a £500 million guarantee from UK Export Finance and fully drawn on 23 October 2019. The agreement governing the UKEF & Commercial Loan Facilities contains various undertakings including a financial covenant and a restriction on dividends and other restricted payments. See "Description of Other Indebtedness—UKEF & Commercial Loan Facilities." The amount outstanding under the UKEF & Commercial Loan Facilities is equal to £416.7 million.

(10) Represents the £113 million working capital facility for fleet buybacks, initially entered into in October 2019, as subsequently amended, with £70 million drawn as of the date of this Offering Memorandum. See "Description of Other Indebtedness—£113 million UK Fleet Financing Facility."

(11) The $499.975 million invoice discounting committed facility agreement entered into in March 2021 is not included in the corporate and financing structure diagram of the Issuer as it is a non-recourse receivable financing which is not treated as indebtedness. As at 31 March 2021, Jaguar Land Rover Limited (a subsidiary of the Issuer) had sold £278 million equivalent of receivables under the Invoice Discounting Facility. See "Operating and Financial Review and Prospects—Off-Balance Sheet Arrangements, Contingencies and Commitments—Off-balance sheet arrangements."

(12) Represents the three year (subject to annual review) RMB 5 billion (£554 million equivalent as at 31 March 2021) working capital loan facility entered into in June 2020 by Jaguar Land Rover (China) Investment Co., our wholly owned Chinese subsidiary, and fully drawn as of the date of this Offering Memorandum.

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 terms 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	$500,000,000 aggregate principal amount of 5.500% senior unsecured notes due 2029 (the "Dollar Notes") and €500,000,000 aggregate principal amount of 4.500% senior unsecured notes due 2028 (the "Euro Notes").
Maturity	15 July 2029 for the Dollar Notes and 15 July 2028 for the Euro Notes.
Issue Date	The Notes will be issued on 14 July 2021.
Interest	5.500% per annum for the Dollar Notes and 4.500% per annum for the Euro Notes, in each case, payable semi-annually in arrears on each of 15 January and 15 July beginning on 15 January 2022. Interest on the Notes will accrue from and including the Issue Date.
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 and 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 and the Note Guarantees, as applicable, which include the Existing Notes and the guarantees thereof; • 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 the Note Guarantees, 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.

Denominations	The Dollar Notes will be issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Euro Notes will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.
Optional Redemption	At any time and from time to time prior to 15 July 2024, with respect to the Dollar Notes, and at any time and from time to time prior to 2024, with respect to the Euro Notes, the Issuer may redeem all or part of such Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the dates of redemption, plus a premium, as described under "Description of the Notes—Optional Redemption of the Notes prior to 15 July 2024." • At any time and from time to time on or after 15 July 2024, the Issuer may also redeem all or part of each series of the Notes at the redemption prices listed under "Description of the Notes—Optional Redemption of the Notes on or after 15 July 2024." • At any time and from time to time prior to 15 July 2024, the Issuer may redeem up to 40% of the aggregate principal amount of the Dollar Notes and/or up to 40% of the aggregate principal amount of the Euro Notes with the net cash proceeds of certain equity offerings at the redemption price listed under "Description of the Notes—Optional Redemption of the Notes upon an Equity Offering." For a more detailed description, please see "Description of the Notes—Optional Redemption."
Additional Amounts; Tax Redemption	All payments in respect of the Notes or the Note Guarantees made by the Issuer or any Guarantor will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer or relevant Guarantor will pay additional amounts so that the net amount each holder of the Notes receives is no less than the holder would have received in the absence of such withholding or deduction. Please see "Description of the Notes—Additional Amounts." If certain changes in the law of any relevant taxing jurisdiction become effective that would impose withholding taxes or other deductions on the payments on the Notes, and, as a result, the Issuer or the relevant Guarantor is required to pay additional amounts with respect to such withholding taxes, the Issuer may redeem each series of 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 Repurchase Event	Upon the occurrence of a Change of Control Repurchase Event (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: • create liens; • transfer or sell all or substantially all 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.
Transfer Restrictions	We have not registered the Notes or the Note Guarantees under the US Securities Act. You may only offer or sell Notes in a transaction exempt from or not subject to the registration requirements of the US Securities Act. Please see "Notice to Investors."
Use of Proceeds	We intend to use the net proceeds from the issue and sale of the Notes for general corporate purposes. Please see "Use of Proceeds."
Trustee, Paying Agent, Transfer Agent and Registrar	Citibank, N.A., London Branch.
Listing	The Notes will be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market thereof (the "Euro MTF Market"). There is no assurance that the Notes will remain listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof. The Euro MTF Market is not a regulated market for the purposes of MiFID II.
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 tables set out our 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 2021, 2020 and 2019 from the Consolidated Financial Statements included elsewhere in this Offering Memorandum. Please see "Presentation of Financial and Other Data."

The Consolidated Financial Statements were prepared in accordance with IFRS. The summary financial data and other data should be read in conjunction with "Presentation of Financial and Other Data—IFRS," "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 results.

With effect from 1 April 2019, we implemented IFRS 16. The 2020 Consolidated Financial Statements and the 2021 Consolidated Financial Statements, included elsewhere in this Offering Memorandum, give effect to the adoption of IFRS 16. The new standard replaces the previous accounting standard, IAS 17—Leases and the related interpretations under IFRIC 4—Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases—Incentives and SIC 27—Evaluating the Substance of the Transactions Involving the Legal Form of a Lease interpretations. We have applied IFRS 16 exemptions for short-term leases and leases of low value items. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term or using another systematic basis. All leases will be recognised on the balance sheet with a right-of-use asset capitalised and depreciated over the estimated lease term together with a corresponding liability that will reduce over the same period with an appropriate interest charge recognised.

We chose to adopt the modified retrospective approach on transition to IFRS 16. The cumulative impact of the first-time application of IFRS 16 is recognised as an adjustment to opening equity at 1 April 2019. Under the modified retrospective approach on transition the comparative financial statements contained in this Offering Memorandum will not be restated. The impact of the first-time application of IFRS 16 as at 1 April 2019 is the recognition of right-of-use assets of £548 million and lease liabilities of £499 million. In addition, £27 million has been reclassified from property, plant and equipment to right-of-use assets in respect of assets previously held under finance leases. As at the date of initial application, there was a £23 million reduction in net assets (net of tax). When measuring lease liability, we discounted lease payments using our incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 7.9%. For more information about our application of IFRS 16, see Note 2 to the 2020 Consolidated Financial Statements and Note 37 to the 2021 Consolidated Financial Statements.

For more information about our application of IFRS 15 and IFRS 9, see Note 2 to the 2020 Consolidated Financial Statements.

In this Offering Memorandum, we have included references to certain non-IFRS measures, including Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, Available Liquidity, free cash flow, net cash/(debt), profit/(loss) before tax and exceptional items and total product and other investment. Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, Available Liquidity, free cash flow, net cash/(debt), profit/(loss) before tax and exceptional items and total product and other investment are not IFRS measures and should not be construed as an alternative to any IFRS measure such as revenue, gross profit, other income, net profit or net cash used generated from/(used in) operating activities. We believe that Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, free cash flow, net cash/(debt), profit/(loss) before tax and exceptional items and total 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 Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, free cash flow, net cash/(debt), profit/(loss) before tax and exceptional items and total product and other investment as reported by us to Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, free cash flow, net cash/(debt), profit/(loss) before tax and exceptional items and total product and other investment, or adjusted variations of Adjusted EBITDA, of other companies. Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin, free cash flow, net cash/(debt), profit/(loss) before tax and exceptional items and total product and other investments have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations in respect of Adjusted EBIT, Adjusted EBIT margin and Adjusted EBITDA include the following: (i) Adjusted EBIT, Adjusted EBIT margin and Adjusted EBITDA does not reflect our capital expenditures or capitalised product development costs, our future requirements for capital expenditures or our contractual commitments; (ii) Adjusted EBIT, Adjusted EBIT margin and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; (iii) Adjusted EBIT, Adjusted EBIT margin and Adjusted EBITDA do not reflect the interest expense, or the cash requirements necessary, to service interest or principal payments on our debt; (iv) although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements that would be required for such replacements; and (v) Adjusted EBIT, Adjusted EBIT margin and Adjusted EBITDA exclude the impact of exceptional items and one time reserves and charges. During the second quarter of Fiscal 2021 we revised our definitions of Adjusted EBITDA, Adjusted EBIT and free cash flow and present these measurements for all historical periods included herein using our new definitions. Please see “Presentation of Financial and Other Data—Non-IFRS Financial Measures.”

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, engines, transmissions 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		
	2019[a]	**2020[a]**	**2021[a]**
		(£ in millions)	
Income Statement and Statement of Comprehensive Income Data:			
Revenue	24,214	22,984	19,731
Material and other cost of sales*	(15,670)	(14,684)	(12,335)
Exceptional items	(3,271)**	(29)***	(1,523)****
Employee cost*	(2,820)	(2,568)	(2,141)
Other expenses*	(5,567)	(5,238)	(3,589)
Internally generated intangible assets [1]	1,576	1,369	727
Other income[2]	205	174	195
Depreciation and amortisation[3]	(2,164)	(1,910)	(1,976)
Foreign exchange gain/(loss) and fair value adjustments	(59)	(249)	331
Finance income	35	52	11
Finance expense (net)	(111)	(209)	(251)
Share of profit/(loss) from equity accounted investments	3	(114)	(41)
(Loss) before tax	**(3,629)**	**(422)**	**(861)**
Income tax (expense)/credit	308	(47)	(239)
(Loss) for the period	**(3,321)**	**(469)**	**(1,100)**

	Fiscal year ended and as at 31 March		
	2019[a]	2020[a]	2021[a]
	(£ in millions)		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	(270)	983	(751)
Income tax related to items that will not be reclassified	38	(155)	143
Items that may be reclassified subsequently to profit or loss:			
Gain/(loss) on cash flow hedges (net)	(105)	304	546
Currency translation differences	(4)	21	(41)
Income tax related to items that may be reclassified	19	(57)	(103)
Total comprehensive (expense)/income attributable to shareholders	**(3,643)**	**627**	**(1,306)**
Balance Sheet Data (at period end):			
Intangible assets	**5,627**	**6,278**	**5,387**
Total non-current assets	**13,430**	**15,270**	**13,499**
Total current assets	**9,639**	**8,834**	**9,672**
Total assets	**23,069**	**24,104**	**23,171**
Total current liabilities	**10,752**	**9,858**	**10,159**
Total non-current liabilities	**6,338**	**7,690**	**7,749**
Total liabilities	**17,090**	**17,548**	**17,908**
Equity attributable to shareholder	**5,973**	**6,548**	**5,254**
Non-controlling interests	6	8	9
Total equity	**5,979**	**6,556**	**5,263**

	Fiscal year ended and as at 31 March		
	2019	2020	2021
	(£ in millions)		
Cash Flow Data:			
Net cash generated from operating activities	2,253	2,314	2,326
Net cash (used in) from investing activities	(2,278)	(3,177)	(1,469)
Net cash generated from financing activities	173	329	812
Effect of foreign exchange on cash and cash equivalents	(27)	58	(162)
Cash and cash equivalents at the end of period	2,747	2,271	3,778
Other Financial Data:			
Adjusted EBIT*****[4]	(167)	26	514
Adjusted EBITDA*****[5]	1,994	2,050	2,531
Capitalised expenditure (excluding product development expenditure)	1,796	1,366	1,080
Capitalised product development expenditure[6]	1,579	1,426	769
Net cash/(debt) (at period end)[7]	(736)	(2,220)	(1,915)
Free cash flow******[8]	(1,296)	(759)	185
Total product and other investment[9]	3,810	3,294	2,343
Profit/(loss) before tax and exceptional items[10]	(358)	(393)	662
Ratio of Adjusted EBITDA to *pro forma* net interest expense[11]	—	—	9x
Ratio of pro forma net debt to Adjusted EBITDA	—	—	0.8x

(a) Certain items are restated. We have been presenting gains and losses on effective cash flow hedges of inventory in the statement of other comprehensive income and expense as “not to be reclassified to income statement.” With wider industry practice emerging, clearer guidance now being available and with the present economic situation due to COVID-19, we have changed the presentation of these effective cash flow hedges of inventory to “may be reclassified to income statement,” from year ended 31 March 2021 and accordingly reclassified the comparative amounts for the prior periods. The change in presentation is within the statement of other comprehensive income and expense and does not affect net income.

* “Material and other cost of sales,” “Employee costs” and “Other expenses” exclude exceptional items explained in note (1) below.

** This includes an impairment of £3,105 million. See "Presentation of Financial and Other Data—Internal Controls."

*** This mainly relates to restructuring costs and past service costs.

**** This includes asset write-downs of £952 million and £534 million of restructuring costs in relation to models cancelled under our "Reimagine" strategy. See "Operating and Financial Review and Prospects—Results of Operations—Fiscal 2021 compared to Fiscal 2020—Exceptional Items."

***** During Fiscal 2021, the definitions of Adjusted EBIT and Adjusted EBITDA were amended to exclude foreign exchange gains and losses on revaluation of other assets and liabilities, including short-term deposits and cash and cash equivalents. Adjusted EBITDA and Adjusted EBIT for Fiscal 2019 and Fiscal 2020 have been restated for the change in definitions of "Adjusted EBITDA" and "Adjusted EBIT."

****** During the second quarter of Fiscal 2021, the definition of "free cash flow" was revised to exclude non-automotive investments and net investments in equity and debt investments held at fair value, which are deemed more financial investment in nature. The definition was also amended to exclude foreign exchange gains/losses on short-term deposits and cash and cash equivalents, therefore ensuring more consistent treatment since revaluation of other current assets and liabilities is already excluded. Free cash flow for Fiscal 2019 and Fiscal 2020 has been restated to reflect our new definition of "free cash flow."

(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 £421 million, £421 million and £489 million in the years ended 31 March 2019, 2020 and 2021, respectively.

(2) Other income includes the net impact of commodity derivatives, which were a gain of £9 million, a loss of £74 million and a gain of £137 million in the years ended 31 March 2019, 2020 and 2021, respectively. From Fiscal 2020 onwards, the net impact of commodity derivatives have been presented in foreign exchange gain/(loss) and fair value adjustments. These were a gain of £331 million in the year ended 31 March 2021 and a loss of £249 million in the year ended 31 March 2020.

(3) Depreciation and amortisation include, among other things, the amortisation attributable to the capitalised cost of product development relating to new vehicle platforms, engines, transmissions and new products. The amount of amortisation attributable to capitalised product development costs for Fiscal 2019, Fiscal 2020 Fiscal 2021 was £967 million, £788 million and £896 million, respectively.

(4) We have defined Adjusted EBIT as Adjusted EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortisation. Adjusted EBIT 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 Adjusted EBIT in a manner that is different from ours. An Adjusted EBIT reconciliation is included below.

(5) We have defined Adjusted EBITDA as profit before income tax expense; exceptional items; finance expense (net of capitalised interest) and finance income; gains/losses on debt and unrealised derivatives, realised derivatives entered into for the purpose of hedging debt, and equity or debt investments held at fair value; foreign exchange gains/losses on other assets and liabilities, including short-term deposits and cash and cash equivalents; share of profit/loss from equity accounted investments; depreciation and amortisation. During Fiscal 2021, the definitions of Adjusted EBIT and Adjusted EBITDA were amended to exclude foreign exchange gains and losses on revaluation of other assets and liabilities, including short-term deposits and cash and cash equivalents. Adjusted 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 Adjusted EBITDA in a manner that is different from ours. Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered an alternative to cash flow generated from/ (used in) operating activities or as a measure of liquidity or an alternative to profit/(loss) on ordinary activities as indicators of operating performance or any other measures of performance derived in accordance with IFRS. The reconciliation of Adjusted EBIT and Adjusted EBITDA to our profit for the period line item is:

	Fiscal year ended and as at 31 March		
	2019	2020	2021
	(£ in millions)		
(Loss) for the period	(3,321)*	(469)	(1,100)***
Add back/(less) income tax credit/(expense)	(308)	47	239
Add back exceptional items[(a)]	3,271	29	1,523

	Fiscal year ended and as at 31 March		
	2019	2020	2021
	(£ in millions)		
(Less)/add back foreign exchange loss/(gain) and fair value adjustments—loans[(b)]	45	135	(314)
(Less)/add back foreign exchange /loss/(gain)—economic hedges of loans[(c)]	18	(29)	143
(Less)/add back foreign exchange (gain)/loss—derivatives[(d)]	31	(15)	(14)
(Less)/add back foreign exchange (loss)/gain on balance sheet, cash and deposits revaluation[(e)]	13	50	(64)
Add back/(less) unrealised commodity (gain)/loss	34	78	(137)
(Less) finance income	(35)	(52)	(11)
Add back finance expense (net)	111	209	251
Fair value loss/(gain) on equity investment	(26)	43	(2)
Adjusted EBIT**	**(167)**	**26**	**514**
Add back depreciation and amortisation	2,164	1,910	1,976
(Less)/add back share of (profit)/loss from equity accounted investments	(3)	114	41
Adjusted EBITDA**	**1,994**	**2,050**	**2,531**

* This includes an impairment of £3,105 million for the year ended 31 March 2019. See "Presentation of Financial and Other Data—Internal Controls."

** During the second quarter of Fiscal 2021, the definitions of Adjusted EBIT and Adjusted EBITDA were amended to exclude foreign exchange gains and losses on revaluation of other assets and liabilities, including short-term deposits and cash and cash equivalents. Adjusted EBITDA and Adjusted EBIT for Fiscal 2019 and Fiscal 2020 have been restated for our new definitions of "Adjusted EBITDA" and "Adjusted EBIT."

*** This includes asset write-downs of £952 million and £534 million of restructuring costs in relation to models cancelled under our "Reimagine" strategy. See "Operating and Financial Review and Prospects—Results of Operations—Fiscal 2021 compared to Fiscal 2020—Exceptional Items."

(a) For the year ended 31 March 2019 this mainly related to impairment charge and restructuring costs. For the year ended 31 March 2020 this mainly related to restructuring costs and past service costs. For the year ended 31 March 2021 this mainly related to asset write-downs and restructuring costs.

(b) Relates to foreign exchange (gain)/loss on debt not designated in a hedging relationship and any ineffectiveness arising from designated debt hedging relationships.

(c) Relates to (gain)/loss on foreign currency derivatives entered into to offset foreign exchange on certain foreign currency debt.

(d) Relates to foreign exchange gain/loss on derivatives excluded from Adjusted EBITDA and not included elsewhere in this reconciliation.

(e) Relates to foreign exchange gain/loss on foreign currency monetary items held on the balance sheet, excluding debt and derivatives.

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

(7) We have defined net cash/(debt) as cash and cash equivalents plus short-term deposits less total balance-sheet borrowings, which includes secured and unsecured borrowings and factoring facilities. The reconciliation for our net cash/(debt) line item is set out below:

	As of 31 March		
	2019	2020	2021
	(£ in millions)		
Cash and cash equivalent	2,747	2,271	3,778
Short-term deposits	1,028	1,393	1,004
Interest-bearing loans and borrowings*	**(4,511)**	**(5,884)**	**(6,697)**
Net cash/(debt)	**(736)**	**(2,220)**	**(1,915)**

* The $499.975 million invoice discounting committed facility agreement entered into on 26 March 2019 is not reflected in the amount of total borrowings as it is a non-recourse receivable financing which is not treated as indebtedness. As at 31 March 2021, Jaguar Land Rover Limited (a subsidiary of the Issuer) had sold £278 million equivalent of receivables under the Invoice Discounting Facility. See "Operating and Financial Review and Prospects—Off-Balance Sheet Arrangements, Contingencies and Commitments—Off-balance sheet arrangements."

(8) Free cash flow reflects net cash generated from operating activities less net cash used in automotive investing activities, excluding investments in consolidated entities and movements in financial investments, and after finance expenses and fees paid. Financial investments are those reported as Cash and Cash Equivalents, Short Term Deposits and Other Investments, and equity or debt investments held at fair value. During the second quarter of Fiscal 2021, we revised the definition of "free cash flow" to exclude non-automotive investments and net investments in equity and debt investments held at fair value, which are deemed more financial investment in nature. The definition was also amended to exclude foreign exchange gains/losses on short-term deposits and cash and cash equivalents, therefore ensuring more consistent treatment since revaluation of other current assets and liabilities is already excluded. The reconciliation for our free cash flow line item using the amended definition for all periods is set out below:

	Fiscal year ended 31 March		
	2019	**2020**	**2021**
	(£ in millions)		
Net cash generated from operating activities	2,253	2,314	2,326
Purchase of property, plant and equipment	(1,590)	(1,281)	(1,050)
Net cash outflow relating to intangible asset expenditure	(1,785)	(1,511)	(799)
Proceeds from sale of property, plant and equipment	2	1	8
Investment in equity accounted investees	—	(67)	(1)
Acquisition of subsidiaries (net of cash acquired)	—	(3)	—
Finance expenses and fees paid	(210)	(262)	(313)
Finance income received	34	50	14
Free cash flow*	**(1,296)**	**(759)**	**185**

* Free cash flow for Fiscal 2019 and Fiscal 2020 has been restated for our new definition of "free cash flow." Under our former definition, free cash flow for Fiscal 2019 was equal to £(1,265) million and for Fiscal 2020 was equal to £(702) million.

(9) Total product and other investment reflects cash used in the purchase of property, plant and equipment, intangible assets, investments in subsidiaries, equity accounted investments and other trading investments, and expensed research and development costs. The reconciliation for our total and other investment line item is set out below:

	Fiscal year ended 31 March		
	2019	**2020**	**2021**
	(£ in millions)		
Purchases of property, plant and equipment	1,590	1,281	1,050
Net cash outflow relating to intangible asset expenditure	1,785	1,511	799
R&D Expensed	421	421	489
Investments in equity accounted investments	—	67	1
Purchases of other investments	14	11	4
Acquisitions of subsidiaries	—	3	—
Total product and other investment[(a)]	3,810	3,294	2,343

(a) Total 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.

(10) The reconciliation of profit/(loss) before tax and exceptional items to our profit (loss) for the period is:

	Fiscal year ended and as at 31 March		
	2019	**2020**	**2021**
	(£ in millions)		
(Loss) for the period	(3,321)*	(469)	(1,100)**
Add back/(less) income tax credit/(expense)	(308)	47	239
Add back exceptional items	3,271	29	1,523
Profit/(loss) before tax and exceptional items	**(358)**	**(393)**	**662**

* This includes an impairment of £3,105 million for the year ended 31 March 2019. See "Presentation of Financial and Other Data—Internal Controls."

** This includes asset write-downs of £952 million and £534 million of restructuring costs in relation to models cancelled under our "Reimagine" strategy. See "Operating and Financial Review and Prospects—Results of Operations—Fiscal 2021 compared to Fiscal 2020—Exceptional Items."

(11) Pro forma net interest expense reflects our net interest expense for the year ended 31 March 2021 as if the offering of the Notes hereby and repayment of other debt after 31 March 2021 had occurred on 1 April 2020.

RISK FACTORS

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

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

Risks Associated with the Automotive Industry

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

The global automotive industry could be materially affected by the general economic conditions and developments around the world and investors' reaction to global economic conditions and developments.

The automotive industry, in general, is cyclical, and economic slowdowns in recent years have affected the manufacturing sector, including the automotive and related industries. Deterioration of key economic metrics, such as the growth rate, interest rates and inflation, reduced availability of competitive financing rates for vehicles, implementation of burdensome environmental and tax policies, work stoppages and increase in freight rates and fuel prices could materially and adversely affect our automotive sales and results of operations. Deterioration in key economic metrics in countries where we have sales operations may result in a decrease in demand for our automobiles, which, in turn, cause automobile prices and manufacturing capacity utilisation rates to fall. We are a global organisation and are therefore vulnerable to shifts in global trade and economic policies and outlook. Policies that result in countries withdrawing from trade pacts, increasing protectionism and undermining free trade could substantially affect our ability to operate as a global business. Additionally, negative sentiment towards foreign companies among our overseas customers and employees could adversely affect our sales as well as our ability to hire and retain talented people. A negative shift in either policies or sentiment with respect to global trade and foreign businesses could have a material adverse effect on our business, prospects, results of operations and financial condition.

In the event global economic recovery is slower than expected, or if there is any significant financial disruption, this could have a material adverse effect on our cost of funding, portfolio of financing loans, business, prospects, results of operations and financial condition.

In July 2020, the United States-Mexico-Canada Agreement came into force. Potential governmental actions related to tariffs or international trade agreements have the potential to adversely impact demand for our products, our costs, customers, suppliers and/or the North American economy or world economy or certain sectors thereof and, thus, our business.

We have significant operations in the United Kingdom, North America, continental Europe and China, as well as sales operations in markets across the globe. If automotive demand softens because of lower or negative economic growth in key markets or due to other factors, our business, prospects, financial condition and results of operations could be materially and adversely affected as a result. In addition, there is uncertainty as to whether changes to laws and policies governing international trade, tariffs and duties on foreign vehicle imports will be introduced, which could have a material adverse effect on our financial condition and results of operations.

We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operations.

COVID-19 is present throughout the world, and the World Health Organization declared the COVID-19 outbreak a pandemic in March 2020. Whilst effective treatments and vaccines have been developed, as of the date of this Offering Memorandum, there is uncertainty as to how effective the deployment will be on a global scale. The COVID-19 pandemic and associated governmental responses have adversely affected workforces, consumer sentiment, economies and financial markets. Such adverse effects, along with decreased consumer spending, led to a global economic downturn. As a result of its duration and impact, the COVID-19 pandemic had a significant adverse impact on us and has also exacerbated other risks that we face.

The COVID-19 pandemic has spread across all of our key regions, including the United Kingdom, China, North America and continental Europe, from which we derive the substantial majority of our revenues. Governments imposed travel bans, quarantines, lockdowns, "stay-at-home" orders, and similar mandates on individuals to substantially restrict daily activities and on many businesses to curtail or cease normal operations. Such measures, though temporary in nature, may continue or be re-enacted depending on the development of the COVID-19 pandemic, as evidenced by the several re-introductions of lockdown measures in the UK and other countries as a result of higher infection rates. Further, some countries are facing setbacks to fully reopen their economies as governments exercise caution in light of the possibility of successive waves and new strains of COVID-19. These measures have severely impacted economic activity across the globe, resulting in the major economies facing the risk of significant and unprecedented economic downturns and recession. There remains uncertainty about the extent, speed and regional differences in recovery including any longer-term impacts on our business and the possibility of successive waves of the COVID-19 pandemic. There is a risk that widespread strict social distancing measures or lockdowns may continue to be reintroduced in the future even though effective treatments or vaccines have been effectively deployed to populations around the globe. The COVID-19 pandemic, as well as efforts to contain it, caused significant economic and financial disruptions around the world, including disruption to manufacturing operations, logistics and global supply chains and financial markets. Our focus has been on conserving cash and prioritising capital expenditure on key products.

As a result of the COVID-19 pandemic, we enacted temporary plant shutdowns and implemented work-from-home protocols for employees who were able to work remotely in various jurisdictions, including the United Kingdom, to ensure public safety and to comply with government guidelines in various geographies. These shutdowns have caused, and any future shutdowns may cause, disruptions in the business and negative effects on our cash flows, primarily because the operations realised less revenue during shutdowns while continuing to incur costs. Any disruptions to our manufacturing operations and losses in vehicle production could result in delays to both retailer and customer delivery, and potential delays or loss of revenue in key regions including China, through loss of sales. Many of our employees have returned to our sites, where practical to do so, supported by work-from-home and other arrangements. We are undertaking a "demand-led" restart to our operations with a focus on producing vehicles in line with customer demand and rationalising the use of our resources accordingly.

There is significant uncertainty surrounding such business disruptions, as continued cross-border restrictions could adversely affect our supply chains globally. We, like other automotive manufacturers, are currently experiencing some supply chain disruption due to the COVID-19 pandemic, including the global availability of semiconductors, which impacted production schedules and the ability to meet global demand for some of our vehicles. As a result, we adjusted production schedules for certain vehicles and our Castle Bromwich and Halewood manufacturing plants are operating for a limited period. Although we have restored operations at our production facilities, our manufacturing rates and timelines may nonetheless be affected by global economic markets, the decrease in consumer confidence or changing behaviours such as working from home arrangements, which could impact demand in the global transportation and automotive industries. The extent and impact of changing consumer preferences and behaviour is unknown and impossible to predict at this time.

The economic slowdown attributable to the COVID-19 pandemic led to a severe decrease in global vehicle sales in markets around the world, notably in the fourth quarter of Fiscal 2020 and the first quarter of Fiscal 2021 before partially recovering through from the second quarter to the fourth quarter of Fiscal 2021, however, the extent of recovery is still uncertain. Moreover, as a result of the restrictions imposed by governments in affected countries and negative consumers' reaction to the COVID-19 pandemic in general, showroom traffic at our dealers dropped significantly in Fiscal 2021 and many dealers temporarily ceased operations, thereby reducing dealers' demands for our products. As at 31 March 2021, substantially all of our global dealers were open fully or partially.

The COVID-19 pandemic and the resulting business disruptions in several jurisdictions where we operate had a material adverse impact on our operations, liquidity, business, financial conditions and/or credit ratings. Any future impact on our business may take some time to materialise and may not be fully reflected in the results for Fiscal 2021. Even as the COVID-19 pandemic has largely subsided in most of our key regions, we may continue to experience an adverse impact to our business as a result of its global economic impact, including any recession that has occurred or may occur. Specifically, difficult macroeconomic conditions, such as decreases in per capita income and level of disposable income, increased and prolonged unemployment or a decline in consumer confidence as a result of the COVID-19 pandemic could have a continuing adverse effect on demand for our products, as well as limit or significantly reduce points of access to such products. The disruption caused by the COVID-19 pandemic may force us to change, in whole or in part, our strategic plans for the future.

Further, government-sponsored liquidity or stimulus programs in response to the COVID-19 pandemic may not be available to our customers, suppliers, dealers, or us, and in the event that such programs are, and continue to be, available, they may nevertheless be insufficient to address the impact of the COVID-19 pandemic. Supply and distribution chains may be disrupted by the bankruptcies of our suppliers or dealers or a permanent discontinuation of their operations. Consequently, the impact on our business, prospects, financial condition and results of operation cannot be fully determined at this time.

Furthermore, we have implemented enhanced health and safety measures in our operations, such as new screening protocols, in line with public health rules and guidelines and industry practices to combat the spread of the COVID-19 pandemic. We are exposed to the risk of an increase in the number of workplace and third-party claims arising from actual or alleged failures to implement such measures adequately, or at all. In addition to the increase in costs associated with the implementation of such measures, we are also faced with the potential increase in legal, advisory and other costs as a result of any COVID-19 pandemic related claims from workers or third party suppliers that may come into contact with our operations. All or any of these factors have had, and could in the future have, a material adverse effect on our business, prospects, financial condition and results of operation.

Legal, political and economic uncertainty following the exit of the United Kingdom from the European Union may be a source of instability in international markets, create significant currency fluctuations, and adversely impact current trading and supply arrangements, which could have a material adverse effect on our business, results of operations and financial condition.

The macroeconomic environment has been negatively influenced by the uncertainty caused by the withdrawal of the United Kingdom from the EU. On 31 January 2020, the United Kingdom ceased to be a member of the EU and the EEA. By virtue of the EUWA, and the Withdrawal Agreement, EU law and EU-derived domestic legislation continued to apply to and in the United Kingdom during a transition period ended on 31 December 2020. During the transition period, the United Kingdom continued to be treated as a member state under EU law unless otherwise specified. On 24 December 2020, the Trade and Cooperation Agreement was concluded to govern the future relations between the EU and the United Kingdom following the end of the transition period. On 31 December 2020, the UK implemented the Trade and Cooperation Agreement, which entered into force provisionally on 1 January 2021. The Trade and Cooperation Agreement was ratified on 29 April 2021. Despite the implementation of the Trade and Cooperation Agreement, there remains significant uncertainty as to how Brexit will affect relations between the United Kingdom and the EU, including the legal rights and obligations for businesses in certain service industries not covered by the Trade and Cooperation Agreement. The Trade and Cooperation Agreement does not create a detailed framework to govern the cross-border provision of regulated financial services from the United Kingdom into the EU and from the EU into the United Kingdom. Such uncertainty could negatively impact business and consumer confidence in the United Kingdom.

The EUWA, and secondary legislation made under powers provided in this Act ensure that there is a functioning statute book in the United Kingdom. While the United Kingdom introduced a temporary permission regime to allow EEA firms to continue to do business in the United Kingdom for a limited period of time, once the passporting regime fell away, the majority of EEA states have not introduced similar transitional regimes. The Trade and Cooperation Agreement is only part of the overall package of agreements reached on 24 December 2020. Other supplementing agreements included a series of joint declarations on a range of important issues where further cooperation is foreseen, including financial services. The declarations state that the EU and the United Kingdom will discuss how to move forward with equivalence determinations in relation to financial services. It should be noted that even if equivalence arrangements for certain sectors of the financial services industry are agreed, market access is unlikely to be as comprehensive as the market access that the United Kingdom enjoyed through its EU membership.

Due to the size and importance of the UK economy, and the uncertainty and unpredictability concerning the United Kingdom's relationship with the European Union, enhanced by the economic uncertainty and unpredictability caused by the COVID-19 pandemic, there may continue to be instability in the market, significant currency fluctuations, and/or otherwise adverse effects on trading agreements or similar cross border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future. Following withdrawal from the European Union, barrier-free trade access between the United Kingdom and other member states of the European Union could be diminished or eliminated and the United Kingdom may no longer be covered by trade agreements entered into by the European Union which apply to all member states and so will either have to seek to negotiate new trade agreements or join existing trade agreements (such as the World Trade Organisation tariffs) which could result in the transfer of goods, becoming subject to import/export duties and/or non-tariff trade barriers (including health and safety, product labelling and other standards, many of which are currently standardised across the European Union). Although a trade agreement between the UK and the European Union was agreed in December 2020 and tariffs have, to date, been avoided, Brexit has continued to generate customs and other administrative frictions that may persist and ultimately impact the UK economy, thereby causing further volatility in the value of the British pound, which could affect us.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. In addition, the withdrawal of the United Kingdom from the EU may lead to a down-turn in the United Kingdom or other European economies and could lead to lower levels of consumer spending if consumer confidence declines or if individuals have less disposable income. Any reduction in our customers' willingness or ability to spend due to the Brexit-related changes in the economic environment of the United Kingdom and Europe could materially affect our revenue. A general slow-down in the UK economy may also negatively impact our growth strategies as well as our current and future projections, operating results, financial condition and prospects.

Further, continued or sustained adverse effects on the exchange rate of the pound sterling as compared to foreign currencies and the effective price inflation of certain products sourced from outside of the United Kingdom and vice versa resulting from the withdrawal of the United Kingdom from the EU could result in increased costs with respect to the products that are sourced from outside of the United Kingdom. We cannot guarantee that we would be able to mitigate or otherwise avoid such increased costs, and our inability to do so could have an adverse effect on our operating results, financial condition and prospects.

A significant amount of EU law in matters ranging from employment law to data protection to competition and financial regulation is currently embedded in UK law either as a result of EU regulation directly applicable in the United Kingdom or from UK regulations implementing EU directives. Accordingly, it is also unclear what impact the withdrawal of the United Kingdom from the EU will have on the UK legal and regulatory landscape, which could in turn have a significant impact on our business. Given that the transition/implementation period has ended, subject to the terms of the Trade and Cooperation Agreement, EU law has ceased to apply in the United Kingdom. However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Over the years, English law has been devised to function in conjunction with EU law (in particular, laws relating to financial markets, financial services, prudential and conduct regulation of financial institutions, financial collateral, settlement finality and market infrastructure). As a result, depending on the final trade arrangements to be put in place for the areas not covered by the Trade and Cooperation Agreement, substantial amendments to English law may occur and may diverge from the corresponding provisions of EU law applicable after the transition/implementation period. Any substantial change in the regulations applicable to our business could jeopardise our ability to continue to operate in a manner consistent with our past practice.

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, including from new industry entrants, in the worldwide automotive industry. There is a strong trend among market participants in the premium automotive industry towards intensifying efforts to retain their competitive position in established markets while also developing a presence in other key markets. There is also a trend toward consolidation in the automotive industry to mitigate the costs of the market shift towards electrification, which consolidation has the potential to strengthen our competitors' market position. In light of Brexit, some of our European Union-based competitors may gain a competitive advantage that would enable them to benefit from their access to the European Union single market post-Brexit. A range of factors affect the competitive environment, including, among others, quality and features of vehicles, innovation, development time, ability to control costs, pricing, reliability, safety, fuel economy, research and development, the 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.

We are exposed to the risks of new drive and other 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 (e.g., through our premium transverse architecture). There is a risk that these research and development ("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. During the past few years, several jurisdictions, such as Norway, Germany, the United Kingdom, France, the Netherlands, India and China, have announced the intention to eliminate the sale of conventionally fuelled vehicles in their markets in the coming decades.

Diesel technologies have also become the focus of legislators in the United States, the United Kingdom and the European Union as a result of emissions levels. This has led various carmakers to announce programs to retrofit diesel vehicles with software that will allow them to reduce emissions which may require us to undertake increased R&D spending as well as other capital expenses. In addition, changes to the European emission tests of the Worldwide Harmonised Light Vehicle Test Procedure ("WLTP") in September 2018 made models non-compliant with emission limits subject to additional taxes. As a result of the changes, manufacturing costs increased and consumer uncertainty grew. There is a risk that these R&D activities, including retrofit software upgrades, 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, including autonomous, connected and electrification technologies, or money invested in mobility solutions to overcome and address future travel and transport challenges, 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 exhibit failures that are impracticable or too costly to remedy or because competitors have developed better or less expensive products. It is possible that we could then be compelled to make new investments in researching and developing other technologies to maintain our existing market share or to win back the market share lost to competitors.

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

The electric vehicle market and related opportunities may not evolve as anticipated.

There is a global trend, particularly in developed markets, towards increased use of electric vehicles (including hybrids) and policies supporting vehicle electrification. The UK government has recently announced that the phase-out date for the sale of new petrol and diesel cars and vans has been brought forward to 2030 from the previous date of 2035, while the governments of other countries including Norway and the Netherlands have announced goals of banning new petrol and diesel cars. Our portfolio of 13 nameplates includes one full battery electric vehicle, eight plug-in hybrid electric vehicles and eleven mild electric hybrid vehicles. In February 2021, we announced our new global strategy, "Reimagine," which envisions Jaguar to be a pure electric (i.e., 100% BEV) automotive brand from 2025 and Land Rover's first BEV product to be launched in 2024 with a further five Land Rover models offering BEV options by 2026 (totalling six Land Rover models offering a BEV option). Furthermore, we are targeting for the majority of our sales to be pure BEV by 2030 and ultimately to be all pure BEV by 2036. As part of our "Reimagine" strategy, we intend to make significant capital investments and this strategy is currently expected to require annual commitments of around £2.5 billion. Sales of electric vehicles are hard to predict as consumer demand may fail to shift in favour of electric vehicles and this market segment may remain small relative to the overall market for years to come. Consumers may remain or become reluctant to adopt electric vehicles due to the lack of fully developed charging infrastructure, long charging times or increased costs of purchase. We will manufacture the next-generation Electric Drive Units at our Engine Manufacturing Centre in Wolverhampton which will power our future battery electric and plug-in hybrid vehicles. Additionally, in March 2018, we announced our strategic partnership with Waymo to develop the world's first premium self-driving electric vehicle. However, there can be no assurances that the partnership will be successful in achieving its commercial objective or that Waymo will purchase the number of vehicles contemplated by our partnership or that our next-generation Electric Drive Units will be successful. In June 2019, we announced a collaboration with BMW to develop next-generation Electric Drive Units to support the advancement of electrification technologies. As with our partnership with Waymo, there can be no assurances that the partnership will be successful in achieving its commercial objective. If the value proposition of electric vehicles fails to fully materialise, this could have a material adverse effect on our financial condition or results of operations.

There can be no assurances that the milestones set in our "Reimagine" strategy can be met on time, if at all, or that it will be successful in meeting consumer demands with our new and/or improved products. If we are unable to meet our BEV development goals, it could have a material adverse effect on our business, prospects, financial condition and results of operation.

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. Competitors have created such strategic alliances in recent years including the Renault–Nissan–Mitsubishi Alliance and Stellantis (the merger between Fiat Chrysler and Peugeot). 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 if we are not able to enhance our own collaborations or adapt effectively to increased competition.

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" 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 continue to increase significantly in the future. In Europe and the United States, for example, governmental regulation is primarily driven by concerns about the environment (including greenhouse gas emissions), fuel economy, energy security and vehicle safety. In particular, the increasingly stringent regulatory environment in our industry, particularly with respect to vehicle emission regulations, is leading to heightened regulatory scrutiny and more investigations into vehicle manufacturers, including randomised testing. We are subject to randomised testing and similar enquiries by regulatory authorities with a focus on emissions and environmental performance. In China, increasingly stringent tailpipe emissions and other regulations have been introduced by the Chinese government in the short-to-medium term future to reduce greenhouse gas emissions and improve air quality standards. 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 significant fines and penalties in cases of non-compliance, or the requirement to purchase credits to offset any CO2 or greenhouse gas ("GhG") shortfall. These requirements may also result in limiting the types and amounts of vehicles we sell and where we sell them, which may affect our revenue.

To comply with current and future environmental norms, we may have to incur additional capital expenditure and R&D expenditure to upgrade products and manufacturing facilities, install new emission controls or reduction technologies and purchase or otherwise obtain allowances to emit greenhouse gases, which would have an impact on our cost of production and the results of operations and may be difficult to pass through to our customers. If we are unable to develop commercially viable technologies within the time frames set by the new standards, we could face significant civil penalties or be forced to restrict product offerings drastically to remain in compliance. In the United States, manufacturers are subject to substantial civil penalties if they fail to meet federal Corporate Average Fuel Economy ("CAFE"), standards administered by the National Highway Traffic Safety Administration ("NHTSA"). These penalties are calculated at $5.50 for each tenth of a mile below the required fuel-efficiency level for each vehicle sold in a model year in the U.S. market up to and including the 2021 model year vehicles. Beginning with the 2022 model year vehicles, the rate is expected to increase to $14.00, to be followed by index-linked annual increases thereafter. Since 2010, we have paid total penalties of $46 million for our failure to meet CAFE standards. In addition, as at 31 March 2021, a provision of £75 million was held to face the possible fine from European and United Kingdom regulators for failing to meet emission reduction targets in 2021/2022. Further United Kingdom emissions are now calculated separately from European emissions as a result of which there is a possibility of increased penalties. Since 2011, we have purchased $123 million in credits from third party original equipment manufacturers ("OEMs") to offset our NHTSA, EPA and California Air Resources Board ("CARB") penalties. Additionally, we expect to buy approximately $12 million in credits in Fiscal 2021 from third party OEMs to offset our expected NHTSA and EPA penalties for model year 2018 & 2019 (NHTSA) and 2020 & 2021 (EPA) vehicles. Additionally, we expect to continue incurring approximately £90 million in Fiscal 2022 for credit purchases in China and we expect those annual costs to rise going forward, primarily as a result of increasing costs of New Energy Vehicle credits".

Our "Reimagine" strategy aims to expand our pure battery electric offering from 2024, which supports our aim to reach fleet CO_2 compliance, including meeting our net zero ambitions by 2039, as well as meeting forecast stringent CO_2 or greenhouse gas regulations (including the proposed ban on the sale of vehicles powered solely by internal combustion engine from 2030 allowing continuation of PHEV and BEV, and the total ban of all internal combustion engines including PHEV from 2035 in the UK and similar initiatives by other governments).

Moreover, environmental and safety standards may at times impose conflicting imperatives, which pose engineering challenges and would, among other things, increase our costs. While we are pursuing the development and implementation of various technologies in order to meet the required standards in the various countries in which we sell our vehicles, the costs for compliance with these required standards could be significant to our operations and may materially and adversely affect our business, financial condition and results of operations.

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, in the past, the announcement of unilateral tariffs on imported products by the United States has triggered retaliatory actions from certain foreign governments and may trigger retaliatory actions by other foreign governments, potentially resulting in a "trade war." A "trade war" of this nature or other governmental action related to tariffs or international trade agreements, the impact of which cannot yet be fully assessed, could negatively affect the economics of the end-markets in which we operate (such as the United States and China), including regional or global demand for automobiles and automobile- components as well as our customers' ability to purchase our cars.

The United Kingdom started to implement a 2% digital services tax, which applies to the revenue earned from 1 April 2020 onwards of large digital services businesses (such as social media platforms, search engines and online marketplaces). In particular, the digital service tax applies to businesses if their worldwide revenue from digital activities is more than £500 million and more than £25 million of this revenue is derived from UK users. When the UK announced the Digital Service Tax proposal, the United States Treasury indicated that such digital services tax could have a discriminatory effect on U.S. multinational digital companies and warned that the United States could take retaliatory actions—such as in the form of a tax on UK car exports to the United States. On 2 June 2021, the United States Trade Representative announced and immediately suspended tariffs on goods from six trading partners including the United Kingdom. Additional developments may also occur that we cannot currently know about or anticipate, or that may be impossible to plan for or protect against. Furthermore, in recent years, the Brazilian government has implemented increased import duty on foreign vehicles, along with related exemptions provided certain criteria are met. 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. It is possible that the effects of such geopolitical events will include further financial instability and slower economic growth, significant regulatory changes, currency fluctuations and higher unemployment and inflation in the United Kingdom, continental Europe and the global economy, at least in the short-to-medium term. It could also create constraints on our ability to operate efficiently in the future political environment.

Finally, political responses to the economic consequences of the COVID-19 pandemic may include increases in taxes or implementation of new taxes in various jurisdictions.

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, quality and premium brand positioning.

Our operating and financial performance depends on continued demand for our existing products and providing our customers with new products that meet their needs and preferences. Consumer demand trends are affected by a variety of factors such as disposable income, brand reputation and environmental awareness, which can be difficult to predict and/or control. We may fail to identify trends in customer needs and tastes in sufficient time to react to these changes (including by adapting our strategy and business plan as necessary) and our attempts to position our brand and/or optimise our product portfolio to take advantage of market trends and consumer demand patterns may be ineffective. A misjudgement in our strategy or delayed recognition of trends and customer needs and tastes in individual markets or other changes in requirements could lead to a decline in demand, sales and profitability of our products in the short term and, over the long term, damage our brand. It could also lead to significantly unprofitable investments and associated costs.

Customer preferences, especially in many of the more mature markets, have trended towards smaller and more fuel-efficient and environmentally friendly vehicles. In many markets, these preferences are driven by customers' environmental concerns (including climate change), 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). The promotion of new technologies encourages customers to look beyond standard purchasing factors (such as price, design, performance, brand image and features) to differentiation of the technology used in the vehicle or the manufacturer or provider of this technology.

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

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

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

A change in consumer preferences away from larger vehicles towards smaller vehicles or vehicles equipped with smaller engines or alternative propulsion technology 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. The extent and impact of changing consumer preferences and behaviour due to the impact of the COVID-19 pandemic and the various government responses to the pandemic are unknown and impossible to predict at this time. Given the speed with which these changes have occurred and may occur, our ability to respond to such changes may be constrained.

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 our 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 revenue 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.

Our "Reimagine" strategy and/or "Refocus" transformation programme may not be successful or as successful as we expect.

Our "Reimagine" strategy aims to release the full potential of our brands, by leapfrogging forward in technology, placing quality and sustainability at the heart of everything we do. We are working on the electrification of both the Land Rover and Jaguar brands, with two clear, distinct personalities. This is a significant change in strategy to both brands and marks the start of our journey to become a new zero carbon business across our supply chain, products and operations by 2039. Over the next five years, Land Rover intends to welcome six all-electric variants, with the first scheduled to arrive in 2024. We aim for Jaguar to undergo a complete renaissance in this timeframe and emerge as a pure electric luxury brand, from 2025. Our goal is that by the end of the decade, full-BEV powertrains will represent the majority of our sales. Our annual total product and other investment spending was £3.3 billion in Fiscal 2020 and £2.3 billion in Fiscal 2021. Total product and other investment expenditure guidance for Fiscal 2022 is approximately £2.5 billion, with the "Refocus" programme announced under the "Reimagine" strategy expected to continue to maintain the financial discipline successfully deployed previously under Project Charge+ and other initiatives. The "Refocus" programme consists of six separate pillars: quality; program delivery and performance; delivered cost per car; end-to-end supply chain; customer and market performance; and maintaining attention to our business in China. Our "Reimagine" strategy is underpinned by our "Refocus" transformation programme, which has the objective of increasing our Adjusted EBIT margin by 3% and supporting our goal of achieving a double-digit Adjusted EBIT margin by 2026.

We aim to fund total product and other investment spending out of cash flows from operating activities supported by debt capital markets and bank funding as required. The protracted business disruption as a result of the COVID-19 pandemic had a significant impact on our business in Fiscal 2021 and we continue to anticipate some supply disruptions due to the COVID-19 pandemic and semiconductor shortages will impact our business in Fiscal 2022. See "—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operations" and "—Disruptions to our supply chains or shortages of essential raw materials may adversely affect its production and results of operations." As the situation is still evolving, it is not possible to fully quantify this impact. The effects of the COVID-19 pandemic may also contribute to changes in our strategy as we seek to optimise our product portfolio and brand positioning.

The targets described above represent our strategic objectives and do not constitute capital spending and earnings projections or forecasts. These targets are based on a range of expectations and assumptions regarding, among other things, our present and future business strategies, volume growth, cost efficiencies, capital spending programme and the environment in which we operate, which may prove to be inaccurate. While we do not undertake to update our targets, we may change our targets from time to time. Actual results may differ materially from our targets. Accordingly, there can be no assurance that we will achieve any of our targets, whether in the short, medium or long term. The occurrence of one or more of the risks described in this "Risk Factors" section, many of which are beyond our control and could have an immediate impact on our earnings and/or the probability of which may be exacerbated in the medium to long term, could materially affect our ability to realise the targets described above. In particular, our total product and other investment spending target could be affected by investment needs arising from, among other factors, electrification, diesel uncertainty, emissions compliance, driver assistance, connectivity, and mobility trends. As we implement our "Reimagine" strategy, our direct and indirect costs may also be impacted, including through the "Refocus" transformation programme, which targets reduced warranty spend and lower vehicle cost, as well as through the optimisation of our product portfolio and any repositioning of our brands. Our "Refocus" programme may also not be as successful as we expect and/or may fail to achieve its objectives and anticipated benefits. In connection with the "Reimagine" strategy, we recognised a one-time exceptional charge of £1,486 million in the three months ended 31 March 2021 and for Fiscal 2021, comprised of a one-time non-cash write downs of £952 million for previously planned products that will not be completed and £534 million of restructuring costs, and the "Reimagine" strategy may result in future impairments or write-offs. In addition, our ability to achieve our targets may be materially impaired by negative geopolitical and macroeconomic factors, such as the COVID-19 pandemic and the recent exit of the United Kingdom from the European Union (see "—Risks Associated with The Automotive Industry—Legal, political and economic uncertainty following the exit of the United Kingdom from the European Union may be a source of instability in international markets, create significant currency fluctuations, and adversely impact current trading and supply arrangements, which could have a material adverse effect on our business, results of operations and financial condition" and "—Risks Associated with The Automotive Industry—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operation"), industry trends, including market and competitive forces (such as higher incentives), new or the expansion of existing regulatory constraints, reduced customer demand for our vehicles, significant increases in our cost base, unexpected delays or failure in implementing or realising the benefits of our investments and the impact of our new capitalisation policy, in addition to the other factors described in this "Risk Factors" section.

Furthermore, 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 which may affect our ability to achieve the targets described above. Given these risks and uncertainties, we may not achieve our targets at all or within the timeframe described above.

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 luxury car and all-terrain vehicle segments, which are very specific segments of the premium passenger car market, and, although we have expanded our model range in recent years, we have a more limited range of models than some of our competitors. Accordingly, our performance is linked to market conditions and consumer demand in those market segments in which we operate. Furthermore, some other premium performance vehicle manufacturers operate in a relatively broader spectrum of market segments, which makes them comparatively less vulnerable to reduced demand for any specific segment. Any downturn or reduction in the demand for premium passenger cars (including as a result of the disruptions caused by the COVID-19 pandemic) 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.

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

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 British pounds (our reporting currency). Accordingly, we are exposed to a strengthening British pound, since this would diminish the sterling value of our overseas sales. The United Kingdom's exit from the European Union (including subsequent negotiations on trade relationships) could also have a negative impact on the growth of the United Kingdom economy and cause further volatility in the value of the British pound, which is likely to affect our business. Due to the COVID-19 pandemic and uncertainties around Brexit, the value of the British pound depreciated against other currencies, although it has more recently appreciated. 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 (specifically a strengthening of the euro) and certain other currencies relative to the British pound (our reporting currency) which may result in decreased profits to the extent these are not fully mitigated by non-British pound sales. The majority of our product development and manufacturing operations, as well as our global headquarters, are based in the United Kingdom, but we also have national sales companies which operate in the major markets in which we sell vehicles. As a result, we have exposure to movements of the US dollar, euro, Chinese yuan, Russian rouble and other currencies relative to the British pound and foreign exchange volatility may affect our results of operations, profitability and financial position.

Moreover, we have foreign currency denominated debt outstanding, which is 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 and interest rate exposure through the use of financial hedging instruments, including foreign currency forward contracts, currency option contracts and cross-currency interest rate swaps. Please see "Description of Other Indebtedness—Hedging Facilities." We are, however, exposed to the risk that appropriate hedging lines for the type of risk exposures we are subject to may not be available at a reasonable cost, particularly during volatile rate movements, or at all. Moreover, there are risks associated with the use of such hedging instruments. Whilst mitigating to some degree our exposure to fluctuations in currency exchange rates, we potentially forgo benefits that might result from market fluctuations in currency exposures. Please see "Operating and Financial Review and Prospects—General Trends of Our Recent Performance—Recent Macroeconomic Trends." In addition, persisting uncertainty concerning the relations between the United Kingdom and the EU, including the legal rights and obligations for businesses in certain service industries not covered by the Trade and Cooperation Agreement, could cause greater volatility in the British pound against foreign currencies in which we conduct business and heighten our translation risk. An unfavourable exchange rate trend could affect our operating results as well as our financial position and cash flow. Hedging transactions can also result in substantial losses. Such losses could occur under various circumstances, including, without limitation, any circumstances in which a counterparty does not perform its obligations under the applicable hedging arrangement (despite having ISDA agreements in place with each of our hedging counterparties), currency fluctuations, the arrangement is imperfect or ineffective, or our internal hedging policies and procedures are not followed or do not work as planned. In addition, because our potential obligations under the financial hedging instruments are marked to market, we may experience quarterly and annual volatility in our operating results and cash flows attributable to our financial hedging activities.

We have both interest-bearing assets (including cash balances) and interest-bearing liabilities, certain of which bear interest at variable rates (including the Term Loan Facility, the UKEF & Commercial Loan Facilities and the UK Fleet Financing Facility), whereas the Notes, the Existing Notes and the China Revolving Facility bear interest at fixed 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 our operations, we may be adversely affected by the effect of changes in interest rates. See "—Risks Relating to Our Debt, the Notes and the Note Guarantees—Changes or uncertainty in respect of LIBOR and/or SONIA may affect some our financing arrangements."

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

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

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

To stimulate demand, the automotive industry has offered customers and dealers price reductions on vehicles and services, which has led to increased price pressures and sharpened competition within the industry. As a provider of numerous high-volume models, our profitability and cash flows are significantly affected by the risk of rising competitive and price pressures. In recent years, incentive spending in the automotive industry has been increasing for vehicles, which has also impacted us and has ultimately led to an increase in the cost of sales attributable to those incentives, although incentive spending has decreased in Fiscal 2021.

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

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

We have consumer finance arrangements in place with Black Horse Limited (part of the Lloyds Banking Group and an affiliate of Lloyds Bank Corporate Markets plc which is an initial purchaser) in the United Kingdom, FCA Bank S.p.A. (a joint venture between Fiat Auto and Crédit Agricole) in major European markets and Chase Auto Finance in the United States and have similar arrangements with local providers in a number of other key markets.

Any reduction in the supply of available consumer financing for the purchase of new vehicles or an increase in the cost thereof would make it more difficult for some of our customers to purchase our vehicles, which could put us under commercial pressure to offer new (or expand existing) retail or dealer incentives to maintain demand for our vehicles, thereby materially and adversely affecting our sales and results of operations. For example, during the global financial crisis, several providers of customer finance reduced their supply of consumer financing for the purchase of new vehicles.

Furthermore, we offer, or have in the past offered, 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.

Vehicle retail sales depend in part on the availability of affordable financing.

Base interest rates in developed economies, specifically the United States and the United Kingdom, are still relatively low, despite recent increases, due to, among other things, expansive government monetary policies. If interest rates rise generally, market rates for new vehicle financing would be expected to rise as well, which may make our vehicles less affordable to retail consumers or steer consumers to less expensive vehicles that tend to be less profitable for us, adversely affecting our financial condition and results of operations. Additionally, if consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, consumers may not desire to or be able to obtain financing to purchase or lease our vehicles. An increase in interest rates due to tightening monetary policy or for any other reason would result in increased costs for us to the extent we decided to absorb the impact of such increase and/or consumers. As a result, a substantial increase in consumer interest rates or tightening of lending standards could have a material adverse effect on the Group's business, financial condition and results of operations.

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 the substantial majority of our revenue. 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. For example, the adverse public perception towards diesel powered vehicles, resulting from emissions scandals and tax increases on diesel vehicles, has precipitated a sharp fall in diesel sales, primarily in the United Kingdom and Europe, and the government of the United Kingdom has announced the end of the sale of new conventional petrol and diesel cars in the United Kingdom by 2030, which could further demand for diesel cars in the future ahead of such ban. Additionally, the recent COVID-19 pandemic severely impacted our sales and the supply of vehicles starting from the fourth quarter of Fiscal 2020. Our retail sales were 439,588 vehicles in Fiscal 2021, down 13.6% year-on-year, with most of that volume decline occurring in the first quarter, with Europe down 59.1% year-on-year and the United Kingdom down 70% year-on-year in the first quarter of Fiscal 2021. Whilst retail sales in China were strong in Fiscal 2021, reaching 111,206 vehicles or a 23.4% year-on-year increase, sales in other regions did not recover to pre-COVID-19 pandemic levels, with North America down 14.3%, the United Kingdom down 22.2%, Europe down 26% and Overseas markets down 26.8%.

We are encouraged by the recovery in sales across each region. However, there remains uncertainty about the extent, speed and regional differences of any such recovery, including any longer term impacts on our business and the possibility of COVID-19 related disruptions, including but not limited to semiconductor shortages (see "—Disruptions to our supply chains or shortages of essential raw materials may adversely affect its production and results of operations").

In addition, our "Reimagine" strategy 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.

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

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

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

Adverse economic conditions and falling vehicle sales have had a significant financial impact on our suppliers in the past. Recently, the business disruptions caused by the COVID-19 pandemic have had and continue to have an impact on our supply chain. Our supply chain is global in nature and different countries implement lockdowns and restrictions in different ways and at different times, and this has exacerbated the uncertainty of the impact on our business (see "—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operation"). We continue to anticipate some supply disruptions due to the COVID-19 pandemic and semiconductor shortages will impact our business in Fiscal 2022.

In particular, many major automotive companies have been and are continuing to experience a shortage of semiconductors, used in the production of automotive chips and charging or other components of electric vehicles. As much as approximately 70% of semiconductors produced globally are manufactured by only two companies, Taiwan Semiconductor Manufacturing Company Limited and Samsung, both of which have been operating at reduced capacity for the past year due to proactive local government actions in response to the spread of COVID-19, one factor amongst others which has resulted in a global shortage of semiconductors supply. We, like other automotive manufacturers, are similarly experiencing shortages in our supply of semiconductors, which in turn has an impact on our production schedules and our ability to meet global demand for some of our vehicles. We have adjusted production schedules for certain vehicles where our Castle Bromwich and Halewood manufacturing plants have reduced their operations and may also have to adjust production schedules of our vehicles manufactured in Solihull plant due to the semiconductor shortage. There can be no assurance that we will be able to source for alternative supplies of semiconductors nor that such alternative supplies of semiconductors will be readily available. The shortage of semiconductors has and will continue to impact us in the near future. In the event that such shortage situation continues for a prolonged time, it could have a material and adverse impact on production, which would materially affect our business, financial condition and results of operations. In addition, the shortage of semiconductors could also have an adverse impact on the implementation of our "Reimagine" strategy to expand into electric vehicles, which use approximately four to six times the amount of semiconductors as compared to that used in the average vehicle today. Based on recent input from suppliers, we now expect semiconductor supply shortages in the second quarter of Fiscal 2022 to be greater than in the first quarter and supply potentially about 50% lower than planned, although we are continuing to work to mitigate this. We expect the situation will start to improve in the second half of our financial year. However, the broader underlying structural capacity issues will only be resolved as supplier investment in new capacities comes online over the next 12-18 months and so we expect some level of shortages will continue through to the end of the year and beyond.

In addition, we are exposed to disruptions in our supply chain resulting from natural disasters or man-made accidents. For example, on 12 August 2015, there was an explosion in the city port of Tianjin, one of three major ports in China through which we import our vehicles. Approximately 5,800 of our vehicles were stored at various locations in Tianjin at the time of the explosion and, as a result, we recognised an exceptional charge of £245 million in the three months ended 30 September 2015. Subsequently, by 30 June 2017, net insurance proceeds and other recoveries were received, resulting in a full recovery. 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 revenue and increase our operating expenses.

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 are also exposed to supply chain risks relating to semiconductors and lithium-ion cells, which are critical for our electric vehicle production. Any disruption in the supply of semiconductors and battery cells from such suppliers could disrupt production of our vehicles and, in particular, significantly affect our "Reimagine" strategy which envisions the launch of the all-electric Land Rover model in 2024. The severity of this risk is likely to increase as we and other manufacturers expands the production of electric vehicles and the demand for such vehicles increases.

We have entered into supply agreements with certain third parties for critical components but we now also manufacture our own in-house engines reducing the need for third party suppliers. 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 parts and other hardware or services provided to us by third party suppliers for the development of our in-house engines 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 Fiscal 2021, our material and other cost of sales (excluding exceptional items) constituted 62.5% of our total revenue. Prices of commodities used in the manufacture of automobiles, including steel, aluminium, copper, zinc, rubber, lithium, platinum, palladium and rhodium, have experienced periods of increased volatility in recent years.

The COVID-19 pandemic has had, and continues to have, a significant impact on the supply of precious metals as certain countries where such precious metals are mined shut down their operations during national measures such as lockdowns aimed at reducing the spread of the virus. Furthermore, prices of commodity items such as steel, non-ferrous metals, precious metals, rubber and petroleum products may rise significantly. Most of these inputs are priced in US dollars on international markets. While we continue to pursue cost reduction initiatives, an increase in the price of input materials could severely impact our profitability to the extent such increase cannot be absorbed by the market through price increases and/or could also have a negative impact on demand. In addition, because of intense price competition and fixed costs base, we may not be able to adequately address changes in commodity prices even if they are foreseeable. Please see "Risks Associated with the Automotive Industry—Deterioration in global economic conditions could have a significant adverse impact on our sales and results of operations."

In addition, we are exposed to the risk of contraction in the supply, and a corresponding increase in the price of, rare and frequently highly sought-after raw materials, especially those used in vehicle electronics such as rare earth metals, which are predominantly produced 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 are also exposed to supply chain risks relating to semiconductors and lithium-ion cells which are critical for our electric vehicle production. Any disruption in the supply of semiconductors and battery cells from such suppliers could disrupt production of our vehicles. The severity of this risk is likely to increase as we and other manufacturers increase electric vehicle production.

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

The value of our tangible and intangible assets as reported in our consolidated financial statements may need to be impaired or written off.

At least once a year, we review whether the value of tangible and 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. For instance, in Fiscal 2019, we recognised an exceptional impairment charge of £3,105 million. In an effort to implement the "Reimagine" strategy, we recognised a one-time exceptional charge of £1,486 million in the three months ended 31 March 2021 and for Fiscal 2021, comprised of one-time non-cash write downs of £952 million for previously planned products that will not be completed and £534 million of restructuring costs. There is no assurance that we will not take any similar or other impairment or write off in the future.

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

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes, among other things, losses that are caused by a lack of controls within internal procedures, violation of internal policies by employees, disruption or malfunction of IT systems, computer networks and telecommunications systems, mechanical or equipment failures, human error, natural disasters, security breaches or malicious acts by third parties (including, for example, hackers), whether affecting our systems or affecting those of third-party logistics providers. 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. In particular, as vehicles become more technologically advanced and connected to the internet, our vehicles may become more susceptible to unauthorised access to their systems. 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 (especially given the harsher sanctions imposed under the new General Data Protection Regulation (Regulation (EU) 2016/679) (the "GDPR")), our results of operations and financial condition can be materially adversely affected. In addition, we would likely experience negative press and reputational impacts.

We may incur significant costs to comply with, or face civil and criminal liability for infringements of, the European General Data Protection Regulation.

In April 2016, the European Union enacted the GDPR. The GDPR is a uniform framework setting out the principles for legitimate data processing and came into force on 25 May 2018 and was transposed into UK law (as it stood on 31 December 2020) via the EUWA. The introduction of the GDPR strengthens individuals' rights and imposes stricter requirements on companies processing personal data. The new regime may impose a substantially higher compliance burden on us and limit our rights to process personal data, lead to cost-intensive administration processes, oblige us to provide the personal data that we record to customers in a form that would require additional administrative processes or require substantial changes in our IT environment. Additionally, there are much greater sanctions in case of violations of the GDPR requirements compared to the previous regime. These sanctions depend on the nature of the infringed provision and may consist of civil liabilities and criminal sanctions. For example, criminal sanctions for compliance failures have increased from its previous level in the United Kingdom of £500,000 to up to €20,000,000 or 4% of annual worldwide turnover (whichever is higher). Our failure to implement and comply with the GDPR could significantly affect our reputation and relationships with our customers and suppliers, and civil and criminal liabilities for the infringement of data protection rules could have a significant negative effect on our financial position.

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.

We are taking measures to use resources responsibly, produce less waste and reduce our carbon footprint. In the United Kingdom and our newest plant in Slovakia, we have achieved our goal of zero waste direct to landfill from our core operations and we were certified as having carbon neutral operations with the Carbon Trust for UK manufacturing and product development operations against a baseline year fiscal 2017 for years Fiscal 2018 and 2019, with Fiscal 2020 currently being progressed. In other markets, we aspire for similar targets where it is possible. We aim to improve the local market and capacity for zero waste and low carbon manufacturing operations.

Our "Reimagine" strategy commits to achieving zero tailpipe emissions by 2036 and a net zero carbon business by 2039 across products, operations and supply chain. In achieving this, Jaguar is to be an all-electric luxury brand by 2025 and we will have 6 pure electric Land Rovers in the next 5 years. We are working to achieve greater influence in the design and reuse of materials (including upstream supply chain) to fully consider the environmental impact of materials used in our business.

Our production facilities are subject to a wide range of increasingly strict environmental, health and safety requirements. These requirements address, among other things, air emissions, wastewater discharges, 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 health and safety conditions in the workplace. Many of our operations require permits and controls to monitor or reduce pollution. We have incurred, and will continue to incur, substantial on-going capital and operating expenditures to ensure compliance with current and future environmental, health and safety laws and regulations. Violations of these laws and regulations could result in the imposition of significant fines and penalties, the suspension, revocation or non-renewal of our permits, production delays or limitations, imprisonment, 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 business and manufacturing processes result in the emission of greenhouse gases such as Carbon Dioxide. Legal requirements to reduce greenhouse gases have become increasingly more stringent and costly to address. Emissions Trading Scheme obligations apply to our vehicle manufacturing plants in the UK and Slovakia. In response to increased public interest, carbon legislation is rapidly evolving around the globe. The implementation requirements differ, with some countries such as the United Kingdom setting targets for "Net Zero Carbon" attainment by 2050. In other countries, timeframes and the degree of commitment varies.

We have a Climate Change Agreement ("CCA") in the United Kingdom which covers our three vehicle manufacturing plants and one of our Special Operations facilities. We achieved our 2020 CCA targets and have negotiated the 2022 targets.

In addition, in the United Kingdom, we are required to comply with the Streamlined Energy and Carbon Reporting Scheme ("SECR"). Statements on this are included within our Annual Report.

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. We have remediation activities in place on a number of our UK facilities. In our overseas facilities prior to purchase, we undertook studies that informed us of the presence of contamination or otherwise in the ground prior to development. In Brazil, our manufacturing site is adjacent to a facility (the "Itatiaia West" site), where organic solvent contamination of the ground had previously occurred. We have purchased the Itatiaia West site and are currently progressing relevant permits for operation and developing plans for further remediation of the organic solvent contamination. The Itatiaia West site is listed on the Environmental Regulators site (Instituto Estadual do Ambiente) as contaminated. Some of these historical issues are being addressed in conjunction with our site development works whilst others are subject to ongoing treatment regimes.

In connection with contaminated properties, as well as our operations generally, we also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage or damage to natural resources resulting from hazardous substance contamination or exposure caused by our operations, facilities or products. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our facilities, could result in substantial unanticipated costs. We could be required to establish or substantially increase financial reserves for such obligations or liabilities and, if we fail to accurately predict the amount or timing of such costs, the related adverse impact on our business, financial condition or results of operations could be material. We may incur significant reputational damage, which could materially impact our brands and sales, if we fail to maintain and improve our environmental, social and governance practices.

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

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

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

Our strategy includes the expansion of our operations in emerging markets and other parts of the world, which feature higher growth potential than many of the more mature automotive markets in developed countries. 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 (including restrictions on incentives offered by foreign governments for investment in their jurisdictions), 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.

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.

The COVID-19 outbreak impacted our retailer network and vehicle sales in Fiscal 2021 partly due to new lockdown measures causing showroom closures notably in the United Kingdom and across Europe. Such external disruption could similarly impact our retailer network in the future.

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 retail 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 wholesale volumes.

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.

In order to optimise market performance, sales channels must be aligned to the buying habits of our customers, including through traditional showrooms but also by embracing increasingly more innovative sales channels such as virtual showrooms and online purchasing supported by "click and deliver" initiatives. Inadequate sales and service performance could negatively impact our reputation and brands. Failure to deliver a superior sales service through the retailer channels will lead to a weakening in our competitive advantage potentially impacting our business and financial performance.

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 and extreme weather, fuel shortages/prices, epidemics and pandemics (such as the COVID-19 pandemic) and labour strikes. For example, the recent change in the U.S. presidential administration could result in the introduction of changes to laws and policies governing international trade and impose additional tariffs and duties on foreign vehicle imports, which could have a material adverse effect on our sales in the United States which represented over 20% of our vehicle sales in Fiscal 2021. Any disruption of the operations of our manufacturing, design, engineering, sales, corporate and other facilities could materially and adversely affect our business, prospects, financial condition and results of operations. 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. If any of these events were to occur, there can be no assurance that we would be able to shift our manufacturing, design, engineering, sales, corporate and other operations to alternate sites in a timely manner, or at all. Any significant or prolonged disruptions or delays in our operations related to these risks could adversely impact our results of operations. See "Risks Associated with the Automotive Industry—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results from operations." In particular, we are vulnerable to supply chain disruptions resulting from natural disasters, pandemics (such as the COVID-19 pandemic) or accidents. A significant delay or sustained interruption in the supply of key inputs sourced from areas affected by disasters or accidents could materially and adversely affect our ability to maintain our current and expected levels of production, and therefore negatively affect our revenues and increase our operating expenses.

We are a global organisation, and are therefore vulnerable to shifts in global trade and economic policies and outlook. Policies that result in countries withdrawing from trade pacts, increasing protectionism and undermining free trade could substantially affect our ability to operate as a global business. Additionally, negative sentiments towards foreign companies among our overseas customers and employees could adversely affect our sales as well as our ability to hire and retain talented people. A negative shift in either policies or sentiment with respect to global trade and foreign businesses could have a material adverse effect on our business, prospects, results of operations and financial condition.

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, a manufacturing plant in Slovakia, a manufacturing plant in Brazil and a manufacturing facility in China, which we own together with our joint venture partner Chery, among other manufacturing locations, see "Our Business—Properties and Facilities." 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.

We are exposed to liquidity risks.

Our main sources of liquidity are cash generated from operations, the Existing Notes, the Term Loan Facility, external debt in the form of factoring discount facilities and other revolving credit facilities and, if necessary, financial support from our parent company.

Any 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 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 face significant liquidity risks. As of July 2022, we will have a £1,500 million Revolving Credit Facility maturing in March 2024 and are subject to the risk that we may not be able to renew such credit facility on similar or better terms or at all.

In addition, our sales profile influences our operating and financial results on a quarter to quarter basis. 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. Our summer and winter shutdowns have a significant seasonal impact on our financial results, including working capital and cash flows. Sales in the automotive industry have been cyclical in the past and we expect this cyclicality to continue. In Fiscal 2021, particularly in the first quarter of Fiscal 2021, our cash flow generation was impacted by the temporary plant shutdowns resulting from the COVID-19 pandemic, however cash flow was positive from the second quarter of Fiscal 2021 as sales recovered following the relaxation of social distancing measures. In Fiscal 2021 as a whole, we recorded a positive free cash flow of £185 million.

We are also subject to various types of restrictions or impediments on the ability of certain Group companies in certain countries to remit cash across the Group other than through 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. As at 31 March 2021, we had cash and cash equivalents of £3,778 million (up from £2,271 million at 31 March 2020), short-term investments (including bank deposits with a maturity of between three and twelve months, tri-party repurchase agreements and direct investment in UK and US government bonds) of £1,004 million (down from £1,393 million as at 31 March 2020) and undrawn committed facilities of £1,935 million (upsized to £2,015 million in July 2021) and £3 million of undrawn credit under the UK Fleet Financing Facility. The total amount of cash and cash equivalents includes £298 million held in subsidiaries of the Issuer outside the United Kingdom as at 31 March 2021. Our Available Liquidity as at 31 March 2021 was £6,720 million. 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.

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 United States or United Kingdom 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 in China to develop, manufacture and sell certain of our vehicles and at least one own-branded vehicle in China. Please see "Our Business—China Joint Venture." Additionally, in March 2018, we announced our strategic partnership with Waymo to develop the world's first premium self-driving electric vehicle and, in June 2019, we announced a collaboration with BMW to develop the next-generation Electric Drive Units to support the advancement of electrification technologies. Joint venture and strategic partnership projects, like our joint venture in China, our partnership with Waymo and our collaboration with BMW 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 or close manufacturing, research or engineering facilities, expand or reduce existing facilities, reposition our brands and/or make significant changes to our product portfolio, supply chain, manufacturing base, distribution channels and markets and/or other aspects of our business. See a description of our current strategy under "Summary—Our Strategy." There are a range of risks inherent in implementing or managing our strategy that could adversely affect our ability to achieve our objectives, including, but not limited to, the following:

- the potential disruption of our business;
- the uncertainty that a revised product line-up will generate anticipated sales;
- the uncertainty that a new product or business will achieve anticipated operating results;
- the diversion of resources and management's time and costs associated with executing any strategy;
- our cost reduction efforts, which may not be successful;
- the difficulty of managing the operations of, and maintaining efficiencies in, a complex business including during and as a result of changes to our business; and
- the difficulty of competing for growth opportunities with companies having greater financial resources than we have.

If we do not succeed in implementing or managing our strategy, this could have a material adverse effect on our operating results and financial condition.

In February 2021, we also announced the shift in focus to the new "Reimagine" strategy including the goal of introducing the first all-electric Land Rover vehicle in 2024 followed by a further five Land Rover models with a full battery electric option by 2026. At the same time, we aim for Jaguar to emerge as a pure-electric only brand from 2025. The "Reimagine" strategy also targets the production of more sustainable and fully electric luxury vehicles including the ambitious goal of having a fully electric fleet of luxury vehicles by the end of the decade and 100% of sales from pure battery electric vehicles by 2036, as well as striving towards achieving net zero carbon emissions across our supply chain, among other environmentally driven strategies by 2039.

Expanding into electric vehicles with the goal of completely phasing out our pure internal combustion engine line of vehicles within the next ten years involves many risks, including rapidly changing consumer preferences and technological advances. The technology surrounding the engines, batteries, and charging times of electric vehicles remains in its initial stages, and as such, it may not grow in the way that we have predicted for our strategic initiatives to be successful. For example, we may not be able to develop sufficiently efficient batteries before our competitors or not at all. As with most new technological advances, we may also face competition with duelling software and hardware technologies in electric vehicles, which could lead to the dominance of one product in the market causing the extinction of the other. If we are unable to develop competitive models of electric vehicles or fail to meet our projected timeline, our business, prospects, financial condition and results of operation could be adversely affected. Moreover, rapid technological growth and shifts in consumer demand for the latest product could lead to electric vehicles being replaced by the next class of technologically advanced vehicles sooner than anticipated. If electric vehicles do not become the market standard, or are quickly phased out, we may not recoup our costs associated with developing an all-electric fleet of our vehicles. If we are unable to deliver our financial targets under the "Reimagine" strategy, it may limit our capability to invest and fund future products and technologies and may also result in higher net debt for longer than expected

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 wage negotiations in relation to wage agreements covering approximately 15,000 of our unionised employees and a new labour agreement with the trade unions is currently under negotiation. There is a risk, however, that future negotiations could escalate into industrial action ranging from "work to rule" to a strike before a settlement is ultimately reached.

Our business requires an engaged workforce with core capabilities in new and emerging skill areas and a collaborative and innovative culture for its transformation to be successful. If we fail to develop new and flexible skills and capabilities within our workforce, our business will lose the ability to remain flexible in a dynamic automotive industry, which is key to delivering innovative products and services. The COVID-19 pandemic has accelerated the need for the business to transform and we will need agility to support the organisation during and after this transformation.

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 and senior designers 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 pension 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 our defined benefit pension plans to new joiners as at 19 April 2010. All new employees in our UK operations from 19 April 2010 have joined a new defined contribution pension plan.

Under the arrangements with the trustee of the UK defined benefit pension schemes, an actuarial valuation of the assets and liabilities of the schemes is undertaken every three years to determine cash funding rates. As a result of the April 2018 valuation process, a funding deficit of £554 million was disclosed and we agreed a schedule of contributions with the trustee which, together with the expected investment performance of the assets of the schemes, is expected to eliminate the deficit by 2028. Cash contributions towards the deficit will be £60 million each year until Fiscal 2024 followed by £25 million each year until the fiscal year ending 31 March 2028. Contributions previously due for April, May and June 2020 have been re-spread over the year ended 31 March 2022. The revised schedule of contributions also reflects the reduced ongoing cost of benefit accrual of approximately 22% for Fiscal 2020 and approximately 21% for Fiscal 2021, due to changes implemented on 5 April 2017 (compared to a previous rate of approximately 31%).

As at 31 March 2021 our defined benefit pension accounted deficit was £387 million, as compared to a surplus of £380 million as at 31 March 2020 (and a deficit of £667 million as at 31 March 2019). This change was primarily due to a reduction in the discount rate used to value the liabilities, offset by interest rate hedges within the assets and contributions paid.

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, and uninsured losses could have a material adverse effect on our business.

We believe that the insurance coverage 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. For example, on 12 August 2015, a series of explosions caused widespread damage at the Port of Tianjin in China, one of three major locations in China through which we import our vehicles. At the time of the explosion, approximately 5,800 vehicles were stored at various locations in Tianjin. Many of these vehicles were destroyed or damaged in the explosion and, as a result, we recognised an exceptional charge of £245 million. Subsequently, by 30 June 2017, net insurance proceeds and other recoveries were received, resulting in a full recovery. In a similar future situation, there can be no assurance that any claim under our insurance policies will be honoured fully or timely, our insurance coverage will be sufficient 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.

Some of our vehicles make use of lithium-ion battery cells, which have been observed in some non-automotive applications to catch fire or vent smoke and flames, and such events have raised concerns, and future events may lead to additional concerns, about the batteries used in automotive applications.

The battery packs that we use, and will use, in our electric vehicles make use of lithium-ion cells (e.g. the battery packs we currently use in the all-electric Jaguar I-PACE). On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells.

While we have designed the battery pack to passively contain any single cell's release of energy without spreading to neighbouring cells, there can be no assurance that a field or testing failure of our vehicles will not occur, which could subject us to lawsuits, product recalls, or redesign efforts, all of which would be time consuming and expensive. Negative public perceptions regarding the suitability of lithium-ion cells for automotive applications, or any future incident involving lithium-ion cells such as a vehicle fire, even if such incident does not involve our vehicles, could seriously harm our business.

We store a significant number of lithium-ion cells at various warehouses and at some of our manufacturing facilities. Any mishandling of battery cells may cause disruption to the operation of our facilities. While we have implemented safety procedures related to the handling of the cells, there can be no assurance that a safety issue or fire related to the cells would not disrupt our operations. Such damage or injury could lead to adverse publicity and potentially a safety recall. Moreover, any failure of a competitor's electric vehicle may cause indirect adverse publicity for us and our products. Such adverse publicity could harm our business, prospects, financial condition and operating results.

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

We are and may be involved from time to time in civil, labour, administrative, regulatory or tax proceedings arising in the ordinary course of business due to our sales activities, R&D operations, or our manufacturing footprint. 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. For example, as a result of heightened regulatory and consumer attention to vehicle emissions and controls in the automotive industry and other environmental, social and governance (ESG) topics more generally, we may be subject to increased scrutiny by a number of interested parties and stakeholders, including regulators, consumers, environmental associations and other bodies with an interest in corporate behaviour, which may lead, from time to time, to legal actions, investigations or proceedings relating to any of those topics, such as vehicle emissions and/or the use of defeat devices in our vehicles or other similar issues more broadly. By their nature, the outcome of any such actions, investigations or proceedings are inherently uncertain and difficult to foresee.

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 (including revocation of a benefit or exemption from tax) 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 or political pressures may increase the likelihood of adverse or aggressive interpretations of tax laws or regulations or the imposition of arbitrary or onerous taxes, interest charges and penalties. Tax assessments may be levied even where we consider our practices to be in compliance with tax laws and regulations. Should we challenge such taxes or believe them to be without merit, we may nonetheless be required to pay them. These amounts may be materially different from our expected tax assessments and could additionally result in expropriation of assets, attachment of additional securities, liens, imposition of royalties or new taxes and requirements for local ownership or beneficiation.

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

Upon an evaluation of the effectiveness of the design and operation of our internal controls over financial reporting, conducted as part of the corporate governance and public disclosure obligations of our parent, Tata Motors, we concluded that there was a material weakness, such that our internal controls over financial reporting were not effective both as at 31 March 2019. See "Presentation of Financial and Other Data—Internal Controls." Although we have instituted remedial measures to address the material weaknesses identified and continually review and evaluate our internal control systems to allow management to report on the sufficiency of our internal control over financial reporting, we cannot assure you that we will not discover additional weaknesses in our internal control over financial reporting. The material weakness as at 31 March 2019 was remediated in Fiscal 2020. Furthermore, management continually improves, simplifies and rationalises our internal control framework where possible within the constraints of existing IT systems. Any additional weaknesses or failure to adequately remediate any existing weakness could materially and adversely affect our financial condition and results of operations and/or our ability to accurately report our financial condition and results of operations in a timely and reliable manner.

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

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

Tata Motors can exert considerable control over Jaguar Land Rover.

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

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

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

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

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

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

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

As at 31 March 2021, indebtedness of our subsidiaries that will not initially guarantee the Notes consisted of £836 million of debt (primarily the RMB 5 billion (£554 million equivalent as at 31 March 2021) China Revolving Facility and IFRS 16 lease liabilities). Under the terms of the Notes, there is no restriction on the ability of our subsidiaries to incur additional indebtedness and no requirement that any of our non-guarantor subsidiaries become Guarantors. Consequently, the Notes may become structurally subordinated to substantial additional indebtedness in the future.

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

Claims by secured creditors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, any claims of the holders of the Notes will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer and the Guarantors. Although all of our Existing Notes and our syndicated Revolving Credit Facility are unsecured, we enter into short- and long-term leases in the ordinary course of our business. As at 31 March 2021, the leases, accounted as debt under IFRS 16, amounted to £519 million. In October 2019, we entered into the UK Fleet Financing Facility, which has a limit of £113 million, for fleet buybacks secured by a floating charge over a part of our vehicle stock. As of the date of this Offering Memorandum, £70 million of the UK Fleet Financing Facility was drawn. As at 31 March 2021, the total amount of secured indebtedness was equal to £629 million consisting mainly of IFRS 16 lease liabilities and the £110 million drawn under the UK Fleet Financing Facility.

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. 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"). The definition of "Principal Manufacturing Property" is limited to manufacturing plants or manufacturing facilities located within the United Kingdom (other than those plants or facilities with an aggregate net book value not exceeding 1% of our consolidated tangible assets); accordingly, such definition does not include our existing production facilities outside the United Kingdom or any future manufacturing plants or manufacturing facilities we may build in the future outside the United Kingdom.

In the event that any of the secured indebtedness of the Issuer or the relevant Guarantor becomes due or the creditors thereunder proceed against the operating assets that secured such indebtedness, the assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes or the relevant Note Guarantee. As a result, holders of Notes may receive less, rateably, than holders of secured indebtedness of the Issuer or the relevant Guarantor.

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

Following the completion of the offering of the Notes, we will have a significant amount of indebtedness and substantial debt service obligations. As at 31 March 2021, on a *pro forma* basis after giving effect to the offering of the Notes hereby, as well as the amortisation of a portion of the UKEF & Commercial Loan Facilities and the repayment of a tranche of the UK Fleet Financing Facility, we would have had total *pro forma* outstanding indebtedness on a consolidated basis of £7,409 million. For an overview and description of our outstanding indebtedness, please see "Capitalisation," "Corporate and Financing Structure" and "Description of Other Indebtedness."

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

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

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

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

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

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

In addition, if further business disruptions are caused by COVID-19, we may continue to seek other sources of liquidity, and there can be no guarantee that additional liquidity will be readily available or available on favourable terms and in an amount sufficient to enable us to service and repay our indebtedness, or to fund our other liquidity needs.

Further, 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." In addition, as of 31 March 2021, we had sold £278 million equivalent of receivables under the Invoice Discounting Facility that is a non-recourse receivable financing which is not treated as indebtedness. See "Operating and Financial Review and Prospects—Off-Balance Sheet Arrangements, Contingencies and Commitments—Off-balance sheet arrangements."

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

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

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

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

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

Upon the occurrence of a "Change of Control Repurchase Event" (as defined in this Offering Memorandum), 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 Repurchase Event occurs, we may not have sufficient financial resources to satisfy all of our obligations under the Notes and any other indebtedness with similar provisions. Our failure to repurchase any Notes when due would result in a default under the Indenture.

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

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

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

Some of our financing agreements and debt arrangements set limits on and/or require us to obtain consents before, among other things, pledging assets as security. In addition, certain financial covenants may limit our ability to incur additional liens or include a minimum liquidity requirement. For example, the Revolving Credit Facility, as will be replaced by the £1,500 million Forward Start Facility, includes a minimum liquidity covenant requiring us to maintain a minimum liquidity of £1 billion. 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.

Furthermore, our Invoice Discounting Facility contains certain operational covenants, such as tests of overdue purchased receivables and days sales outstanding, that if triggered could lead to the cancellation of the remaining undrawn availability under the facility. In such circumstances we would seek a waiver or repurchase the affected receivables, but we may be unable to do so in a timely manner, or at all. Such cancellation of availability under our Invoice Discounting Facility or our inability to obtain a waiver or to repurchase the affected receivables in a timely manner or at all under the circumstances, could have an adverse impact on our working capital and as a consequence on our results of operations and financial condition. Additionally, the Invoice Discounting Facility is presently reported off-balance sheet given its non-recourse nature, as judged in accordance with relevant accounting standards, although any change in such judgement (for example as a result of our repurchase of any affected receivables) could lead to the amount funded under the facility being reported as debt.

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

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

No dividend was paid for the years ended 31 March 2019, 31 March 2020 and 31 March 2021. Subject to liquidity, tax, legal and other relevant considerations by our Board, we aim to maintain a dividend policy targeting an annual dividend payout rate to our shareholder of 25% of our profit after tax. As of the date of this Offering Memorandum, there are no outstanding loans owed or preference shares issued to TMLH.

We may pay dividends to our shareholder, subject to liquidity, tax, legal and other relevant considerations including, but not limited to, compliance with covenants in our financing agreements restricting such payments (including covenants in the indentures governing certain of the Existing Notes and in the UKEF & Commercial Loan Facilities). Pursuant to the indentures applicable to certain of the Existing Notes, we will not be subject to any limitation on the making of restricted payments (including payments of dividends) to the extent that we comply, on a *pro forma* basis, with a 2.0:1.0 consolidated leverage ratio. As at 31 March 2021, the estimated amount that would be available for dividend payments, other distributions to our shareholders and restricted payments under the "build-up" basket under the relevant covenant restrictions under such Existing Notes is £4,370 million. Pursuant to the UKEF & Commercial Loan Facilities, the payment of dividends is subject to stricter restrictions (i.e. such payments are only permitted where the available or total liquidity (as defined in the relevant credit agreement) is in excess of £1.9 billion and, are further limited to 25% of the group profit after tax). However, in the event of negative prior year cash flow such payments may not exceed a specified threshold calculated, based on amounts repaid under the UKEF facility. Please see "Description of Other Indebtedness—UKEF & Commercial Loan Facilities." There is no assurance that these restrictions in our existing debt agreements will remain in place or will not be modified in the future. In addition, the dividend restrictions under some of the Existing Notes may be suspended or terminated entirely if we achieve an investment grade status, thereby potentially allowing us to pay additional dividends. Furthermore, certain Existing Notes and the Notes offered hereby do not contain such dividend restrictions.

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 are different to the laws of the United States or other jurisdictions with which you may be 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 applicable legal framework and jurisdiction of the English courts

While the United Kingdom ("**UK**") was a member state of the European Union ("**EU**"), insolvency processes opened in the UK were subject to both EU and applicable UK domestic legislation. Following the UK's departure from the EU on 31 January 2020 and the expiry of the subsequent transition period (the "**Transition Period**") on 31 December 2020, in accordance with the EUWA, EU law as directly applicable in the UK at the end of the Transition Period (subject to certain exceptions) was transposed into UK domestic law subject to significant amendments. The Insolvency (Amendment) (EU Exit) Regulations 2019 (SI 2019/146) (as amended) effected key amendments to both EU insolvency laws previously directly applicable in the UK, including Council Regulation (EC) No. 1376/2000 of 29 May 2000 on Insolvency Proceedings (the "**Insolvency Regulation 2000**") and EC Regulation No. 2015/848 on Insolvency Proceedings (the "**Recast Insolvency Regulation**"), and domestic insolvency laws, including the Insolvency Act 1986 (the "**Insolvency Act**"), the Insolvency (England and Wales) Rules 2016 (SI 2016/1024) (the "**Insolvency Rules**") and the Cross-Border Insolvency Regulations 2006 (SI 2006/1030) (the "**Cross-Border Insolvency Regulations**").

The Issuer and the Guarantors are companies incorporated under English law. As a general rule, insolvency proceedings with respect to an English company would likely (subject to the location of the Issuer or the Guarantors' centre of main interest ("COMI") at the time of filing) be based on English insolvency laws. However, pursuant to the Recast Insolvency Regulation, which applies within the European Union, other than Denmark, to insolvency proceedings opened on or after 26 June 2017, where an English company has its centre of main interests in a member state of the European Union (other than Denmark a "Member State"), then the main insolvency proceedings for that company could, pursuant to the Recast Insolvency Regulation and subject to certain exceptions, be opened in the Member State in which its COMI is located and be subject to the laws of that Member State. There are a number of factors that are taken into account to ascertain COMI, 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. There is in most cases a rebuttable presumption that a corporate debtor's COMI is the location of the company's registered office. However, if the registered office has been moved to another Member State within the three month period prior to the request for the opening of insolvency proceedings, that presumption would not apply. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened.

Similarly, the Cross Border Insolvency Regulations, which implement the UNCITRAL Model Law ("Model Law") on Cross Border Insolvency in the UK and which apply to foreign insolvency proceedings (subject to certain exceptions) anywhere in the world without any condition of reciprocity, provide that certain collective foreign (i.e., non-English) proceedings may be recognised by the English courts as foreign main proceedings where any English company has its COMI in that foreign jurisdiction, or as foreign non-main proceedings where it has an "establishment" in such foreign jurisdiction (being a place of operations where it carries out a non-transitory economic activity with human means and assets or services). As such, should any English company have its COMI in a jurisdiction that is neither within the UK nor is a Member State of the EU, and insolvency proceedings are opened in that jurisdiction and afforded recognition by the English courts, any proceedings opened in England and Wales would be foreign non-main proceedings and would be limited to the assets that the relevant company has in the UK. Upon recognition of foreign main proceedings, an automatic stay, equivalent to the stay in an English compulsory liquidation (see below), will apply to prevent certain types of creditor action in the UK, including commencement of proceedings concerning the debtor's assets, rights, obligations or liabilities (but the automatic stay will not affect a creditor's rights to enforce security over the debtor's property (albeit such a stay may be requested from the English court)). No automatic stay applies in relation to foreign non-main proceedings (albeit such a stay may be requested from the English court).

Although the scope of the English courts' jurisdiction varies for the different insolvency proceedings available in England and Wales, English courts generally have jurisdiction to open insolvency proceedings in respect of any company which has its COMI in the UK or which has its COMI in an EU member state (other than Denmark) and an "establishment" in the UK. While this allows English courts to assume jurisdiction over certain foreign companies in respect of certain insolvency proceedings, the efficacy of such proceedings will significantly depend on the likelihood and extent of subsequent recognition of such proceedings in relevant other jurisdictions.

Recognition in the EU

Following the UK's departure from the EU and the expiry of the Transition Period, UK proceedings no longer benefit from automatic and guaranteed recognition in EU member states. As the trade and cooperation terms agreed between the EU and the UK do not include a replacement regime for the current automatic recognition of UK insolvency procedures across the EU (and vice versa) or otherwise address insolvency matters, cross-border insolvencies involving the UK and one or more EU member states will be subject to a degree of uncertainty and increased complexity.

As a result it is likely to be more problematic for UK restructuring and insolvency proceedings to be recognised in EU member states and for UK office holders to effectively deal with assets located in EU member states than it was during and prior to the Transition Period. The general position outlined above will apply and recognition will depend on the Model Law (if relevant—to date it has only been enacted by Greece, Poland, Romania and Slovenia), comity (if available) or the private international law rules adopted in the relevant EU member state and the need may well arise to open parallel proceedings, increasing the element of risk as well as costs. In particular in cases where the appointment of a UK office holder is made in reliance on a UK domestic approach rather than COMI rules, it is much less certain that such appointment will be recognised in other EU member states.

The recognition of English courts' jurisdiction and orders in respect of schemes of arrangement and restructuring plan processes, which are restructuring rather than insolvency proceedings, will be subject to treaties regarding matters relating to the jurisdiction of courts in civil proceedings and the enforcement of civil judgments such as the Hague Convention on Choice of Court Agreements 2005 and the Lugano Convention 2007 (subject to the UK's pending accession to the latter) where these apply, and where they do not, potential to Rome I or the private international law rules adopted in the relevant EU member state.

As a consequence, the recognition of English insolvency and restructuring proceedings across the EU member states may be different from what investors may have experienced in the past when the UK was a member state of the EU or during the Transition Period. It is not possible to predict with certainty if and to what extent proceedings will be recognised and whether investors may adversely affected as a result.

England & Wales

The description of certain aspects of English insolvency law, included below, is not intended to summarise all the different insolvency rules and procedures or any other considerations which may be relevant to the holders of the Notes offered hereby. Insolvency rules and procedures are complex and it is difficult to anticipate their application and outcomes with certainty.

Under the Insolvency Act, certain types of English companies may file for or become subject to certain formal insolvency processes which include administration and liquidation.

The distinction between administration and liquidation is discussed further below but, in essence, administration is designed to provide a tool to rescue the company or its business as a going concern where the company is or is likely to become insolvent, whereas liquidation is a termination procedure designed to distribute the company's assets to its creditors.

In addition to administration and liquidation, there are two other insolvency regimes under the Insolvency Act for certain types of English companies, namely company voluntary arrangements and administrative receivership. Certain secured creditors may also have the ability to appoint a receiver (in contrast to an administrative receiver) which is a self-help remedy often granted within the documents granting the security interests over the collateral. Save for receivership and administrative receivership, all of these insolvency procedures under the Insolvency Act are collective remedies for the benefit of all creditors.

Administration

The English courts have jurisdiction to make an administration order in respect of, amongst others, (i) a company registered under the Companies Act 2006 in England and Wales or Scotland, (ii) a company incorporated in a member state of the European Economic Area (iii) a company not incorporated in a member state of the European Economic Area but having its centre of main interests in an EU member state (other than Denmark) or in the UK (iv) a company with COMI in the UK and (v) a company with COMI in an EU member state (other than Denmark) where there is an establishment in the UK.

Without limitation and subject to specific conditions, an administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the stated purpose of the administration. A company is unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due) or if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities). Such insolvency is presumed if, among other matters, the company fails either to satisfy a creditor's statutory demand for a debt exceeding £750 within 21 days of service or to satisfy in full or in part a judgment debt (or similar court order). Without limitation and subject to specific conditions, a company (falling within the definition set out in the Company's Act 2006), the directors of such company or the holder of a qualifying floating charge (see "Administrative Receivership" below as to what constitutes a qualifying floating charge) where the floating charge has become enforceable, may also appoint an administrator via an out of court process, and different procedures apply according to the identity of the appointor. During the administration, in general no proceedings or other legal process may be commenced or continued against the company, 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.

In addition, upon the application of the holder of a qualifying floating charge (who would otherwise be entitled to appoint an administrator via an out of court process), the court may make an administration order if it is satisfied that the administration order is reasonably likely to achieve the stated purpose of the administration (and without having regard to whether the relevant company is or is likely to become "unable to pay its debts").

The administration of a company must achieve one of the following statutory objectives: (1) the rescue of the company (as distinct from the business carried on by the company) as a going concern (the first objective); (2) the achievement of a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration) (the second objective); or (3) the realisation of some or all of the company's property to make a distribution to one or more secured or preferential creditors (the third objective). An administrator must attempt to achieve the first objective of administration, unless they think either that it is not reasonably practicable to achieve the first objective, or that the second objective would achieve a better result for the company's creditors as a whole. The administrator cannot pursue the third objective unless they think that it is not reasonably practicable to achieve either the first objective or the second objective and that it will not unnecessarily harm the interests of the creditors of the company as a whole to pursue the third objective. Subject to this, the administrator must perform their functions in the interests of the company's creditors as a whole. The order of priority which applies to any distribution to creditors is set out below (see "Priority on insolvency").

Certain rights of creditors, including secured creditors, are curtailed in an administration pursuant to the statutory moratorium imposed under the Insolvency Act. For example, upon the appointment of an administrator, no step may be taken to enforce security over the company's property except with the consent of the administrator or permission of the court. The same requirements for consent or permission apply to the institution or continuation of legal process (including legal proceedings, execution, distress and diligence) against the company or property of the company. In either case, a court will consider a range of discretionary factors in determining any application for leave in light of the hierarchy of statutory objectives of administration described above.

However, whilst the restrictions of the moratorium are extensive, they are not total. For example, contractual set-off rights may continue to be exercised, at least until the administrator makes an authorised distribution and certain creditors of a company in administration may, in certain defined circumstances, be able to enforce their security over certain of that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral arrangement" (generally, this can include a charge over cash or financial instruments, such as shares, bonds or tradeable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended).

While an administrator is in office, the powers of the board of directors of the relevant company cease (save for those powers that do not interfere with the exercise of the administrators' powers, or where permitted by the administrator) and the administrator has primary responsibility for managing the company's affairs. An administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act, dispose of the property of a company in administration that is either not subject to security, or is subject to a floating charge—however an administrator may only dispose of property of a company subject to a fixed charge with the leave of the court. The administrator also has the ability to challenge certain antecedent transactions.

Ordinary corporate administration terminates automatically after a year (albeit the administration may be extended by court order or, subject to a limit of one year, by consent of the creditors).

A company may exit administration if the administrator is satisfied that one or more of the statutory objectives have been achieved (upon application to and order of the court if the administration is pursuant to an administration order). On exiting administration, the company may resume normal business. However, the administrator also has the power, should he conclude that there is no reasonable prospect of rescuing the company, to either place the company into liquidation or use their powers under, and in accordance with, the Insolvency Act to distribute the company's assets and thereby achieve substantially the same result as a liquidation.

Liquidation

Under the Insolvency Act, liquidation is a company dissolution procedure pursuant to which the assets of the company are realised and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act, which we will not describe in detail. Once the liquidator has completed this task, the company will be dissolved and removed from the register of companies.

There are two forms of winding up: (a) compulsory liquidation, by order of the court; and (b) voluntary liquidation, by resolution of the company's members, and which is in turn divided into members' voluntary liquidation ("MVL") and creditors' voluntary liquidation ("CVL"). A CVL (other than as an exit from administration) is initiated by a resolution of the members, not the creditors, but once in place is subject to some degree of control by the creditors.

Companies registered in England and Wales or foreign companies with their COMI in England and Wales, with their COMI in an EU member state (other than Denmark) and an "establishment" in England and Wales or which have a "sufficient connection" with England and Wales to justify the court exercising its jurisdiction may be wound up via compulsory liquidation. Only companies registered in England and Wales may be subject to voluntary liquidation (save that a foreign company where its COMI is in England and Wales or in an EU Member State (except Denmark) but which has an establishment in England and Wales may enter a creditors' voluntary liquidation).

A creditor, the company or in certain circumstances a shareholder, among others, can present a winding-up petition to the Court for the compulsory winding-up of a company (as at the date of this Offering Memorandum, subject to certain temporary restrictions recently enacted by way of CIGA as described below in the section "Temporary Measures"). The most common grounds for the compulsory winding up of a company is that either it is unable to pay its debts (as defined in Section 123 of the Insolvency Act) or the court is of the opinion that it is just and equitable for the company to be wound up.

The effect of a compulsory liquidation differs in a number of respects from that of a voluntary liquidation. In a compulsory liquidation, under Section 127 of the Insolvency Act, any disposition of the relevant company's property made after the commencement of the winding up is, unless sanctioned by the court, void. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced from the time of the presentation of the winding up petition. Once a winding up order is made by the court, a stay of all proceedings against the company will be imposed. No action or proceeding may be continued or commenced against the company without permission of the court although there is no stay on the enforcement of security.

In the context of a voluntary liquidation however, there is no equivalent to the retrospective effect of a winding-up order; the winding-up commences on the passing of the members' resolution to wind up. As a result, there is no equivalent of Section 127 of the Insolvency Act. There is also no automatic stay in the case of a voluntary liquidation—it is for the liquidator, or any creditor or contributory of the company, to apply for a stay.

An MVL is a solvent liquidation that is controlled by the shareholders. It commences when the shareholders pass a special resolution to place the company into liquidation and there is no involvement by the court. Not more than five weeks prior to the making of the winding up resolution, the directors must swear a statutory declaration of solvency stating that, after having made full enquiry into the company's affairs, they have formed the opinion that it will be able to pay its debts, including interest and the costs of the MVL process in full, within a stated period not exceeding twelve months from the start of the liquidation.

A CVL is also commenced by the shareholders resolving to place the company into liquidation and has no court involvement. In contrast to an MVL, however, the directors do not swear a statutory declaration of solvency for a CVL (meaning the company can be solvent or insolvent). If the creditors choose a different person to act as liquidator from that appointed by the shareholders, the creditors' choice will prevail.

On the appointment of a liquidator, the directors' powers to bind the company automatically cease, save for those powers that are sanctioned by the liquidator or creditors (as appropriate). A liquidator has, among other things, the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding up, to sell the company's property (provided that in respect of the sale of any property that is secured by a fixed charge in favour of a creditor, if that sale is made without the secured creditor's consent, it will be made subject to that security, as the creditor's consent will be needed to the release of the security), execute documents in the name of the company and to challenge antecedent transactions.

Under English insolvency law, with some exceptions a liquidator has the power to disclaim any onerous property, which includes unprofitable contracts and any other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company that may be detrimental to creditors. However, this power does not apply to a contract where all of the obligations have been performed nor can it be used to disturb accrued rights and liabilities, and if a contract is disclaimed the contractual counterparty has a right to sue for damages in respect of the terminated contract.

Company Voluntary Arrangement

A company voluntary arrangement ("CVA") is a procedure intended to allow English companies to avoid potentially terminal insolvency proceedings and to address their financial difficulties by obtaining a binding agreement or compromise with their unsecured creditors. Even though such procedure does not result in the insolvency of a company, it is implemented through the supervision of an insolvency practitioner who will act as the nominee before the CVA proposals are approved, and as the supervisor afterwards. The proposal for a CVA would generally include a rescheduling or reduction of the company's unsecured debts, but may also form part of more complex arrangements that seek to balance the interests of many different creditor groups. When approved by the required majority of unsecured creditors, a CVA will bind all the unsecured creditors of a company. CVAs may also be used as a tool alongside a formal insolvency procedure such as administration in order to implement a compromise between the company and its creditors.

A company is eligible to propose a CVA if it is (i) registered under the Companies Act 2006 (or the preceding legislation) in England and Wales or Scotland (ii) if it is incorporated in a member state of the European Economic Area or (iii) if the company is not incorporated in a member state of the European Economic Area but has its COMI in a member state of the European Union (other than Denmark) or in the UK. The CVA can be proposed by the relevant company's directors (if the relevant company is not in administration or liquidation) or, if the relevant company is in administration or liquidation, by the administrator or the liquidator (as applicable).

The proposal for a CVA would generally include a rescheduling or reduction of the company's unsecured debts, but may also form part of more complex arrangements that seek to balance the interests of many different creditor groups.

If the proposals under the CVA are approved by the requisite majority of creditors (i.e. a majority in excess of 75% in value of unsecured creditors present or acting by proxy, provided that those creditors include more than 50% by value of unconnected creditors), a CVA will bind all unsecured creditors of a company— however a CVA will not affect the rights of secured creditors or preferential creditors unless they agree to the proposals. Shareholders of the company will also be asked to vote on the CVA but whether or not they do so, the CVA will be implemented if the requisite majority of creditors approve the proposal.

Administrative Receivership and Receivership

There are, broadly speaking, two different types of receiver: (i) an 'administrative receiver' (being a receiver or manager of the whole or substantially the whole of a company's property appointed by a holder of a charge which as created was a floating charge, or by such a charge and one or more other securities and who normally takes over the running of the company's business) and (ii) a receiver (often described as a "fixed charge receiver"). The latter are not administrative receivers and are mostly used to sell land or other specific assets subject to a fixed charge. The ability to appoint a receiver over secured assets (in contrast to an administrative receiver) is typically provided for in English law security documents. Specific rules apply to the appointment of the administrative receiver or receiver and to their duties during the procedure.

Schemes of Arrangement (Part 26 of the Companies Act 2006)

In addition to the above and although it is not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006, the English courts have jurisdiction to sanction a scheme of arrangement (a "Scheme") that effects a compromise or arrangement between a company and its creditors (or any class of them), including secured creditors, or members (or any class of them) outside of a formal insolvency process.

An English company may be able to pursue a Scheme in respect of its financial liabilities. The proposed compromise or arrangement must be voted on by the affected creditors or members (the convening of which is approved by the court). The affected creditors or members will vote in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed Scheme and any new rights that such creditors are given under the Scheme. Classes must be comprised of those persons whose rights are not so dissimilar as to make it impossible for them to consult together with a view to their common interest.

If the Scheme is approved by the required majorities (being 75 percent in value and a majority in number of those present and voting in person or by proxy in respect of each class, irrespective of the terms and approval thresholds contained in the finance documents), it must then be considered by the court again at a sanction hearing where the court will consider the fairness of scheme and whether it is reasonable. The court will have discretion to sanction the Scheme as approved, make an order conditional upon modifications being made or reject the Scheme. If sanctioned by the court, a Scheme will be binding on each class of creditors (both secured and unsecured) and members including any dissenting or abstaining party.

Restructuring Plan (Part 26a Companies Act 2006)

CIGA (defined below) introduced a new type of scheme of arrangement (a "Restructuring Plan"), which is available under Part 26a of the Companies Act 2006 and which is similar to a Scheme under Part 26 the Companies Act 2006 but with a few key differences, including an ability for a cross-class cramdown to bind dissenting stakeholders to the proposed Restructuring Plan.

Like the Scheme, the Restructuring Plan is available to any company that is liable to be wound up under the Insolvency Act, excluding certain financial market participants and any other company excluded by the Secretary of State. The company must: (i) have encountered, or be likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern; and (ii) have proposed a compromise or arrangement with its creditors or members for the purpose of eliminating, reducing, preventing or mitigating such financial difficulties. Other than the foregoing, there is no financial eligibility criteria, thereby making it available to both solvent and insolvent companies (in the latter case, the plan would be proposed by the incumbent insolvency practitioner). Where a convening application is made within 12 weeks after the end of the new standalone moratorium, any creditors in respect of "moratorium debts" and "priority pre-moratorium debts" may not participate in the vote and may not be compromised under the Restructuring Plan without their consent.

The overall Restructuring Plan process closely resembles that for a Scheme. As an initial step, the company will seek leave of the court to convene meetings of the relevant classes of its creditors or members (as applicable). Creditors and members whose rights against the company would be affected by the Restructuring Plan must be permitted to participate in a convening meeting ordered by the court, provided that this will not apply in relation to a class of creditors or members of the company if the court is satisfied that none of the members of that class has a genuine economic interest in the company.

At the relevant class meetings, the Restructuring Plan will be approved if a number representing 75% in value of the creditors or class of creditors or members or class of members present vote in favour of it. In contrast to a Scheme, there is no requirement that a majority in number must also vote in favour of the Restructuring Plan. Following the creditors' or members' meeting(s), a sanction hearing will be held. Here, the court will consider if the necessary plan requirements have been met and decide whether to sanction the Restructuring Plan. The court has discretion to sanction a plan, even if one or more classes of creditors or members did not vote in favour of it, thereby "cramming down" dissenting classes, if: (i) the court is satisfied that none of the members of the dissenting class would be any worse off than they would be in the event of the "relevant alternative" (i.e. what the court considers the most likely to occur in relation to the company if the Restructuring Plan were not sanctioned); and (ii) the Restructuring Plan has been approved by a number representing 75% in value of a class of creditors or members who would receive a payment, or have a genuine economic interest in the company, in the event of the relevant alternative referred to in (i) above. A Restructuring Plan sanctioned by the court will be binding on all affected parties, whether they initially voted in favour of it or not.

Avoidance of Transactions

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, determined by applying certain rules which are not described herein, an administrator or liquidator is appointed to an English company, he or she may challenge the validity of the guarantee given by the company, or certain transactions entered into by that company and, as such, it cannot be certain that, in the event that the onset of a company's insolvency (as described below) is within any of the requisite time periods, the grant of a guarantee in respect of the Notes would not be challenged or that a court would uphold the transaction as valid.

Connected persons

If the given transaction at an undervalue or preference, has been entered into by the company with a "connected person," then particular specified time periods and presumptions will apply to any challenge by an administrator or liquidator (as set out below).

A "connected person" of a company granting a security interest or guarantee for the purposes of transactions at an undervalue, preferences or invalid floating charges is a party who is: (a) a director of the company; (b) a shadow director; (c) an associate of such director or shadow director; or (d) an associate of the relevant company.

The term "associate" is very widely defined; key "associates" are defined below (as set out in section 435 of the Insolvency Act).

A person is an associate of an individual if they are: (a) a relative of the individual; (b) the individual's husband, wife or civil partner; (c) a relative of the individual's husband, wife or civil partner; or (d) the husband, wife or civil partner of a relative of the individual or the individual's husband, wife or civil partner.

A person is an associate of any person with whom he is in partnership and of the husband, wife or civil partner or relative of any individual with whom he is in partnership.

A person is associated with a company if they are employed by that company (and in this case directors of a company are treated as employees of that company). A person is also an associate of any person whom he employs. A company is an associate of another person if that person has control of it or if that person and persons who are his associates together have control of it.

A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

A person is to be taken as having control of a company if the directors of the company or of another company which has control of it (or any of them) are accustomed to act in accordance with his directions or instructions, or he is entitled to exercise, or control the exercise of, one third or more of the voting power at any general meeting of the company or of another company which has control of it. Where two or more persons together satisfy either of these conditions, they are to be taken as having control of the company.

The potential grounds for challenge available under the English insolvency legislation that may apply to the Note Guarantees, and any security interest or guarantee granted by a company include, without limitation, the following described below:

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 (or grant other relief) 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 was or became insolvent (as defined in the Insolvency Act).

The transaction can be challenged if the transaction was entered into within a period of two years ending with the date of the onset of the company's insolvency, which date depends on the insolvency proceeding in question. A transaction might be subject to being set aside as a transaction at an undervalue if the company made a gift to a person, 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 in return.

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, in which case the Connected Person must demonstrate the solvency of the English company in such proceedings.

Preference

Under the Insolvency Act, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a guarantee (or grant other relief) 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 was or became insolvent. The transaction can be challenged if the transaction was entered into 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) ending with the date of the onset of the company's insolvency, which date depends on the insolvency proceeding in question. 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 the Insolvency Act, 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 and, subject to certain conditions, the UK Financial Conduct Authority, the UK Prudential Regulation Authority and the UK Pensions Regulator. There is no statutory time limit in the English insolvency legislation within which the challenge must be made (subject to the normal statutory limitation periods) and the relevant company does not need to be insolvent at the time of, or as a result of, the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith, for value and without notice of the relevant circumstances, and will not require a person who received a benefit from such transaction in good faith, for value and without notice of the relevant circumstances to pay any sum unless such person was a party to the transaction.

Limitation on enforcement

The grant of a guarantee by an English company in respect of the obligations of another company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that these documents do not allow such an action, there is the risk that the grant of the guarantee can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English company in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for the company in question by virtue of entering into the proposed transaction. The Companies Act 2006 provides that a director of a company must act in the way that he considers, in good faith, would be most likely to promote the success of that company for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Priority of claims

One of the primary functions of liquidation (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realise the assets of the insolvent company and to distribute the cash realisations made from those assets to its creditors. Under the Insolvency Act, creditors are placed into different classes and, with the exceptions and adjustments noted below, the proceeds from the realisation of the insolvent company's property applied in descending order of priority, as set out below. Subject to certain exceptions, distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been repaid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the cash is distributed in proportion to the debts due to each creditor within a class.

The general priority of claims on insolvency is as follows (in descending order of priority) and subject to certain circumstances in which super priority is afforded to moratorium debts and priority pre-moratorium debts and related costs and expenses in accordance with Sections 174A and paragraph 64A of Schedule B1 of the Insolvency Act:

First ranking: holders of fixed charge security, who are entitled to the proceeds of those secured assets up to the value of their secured claim, and creditors with a proprietary interest in specific assets in the possession (but not full legal and beneficial ownership) of the company are entitled to the assets in which they have a proprietary interest;

Second ranking: expenses of the insolvent estate incurred during the relevant insolvency proceedings (there is a further statutory order of priority setting out the order in which expenses are paid);

Third ranking: preferential creditors. Preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (i) contributions to occupational and state pension schemes; (ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; and (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date; and (d) bank and building deposits eligible for compensation under the Financial Services Compensation Scheme ("FSCS") up to the statutory limit. As between one another, ordinary preferential debts rank equally. Secondary preferential debts include (a) bank and building deposits eligible for compensation under the FSCS to the extent that claims exceed the statutory limit, and (b) claims by HMRC for taxes including VAT, PAYE income tax, employee NI contributions and Construction Industry Scheme deductions but excluding corporation tax and employers' NI contributions, and in each case rank for payment after the discharge of the ordinary preferential debts. As between one another, secondary preferential debts rank equally;

Fourth ranking: holders of floating charge security to the extent of the realisations from those secured assets, according to the priority of their security. This would include any floating charge that was stated to be a fixed charge in the document that created it but which, on a proper interpretation, was rendered a floating charge. However, before distributing asset realisations to the holders of floating charges, the Prescribed Part (as described below) must be set aside for distribution to unsecured creditors;

Fifth ranking:

firstly, provable debts of unsecured creditors and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. In the case of any unsecured shortfall for secured creditors, the insolvency officeholder can only use realisations from unsecured assets and is not permitted to make a distribution from the Prescribed Part to such secured creditors unless the Prescribed Part is sufficient to first pay out all unsecured creditors;

secondly, interest on the company's debts (at the higher of the applicable contractual rate and the official rate) in respect of any period after the commencement of liquidation, or after the commencement of any administration which had been converted into a distributing administration. However, in the case of interest accruing on amounts due under the Notes or the Note Guarantees, such interest due to the holders of the Notes may, if there are sufficient realisations from the secured assets, be discharged out of such security recoveries; and

thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully paid; and

Sixth Ranking: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subject to the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation (and provided that such terms do not contravene the Insolvency Act).

The requirement for an administrator, liquidator or receiver (including administrative receiver) to set aside a Prescribed Part of the company's property which is subject to a floating charge, and make it available for unsecured creditors, will not apply to any charge created or otherwise arising under a financial collateral arrangement (as described in the Financial Collateral Arrangements (No 2) Regulations 2003 (SI 2003/3226)).

Corporate Insolvency and Governance Act 2020

On June 26, 2020, the Corporate Insolvency and Governance Act 2020 (as amended, "CIGA") came into force. CIGA introduced some additional restructuring and insolvency procedures, including the Restructuring Plan (described above), and made some temporary amendments to existing procedures.

Moratorium

CIGA introduced a moratorium procedure, which is available under Part A1 of the Insolvency Act, to registered and unregistered UK companies liable to be wound up under part 5 of the Insolvency Act, subject to certain exclusions. The moratorium's initial duration will be for a period of 20 business days, but this can be extended (i) by the directors, for a period of 20 business days, (ii) with creditor consent, for a total period of a year (including the initial 20 business day period), and (iii) by the court, for an unlimited period.

To obtain the benefit of the moratorium, a director of the company must file certain documents at court (unless it is an overseas company or already subject to a winding up petition, in which case an application to court is required) to certify that the company is or is likely to become unable to pay its debts and a licensed insolvency practitioner ("Monitor") must certify that a moratorium would be likely to result in the rescue of the company as a going concern. Despite the existence of a "payment holiday" in respect of certain pre-moratorium debts which exists throughout the moratorium, the company will still be expected to pay certain debts incurred whilst the moratorium is in force under an obligation incurred before the moratorium commenced, including the costs of goods and services, employees and rent, together with all amounts falling due under loan agreements and other financial services contracts.

The moratorium is not available to companies which have entered into certain capital market arrangements (whereby the company has incurred or is expected to incur a debt of at least £10 million and the arrangement involves the issue of a capital market investment) as detailed in Schedule ZA1 to the Insolvency Act. The definitions of "capital market arrangement" and "capital market investment" are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

Temporary measures

CIGA also introduced certain temporary measures to combat the financial impact of the COVID-19 pandemic and allow companies necessary breathing space in order to survive the pandemic. Such temporary measures include a restriction on the presentation of a winding-up petition based on a statutory demand served between March 1, 2020 and September 30, 2021.

In addition, CIGA introduced, in respect of any winding up petition presented between April 27, 2020 and September 30, 2021, an additional condition that must be satisfied before a creditor can obtain a winding-up order against a company on the grounds that it is unable to pay its debts, namely that any creditor asking the court to make a winding-up order on those grounds must first demonstrate to the court that the company's inability to pay its debts was not caused by the coronavirus pandemic.

Whilst these temporary measures were initially implemented for a specified period, they were extended (to the dates referred to above) and there is a possibility that such measures will be extended beyond this date.

Ipso Facto Termination Clauses

CIGA also extends the UK's existing "essential supplies" regime (which ensures that certain critical supplies such as gas, electricity, water and IT continue to be available to a company post-insolvency) by introducing a so-called '*ipso facto*' (termination) provision to the Insolvency Act which restricts the ability of a supplier of goods or services to a company in a formal rescue or insolvency procedure to terminate supply contracts. The *ipso facto* measure will apply when the recipient of the supply enters a range of insolvency procedures, including for example the CIGA's new moratorium and restructuring plan, in addition to administration and liquidation (among others). Unlike some of the temporary changes contained in the CIGA, the *ipso facto* provision is a permanent change to the UK's restructuring and insolvency regime.

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 certain of 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 the relevant clearing system 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, or their respective nominees, will be the registered holder of the Euro Global Notes and DTC, or its nominee, will be the registered holder of the Dollar Global Notes (as such term is defined in "Book-Entry; Delivery and Form"). After payment to the common depositary or their respective nominees for DTC, Euroclear or Clearstream, 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 DTC, Euroclear or Clearstream, as applicable, and if you are not a participant in DTC, Euroclear or Clearstream, 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 DTC, Euroclear or Clearstream. 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 DTC, Euroclear or Clearstream. We cannot assure you that the procedures to be implemented through DTC, Euroclear or Clearstream 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 included in this Offering Memorandum have been audited by KPMG LLP, independent auditors, as stated in the audit reports relating to the Consolidated Financial Statements.

The audit reports of KPMG LLP, 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 auditors based on their reports or the Consolidated Financial Statements to which they relate could be limited.

Changes or uncertainty in respect of LIBOR and/or SONIA may affect some our financing arrangements.

Some of our financing arrangements are, or may in the future be, linked to LIBOR and/or SONIA (as defined below). The Forward Start Facility, for example, replaces the traditional LIBOR basis for the determination of the accrual of interest used in the Revolving Credit Facility and will, once it comes into effect, operate on a backward looking compounded in arrears SONIA basis. We may also amend the terms of our other facilities to substantially align with the SONIA provisions already contained in the Forward Start Facility. LIBOR has been the subject of recent national, international and other regulatory guidance and proposals for reform, which may cause it to cease to exist entirely after 2021 (or June 2023 in the case of US dollar LIBOR). On 29 November 2017, the Bank of England and the FCA announced that the market working group on Sterling Risk-Free Rates would have an extended mandate to catalyse a broad transition from LIBOR to the Sterling Over Night Index Average rate ("SONIA") across sterling bond, loan and derivatives markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. On 23 April 2018, the Bank of England took over administration of SONIA and issued a series of reforms as part of its implementation as a replacement to LIBOR. From April 2018, the Bank of England has been setting the interest rate benchmark using SONIA, meaning that banks are no longer compelled by the FCA to submit LIBOR rates beyond 2021. On 5 March 2021, the FCA issued an announcement that all LIBOR settings will either cease to be provided by any administrator or no longer be representative of the underlying market and economic reality (and that representativeness will not be restored) immediately after (i) 31 December 2021, in the case of all sterling, euro, Japanese Yen and Swiss Franc, and certain U.S. dollar settings, or (ii) 30 June 2023, in the case of the remaining U.S. dollar settings. These reforms and other pressures will cause LIBOR to disappear entirely following its phase out period and/or may create disincentives for market participants to continue to administer LIBOR or may have other consequences which cannot be predicted. Any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including SONIA or any alternative or successor benchmark rate) could affect the level of the published rate, including to cause it to be higher, lower and/or more volatile than it would otherwise be.

With the discontinuation of LIBOR, the rate of interest applicable to our financing arrangements that are linked to LIBOR may be determined by applicable contractual fall-back provisions, although such provisions have not been tested and may not operate as intended. Additionally, SONIA and/or any other alternative or successor benchmark rates are, or will be for a period of time, largely untested, and the use of SONIA and/or such alternative or successor benchmark rates may have adverse consequences that impact our financing arrangements.

More generally, any of the above matters or any other significant change to the setting or existence of LIBOR (or any alternative or successor benchmark rates, including SONIA) could affect the ability of amounts available to us to meet our obligations under our financing arrangements and/or could have a material adverse effect on the value or liquidity of, and the amounts payable under, our financing arrangements. Changes in the manner of administration of LIBOR (or any alternative or successor benchmark rates, including SONIA) could result in adjustment to the conditions applicable to some of our financing arrangements or other consequences as relevant to those financing arrangements. While we may seek to amend the agreements related to our financing arrangements linked to LIBOR (or any alternative or successor benchmark rates, including SONIA), we may not be able to amend such agreements before any of the risks disclosed hereby materialise or at all. No assurance can be provided that relevant changes will not be made to LIBOR or any other relevant benchmark rate and/or that such rates will continue to exist.

Changes in our credit rating could adversely affect our ability to obtain future financing and the value of the Notes.

Any credit ratings assigned to us or our debt securities, including the Notes, may not reflect the potential impact of all risks related to structure, market, additional risk factors discussed in this Offering Memorandum and other factors that may affect the value of our debt securities, including the Notes. A credit rating is not a recommendation to buy, sell or hold securities. Credit rating agencies continually review the ratings they have assigned and their ratings may be subject to revision, suspension or withdrawal by the rating agency at any time.

From December 2018 to July 2019, three credit rating agencies downgraded our corporate family rating and our senior unsecured debt rating, with each credit rating agency downgrading each of the aforementioned credit ratings by one notch. The COVID-19 pandemic and economic slowdown in certain geographic areas led to Standard & Poor's Rating Group downgrading our credit rating by one notch to in April 2020 and Moody's Investors Service downgrading our outlook from Under Review to Negative in June 2020. If the disruption to the business as a result of the COVID-19 pandemic continues and increases further or the impact is worse than anticipated, we may see further downgrades in our credit rating in the future. See "Risk Factors—Risks Associated with the Automotive Industry—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results from operations." A downgrade in our credit rating may negatively affect our ability to obtain future financing to fund our operations and capital needs, which may affect our liquidity. It may also increase our financing costs by increasing the interest rates of our outstanding debt or the interest rates at which we are able to refinance existing debt or incur additional debt. It may also adversely affect the value and trading of the Notes.

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 on the basis of the prevailing exchange rate as at 31 March 2021) will be £783.5 million ($1,077.9 million). We intend to use the net proceeds from the issue and sale of the Notes for general corporate purposes.

CAPITALISATION

The following table sets out the consolidated cash and cash equivalents, short-term investments and capitalisation of the Issuer, as at 31 March 2021, on an actual basis and as adjusted to give *pro forma* effect to the offering of the Notes hereby. 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 of the Notes hereby as described in this Offering Memorandum.

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 March 2021**	**Adjustments**	**As adjusted**
		(£ in millions)	
Cash and cash equivalents[1]	3,778	735	4,513
Short-term investments[2]	1,004	—	1,004
Cash and cash equivalents and short-term investments	**4,782**	**735**	**5,517**
5.000% Senior Notes due 2022	400	—	400
3.875% Senior Notes due 2023	400	—	400
5.625% Senior Notes due 2023[3]	363	—	363
2.200% Senior Notes due 2024[4]	554	—	554
5.875% Senior Notes due 2024[4]	427	—	427
7.750% Senior Notes due 2025[3]	509	—	509
4.500% Senior Notes due 2026[4]	427	—	427
6.875% Senior Notes due 2026[4]	427	—	427
4.500% Senior Notes due 2027[3]	363	—	363
5.875% Senior Notes due 2028[3]	472	—	472
Term Loan Facility[3][5]	727	—	727
UKEF & Commercial Loan Facilities[6]	448	(31)	417
China Revolving Facility[7]	554	—	554
UK Fleet Financing Facility[8]	110	(40)	70
Capitalised debt issuance fees[9]	(34)	(6)	(41)
Other[10]	32	23	55
Dollar Notes offered hereby[11]		363	363
Euro Notes offered hereby[11]		427	427
Lease obligations	519	—	519
Fair value adjustments[12]	(1)	—	(1)
Total debt[13]	**6,697**	**735**	**7,432**
Ordinary shares	1,501	—	1,501
Capital redemption reserve	167	—	167
Reserves	3,586	—	3,586
Equity attributable to shareholder	**5,254**	**—**	**5,254**
Total capitalisation	**11,951**	**735**	**12,686**

(1) The total amount of cash and cash equivalents includes £298 million of cash and cash equivalents held in subsidiaries of the Issuer outside the United Kingdom. The cash in some of these jurisdictions, e.g. South Africa and Brazil, is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However, annual dividends are generally permitted and we do not believe that these restrictions have, or are expected to have, any impact on our ability to meet our cash obligations.

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

(3) Using the US dollar per British pound exchange rate on 31 March 2021 of $1.3759 = £1.00.

(4) Using the euro per British pound exchange rate on 31 March 2021 of €1.1723 = £1.00.

(5) Represents the $1.0 billion term loan facility provided under an agreement entered into on 17 October 2018 and fully drawn as of the date of this Offering Memorandum. See "Description of Other Indebtedness—US$1.0 billion Term Loan Facility."

(6) Represents the £625 million five-year amortising loan facilities entered into in October 2019 and supported by a £500 million guarantee from UK Export Finance and fully drawn on 23 October 2019. The agreement governing the UKEF & Commercial Loan Facilities contains various undertakings including a financial covenant and a restriction on dividends and other restricted payments. See "Description of Other Indebtedness—UKEF & Commercial Loan Facilities." The amount outstanding under the UKEF & Commercial Loan Facilities is equal to £416.7 million.

(7) The three year (subject to annual review) RMB 5 billion (£554 million equivalent as at 31 March 2021) working capital loan facility entered into by Jaguar Land Rover (China) Investment Co., our wholly owned Chinese subsidiary, in June 2020 and fully drawn as of the date of this Offering Memorandum.

(8) Represents the working capital facility for fleet buybacks entered into in October 2019, as subsequently amended to the present limit of £113 million. As of the date of this Offering Memorandum, £70 million was drawn under the UK Fleet Financing Facility. See "Description of Other Indebtedness—£113 million UK Fleet Financing Facility."

(9) Capitalised debt issuance fees have been adjusted to give effect to the Notes offered hereby and to the issuance of the December 2020 Notes.

(10) Primarily includes an advance as part of a sale and leaseback transaction, as well as parts factoring in China.

(11) Adjusted to give *pro forma* effect to the offering of the Notes hereby.

(12) Fair value adjustments relate to hedging arrangements for the $500 million 4.500% Senior Notes due 2027 and €500 million 4.500% Senior Notes due 2026.

(13) The $499.975 million invoice discounting committed facility agreement entered into on 26 March 2019 is not reflected in the table above as it is a non-recourse receivable financing which is not treated as indebtedness. As at 31 March 2021, Jaguar Land Rover Limited (a subsidiary of the Issuer) had sold £278 million equivalent of receivables under the Invoice Discounting Facility. See "Operating and Financial Review and Prospects—Off-Balance Sheet Arrangements, Contingencies and Commitments—Off-balance sheet arrangements." On the issue date of the Notes offered hereby, we will also have £2,015 million of undrawn credit facilities under the Revolving Credit Facility described under "Description of Other Indebtedness—Revolving Credit Facility."

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets out our 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 2021, 2020 and 2019 from the Consolidated Financial Statements included elsewhere in this Offering Memorandum. Please see "Presentation of Financial and Other Data."

The Consolidated Financial Statements were prepared in accordance with IFRS. The selected financial data and other data should be read in conjunction with "Presentation of Financial and Other Data—IFRS," "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 results.

With effect from 1 April 2019, we implemented IFRS 16. The 2020 Consolidated Financial Statements and the 2021 Consolidated Financial Statements, included elsewhere in this Offering Memorandum, give effect to the adoption of IFRS 16. The new standard replaces the previous accounting standard, IAS 17—Leases and the related interpretations under IFRIC 4—Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases—Incentives and SIC 27—Evaluating the Substance of the Transactions Involving the Legal Form of a Lease interpretations.

We have applied IFRS 16 exemptions for short-term leases and leases of low value items. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term or using another systematic basis. All leases will be recognised on the balance sheet with a right-of-use asset capitalised and depreciated over the estimated lease term together with a corresponding liability that will reduce over the same period with an appropriate interest charge recognised.

We chose to adopt the modified retrospective approach on transition to IFRS 16. The cumulative impact of the first-time application of IFRS 16 is recognised as an adjustment to opening equity at 1 April 2019. Under the modified retrospective approach on transition the comparative financial statements contained in this Offering Memorandum will not be restated. The impact of the first-time application of IFRS 16 as at 1 April 2019 is the recognition of right-of-use assets of £548 million and lease liabilities of £499 million. In addition, £27 million has been reclassified from property, plant and equipment to right-of-use assets in respect of assets previously held under finance leases. As at the date of initial application, there was a £23 million reduction in net assets (net of tax). When measuring lease liability, we discounted lease payments using our incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 7.9%. For more information about our application of IFRS 16, see Note 2 to the 2021 Consolidated Financial Statements and Note 37 to the 2021 Consolidated Financial Statements.

With effect from 1 April 2018, we implemented IFRS 9 and IFRS 15. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces a new impairment model for financial assets and new rules for hedge accounting. IFRS 15 replaces IAS 18 and IAS 11 and related interpretations (such as IFRIC 13).

For IFRS 15, we applied the modified retrospective approach, which allowed us to recognise the cumulative effect of applying the new standard at the date of application with no restatement of the comparative periods. Therefore, the financial information for Fiscal 2019, Fiscal 2020 and Fiscal 2021 reflects the requirements of IFRS 15.

For IFRS 9, as required under the transition rules, comparative periods presented within the 2019 Consolidated Financial Statements have been restated only for the retrospective application of the cost of hedging approach for the time value of the foreign exchange options and also voluntary application for foreign currency basis included in the foreign exchange forwards and cross-currency interest rate swaps as a cost of hedging. They have not been restated for the changes to classification, measurement or impairment criteria.

For more information about our application of IFRS 15 and IFRS 9, see Note 2 to the 2020 Consolidated Financial Statements.

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, engines, transmissions 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		
	2019[(a)]	**2020[(a)]**	**2021[(a)]**
		(£ in millions)	
Income Statement and Statement of Comprehensive Income Data:			
Revenue	24,214	22,984	19,731
Material and other cost of sales*	(15,670)	(14,684)	(12,335)
Exceptional items	(3,271)**	(29)***	(1,523)****
Employee cost*	(2,820)	(2,568)	(2,141)
Other expenses*	(5,567)	(5,238)	(3,589)
Internally generated intangible assets[(1)]	1,576	1,369	727
Other income[(2)]	205	174	195
Depreciation and amortisation[(3)]	(2,164)	(1,910)	(1,976)
Foreign exchange gain/(loss) and fair value adjustments	(59)	(249)	331
Finance income	35	52	11
Finance expense (net)	(111)	(209)	(251)
Share of profit/(loss) from equity accounted investments	3	(114)	(41)
(Loss) before tax	**(3,629)**	**(422)**	**(861)**
Income tax (expense)/credit	308	(47)	(239)
(Loss) for the period	**(3,321)**	**(469)**	**(1,100)**
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	(270)	983	(751)
Income tax related to items that will not be reclassified	38	(155)	143
Items that may be reclassified subsequently to profit or loss:			
Gain/(loss) on cash flow hedges (net)	(105)	304	546
Currency translation differences	(4)	21	(41)
Income tax related to items that may be reclassified	19	(57)	(103)
Total comprehensive (expense)/income attributable to shareholders	**(3,643)**	**627**	**(1,306)**
Balance Sheet Data (at period end):			
Intangible assets	5,627	6,278	5,387
Total non-current assets	**13,430**	**15,270**	**13,499**
Total current assets	**9,639**	**8,834**	**9,672**
Total assets	**23,069**	**24,104**	**23,171**

	Fiscal year ended and as at 31 March		
	2019	2020	2021
	(£ in millions)		
Total current liabilities	**10,752**	**9,858**	**10,159**
Total non-current liabilities	**6,338**	**7,690**	**7,749**
Total liabilities	**17,090**	**17,548**	**17,908**
Equity attributable to shareholder	5,973	6,548	5,254
Non-controlling interests	6	8	9
Total equity	**5,979**	**6,556**	**5,263**
Cash Flow Data:			
Net cash generated from operating activities	2,253	2,314	2,326
Net cash (used in) investing activities	(2,278)	(3,177)	(1,469)
Net cash generated from financing activities	173	329	812
Effect of foreign exchange on cash and cash equivalents	(27)	58	(162)
Cash and cash equivalents at the end of period	2,747	2,271	3,778

(a) Certain items are restated. We have been presenting gains and losses on effective cash flow hedges of inventory in the statement of other comprehensive income and expense as "not to be reclassified to income statement." With wider industry practice emerging, clearer guidance now being available and with the present economic situation due to COVID-19, we have changed the presentation of these effective cash flow hedges of inventory to "may be reclassified to income statement," from year ended 31 March 2021 and accordingly reclassified the comparative amounts for the prior periods. The change in presentation is within the statement of other comprehensive income and expense and does not affect net income.

* "Material and other cost of sales," "Employee costs" and "Other expenses" exclude exceptional items explained in note (1) below.

** This includes an impairment of £3,105 million as at 31 December 2018 and for the year ended 31 March 2019. See "Presentation of Financial and Other Data—Internal Controls."

*** This mainly relates to restructuring costs and past service costs.

**** This includes asset write-downs of £952 million and £534 million of restructuring costs in relation to models cancelled under the Company's "Reimagine" strategy. See "Operating and Financial Review and Prospects—Results of Operations—Fiscal 2021 compared to Fiscal 2020—Exceptional Items."

(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 £421 million, £421 million and £489 million in the years ended 31 March 2019, 2020 and 2021.

(2) Other income includes the net impact of commodity derivatives, which were a gain of £9 million, a loss of £74 million and a gain of £137 million in the years ended 31 March 2019, 2020 and 2021, respectively. From Fiscal 2020 onwards, the net impact of commodity derivatives have been presented in foreign exchange gain/(loss) and fair value adjustments. These were a gain of £331 million in the year ended 31 March 2021 and a loss of £249 million in the year ended 31 March 2020.

(3) Depreciation and amortisation include, among other things, the amortisation attributable to the capitalised cost of product development relating to new vehicle platforms, engines, transmissions and new products. The amount of amortisation attributable to capitalised product development costs for Fiscal 2019, Fiscal 2020, Fiscal 2021 was £967 million, £788 million and £896 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. With effect from 1 April 2019, we have adopted and applied IFRS 16 in our Consolidated Financial Statements. However, the 2019 Consolidated Financial Statements have not been restated and therefore are not stated on a comparable basis to the 2020 Consolidated Financial Statements and the 2021 Consolidated Financial Statements. With effect from 1 April 2018, we have adopted and applied IFRS 9 and IFRS 15 in our Consolidated Financial Statements. 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 current plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly in "Risk Factors" and "Forward-Looking Statements."

Overview

We design, develop, manufacture and sell Jaguar premium sports saloons, sports cars and luxury performance SUVs and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. We have a long tradition as a manufacturer of technologically advanced, 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, including for the development of autonomous, connected and electrification technologies, as well as for innovative mobility solutions aiming to overcome and address future travel and transport challenges. Our vehicles are designed and developed by award-winning design teams and we are committed to a continuing programme of innovative product design. For example, in Fiscal 2021, we made significant upgrades across our product portfolio for model year 2021 vehicles, including an expansion of electrified options across our model range, which now consists of eight plug-in hybrids, 11 mild hybrids and the all-electric Jaguar I-PACE. Our product portfolio continues to receive numerous prestigious awards: most recently, the new Land Rover Defender won the Top Gear Car of the Year and the World Car Design of the Year 2021.

We operate three principal automotive manufacturing facilities, an engine manufacturing facility and two advanced design and engineering facilities in the United Kingdom, wholly owned manufacturing plants in Brazil and Slovakia, and a manufacturing partnership with Magna Steyr (an operating unit of Magna International Inc.) in Graz, Austria. We have also established a manufacturing joint venture in China, which currently produces the Range Rover Evoque, the Land Rover Discovery Sport, the long wheel base Jaguar XF (the "**Jaguar XFL**"), the long wheel base Jaguar XE (the "**Jaguar XEL**") and the Jaguar E-PACE for sale in the local market. Globally, we employed a total of 36,174 employees, including agency personnel, as at 31 March 2021. Our R&D operations currently consist of an engineering team co-managed for Jaguar and Land Rover, sharing premium technologies, powertrains and vehicle architectures.

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. In Fiscal 2021, Europe (excluding the United Kingdom and Russia), North America, the United Kingdom and China, respectively, accounted for 18 %, 25.2%, 18.9% and 25.3% of our retail volumes (including sales from the China Joint Venture) and 22%, 27%, 23.4% and 13.6% of our wholesale volumes (excluding sales from the China Joint Venture). The COVID-19 pandemic has impacted our business and the geographic distribution of our retail sales due to the global scale of disruption it has caused and due to differences in the extent of the relaxation of remaining lockdown and social distancing measures in different regions, and the extent of the economic recovery thereafter.

In December 2019, a novel strain of coronavirus SARS-CoV-2, causing a disease referred to as COVID-19, was reported in Wuhan, China. Since then, the coronavirus spread and infections have been found in the vast majority of countries around the world, including throughout Europe and the United States. In March 2020, the World Health Organization recognised the COVID-19 outbreak as a pandemic based on the global spread of the disease, the severity of illnesses it causes and its effects on society. In response to the COVID-19 pandemic, the governments of many countries, states and cities took, and continue to take, preventative or protective measures, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. As these actions have been imposed on a country-by-country basis, the level of economic impact and timing of the impact have varied across different markets. Accordingly, the COVID-19 pandemic severely restricted the level of economic activity in many countries, including in regions in which we operate, and continues to adversely impact global economic activity and contribute to volatility in financial markets. We have also faced semiconductor supply constraints. The semiconductor shortage has resulted in significant near term challenges, including temporary plant shutdowns. In particular, wholesale sales have been lower due to semiconductor supply constraints. Based on recent input from suppliers, we now expect semiconductor supply shortages in the second quarter of Fiscal 2022 to be greater than in the first quarter and supply potentially about 50% lower than planned, although we are continuing to work to mitigate this. We expect the situation will start to improve in the second half of our financial year. However, the broader underlying structural capacity issues will only be resolved as supplier investment in new capacities comes online over the next 12-18 months and so we expect some level of shortages will continue through to the end of the year and beyond. While the present supply constraints continue, we will continue to prioritise production of higher margin vehicles for the chip supply available as well as make chip and product specification changes where possible to reduce the impact. We expect COVID-19 will continue to cause or will exacerbate some supply disruption for the remainder of Fiscal 2022, including but not limited to semiconductor shortages, but that the severity and length of such shortages will be dependent on a number of factors related to the COVID-19 pandemic, economic activity and other global factors.

In response to the pandemic and related lockdowns, we enacted temporary plant shutdowns in the first quarter of Fiscal 2021, with production restarting at most of our plants in the period from mid-May 2020 through June 2020. Our global network of retailers was also impacted by the lockdown measures implemented in different markets but, as of the date of this Offering Memorandum, substantially all of our retailers have re-opened (fully or partially). As of the date of this Offering Memorandum, notwithstanding disruptions to manufacturing operations and intermittent production as a result of the supply shortage of semiconductors, all of our plants are presently open, each under defined health and safety protocols. As a result of the COVID-19 pandemic, many of our employees in the United Kingdom were furloughed under the UK government's job retention scheme in early Fiscal 2021. Many of our employees have returned to sites, where practical to do so, supported by work-from-home and other arrangements.

In the second, third and fourth quarters of Fiscal 2021, we undertook a "demand-led" restart to our operations with a focus on producing vehicles in line with customer demand and rationalising the use of our resources accordingly, coupled with targeted spending measures on critical aspects of our operations and improving sales with a favourable product margin mix. Manufacturing at substantially all of our plants resumed by the end of the first quarter of Fiscal 2021 (other than at the Castle Bromwich plant, where manufacturing resumed in the second quarter of that period). Overall, in Fiscal 2021 our total product and other investment spending was £2,343 million (lower than the £3,294 million spent in Fiscal 2020). Free cash flow was positive (£185 million) over Fiscal 2021, and we aim to achieve sustainable positive cash flow from Fiscal 2022 alongside a reduction in net debt. See "Forward-looking Statements" and "Risk factors—Risks Associated with the Automotive Industry—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operation."

Despite the many headwinds, the business recovered in the second half of Fiscal 2021. We reacted quickly and decisively to the pandemic, with an accelerated focus on improving cash flow and strengthening liquidity to pave the way for long-termAdjusted EBIT margin improvement. Project Charge+ has delivered £6 billion of cost savings in Fiscal 2021 and we expect that the "Refocus" transformation programme, together with our new architecture strategy, will deliver improved cash flow and profitability. We are targeting a double-digit Adjusted EBIT margin by Fiscal 2026 and reducing net debt, targeting a net cash position by Fiscal 2025. Retail sales in the fourth quarter of Fiscal 2021, were much improved at 123,483 vehicles, up 12.4% year-on-year in that quarter. This was supported by a strong recovery in China, where sales grew 127% over the fourth quarter of last fiscal year, when the impact of the COVID-19 pandemic peaked in that market. Full fiscal year retail sales were 439,588 vehicles, still down by 13.6% compared to last fiscal year, although sales in China increased by 23.4% year-on-year. The award-winning new Land Rover Defender contributed significantly to retail sales, with 16,963 units sold in the fourth quarter and 45,244 units for the entire Fiscal 2021.

The following table presents our revenue, profit/(loss) and Adjusted EBITDA in Fiscal 2019, Fiscal 2020 and Fiscal 2021:

	Fiscal year ended 31 March		
	2019	2020	2021
	(£ in millions)		
Revenue	24,214	22,984	19,731
(Loss) before tax	(3,629)*	(422)	(861)**
(Loss) for the period	(3,321)*	(469)	(1,100)**
Adjusted EBITDA***	1,994	2,050	2,531

* This includes an impairment of £3,105 million as at 31 December 2018 and for the year ended 31 March 2019. See "Presentation of Financial and Other Data—Internal Controls."

** This includes asset write-downs of £952 million and £534 million of restructuring costs in relation to models cancelled under our "Reimagine" strategy. See "Operating and Financial Review and Prospects—Results of Operations—Fiscal 2021 compared to Fiscal 2020—Exceptional Items."

*** During the second quarter of Fiscal 2021, the definition of Adjusted EBITDA was revised to exclude foreign exchange gains and losses on revaluation of other assets and liabilities, including short-term deposits and cash and cash equivalents. Adjusted EBITDA for Fiscal 2019 and Fiscal 2020 has been restated to reflect our new definition of "Adjusted EBITDA."

Our unit sales (on a retail basis and including sales through our China Joint Venture) for each of our brands for Fiscal 2019, Fiscal 2020 and Fiscal 2021 are set out in the table below:

	Fiscal year ended 31 March		
	2019	2020	2021
	(£ in millions)		
Jaguar	180,198	140,593	97,669
Land Rover	398,717	368,066	341,919
Total	**578,915**	**508,659**	**439,588**
Retail volumes from our China Joint Venture (included above)	*57,578*	*49,976*	*64,319*

Our unit sales (on a wholesale basis, excluding sales from our China Joint Venture) under each of our brands for Fiscal 2019, Fiscal 2020 and Fiscal 2021, are set out in the table below:

	Fiscal year ended 31 March		
	2019	2020	2021
	(£ in millions)		
Jaguar	153,757	125,820	67,333
Land Rover	354,138	350,132	280,299
Total	**507,895**	**475,952**	**347,632**
Wholesale volumes from our China Joint Venture (excluded above)	*57,428*	*49,450*	*65,279*

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 (and in limited numbers by us directly, including to dealers). 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.

Our Available Liquidity as at 31 March 2021 was £6,720 million, including £4,782 million of cash and cash equivalents, deposits and investments, comprising £3,778 million of cash and cash equivalents and £1,004 million of short-term deposits and other investments, and committed credit facility of £1,935 million (which was upsized to £2,015 million in July 2021 and remains undrawn as of the date of this Offering Memorandum) and £3 million of undrawn available credit under the UK Fleet Financing Facility. To improve our liquidity, we raised £1.6 billion of new funding in Fiscal 2021, including the CNY 5 billion China Revolving Facillity in June 2020, the issuance of the October 2020 Notes and the issuance of the December 2020 Notes. On 1 April 2021, we agreed upon the Forward Start Facility, which was upsized to £1,500 million in July 2021, to become available when the existing facility expires in July 2022. The new facility will mature in March 2024. See "Description of Other Indebtedness."

We are a wholly owned indirect subsidiary of Tata Motors, a member of the international conglomerate Tata Group. Tata Motors is the largest commercial vehicle manufacturer in terms of revenue in India and among the top three vehicle manufacturers in terms of units sold in India during Fiscal 2021.

Our Vehicles

Jaguar designs, develops and manufactures a range of premium sports cars, saloons and luxury performance SUVs recognised for their design, performance and quality and we are committed to a continuing programme of innovative product design and development. Our two UK based 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.

Jaguar's range of products comprises the E-PACE compact SUV, the Jaguar F-PACE luxury performance SUV, the Jaguar F-TYPE two-seater sports car coupé and convertible (including all-wheel drive derivatives), the Jaguar I-PACE (our first all-electric vehicle), the XE sports saloon (including the Jaguar XEL for the Chinese market), the lightweight Jaguar XF (including the Jaguar XFL for the Chinese market) and the XF Sportbrake.

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 Land Rover Discovery, the refreshed Land Rover Discovery Sport, the refreshed Range Rover and Range Rover Sport, the Range Rover Velar and the all-new Range Rover Evoque and the new Land Rover Defender.

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. The Advanced Product Creation Centre at our Gaydon facility, unveiled in September 2019, will support the development of the next-generation of Jaguar and Land Rover vehicles as well as the development and creation of future autonomous, connected, electrified and shared mobility technologies.

We develop and manufacture technologically advanced vehicles. Our development and engineering activities include the development of autonomous, connected and electrification technologies, as well as investing in innovative mobility solutions aiming to overcome and address future travel and transport challenges. All our vehicles include level 1 features (e.g. parking assistance and automatic emergency braking), with level 2 features (e.g. traffic jam assist and integrated cruise assist) launched with the all-electric Jaguar I-PACE. Our R&D operations currently consist of a team of engineers, co-managed for Jaguar and Land Rover, sharing premium technologies, powertrains and vehicle architectures. Please see "Our Business—Product Design, Technology and Research and Development."

General Trends of Our Recent Performance

Revenue was £19,731 million for the year ended 31 March 2021, down 14.2% compared to £22,984 million for the year ended 31 March 2020. The decrease in revenue primarily reflects the lower wholesale volumes (down 27% year-on-year) as a result of the impact of the COVID-19 pandemic. Wholesales were lower across each key region except in China, where Fiscal 2021 wholesales were up 23.1% compared to Fiscal 2020. However, the reduction in revenue was much lower than the decline in wholesales, reflecting the strong favourable sales mix and higher average revenue per vehicle during the year.

Adjusted EBITDA was £2,531 million in the year ended 31 March 2021, as compared to £2,050 million in the year ended 31 March 2020. Adjusted EBIT was £514 million in the year ended 31 March 2021 compared to £26 million in the year ended 31 March 2020. Adjusted EBITDA was higher in the year ended 31 March 2021 compared to the year ended 31 March 2020 primarily reflecting the lower wholesales which was more than offset by more favourable sales mix, lower incentive spending (including the release of residual value provisions, mainly in the US), a reduction in the provision for emissions costs (mainly in the US), further Charge+ cost efficiencies and realised foreign exchange gains net of hedges. Adjusted EBIT was higher in the year ended 31 March 2021 compared to the year ended 31 March 2020, reflecting the improved Adjusted EBITDA, lower losses at our China joint venture, partially offset by slightly higher depreciation and amortisation. The loss before tax was £861 million in the year ended 31 March 2021, compared to a loss before tax of £422 million in the year ended 31 March 2020 primarily reflecting the higher Adjusted EBIT as well as favourable revaluation of unrealised hedges and foreign currency debt, offset by higher net finance expense as a result of the increase in indebtedness and £1,523 million of exceptional items including the £1,486 million triggered by the announcement of our "Reimagine" strategy in the fourth quarter (comprising non-cash write-downs of £952 million for products that will not now be completed and £534 million of restructuring and other costs). Our loss after tax was £1,100 million in the year ended 31 March 2021, compared to a loss after tax of £469 million in the same period in Fiscal 2020. A £239 million tax charge was recorded in Fiscal 2021 compared £47 million in the same period of the prior year.

Net cash generated from operating activities was £2,326 million in the year ended 31 March 2021, similar to the net cash generated from operating activities of £2,314 million in the same period of 2020. Although sales were lower (resulting from wholesale volumes that were down 27% year-on-year in Fiscal 2021 as a result of COVID-19), this was offset by stronger profitability as a result of more favourable sales mix, and further Charge+ cost efficiencies. For the year ended 31 March 2021, our free cash flow was £185 million compared to negative £759 million in the same period of Fiscal 2020, primarily reflecting the higher profitability and lower total product and other investment. The COVID-19 pandemic inevitably impacted our results in Fiscal 2021 as the temporary plant shutdowns and dealership closures restricted the supply of, and demand for, vehicles, notably in the first quarter. However, in Fiscal 2021, our free cash flow was positive £185 million, compared to negative £759 million in Fiscal 2020, primarily reflecting the strong recovery in the second, third and fourth quarters which more than offset the impact of COVID-19 social distancing and lockdown measures in the first quarter.

Total cash and cash equivalents, deposits and investments at 31 March 2021 was £4,782 million (comprising £3,778 million of cash and cash equivalents and £1,004 million of short-term deposits and other investments). As at 31 March 2021 (and since our entry into the Revolving Credit Facility), our Revolving Credit Facility of £1,935 million (which was upsized to £2,015 million in July 2021 and will be replaced by the Forward Start Facility upon maturity) remained undrawn and matures in July 2022, which, combined with total cash of £4,782 million and £3 million, resulted in Available Liquidity of £6,720 million.

Recent Retail Volumes

While we generate sales revenue from wholesale volumes, we also report retail sales as retail sales represent the aggregate number of finished vehicles sold by dealers to end users (and in limited numbers by us directly, including to dealers). Please see "—Explanation of Income Statement Line Items" below for information on the reasons why we monitor retail sales. Set forth below is an overview of our retail volumes for the year ended 31 March 2021:

Our retail sales were 439,588 vehicles in Fiscal 2021, down 69,071 vehicles (13.6%) from Fiscal 2020. The decline in retail sales was primarily the result of the initial COVID-19 lockdown impacting the first quarter, with some recovery in sales thereafter. Retail sales in every region and on every model declined as a result of the COVID-19 pandemic except for retail sales in China, which were up 23.1% year-on-year as the initial impact of COVID-19 and the recovery from it was earlier than for other regions, and for the newly introduced Land Rover Defender as global retail sales of that particular model reached 45,244 vehicles. In addition to COVID-19, other factors impacting automotive industry sales during Fiscal 2021 included Brexit uncertainty for the UK and Europe, although a trade agreement was reached between the UK and the EU in December 2020, and more generally regulatory and emissions challenges as well as continuing trade tensions and other geopolitical pressures.

Retail volumes in Europe (excluding the United Kingdom and Russia) were 79,260 units in the year ended 31 March 2021, compared to 107,037 units during the same period in 2020, down 26% year-on-year.

Retail volumes in North America were 100,805 units in the year ended 31 March 2021, down 14.3% compared to 129,346 units in the same period in 2020.

Retail volumes in the United Kingdom were 82,995 units in the year ended 31 March 2021, compared to 106,612 units in the same period in 2020, a decline of 22.2%.

Retail volumes in China were 111,206 units in the year ended 31 March 2021, compared to 90,124 units in the same period in 2020, an increase of 23.4%.

Retail volumes in Overseas markets were 55,322 units in the year ended 31 March 2021, compared to 75,540 units in the same period in 2020, a decline of 26.8%.

Expected Industry Trends

Based on industry data, our management expect growth to gradually return over the medium to long-term across our key regions following the impact of COVID-19 in Fiscal 2021.

Recent Macroeconomic Trends

COVID-19

Our operating performance is subject to global economic and market conditions, including their impact on the global automotive industry. Although it is at this stage too early to predict the long-term effects of the

COVID-19 pandemic on the markets in which we operate, the unprecedented disruptions caused by the COVID-19 pandemic impacted our operational and financial performance in Fiscal 2021. The geographic distribution of our retail sales was significantly impacted by the COVID-19 pandemic as its impact spread across the world. COVID-19 inevitably impacted our results in Fiscal 2021, as the temporary plant shutdowns and dealership closures restricted the supply of, and demand for, vehicles. Despite the impact of COVID-19 in Fiscal 2021 with wholesales down 27% year-on-year, our free cash flow was £185 million, £944 million better compared to the £759 million negative free cash flow in the year ended 31 March 2020, as the higher profitability and lower total product and other investment spending more than offset the impact on sales.

Other factors

Brexit has led to uncertainty with respect to the trading arrangements between the United Kingdom, the EU and other countries. Following the passing of the Withdrawal Agreement by the House of Commons on 20 December 2019 and by the House of Lords on 22 January 2020, as well as the Royal Assent granted on 23 January 2020 and the approval by the European Union on 29 January 2020, the United Kingdom left the European Union on 31 January 2020 in accordance with the terms provided by the Withdrawal Agreement. On 24 December 2020, the Trade and Cooperation Agreement was concluded between the UK and the EU, to govern the future relations between the EU and the United Kingdom following the end of the transition period. On 31 December 2020, the UK implemented the Trade and Cooperation Agreement, which entered into force provisionally on 1 January 2021. The Trade and Cooperation Agreement was ratified on 29 April 2021. Despite the implementation of the Trade and Cooperation Agreement, there remains significant uncertainty as to how Brexit will affect relations between the United Kingdom and the EU, including the legal rights and obligations for businesses in certain service industries not covered by the Trade and Cooperation Agreement. The Trade and Cooperation Agreement does not create a detailed framework to govern the cross-border provision of regulated financial services from the United Kingdom into the EU and from the EU into the United Kingdom. Such uncertainty could negatively impact business and consumer confidence in the United Kingdom.

Furthermore, we are exposed to currency movements versus the British pound, our reporting currency. Revenue exposures are primarily sensitive to movements in the US dollar, Chinese yuan and emerging market currencies (notably the Russian rouble and Brazilian real) while our cost exposures are particularly sensitive to movements in the euro, since we source a significant proportion of our components from the Eurozone. The British pound has generally remained at similar levels over the year ended 31 March 2021, compared to the year ended 31 March 2020 although, more recently, it has strengthened to some extent. As a result of the generally weaker levels the foreign currency effects have been generally favourable on our business as gains from our underlying net income currency exposures denominated in currencies such as US dollar and Chinese yuan offset the negative impact on our Euro denominated net cost exposure. However, we have a well- established hedging programme in place that partially counteracts the volatility in the underlying currency exposure to the movements in the US dollar, euro, Chinese yuan and other currencies. Movements in our foreign exchange hedging derivatives are generally offset by favourable movements in the underlying foreign currency exposures as we generally hedge only a portion (and not all) of the underlying exposure.

We are also exposed to changes in commodity prices, notably aluminium, copper, platinum and palladium. Commodity prices have been more volatile in the year ended 31 March 2021, initially falling as a result of the COVID-19 pandemic's impact but recovering strongly since the first quarter as COVID-19 lockdown and social distancing measures were relaxed and trade gradually resumed and pent-up demand led to a robust recovery in economic activity. Generally, commodity prices in the year ended 31 March 2021 rose compared to the same period in Fiscal 2020, however movements in existing commodity hedges were favourable.

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.

In connection with the "Reimagine" strategy, we recognised a one-time exceptional charge of £1,486 million in the three months ended 31 March 2021 and for Fiscal 2021, comprised of one-time non-cash write downs of £952 million for previously planned products that will not be completed and £534 million of restructuring costs, and the "Reimagine" strategy may result in future impairments or write-offs.

Please see "Risk Factors—Risks Associated with the Automotive Industry" for further information on recent macroeconomic trends.

Significant Factors Influencing Our Results of Operations

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

- *General economic conditions*. We, like the rest of the automotive industry, are substantially affected by general economic conditions. For the risks associated with our industry and markets, please see "Risk Factors—Risks Associated with the Automotive Industry—Deterioration in global economic conditions could have a significant adverse impact on our sales and results of operations." In particular, we may be exposed to risks associated with Brexit, please see "Risk Factors—Risks Associated with the Automotive Industry—Legal, political and economic uncertainty following the exit of the United Kingdom from the European Union may be a source of instability in international markets, create significant currency fluctuations, and adversely impact current trading and supply arrangements, which could have a material adverse effect on our business, results of operations and financial condition."

- *COVID-19 pandemic*. The impact of the COVID-19 pandemic created significant volatility in the global economy and led to reduced economic activities. Extraordinary actions were taken by international, federal, state, and local public health and governmental authorities to contain and combat the COVID-19 pandemic and spread of COVID-19 in regions throughout the world, including travel bans, quarantines, "stay-at-home" orders, and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. The pandemic resulted, and may continue to result, in significant economic disruption that has and may continue to adversely affect our business. The extent and impact of changing consumer preferences and behaviour is unknown and impossible to predict at this time. Lockdowns and restrictions have impacted us operationally including on commodity prices, supply chain matters (including semiconductor supplies), consumer demand and recoveries of loans under its vehicle financing business. The ultimate impact of the pandemic on our business, results of operations and financial condition will depend on numerous evolving factors and future developments, including the ultimate duration, spread, severity and repetitiveness of the COVID-19 pandemic; the ultimate extent and duration of its effect on the global economy and how quickly and to what extent normal economic and operating conditions resume. In late March 2020 our manufacturing operations were suspended for a period of time but we have since resumed production at all of our plants, notwithstanding disruptions to manufacturing operations and intermittent production as a result of the supply shortage of semiconductors. Production restarted at our China Joint Venture in March 2020 and in most of our plants from mid-May and through June 2020, supported by the gradual increase of operations. We undertook a "demand-led" restart to our operations with a focus on producing vehicles in line with customer demand and rationalising the use of our resources accordingly, coupled with targeted spending measures on critical aspects of our operations whilst maximising quality of sales. Our global retailers' network was also impacted by the lockdown measures implemented in different markets but, as at 31 March 2021, substantially all of our global dealers were open fully or partially. In addition, government-imposed restrictions on businesses, operations and travel and the related economic uncertainty impacted demand for our vehicles in most of our global markets during Fiscal 2021. In response, we implemented a number of rigorous cost control measures, such as focusing on curtailing non-essential spending and rationalisation of our capital expenditure.

The impact of the COVID-19 pandemic on our results of operations for the year ended 31 March 2021 is reflected in a number of areas, where we have had to exercise our judgement. For instance, we exercised judgement in determining the jurisdictions in which deferred tax assets have not been fully recognised. This was done based on forecast profitability and historical results of the companies in which the deferred tax assets arise. No additional current tax risks were identified as a result of COVID-19, with our compliance activity continuing to be operated in accordance with the applicable legislation. We also apply judgement in determining at what point in a vehicle programme's life cycle the recognition criteria under IAS 38 are satisfied. To that end, we reviewed our methodology in line with the applicable accounting standards to ensure it continues to meet the criteria for capitalising such costs in an environment impacted by the COVID-19 pandemic to assess that the incremental benefits expected continue to exceed the associated costs. During the year, we recorded an inventory write-down expense of £16 million (2020: £28 million, 2019: £52 million). This included the impact of the COVID-19 pandemic as part of our inventory provisioning methodology. In certain markets, we are responsible for the residual risk arising on vehicles sold by retailers 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. The potential effects of the COVID-19 pandemic, particularly the estimated decline and subsequent recovery in the used vehicle market, were included in our methodology applied in estimating the residual value exposure for the year ended 31 March 2021. These assessments were performed with reference to both internal and external market inputs. Moreover, we offer warranty cover in respect of manufacturing defects, which become apparent one to five years after purchase, dependent on the market in which the purchase occurred and the vehicle purchased. With respect to this, we considered the impact of the COVID-19 pandemic on our product warranty offerings and associated provisions, and determined that the existing methodology remained applicable for the year ended 31 March 2021. In the same period, we have applied the practical expedient to not assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic that meet the qualifying criteria are lease modifications.

The extent of the COVID-19 pandemic impact on our future operations and the demand for our products will depend upon, among other things, the duration, spread and intensity of the pandemic and related government responses such as required lockdown, social distancing, restrictions on business operations and travel, the pace of recovery of economic activities and the impact to consumers, all of which are uncertain and difficult to predict in light of the rapidly evolving landscape. Please see "Risk Factors—Risks Associated with the Automotive Industry—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operation."

- *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 such as change in cash and cash equivalents due principally to seasonal effects on the working capital cycle. Please see "Our Business—Industry Dynamics—Seasonality" and "Risk Factors—Risks Associated with Our Business—We are exposed to liquidity risks."

- *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."

- *Technological developments in the automotive industry*. The automotive industry is undergoing rapid technological change, particularly in the premium segment in which we operate. Such changes can affect both our volumes, for example if our competitors have, or are perceived to have, more advanced vehicles, and the required total product and other investment spending on R&D, in particular with respect to autonomous, connected and electrification technologies, as well as mobility solutions. Please see "Our Business—Product Design, Technology and Research and Development."

- *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 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."

- *Environmental regulation*. 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 (including costs associated with litigation) 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 improved fuel economy, reduced greenhouse gas and other emissions, and vehicle safety may have a significant effect on how we do business."

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

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

Factors Affecting Comparability

With effect from 1 April 2019, we implemented IFRS 16 in our consolidated financial statements. With respect to IFRS 16 and 15, we have applied the modified retrospective approach. For IFRS 9, as required under the transition rules, comparative periods have been restated only for the retrospective application of the cost of hedging approach for the time value of the foreign exchange options and also voluntary application for foreign currency basis included in the foreign exchange forwards and cross-currency interest rate swaps as a cost of hedging. For more information about our application of IFRS 16, IFRS 15 and IFRS 9 see Note 2 to the 2020 Consolidated Financial Statements.

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 included 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 the risks and rewards of ownership and associated control in the related good or service have passed 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. From 1 April 2018, we adopted IFRS 15. The primary impact for us relates to "consideration payable to customers," which the standard defines as discounts, rebates, refunds or other forms of disbursement to customers (such as retailers) or end customers (as part of the overall distribution chain), where a service is not received in return and, if a service is received in return, where it cannot be fair-valued. The treatment of such items is a reclassification of marketing expenses to revenue reductions. Other specific impacts on us relate to the treatment of associated vehicle sale performance obligations, and the assessment of principal versus agent in providing or arranging for storage, freight and in-transit insurance alongside the sale of a vehicle. These transport arrangements are made when delivering vehicles to retailers across the global network. We have determined that we are an agent in providing these services, and have amended the presentation of these amounts from a gross basis (i.e., revenue and costs separately) to a net basis (where consideration received will be presented net of associated costs in the income statement).

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

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

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

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

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

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

- *Internally generated intangible assets:* This item 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 and engineering costs incurred on new vehicle platforms, engines, transmissions 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 on an accruals basis, based on our previous experience with the Chinese tax authorities. From 1 April 2018, we adopted IFRS 15.

- *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 under IAS 17 and right-of-use assets under IFRS 16 (adopted from 1 April 2019) are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Please see "—Critical Accounting Policies—IFRS 16." 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 (loss)/gain and fair value adjustments:* This item represents the net gain or loss attributable to the revaluation of non-GBP balance sheet items (including debt) and the gain/(loss) on foreign exchange derivative contracts that are not hedge accounted, as well as any ineffectiveness from designated hedge relationships and fair value adjustments resulting from fair value hedging relationships. From 1 April 2018, we adopted IFRS 9. Prior to our adoption of IFRS 9, the time value of options was recognised in this income statement line item; this has been taken to equity as a cost of hedging under IFRS 9. Please see "—Critical Accounting Policies—Financial Instruments—Accounting policies for Fiscal 2019, Fiscal 2020 and Fiscal 2021."

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

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

- *Share of (loss)/profit from equity accounted investments:* The Consolidated Financial Statements include our share of the income and expenses, other comprehensive income and equity movements of equity accounted investments, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When our share of losses exceeds our interest in an equity accounted investment, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that we have an obligation or have made payments on behalf of the investee.

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

Results of Operations

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

Fiscal 2021 compared to Fiscal 2020

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.

	Year ended 31 March		Percentage change
	2020[(a)]	2021[(a)]	
	(£ in millions)		(% change)
Revenue	22,984	19,731	(14.2)%
Material and other cost of sales*	(14,684)	(12,335)	(16.0)%
Employee costs*	(2,568)	(2,141)	(16.6)%
Other expenses*	(5,238)	(3,589)	(31.5)%
Exceptional Items	(29)**	(1,523)***	>99%
Internally generated intangible assets	1,369	727	(46.9)%
Other income	174	195	12.1%
Depreciation and amortisation	(1,910)	(1,976)	3.5%
Foreign exchange (loss)/gain fair value adjustments	(249)	331	>99%
Finance income	52	11	(78.8)%
Finance expense (net)	(209)	(251)	20.1%
Share of (loss) from equity accounted investments	(114)	(41)	(64.0)%
(Loss) before tax	(422)	(861)	>99%
Income tax (expense)	(47)	(239)	>99%
(Loss) for the period	**(469)**	**(1,100)**	**>99%**

(a) Certain items are restated. We have been presenting gains and losses on effective cash flow hedges of inventory in the statement of other comprehensive income and expense as "not to be reclassified to income statement." With wider industry practice emerging, clearer guidance now being available and with the present economic situation due to COVID-19, we have changed the presentation of these effective cash flow hedges of inventory to "may be reclassified to income statement," from year ended 31 March 2021 and accordingly reclassified the comparative amounts for the prior periods. The change in presentation is within the statement of other comprehensive income and expense and does not affect net income.

* "Material and other cost of sales," "Employee costs" and "Other expenses" exclude the exceptional items explained below.

** This mainly relates to restructuring costs and past service costs.

*** This includes asset write-downs of £952 million and £534 million of restructuring costs in relation to models cancelled under the Company's "Reimagine" strategy. See "—Exceptional Items."

Revenue

Revenue decreased by £3,253 million to £19,731 million in Fiscal 2021 from £22,984 million in Fiscal 2020, a decrease of 14.2%. This decrease is primarily due to wholesale volumes (excluding the China Joint Venture) down by 27% year-on-year to 347,632 units, reflecting fewer sales across all key regions, however a favourable mix and higher average revenue per unit partially offset the decline in volumes. Retail sales (including sales from the China Joint Venture) declined 13.6% year-on-year to 439,588 units due the initial COVID-19 lockdown heavily impacting the first quarter, with a recovery in sales thereafter. Retail sales in China increased by 23.4% year-on-year, as the region continued to recover strongly from the impact of the COVID-19 pandemic following easing of strict lockdown measures from early 2020.

Material and other cost of sales

Our material and other cost of sales decreased to £12,335 million in Fiscal 2021 from £14,684 million in Fiscal 2020, which is in line with (and driven by) the decrease in our revenue. As a percentage of revenue, material and other cost of sales decreased to 62.5% of our revenue in Fiscal 2021, as compared to 63.9% in Fiscal 2020.

Change in inventories of finished goods and work in progress: In Fiscal 2021, our inventory of finished goods and work in progress linked to the introduction of new models was equal to £2,896 million. Inventories of finished goods include £406 million, relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements.

Purchase of products for sale: In Fiscal 2021, we spent £1,029 million on parts and accessories supplied by third parties and used in our finished vehicles and parts, compared to £1,105 million in Fiscal 2020, representing a decrease of 6.9%.

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 2021 was £10,837 million, compared to £13,498 million in Fiscal 2020, representing a decrease of £2,661 million, or 19.7%. The decrease in the total cost of raw materials and consumables was driven by a demand-led COVID-19 recovery strategy, which meant that we utilised existing stocks of raw materials as we ramped up production. Raw materials and consumables as a percentage of revenue slightly decreased to 54.9% for Fiscal 2021, as compared to 58.7% for Fiscal 2020.

Employee cost

Our employee cost decreased by £427 million to £2,141 million in Fiscal 2021 from £2,568 million in Fiscal 2020. The decrease was primarily attributable to a decrease in our employee headcount. Average employee headcount decreased from 39,787 to 37,543, or 5.6%, from 31 March 2021 to 31 March 2020. In Fiscal 2021, the average number of employees on a non-agency basis and agency basis was 35,916 and 1,627, respectively, compared to 36,531 and 3,256 in Fiscal 2020. Our employee cost for Fiscal 2021 is net of £188 million in credit in relation to employees placed on furlough under the UK Coronavirus Job Retention Scheme.

Other expenses

Other expenses decreased to £3,589 million in Fiscal 2021 from £5,238 million in Fiscal 2020, primarily due to reduced activity as a result of the impact of the COVID-19 pandemic in comparison to Fiscal 2020.

Exceptional items

For the year ended 31 March 2021 this mainly related to asset write-downs of £952 million in relation to models cancelled under the Group's "Reimagine" strategy, restructuring costs of £562 million (£534 million of which resulted from the Group's "Reimagine" strategy in the form of accruals to settle legal obligations on work performed to date and provisions for redundancies and other third party obligations, and £28 million of which resulted from a separate redundancy programme during the year) and an update of £9 million to the past service cost recognised due to the requirement to equalise male and female members' benefits for the inequalities within guaranteed minimum pension earned between 17 May 1990 and 5 April 1997 based on new information.

The exceptional item recognised in the year ended 31 March 2020 mainly comprised restructuring costs of £29 million relating to the Group restructuring programme that commenced during Fiscal 2019. This included a past service pension cost of £4 million.

Internally generated intangible assets

We capitalise development and engineering 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 and engineering costs and amortisation of capitalised development and engineering costs in Fiscal 2020 and Fiscal 2021:

	Year ended 31 March	
	2020	**2021**
	(£ in millions)	
Total R&D costs	**1,790**	**1,216**
Of which expenditure capitalised	1,369	727
Capitalisation ratio in %	*76.5%*	*59.8%*
Amortisation of expenditure capitalised	788	896
R&D costs charged in income statement	421	489
As % of revenue	*1.8%*	*2.4%*

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

Capitalised R&D expenditure decreased to £727 million in Fiscal 2021 from £1,369 million in Fiscal 2020, representing a decrease of 46.9%, due to the impact of the COVID-19 pandemic on our production levels while they did not have an impact on the R&D costs charged in the income statement.

Other income (net)

Our other income increased to £195 million in Fiscal 2021, compared to £174 million in Fiscal 2020.

Depreciation and amortisation

Our depreciation and amortisation increased to £1,976 million in Fiscal 2021 from £1,910 million in Fiscal 2020 representing a slight increase of 3.5%.

Foreign exchange gain/(loss) and fair value adjustments

We recorded a foreign exchange gain and fair value adjustments of £331 million in Fiscal 2021, compared to a loss of £249 million in Fiscal 2020 primarily attributable to the strengthening of the British Pound against other currencies. The foreign exchange impact on our results from operations in Fiscal 2021 compared to Fiscal 2020 reflects the following:

- Unfavourable revaluation of foreign exchange derivatives, not included in Adjusted EBITDA and Adjusted EBIT, of £129 million, compared to favourable revaluation of £44 million in Fiscal 2020.

- Favourable revaluation of foreign currency debt (including fair value adjustments), not included in Adjusted EBITDA and Adjusted EBIT, of £314 million, compared to unfavourable revaluation of £135 million in Fiscal 2020.

- Unfavourable revaluation of current assets and current liabilities denominated in foreign currency, not included in Adjusted EBITDA and Adjusted EBIT, of £2 million, compared to unfavourable revaluation of £23 million in Fiscal 2020.

- Favourable movements on foreign currency derivatives, included in Adjusted EBITDA and Adjusted EBIT but not reclassified to revenue or material cost of sales, of £9 million, compared to unfavourable movements of £18 million in Fiscal 2020.

- Favourable net impact of commodity derivatives of £137 million which is included in Adjusted EBITDA and Adjusted EBIT), compared to unfavourable net impact of £74 million in Fiscal 2020 (of which £78 million unrealised loss is excluded from Adjusted EBITDA and Adjusted EBIT, and £4 million realised gain is included in Adjusted EBITDA and Adjusted EBIT). In Fiscal 2020, the unfavourable net impact was shown in "Other Income."

- Favourable fair value movements on investments, not included in Adjusted EBITDA and Adjusted EBIT, of £2 million, compared to unfavourable fair value movements of £43 million in Fiscal 2020. In Fiscal 2020, the unfavourable fair value movements were shown in "Other Income."

We engage in currency hedging to manage our exposure to currency effects. Please see "Description of Other Indebtedness—Hedging Facilities."

Finance income

Our finance income decreased to £11 million in Fiscal 2021 compared to £52 million in Fiscal 2020, due to our cash reserves being impacted by the COVID-19 pandemic, notably in the first quarter, as well as lower yields as a result of central banks lowering interest rates to cushion the economic impact of the COVID-19 pandemic.

Finance expense (net)

Our finance expense (net) increased to £251 million in Fiscal 2021, as compared to £209 million in Fiscal 2020. This increase was a result of increased levels of debt and a general increase in average interest rates on new debt compared to existing and matured debt.

Share of (loss)/profit from equity accounted investments

Our share of loss from equity accounted investments of £41 million in Fiscal 2021 relates primarily to our China Joint Venture, compared to a loss of £114 million during Fiscal 2020, as the region continued to recover strongly from the impact of the COVID-19 pandemic following the easing of strict lockdown measures from early 2020. Please see "Our Business—China Joint Venture."

Income tax (expense)/credit

We had an income tax expense of £239 million in Fiscal 2021 as compared to an expense of £47 million in Fiscal 2020 as a result of our inability to fully recognise all deferred tax assets on the balance sheet, resulting in no tax credit on current period losses and an income statement tax charge due to the movement in the pension obligation in the first quarter of Fiscal 2021. The effective tax rate was negative 27.8% in Fiscal 2021.

Profit/(loss) for the period

Our consolidated loss for Fiscal 2021 was £1,100 million, as compared to £469 million loss in Fiscal 2020.

Fiscal 2020 compared to Fiscal 2019

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
	2019[(a)]	2020[(a)]	
	(£ in millions)		(% change)
Revenue	24,214	22,984	(5.1)%
Material and other cost of sales*	(15,670)	(14,684)	(6.3)%
Employee costs*	(2,820)	(2,568)	(8.9)%
Other expenses*	(5,567)	(5,238)	(5.9)%
Exceptional Items	(3,271)**	(29)	n.m
Internally generated intangible assets	1,576	1,369	(13.1)%
Other income	205	174	(15.1)%
Depreciation and amortisation	(2,164)	(1,910)	(11.7)%
Foreign exchange gain/(loss) and fair value adjustments	(59)	(249)	n.m
Finance income	35	52	48.6%
Finance expense (net)	(111)	(209)	88.3%
Share of profit from equity accounted investments	3	(114)	n.m
(Loss) before tax	(3,629)	(422)	(88.4)%
Income tax (expense)/credit	308	(47)	n.m
(Loss) for the year	**(3,321)**	**(469)**	**(85.9)%**

(a) Certain items are restated. We have been presenting gains and losses on effective cash flow hedges of inventory in the statement of other comprehensive income and expense as "not to be reclassified to income statement." With wider industry practice emerging, clearer guidance now being available and with the present economic situation due to COVID-19, we have changed the presentation of these effective cash flow hedges of inventory to "may be reclassified to income statement," from year ended 31 March 2021 and accordingly reclassified the comparative amounts for the prior periods. The change in presentation is within the statement of other comprehensive income and expense and does not affect net income.

* "Material and other cost of sales," "Employee costs" and "Other expenses" exclude the exceptional items explained below.

** This includes an impairment of £3,105 million. See "Presentation of Financial and Other Data—Internal Controls."

Revenue

Revenue decreased by £1,230 million to £22,984 million in Fiscal 2020 from £24,214 million in Fiscal 2019, a decrease of 5.1%. This decrease is primarily due to wholesale volumes (excluding the China Joint Venture) down by 6.3% year-on-year to 475,952 units, reflecting fewer sales across all regions except North America as well as the impact of COVID-19 in the fourth quarter of Fiscal 2020. For similar reasons retail sales (including sales from the China Joint Venture) declined 12.1% year-on-year to 508,659 units, with over two-thirds of that volume decline occurring during the fourth quarter of Fiscal 2020. Retail sales in China decreased by 8.9% year-on-year despite a strong recovery in the second and third quarter, with double digit year-on-year growth. However, the outbreak of COVID-19 significantly impacted sales in China in the fourth quarter of Fiscal 2020, leading to a 43.2% decline compared to the fourth quarter in Fiscal 2019.

Material and other cost of sales

Our material and other cost of sales decreased to £14,684 million in Fiscal 2020 from £15,670 million in Fiscal 2019. This decrease is predominantly attributable to lower wholesale volumes and the impact of COVID-19 in the fourth quarter of Fiscal 2020. As a percentage of revenue, material and other cost of sales decreased to 63.9% of our revenue in Fiscal 2020, as compared to 64.7% in Fiscal 2019.

Change in inventories of finished goods and work in progress:

In Fiscal 2020, our inventory of finished goods and work in progress linked to the introduction of new models was equal to £3,365 million. Inventories of finished goods include £466 million, relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements.

Purchase of products for sale:

In Fiscal 2020, we spent £1,105 million on parts and accessories supplied by third parties and used in our finished vehicles and parts, compared to £1,181 million in Fiscal 2019, representing a decrease of 6.4%. This decrease was primarily attributable to the impact of COVID-19 pandemic in the fourth quarter of Fiscal 2020 resulting in lower production and wholesale volumes.

Raw materials and consumables:

We consume a number of raw materials in the manufacture of vehicles, including steel, aluminium, copper, precious metals and resins. The cost of raw materials and consumables in Fiscal 2020 was £13,498 million, compared to £14,448 million in Fiscal 2019, representing a decrease of £950 million, or 6.6%. The decrease in the total cost of raw materials and consumables was primarily attributable to the impact of COVID-19 pandemic in the fourth quarter of Fiscal 2020 resulting in lower production and wholesale volumes. Raw materials and consumables as a percentage of revenue slightly decreased to 58.7% for Fiscal 2020, as compared to 59.7% for Fiscal 2019.

Employee cost

Our employee cost decreased by 8.9% to £2,568 million in Fiscal 2020 from £2,820 million in Fiscal 2019. The decrease was primarily attributable to a decrease in our employee headcount. Average employee headcount decreased from 44,101 to 39,787, or 9.8%, from 31 March 2019 to 31 March 2020. In Fiscal 2020, the average number of employees on a non-agency basis and agency basis was 36,531 and 3,256, respectively, compared to 38,583 and 5,518 in Fiscal 2019.

Other expenses

Other expenses decreased to £5,238 million in Fiscal 2020 from £5,567 million in Fiscal 2019, primarily reflecting a reduction in expenses related to Project Charge and Project Charge+.

Exceptional items

The exceptional item recognised in the year ended 31 March 2020 comprises restructuring costs of £29 million relating to the Group restructuring programme that commenced during Fiscal 2019. This included a past service pension cost of £4 million. The exceptional items recognised in Fiscal 2019 comprise an impairment charge of £3,105 million following an impairment exercise undertaken in accordance with IAS36 and restructuring costs of £149 million relating to a Group restructuring and voluntary redundancy programme announced and carried out during Fiscal 2019.

Internally generated intangible assets

We capitalise development and engineering 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 and engineering costs and amortisation of capitalised development and engineering costs in Fiscal 2019 and Fiscal 202

	Fiscal year ended 31 March	
	2019	**2020**
	(£ in millions)	
Total R&D costs	**1,997**	**1,790**
Of which expenditure capitalised	1,576	1,369
Capitalisation ratio in %	*78.9%*	*76.5%*
Amortisation of expenditure capitalised	967	788
R&D costs charged in income statement	421	421
As % of revenue	*1.7%*	*1.8%*

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

Capitalised R&D expenditure decreased to £1,790 million in Fiscal 2020 from £1,997 million in Fiscal 2019, representing a decrease of 10.4%, reflecting initiatives undertaken to reduce total product and other investment spending under Project Charge and Project Charge+.

Other income (net)

Our other income decreased slightly to £174 million in Fiscal 2020, compared to £205 million in Fiscal 2019.

Depreciation and amortisation

Our depreciation and amortisation slightly decreased to £1,910 million in Fiscal 2020 from £2,164 million in Fiscal 2019. For more information on our depreciation and amortisation charge, see Notes 17 and 18 to our 2020 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Foreign exchange gain/(loss) and fair value adjustments

We recorded a foreign exchange loss and fair value adjustments of £249 million in Fiscal 2020, compared to a loss of £59 million in Fiscal 2019. Our foreign exchange loss in Fiscal 2020 was primarily attributable to the weakening of the British Pound against the US dollar and the euro to a greater extent in Fiscal 2020, compared to Fiscal 2019. The foreign exchange impact on our results from operations in Fiscal 2020 compared to Fiscal 2019 reflects the following:

- Favourable revaluation of foreign exchange derivatives, not included in Adjusted EBITDA and Adjusted EBIT, of £44 million, compared to unfavourable revaluation of £50 million in Fiscal 2019.

- Unfavourable revaluation of foreign currency debt (including fair value adjustments), not included in Adjusted EBITDA and Adjusted EBIT, of £135 million, compared to unfavourable revaluation of £45 million in Fiscal 2019.

- Unfavourable revaluation of current assets and current liabilities denominated in foreign currency, not included in Adjusted EBITDA and Adjusted EBIT, of £23 million, compared to favourable revaluation of £16 million in Fiscal 2019.

- Unfavourable movements on foreign currency derivatives, included in Adjusted EBITDA and Adjusted EBIT but not reclassified to revenue or material cost of sales, of £18 million, compared to favourable movements of £20 million in Fiscal 2019.

- Unfavourable net impact of commodity derivatives of £74 million (of which £78 million unrealised loss is excluded from Adjusted EBITDA and Adjusted EBIT, and £4 million realised gain is included in Adjusted EBITDA and Adjusted EBIT), compared to favourable net impact of £9 million in Fiscal 2019 (of which £34 million unrealised loss is excluded from Adjusted EBITDA and Adjusted EBIT, and £43 million realised gain is included in Adjusted EBITDA and Adjusted EBIT). In Fiscal 2019, the favourable net impact was shown in "Other Income."

- Unfavourable fair value movements on investments, not included in Adjusted EBITDA and Adjusted EBIT, of £43 million, compared to favourable fair value movements of £26 million in Fiscal 2019. In Fiscal 2019, the favourable fair value movements were shown in "Other Income."

We engage in currency hedging to manage our exposure to currency effects. Please see "Description of Other Indebtedness—Hedging Facilities."

Finance income

Our finance income slightly increased to £52 million in Fiscal 2020 compared to £35 million in Fiscal 2019.

Finance expense (net)

Our finance expense (net) increased to £209 million in Fiscal 2020, as compared to £111 million in Fiscal 2019. This increase was a result of increased levels of debt and a general increase in average interest rates on new debt compared to existing and matured debt.

Share of (loss)/profit from equity accounted investments

Our share of loss from equity accounted investments of £114 million in Fiscal 2020 relates primarily to our China Joint Venture, compared to a gain of £3 million during Fiscal 2019, primarily due to the impact of COVID-19 in the fourth quarter of Fiscal 2020 as well as lower wholesale volumes, lower incentive spending, higher material costs at our China Joint Venture. Please see "Our Business—China Joint Venture."

Income tax (expense)/credit

We had an income tax expense of £47 million in Fiscal 2020 resulting from the losses incurred in the year, as compared to a credit of £308 million in Fiscal 2019. The effective tax rate was negative 11.1% in Fiscal 2020, primarily attributable to the relatively small absolute loss during the fiscal year and the impact of the change in the anticipated UK statutory rate from 17% to 19%.

Profit/(loss) for the period

Our consolidated loss for Fiscal 2020 was £469 million, as compared to £3,321 million loss in Fiscal 2019.

Liquidity and Capital Resources

Net cash generated from operating activities was £2,326 million in the year ended 31 March 2021, similar to the net cash generated from operating activities of £2,314 million in the same period of 2020, although wholesale volumes were down 27% year-on-year in Fiscal 2021 as a result of the COVID-19 pandemic, this was offset by stronger profitability as a result of a more favourable sales mix, and further Charge+ cost efficiencies. For the year ended 31 March 2021, our free cash flow was positive £185 million compared to a negative £759 million in the same period of 2020, primarily reflecting the higher profitability and lower total product and other investment.

Total cash and cash equivalents, deposits and investments at 31 March 2021 was £4,782 million (up from £3,664 million as of 31 March 2020), comprising £3,778 million of cash and cash equivalents and £1,004 million of short-term deposits and other investments. As at 31 March 2021, we also had the undrawn Revolving Credit Facility of £1,935 million (which was upsized to £2,015 million in July 2021 and will be replaced by the Forward Start Facility upon maturity), maturing in July 2022, which, combined with total cash of £4,782 million and £3 million undrawn under the UK Fleet Financing Facility, resulted in Available Liquidity of £6,720 million. To improve our liquidity, we raised £1.6 billion of new debt in Fiscal 2021, including the RMB 5 billion (£554 million equivalent as of 31 March 2021) China Revolving Facility in June 2020, and the October 2020 Notes and the December 2020 Notes. In addition, on 24 January 2021 we redeemed in full the £300,000,000 2.750% Senior Notes due 2021 issued 24 January 2017. The total amount of cash and cash equivalents as at 31 March 2021 included £298 million held in subsidiaries of the Issuer outside the United Kingdom. The cash in some of these jurisdictions (e.g., South Africa and Brazil) is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However, annual dividends are generally permitted and we do not believe that these restrictions have, or are expected to have, any impact on our ability to meet our cash obligations.

As adjusted to give *pro forma* effect to the offering of the Notes hereby, as at 31 March 2021 we would have had, on a consolidated basis, cash and cash equivalents of £4,490 million, short-term investments (bank deposits with a maturity of between three and twelve months) of £1,004 million and total indebtedness (including short-term debt) of £7,409 million, with undrawn committed facilities of £1,935 million. We believe that we have sufficient resources available to meet our planned capital requirements and we are targeting a reduction in our net debt position to achieve a net cash position in Fiscal 2025. 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 or profitability of 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. In addition, COVID-19 has impacted our results for the year ended 31 March 2021, and may impact our financial condition and our ability to raise financing in the future. See “Risk Factors—Risks Associated with the Automotive Industry—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results from operations.”

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 March 2021.

Facility	Committed Amount	Maturity	Amount outstanding as at 31 March 2021	Amount undrawn as at 31 March 2021
	(£ in millions)		(£ in millions)	(£ in millions)
Committed				
£400 million 5.000% Senior Notes due 2022	n/a	15 February 2022	400	—
£400 million 3.875% Senior Notes due 2023	n/a	1 March 2023	400	—
$500 million 5.625% Senior Notes due 2023	n/a	1 February 2023	363*	—
$500 million 4.500% Senior Notes due 2027	n/a	1 October 2027	363*	—
€650 million 2.200% Senior Notes due 2024	n/a	15 January 2024	554**	—
€500 million 5.875% Senior Notes due 2024	n/a	15 November 2024	427**	—
€500 million 6.875% Senior Notes due 2026	n/a	15 November 2026	427**	—
€500 million 4.500% Senior Notes due 2026	n/a	15 January 2026	427**	—
$700 million 7.750% Senior Notes due 2025	n/a	15 October 2025	509*	—
$650 million 5.875% Senior Notes due 2028	n/a	15 January 2028	472*	—
$200 billion Term Loan Facility	145*	31 October 2022	145*	—
$800 billion Term Loan Facility	581*	31 January 2025	581*	—
UK Fleet Financing Facility	113	31 December 2021	110	3
UKEF & Commercial Loan Facilities	448	15 October 2024	448	—
China Revolving Facility	554***	8 June 2023	554***	—
Other****	32	n/a	32	—
Revolving Credit Facility	1,935*****	27 July 2022	—	1,935
Lease obligations	518	n/a	518	—
Subtotal	**4,326**		**6,732**	**—**
Capitalised debt issuance costs	n/a		(34)	
Fair value adjustments******	n/a		(1)	—
Total	**4,326**		**6,697**	**1,938**

* Using an exchange rate on 31 March 2021 of $1.3759 = £1.00.

** Using an exchange rate on 31 March 2021 of €1.1723 = £1.00.

*** Using an exchange rate on 31 March 2021 of CNY 9.0334 = £1.00.

The three year (subject to annual review) RMB 5 billion (£554 million equivalent as at 31 March 2021) working capital loan facility entered into by Jaguar Land Rover (China) Investment Co., our wholly owned Chinese subsidiary, in June 2020 and fully drawn as of 31 March 2021.

**** Primarily includes an advance as part of a sale and leaseback transaction, as well as parts factoring in China.

***** Upsized to £2,015 million in July 2021. On its expiry, the Revolving Credit Facility will be replaced with the £1,500 million unsecured Forward Start Facility.

****** Fair value adjustments relate to hedging arrangements for the $500 million 4.500% Senior Notes due 2027 and €500 million 4.500% Senior Notes due 2026.

In addition, we have a $499.975 million invoice discounting committed facility, which was renewed in March 2021 (previously a $700 million facility), that is not reflected in the table above as it is a non-recourse receivable financing which is not treated as indebtedness. As at 31 March 2021, Jaguar Land Rover Limited (a subsidiary of the Issuer) had sold £278 million equivalent of receivables under the Invoice Discounting Facility.

Please see "Capitalisation" for a presentation of our capitalisation after giving *pro forma* effect to the offering of the Notes hereby.

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 the Notes offered hereby, the Existing Notes, term financings (including the Term Loan Facility, the UKEF & Commercial Loan Facilities, the UK Fleet Financing Facility, £70 million drawn as of the date of this Offering Memorandum, and the RMB 5 billion (£554 million equivalent as of 31 March 2021) China Revolving Facility, which is fully drawn) and the Revolving Credit Facility (which remains undrawn as of 31 March 2021), as well as the Invoice Discounting Facility, which is a non-recourse receivables financing facility, and parts factoring facilities. 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. COVID-19 continues to impact our industry on a global scale but retail sales have yet to recover (down 13.6% for the year ended 31 March 2021 as compared to 12.1% for the same period during the prior year) with the exception of particular in China (up 23.4% for the equivalent period). We expect a Free Cash Flow outflow of about £1 billion in the second quarter and a substantial improvement in underlying operating cashflow (before exceptional restructuring charges as part of the "Reimagine" strategy) in the second half of Fiscal 2022 as chip supply improves.

Jaguar Land Rover Limited is the main group entity used for financing and borrowing purposes. We have a policy of aggregating and pooling cash balances within that entity on a daily basis. Certain of our subsidiaries and equity method affiliates have contractual and other limitations in respect of their ability to transfer funds to us in the form of cash dividends, loans or advances. We believe that these restrictions have not had, and are not expected to have, any material impact on our ability to meet our cash obligations.

Cash flow data

The Fiscal 2019, Fiscal 2020 and Fiscal 2021 tables below have been extracted from the 2021 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

The following table sets out the items from our consolidated statements of cash flow for the fiscal years ended 31 March 2019, 2020 and 2021.

	Fiscal year ended 31 March		
	2019	**2020**	**2021**
		(£ in millions)	
Net cash generated from operating activities	**2,253**	**2,314**	**2,326**
Net cash (used in) investing activities	**(2,278)**	**(3,177)**	**(1,469)**
Net cash generated from financing activities	**173**	**329**	**812**
Effect of foreign exchange on cash and cash equivalents	(27)	58	(162)
Net change in cash and cash equivalents	148	(534)	1,669
Cash and cash equivalents at beginning of period	2,626	2,747	2,271
Cash and cash equivalents at end of period	**2,747**	**2,271**	**3,778**

Fiscal 2021 compared to Fiscal 2020

Net cash generated from operating activities was £2,326 million in Fiscal 2021 compared to £2,314 million in Fiscal 2020. Free cash flow was positive £185 million in Fiscal 2021 (negative £759 million in Fiscal 20120), after £2,343 million of total product and other investment spending and £24 million of working capital outflows. In Fiscal 2021, negative working capital movements of £24 million (positive £366 million in Fiscal 2020), reflected mainly the improvements in inventory, offset by the release of provisions against residual value and emissions risk in the US. In Fiscal 2021, we issued £1.6 billion of new debt, primarily reflecting the CNY 5 billion China Revolving Facility completed and drawn in June 2020 and the issuance of the October 2020 Notes and the December 2020 Notes.

Net cash used in investing activities was £1,469 million in Fiscal 2021, compared to £3,177 million in Fiscal 2020, primarily reflecting the reduction in Total Product and other investment spending under the Charge+ programme. The "Reimagine" strategy is currently expected to require annual commitments of around £2.5 billion. In Fiscal 2021, the movement in short-term deposits was negative £389 million compared to positive £365 million in Fiscal 2020. In Fiscal 2021, total product and other investment spending was £2,343 million including expensed R&D of £489 million. The purchase of property, plant and equipment accounted for £1,050 million of total product and other investment spending in Fiscal 2021, compared to £1,281 million in Fiscal 2020. The decrease in total product and other investment spending is primarily due to the reduction in total product and other investment spending under project Charge+, as well as a reduction in expenditure due to the impact of the COVID-19 pandemic. The remainder of the £804 million total product and other investment spending mentioned above consisted of cash paid for intangible assets, which accounted for £799 million in Fiscal 2021, compared to £1,511 million in Fiscal 2020. Our total product and other investment spending primarily relates to the introduction of new products, and the development of new technologies that enhance our product offerings including for electrification.

Net cash generated from financing activities in Fiscal 2021 was £812 million compared to net cash generated from financing activities of £329 million in Fiscal 2020. Net cash generated from financing activities in Fiscal 2021 primarily reflect the £1.6 billion of new debt issued in the year partially offset by the repayment of maturing debt including the £300 million bond in January 2021 and £125 million of the UKEF loan amortising during the year as well as higher finance expenses and fees. Net finance expenses and fees paid net of finance income received were negative £299 million in Fiscal 2021 as compared to negative £212 million in Fiscal 2020.

Fiscal 2020 compared to Fiscal 2019

Net cash generated from operating activities was £2,314 million in Fiscal 2020 compared to £2,253 million in Fiscal 2019. Free cash flow was negative £759 million in Fiscal 2020 (negative

£1,296 million in Fiscal 2019), after £3.3 billion of total product and other investment spending, £366 million of working capital inflows and £152 million paid in taxes. In Fiscal 2020, positive working capital movements of £366 million (positive £405 million in Fiscal 2019) reflecting a £531 million improvement in trade receivables (including £392 million of sold receivables drawn under the Invoice Discounting Facility) and a £147 million improvement in inventory, partially offset by a £548 million deterioration in payables. The remaining £236 million includes a grant received in relation to our manufacturing operations in Slovakia, R&D credits and a reduction in provisions. In Fiscal 2020, we had £591 million net increase in debt primarily reflecting the issuance of the November 2019 Notes and the December 2019 Notes, the drawings under the UKEF & Commercial Loan Facilities and the UK Fleet Discounting Facility.

Net cash used in investing activities was £3,177 million in Fiscal 2020, compared to £2,278 million in Fiscal 2019. In Fiscal 2020, the movement in short-term deposits was negative £351 million compared to positive £1,074 million in Fiscal 2019. In Fiscal 2020, total product and other investment spending was £3,294 million including expensed R&D of £421 million. The purchase of property, plant and equipment accounted for £1,281 million of total product and other investment spending in Fiscal 2020, compared to £1,590 million in Fiscal 2019. The decrease in total product and other investment spending is primarily due to the reductions planned through Project Charge and Project Charge+. The remainder of the £3,294 million total product and other investment spending mentioned above consisted of cash paid for intangible assets, which accounted for £1,511 million in Fiscal 2020, compared to £1,785 million in Fiscal 2019. Our total product and other investment spending primarily relates to the introduction of new products, and the development of new technologies that enhance our product offerings.

Sources of financing and capital structure

We fund our short-term working capital requirements with cash generated from operations, overdraft facilities with banks and 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. Our main long-term borrowings are the Existing Notes and, following their issuance, the Notes. In addition to the Existing Notes and the Notes, we also maintain the:

- £2,015 million unsecured syndicated Revolving Credit Facility (undrawn as at the date of this offering memorandum) which will, on its expiry, be replaced with the £1,500 million unsecured Forward Start Facility;
- $1.0 billion Term Loan Facility;
- UKEF & Commercial Loan Facilities;
- £113 million UK Fleet Financing Facility;
- RMB 5 billion China Revolving Facility; and
- $499.975 million Invoice Discounting Facility (non-recourse receivables financing which is not treated as debt and is off-balance sheet), under which, as at 31 March 2021, Jaguar Land Rover Limited (a subsidiary of the Issuer) had sold £278 million equivalent of receivables.

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

Total product and other investment spending

Purchases of property, plant and equipment in the year ended 31 March 2021 was £1,050 million, compared to £1,281 million in the year ended 31 March 2020. Total product and other investment spending was

£2,343 million in the year ended 31 March 2021 of which £1,854 million was capitalised and £489 million was expensed, compared to total product and other investment spending of £3,294 million in the year ended 31 March 2020, of which £2,873 million was capitalised and £421 million was expensed. Please see "Risk Factors—Risks Associated with Our Business—Our "Reimagine" and/or "Refocus" transformation programme strategy may not be successful or as successful as we expect". Our capital spending programme is primarily focused on R&D activities. In particular, we spend a significant amount on product development and technology development including, but not limited to, CO_2 emissions technology, autonomous, connected and electrification technologies as well as new vehicle architectures and innovative mobility solutions aiming to overcome and address future travel and transport challenges. Additionally, some of our capital spending is allocated to new product launches to meet customer demand in the premium and luxury automotive and SUV segments and comply with regulatory requirements. Please see "Our Business—Our Strategy—Profitably grow the business through capital investments" and "—Results of Operations—Fiscal 2021 compared to Fiscal 2020—Internally generated intangible assets."

Acquisitions and Disposals

On 2 June 2008, Tata Motors acquired the Jaguar and Land Rover businesses from Ford. The consideration was £1,279 million, not including £150 million of cash acquired in the business. We have made no material acquisitions or disposals since 2 June 2008. We have made small investments through our InMotion business unit and other investments in mobility.

Off-Balance Sheet Arrangements, Contingencies and Commitments

Off-balance sheet arrangements

As at 31 March 2021, Jaguar Land Rover Limited (a subsidiary of the Issuer) had sold £278 million equivalent of receivables under the Invoice Discounting Facility. In particular, Jaguar Land Rover Limited, as seller, is a party to a syndicated insured multi-currency invoice discounting facility agreement originally dated 26 March 2019 (and amended on 28 May 2020, 19 June 2020, 22 October 2020 and 22 March 2021) with a bank as agent and buyer and other financial institutions as buyers (with capacity for further financial institutions to accede as additional buyers) (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 (meaning the seller must sell all its eligible receivables, and the buyers must buy them, subject to certain sub-limits) and may be increased at the request of the seller via the introduction of new banks as buyers (subject in certain cases to approval (at their discretion) of all the buyers) up to a maximum facility amount of $1,000 million (as at the date of this Offering Memorandum the facility size is $500 million). Eligible receivables may be generated from sales of our vehicles (excluding spare parts) and must be fully insured (as well as comply with other eligibility criteria). The availability of the facility ends approximately two years after the date of the facility agreement and no further receivables may be presented by the seller to the buyers after that date, but already purchased receivables will remain funded. 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.

A brief description of the main terms of the Invoice Discounting Facility is included below.

Rates, interest and fees

Discount rate: The discount rate is the per annum interest rate equal to the relevant currency's funding rate (e.g. LIBOR, EURIBOR, BKBM) (with a zero floor) plus 1.15% for any calculation falling in March 2021 and 1.25% thereafter unless, as at March 2022, average utilisation of the facility has been under 60%, where the figure rises to 1.35%.

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 rate plus 1%.

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 fee payable upon exercise of the accordion option; and an unused fee which is the product of (a) the product of 0.5% prior to March 2021 and 0.6% thereafter unless, as at March 2022, average utilisation of the facility has been under 60%, where the figure rises to 0.7%, and the number of calendar days in the two prior collection periods divided by 360, and (b) the difference between the total available commitment for participations under the facility and the average aggregate amount of the receivables purchased under the facility for the prior two relevant purchase periods. 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 calculated using the relevant discount rate), 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. Notices of assignment are given to the debtors.

If it transpires that (a) any of the particular conditions precedent specified in the facility agreement to the sale of a receivable were not satisfied, (b) any of the eligibility criteria set out in the facility agreement in relation to a receivable sold under the facility agreement were not met at the time of the relevant sale, or (c) there was a breach of representation, warranty or covenant in relation to a sold receivable, (an "affected receivable"), the agent can, if the seller is not able to remedy the breach giving rise to the repurchase event, compel the seller to repurchase the affected receivable within five business days. The repurchase price is the face value of the affected receivable together with the reasonable costs and expenses of the agent in connection with such repurchase. The seller may request to buy back any receivable which is the subject of a commercial dispute (as defined) which is at the discretion of the majority buyers.

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; power and authority; 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; sanctions, anti-corruption, bribery. 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 security interests at the time of sale; information given in relation to that purchased receivable is accurate in all material respects; that it is eligible for sale in accordance with the terms of the facility agreement; all corporate actions necessary in order to present the receivable have been taken; and that the presented receivables have not previously been assigned to any other person. Where appropriate, the terms of the representations align with the corresponding terms in the Issuer's revolving credit facility.

Covenants

There are various positive and negative covenants with which the seller must comply, including: provision of annual audited Group accounts; the seller's annual audited accounts and the Group's unaudited quarterly accounts; provision of documents sent to creditors generally, details of material litigation, and such financial and business information as the finance parties may request; notification of default. There are various positive and negative covenants with which the obligors must comply, including: compliance with authorisations; compliance with laws; restriction on mergers; change of the business; maintaining insurances. There are various positive and negative covenants with which the obligors must comply (and ensure that their subsidiaries must comply), including: compliance with laws on sanctions, anti-corruption, bribery and money laundering. There are various positive and negative covenants with which the seller must comply in relation to the receivables, including: a wide indemnity for losses suffered by the buyer in certain circumstances (such as misrepresentation, non-payment by the seller; noncompliance with insurance; non-payment of taxes or an event of default occurs); not to amend standard payment terms; provision of certain additional information in relation to purchased receivables; refraining from taking action that would prejudice any finance party's rights under or in respect of purchased receivables; take reasonable steps to ensure the validity of any purchased receivable and any assignment thereof under the facility agreement; not to encumber purchased receivables; pay stamp and other documentation taxes arising under the facility agreement; provide reasonable assistance to the agent in conducting due diligence on debtors; maintain adequate records systems; in relation to particular categories of receivables, not to enter those receivables into securitisation, factoring or invoice discounting arrangements. Where appropriate, the terms of the covenants align with the corresponding terms in the Issuer's revolving credit facility.

Termination events

The facility agreement sets out various termination events the occurrence of which allows the banks to cancel the facility commitment meaning that from the point of termination no further invoices will be purchased, but previously purchased receivables will be unaffected. Such termination events include (subject in certain cases to grace periods, thresholds and other qualifications): non-payment by the seller; failure to deliver certain critical reporting information; failure to offer any receivables for sale under the facility agreement for three consecutive offer periods; breach of other obligations; misrepresentation; cross acceleration; insolvency; insolvency proceedings; creditors' process; unlawfulness of obligations or agreements; repudiation by any obligor or insurer of the facility agreement or insurance policy; failure to comply with servicing obligations under the facility agreement; change in ownership of obligors (save as a permitted group reorganisation (as defined)); 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; the occurrence of certain trigger events in relation to the portfolio of purchased receivables including overall default ratios, maximum average days sales outstanding threshold and maximum average dilution ratios ("dilutions" being a defined concept, as explained further in the following paragraph).

Credit support agreement

The seller entered into a credit support agreement with the finance parties on 19 June 2020 (as amended on 22 March 2021) in which the seller agrees to provide the finance parties with cash cover in certain circumstances. The cash cover can be between zero and $70 million depending on the amount of dilutions (being a reduction in the value of sold receivables due to things such as credit notes issued by Jaguar Land Rover Limited, rebates, discounts, set-off by buyers, and commercial disputes) based on a rolling three month average. As at 31 March 2021, the amount of cash cover was $10 million. No security is granted to the finance parties and the cash cover is a debt arrangement meaning the monies will be returned according to the level of dilutions, or at the end of the facility but in the meantime the finance parties may, following a termination event, set-off against the cash cover any sums due by the buyer to the finance parties under the main facility agreement.

Governing law

The facility agreement is governed by English law.

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 equipment, various civil contracts of a capital nature which totalled £1,148 million as at 31 March 2021. We have entered into contracts totalling £16 million as at 31 March 2021 relating to the acquisition of intangible assets.

Dividend Policy

As previously announced, we adopted a dividend policy targeting an annual dividend payout rate to our shareholder of 25% of our profit after tax. Such target dividend payout each year is subject to liquidity, tax, legal and other relevant considerations by our Board.

We may pay dividends to our shareholder, subject to liquidity, tax, legal and other relevant considerations including, but not limited to, compliance with covenants in our financing agreements restricting such payments (including covenants in the indentures governing certain of the Existing Notes and in the UKEF & Commercial Loan Facilities). The Board proposed not to pay any dividend for the year ended 31 March 2020 and for the year ended 31 March 2021.

Product Development Costs Capitalisation Policy

Significant disruptions in the automotive industry necessitated a review and modification of our product development costs capitalisation policy. We intend to capitalise approximately 70%, which we will achieve gradually over time, of our product development costs compared to a capitalisation ratio of approximately 85% of our product development costs historically but more recently in Fiscal 2021 our capitalisation ratio was 59.8% (76.5% in Fiscal 2020) as a result of the impact of the COVID-19 pandemic. We do not expect this adjustment to our capitalisation policy to have any impact on our cash flow. The new capitalisation policy became effective on 1 April 2018.

Quantitative and Qualitative Disclosures about Market Risks

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

Market risk

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

Commodity price risk

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

Foreign currency exchange rate risk

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

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

The following table presents information relating to foreign currency exposure (other than risk arising from derivatives) as at 31 March 2021:

	US dollar	**Chinese yuan**	**Euro**	**Others**	**Total**
			(£ in millions)		
Financial assets	1,726	342	1,118	311	3,497
Financial liabilities	(3,267)[(1)]	(1,192)	(4,259)[(2)]	(349)	(9,067)
Net exposure (liability)/asset	**(1,541)**	**(850)**	**(3,141)**	**(38)**	**(5,570)**

(1) Includes primarily the October 2017 Notes, the January 2013 Notes, October 2020 Notes, December 2020 Notes and the Term Loan Facility.

(2) Includes the January 2017 Euro Notes, the September 2018 Notes the November 2019 Notes and the December 2019 Notes.

For a sensitivity analysis of our foreign currency exposure, please see Note 35(B) of our 2020 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.

We use cross-currency interest rate swaps to convert some of our issued debt from foreign currency denominated fixed-rate debt to sterling-denominated floating-rate debt. The derivative instruments and the foreign currency fixed-rate debt may be designated in a hedging relationship.

In addition to issuing long-term fixed-rate bonds, we have other facilities in place that are primarily used to finance working capital and are subject to variable interest rates.

As at 31 March 2021, short-term borrowings of £253 million (compared to £225 million as at 31 March 2020) and long-term borrowings of £1,037 million (compared to £1,260 as at 31 March 2020) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £13 million (compared to £15 million as at 31 March 2020) in the consolidated income statement and £nil (£nil as at 31 March 2020) in other comprehensive income.

The Group's sensitivity to interest rates has reduced during the current year mainly due to the decrease in variable rate debt instruments.

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 2021, our maximum exposure to credit risk was £6,463 million, being the total of the carrying amount of cash and cash equivalents, short-term deposits and other investments, trade receivables and other financial assets.

The table below provides details regarding the financial assets that are not yet due, past due or past due and impaired, including estimated interest payments as at 31 March 2021:

	Gross	Impairment
	(£ in millions)	
Not yet due	747	(2)
Overdue <3 months	88	—
Overdue >3 <6 months	10	—
Overdue >6 months	25	(5)
Total	**870**	**(7)**

Derivative financial instruments and risk management

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

Our net derivative position has improved by £502 million from £380 million net liability as at 31 March 2020 to £123 million net asset as at 31 March 2021.

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 revenue 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 2021 Consolidated Financial Statements are included in the following notes:

(i) Note 2—Accounting policies

(ii) Note 3—Alternative Performance Measures

(iii) Note 5—Revenue

(iv) Note 15—Taxation

(v) Note 20—Intangible assets

(vi) Note 33—Employee benefits

(vii) Note 46—Deferred tax assets and liabilities

Alternative Performance Measures

In reporting financial information, we present measures that are not defined or specified under the requirements of IFRS. We believe that these measures, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

We use adjusted EBITDA to review and measure our underlying profitability on an ongoing basis for comparability as we recognise that increased capital expenditure year-on-year will lead to a corresponding increase in depreciation and amortisation expense recognised within the consolidated income statement. We use adjusted EBIT to review and measure our underlying profitability on an ongoing basis as this excludes volatility on unrealised foreign exchange transactions. Due to the significant level of debt and currency derivatives held, unrealised foreign exchange can distort our financial performance from one period to another. During the year ended 31 March 2021, the definitions of adjusted EBIT and adjusted EBITDA were amended to exclude foreign exchange gains and losses on revaluation of other assets and liabilities, including short-term deposits and cash and cash equivalents. We consider the amended APM to better measure our underlying operational profitability, and is consistent with the treatment of the revaluation of other balance sheet items such as that of debt and unrealised hedges. We also recognise that the Group may use cash and/or derivatives to hedge debt and/or working capital balance sheet exposures and therefore it is logical to present gains or losses on revaluation of all such items consistently, excluded from EBITDA. This is also consistent with our definition of Free Cash Flow. Adjusted EBIT for the years ended 31 March 2020 and 2019 prior to the change was £(24) million and £(180) million respectively. Adjusted EBITDA for the years ended 31 March 2020 and 2019 prior to the change was £2,000 million and £1,981 million respectively.

We consider free cash flow to be a key measure in assessing and understanding our total operating performance and in identifying underlying trends.

During the year ended 31 March 2021, the definition of ‘Free cash flow’ was amended to exclude non-automotive investments and net investments in equity and debt investments held at fair value, which are deemed more financial investment in nature. The definition was also amended to exclude foreign exchange gains/losses on short-term deposits and cash and cash equivalents, therefore ensuring more consistent treatment since revaluation of other current assets and liabilities is already excluded. We consider these changes should provide greater clarity of Free Cash Flow more closely aligned to our competitors’ hence providing improved comparability for users of the APM. Free cash flow for years ended 31 March 2020 and 2019 prior to the change was £(702) million and £(1,265) million respectively.

We consider total product and other investment to be a key measure in assessing cash invested in the development of future new models and infrastructure supporting our growth.

We consider working capital to be a key measure in assessing short-term assets and liabilities that are expected to be converted into cash within the next 12-month period.

We use measures such as total cash and cash equivalents, deposits and investments and available liquidity to assess liquidity and the availability of funds for future spend and investment.

Revenue recognition

Accounting policies for Fiscal 2019, Fiscal 2020 and Fiscal 2021

The IFRS 15 standard (Revenue from Contracts with Customers) was adopted on 1 April 2018. The new standard replaces the requirements under IAS 18 Revenue and IAS 11 Construction Contracts, as well as the related interpretations. In accordance with the transitional provisions of the standard, we applied IFRS 15 on the modified retrospective basis and recognised the cumulative effect of applying the new standard at the date of application with no restatement of the comparative periods, which remain under the previously existing accounting principles.

Revenue comprises the consideration earned by us in respect of the output of our ordinary activities. It is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties, and net of settlement discounts, bonuses, rebates and sales incentives. We consider our primary customers from the sale of vehicles, parts and accessories (our primary revenue-generating streams) are generally retailers, fleet and corporate customers, and other third-party distributors. We recognise revenue when we transfer control of a good or service to a customer, thus evidencing the satisfaction of the associated performance obligation under that contract. Under IAS 18, this was determined by reviewing when the risks and rewards of ownership had been transferred to the customer. In addition, the amount of revenue had to be reliably measurable with it being probable that future economic benefits will flow to us.

We operate with a single automotive reporting segment, principally generating revenue from the sales of vehicles, parts and accessories.

The sale of vehicles also can include additional services provided to the customer at the point of sale, for which the individual vehicle and services are accounted for as separate performance obligations, as they are considered separately identifiable. The contract transaction price is allocated among the identified performance obligations based on their stand-alone selling prices. Where the stand-alone selling price is not readily available and observable, it is estimated using an appropriate alternative approach.

Revenue as reported in the consolidated income statement is presented net of the impact of realised foreign exchange derivatives hedging revenue exposures.

IFRS 17 was published on 18 May 2017 and replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, such as roadside assistance, entities have an accounting policy choice to account for them in accordance with either IFRS 17 or IFRS 15. The standard applies to annual periods beginning on or after 1 January 2023.

Internally generated intangible assets

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

The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use. Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. Product engineering cost is amortised over the life of the related product, being a period of between two and ten years. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is not recorded on product engineering in progress until development is complete.

Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the consolidated income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity), or where related to the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination. Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, and on the 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 we intend to settle our current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Land 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 charged 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, equipment and leased assets	3 to 30
Vehicles	3 to 10
Computers	3 to 6
Fixtures and fittings	3 to 20

The depreciation for property, plant and equipment with finite useful lives is reviewed at least at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

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

Depreciation is not recorded on assets under construction until construction and installation are complete and the asset is ready for its intended use. Assets under construction include capital advances. Depreciation is not recorded on heritage assets as we consider their residual value to approximate their cost.

Intangible assets

Acquired intangible assets

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

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

	Estimated amortisation period (years)
Software	2 to 8
Patents and technological know how	2 to 12
Customer related—Dealer network	20
Intellectual property rights and other intangibles	3 to indefinite

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

Capital work-in-progress includes capital advances. Customer-related intangibles acquired in a business combination consist of dealer networks. Intellectual property rights and other intangibles consist of brand names, which are considered to have indefinite lives due to the longevity of the brands.

Internally generated intangible assets

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

Product development and engineering costs incurred on new vehicle platforms, engines, transmission and new products are recognised as intangible assets, when feasibility has been established, we have 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 and engineering cost is amortised over the life of the related product being a period of between two and 10 years. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is not recorded on product development and engineering until development is complete.

Impairment

Property, plant and equipment and other intangible assets: At each balance sheet date, we assess 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, we estimate the recoverable amount of the cash-generating unit to which the asset belongs.

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

The estimated recoverable amount is the higher of value in use and fair value less costs disposal. 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 (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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

An asset or (cash-generating unit) impaired in prior years is reviewed at each balance sheet date to determine whether there is any indication of a reversal of impairment loss recognised in prior years.

An annual impairment review of the carrying value of heritage assets is performed as the assets are held at cost and not depreciated and any impairment in the carrying value is recognised immediately in the consolidated income statement.

Equity accounted investments: joint ventures and associates: The requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to our investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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 held for product warranty, legal and product liabilities, residual risks, environmental liabilities, other employee benefit obligations and restructuring as detailed in Note 28 of the 2021 Consolidated Financial Statements. Supplier reimbursements are recognised as separate assets within “Other financial assets.” See Note 16 of the 2020 Consolidated Financial Statements.

Employee benefits

Pension schemes: We operate several defined benefit pension plans; the UK defined benefit schemes were previously contracted out of the second state pension scheme until 5 April 2016. The assets of the plans are generally held in separate trustee administered funds. The plans provide for a monthly pension after retirement based on salary and service as set out in the rules of each scheme.

Contributions to the plans by us take into consideration the results of actuarial valuations. The UK defined benefit plans were closed to new joiners in April 2010.

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

Defined benefit costs are split into four categories:

- Current service cost, past service cost, and gains and losses on curtailments and settlements;
- Net interest cost;
- Administrative expenses; and
- Remeasurement.

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

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

We present these defined benefit costs within "Employee costs" in the consolidated income statement. Separate defined contribution plans are available to all our other employees. Costs in respect of these schemes are charged to the consolidated income statement as incurred.

Post-retirement Medicare scheme: Under these unfunded schemes, employees of some of our 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 us 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, where appropriate.

Actuarial gains and losses: Actuarial gains and losses relating to retirement benefit plans are recognised in the consolidated statement of comprehensive income in the year in which they arise.

Measurement date: The measurement date of all retirement plans is 31 March.

Amendments to IAS 19 Employee Benefits were announced to clarify the accounting for plan amendments, curtailments and settlements and are effective for accounting periods commencing on or after 1 January 2019. If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

We continue to evaluate the impact of adopting the amendments.

Financial instruments

Accounting policies for Fiscal 2019 and Fiscal 2020

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 instruments are recognised on the balance sheet when we become a party to the contractual provisions of the instrument.

We derecognise 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 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. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings.

Financial assets are written off when there is no reasonable expectation of recovery. We review the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities.

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

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. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequently, financial instruments are measured according to the category in which they are classified.

Categorisation is based on the business model in which the instruments are held as well as the characteristics of their contractual cash flows. The business model is based on management's intentions and past pattern of transactions. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. We reclassify financial assets when, and only when, our business model for managing those assets changes.

Financial assets are classified into three categories:

- Financial assets at amortised cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows. Subsequently, these are measured at amortised cost using the effective interest method less impairment losses, if any. These include cash and cash equivalents, contract assets, finance receivables and other financial assets.

- Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows as well as to sell the financial asset. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income apart from any expected credit losses or foreign exchange gains or losses, which are recognised in profit or loss. This category can also include financial assets that are equity instruments which have been irrevocably designated at initial recognition as fair value through other comprehensive income. For these assets, there is no expected credit loss recognised in profit or loss.

- Financial assets at fair value through profit or loss are financial assets with contractual cash flows that do not consist solely of payments of principal and interest. This category includes derivatives, embedded derivatives separated from the host contract, or investments in certain convertible loan notes. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in profit or loss, with the exception of derivative instruments designated in a hedging relationship, for which hedge accounting is applied.

Financial liabilities are classified as subsequently measured at amortised cost unless they meet the specific criteria to be recognised at fair value through profit or loss.

Other financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss includes derivatives, embedded derivatives separated from the host contract as well as financial liabilities held for trading. Subsequent to initial recognition, these are measured at fair value with gains or losses being recognised in profit or loss. 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 either the amortised cost of the senior notes or the present value of the lost interest for the remaining term of the senior notes.

We recognise a loss allowance in profit or loss for expected credit losses on financial assets held at amortised cost or at fair value through other comprehensive income. Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability-weighted amount, takes into account the time value of money (values are discounted using the applicable effective interest rate) and uses reasonable and supportable information.

Lifetime expected credit losses are calculated for assets that were deemed credit impaired at initial recognition or have subsequently become credit impaired as well as those were credit risk has increased significantly since initial recognition.

We adopt the simplified approach to apply lifetime expected credit losses to trade receivables and contract assets, thereby eliminating the need to assess changes in credit risk for those assets.

Where credit risk is deemed low at the reporting date or to have not increased significantly, credit losses for the next twelve months are calculated.

Credit risk has increased significantly when the probability of default has increased significantly. Such increases are relative and assessment may include external ratings (where available) or other information such as past due payments. Historic data and forward-looking information are both considered. Objective evidence for a significant increase in credit risk includes where payment is overdue by ninety or more days as well as other information about significant financial difficulties of the borrower.

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

Investments in equity instruments are measured at fair value, however, where a quoted market price in an active market is not available, equity instruments are measured at cost. For investments in equity instruments that are not held for trading, we have not elected to account for the investment at fair value through other comprehensive income.

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, we take 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, 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 the discounted cash flow method and other valuation models.

Hedge accounting

We use foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency to hedge our risks associated with foreign currency fluctuations relating to highly probable forecast transactions. We designate these foreign currency forward contracts, foreign currency options and borrowing denominated in foreign currency in a cash flow hedging relationship.

We use cross-currency interest rate swaps to convert some of its issued debt from foreign denominated fixed rate debt to GBP floating rate debt. Hedge accounting is applied using both fair value and cash flow hedging relationships. The designated risks are foreign currency and interest rate risks.

These derivative contracts are stated at fair value on the consolidated balance sheet at each reporting date.

At inception of the hedge relationship, we document the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. We document our risk management objective and strategy for undertaking our hedging transactions.

We designate only the intrinsic value of foreign exchange options in the hedging relationship. We designate amounts excluding foreign currency basis spread in the hedging relationship for both foreign exchange forward contracts and cross-currency interest rate swaps.

Changes in the fair value of the derivative contracts that are designated and effective as hedges of future cash flows are recognised in the cash flow hedge reserve within other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the consolidated income statement.

Changes in both the time value of foreign exchange options and foreign currency basis spread of foreign exchange forwards and cross-currency interest rate swaps are recognised in other comprehensive income in the cost of hedging reserve to the extent that they relate to the hedged item (the "aligned" value).

Changes in the fair value of contracts that are designated in a fair value hedge are taken to the consolidated income statement. They offset the change in fair value, attributable to the hedged risks, of the borrowings designated as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Amounts accumulated in equity are reclassified to the consolidated income statement in the periods in which the forecast transactions affect profit or loss or as an adjustment to a non-financial item (e.g. inventory) when that item is recognised on the balance sheet. These deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of goods sold).

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss in equity, including deferred costs of hedging, is immediately transferred and recognised in the consolidated income statement.

OUR BUSINESS

Overview

We design, develop, manufacture and sell Jaguar premium sports saloons, sports cars and luxury performance SUVs and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. We have a long tradition as a manufacturer of technologically advanced, 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, including for the development of autonomous, connected and electrification technologies, as well as for innovative mobility solutions aiming to overcome and address future travel and transport challenges. Our vehicles are designed and developed by award-winning design teams and we are committed to a continuing programme of innovative product design. For example, in Fiscal 2021, we made significant upgrades across our product portfolio for model year 2021 vehicles, including an expansion of electrified options across our model range, which now consists of eight plug-in hybrids, 11 mild hybrids and the all-electric Jaguar I-PACE. Our product portfolio continues to receive numerous prestigious awards: most recently, the new Land Rover Defender won the Top Gear Car of the Year and the World Car Design of the Year 2021.

We operate three principal automotive manufacturing facilities, an engine manufacturing facility and two advanced design and engineering facilities in the United Kingdom, wholly owned manufacturing plants in Brazil and Slovakia, and a manufacturing partnership with Magna Steyr (an operating unit of Magna International Inc.) in Graz, Austria. We have also established a manufacturing joint venture in China, which currently produces the Range Rover Evoque, the Land Rover Discovery Sport, the long wheel base Jaguar XF (the "**Jaguar XFL**"), the long wheel base Jaguar XE (the "**Jaguar XEL**") and the Jaguar E-PACE for sale in the local market. Globally, we employed a total of 36,174 employees, including agency personnel, as at 31 March 2021. Our R&D operations currently consist of an engineering team co-managed for Jaguar and Land Rover, sharing premium technologies, powertrains and vehicle architectures.

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. In Fiscal 2021, Europe (excluding the United Kingdom and Russia), North America, the United Kingdom and China, respectively, accounted for 18 %, 25.2%, 18.9% and 25.3% of our retail volumes (including sales from the China Joint Venture) and 22%, 27%, 23.4% and 13.6% of our wholesale volumes (excluding sales from the China Joint Venture). The COVID-19 pandemic has impacted our business and the geographic distribution of our retail sales due to the global scale of disruption it has caused and due to differences in the extent of the relaxation of remaining lockdown and social distancing measures in different regions, and the extent of the economic recovery thereafter.

In December 2019, a novel strain of coronavirus SARS-CoV-2, causing a disease referred to as COVID-19, was reported in Wuhan, China. Since then, the coronavirus spread and infections have been found in the vast majority of countries around the world, including throughout Europe and the United States. In March 2020, the World Health Organization recognised the COVID-19 outbreak as a pandemic based on the global spread of the disease, the severity of illnesses it causes and its effects on society. In response to the COVID-19 pandemic, the governments of many countries, states and cities took, and continue to take, preventative or protective measures, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. As these actions have been imposed on a country-by-country basis, the level of economic impact and timing of the impact have varied across different markets. Accordingly, the COVID-19 pandemic severely restricted the level of economic activity in many countries, including in regions in which we operate, and continues to adversely impact global economic activity and contribute to volatility in financial markets. We have also faced semiconductor supply constraints. The semiconductor shortage has resulted in significant near term challenges, including temporary plant shutdowns. In particular, wholesale sales have been lower due to semiconductor supply constraints. Based on recent input from suppliers, we now expect semiconductor supply shortages in the second quarter of Fiscal 2022 to be greater than in the first quarter and potentially about 50% lower than planned, although we are continuing to work to mitigate this. We expect the situation will start to improve in the second half of our financial year. However, the broader underlying structural capacity issues will only be resolved as supplier investment in new capacities comes online over the next 12-18 months and so we expect some level of shortages will continue through to the end of the year and beyond. While the present supply constraints continue, we will continue to prioritise production of higher margin vehicles for the chip supply available as well as make chip and product specification changes where possible to reduce the impact. We expect COVID-19 will continue to cause or will exacerbate some supply disruption for the remainder of Fiscal 2022, including but not limited to semiconductor shortages, but that the severity and length of such shortages will be dependent on a number of factors related to the COVID-19 pandemic, economic activity and other global factors.

In response to the pandemic and related lockdowns, we enacted temporary plant shutdowns in the first quarter of Fiscal 2021, with production restarting at most of our plants in the period from mid-May 2020 through June 2020. Our global network of retailers was also impacted by the lockdown measures implemented in different markets but, as of the date of this Offering Memorandum, substantially all of our retailers have re-opened (fully or partially). As of the date of this Offering Memorandum, notwithstanding disruptions to manufacturing operations and intermittent production as a result of the supply shortage of semiconductors, all of our plants are presently open, each under defined health and safety protocols. As a result of the COVID-19 pandemic, many of our employees in the United Kingdom were furloughed under the UK government's job retention scheme in early Fiscal 2021. Many of our employees have returned to sites, where practical to do so, supported by work-from-home and other arrangements.

In the second, third and fourth quarters of Fiscal 2021, we undertook a "demand-led" restart to our operations with a focus on producing vehicles in line with customer demand and rationalising the use of our resources accordingly, coupled with targeted spending measures on critical aspects of our operations and improving sales with a favourable product margin mix. Manufacturing at substantially all of our plants resumed by the end of the first quarter of Fiscal 2021 (other than at the Castle Bromwich plant, where manufacturing resumed in the second quarter of that period). Overall, in Fiscal 2021 our total product and other investment spending was £2,343 million (lower than the £3,294 million spent in Fiscal 2020). Free cash flow was positive (£185 million) over Fiscal 2021, and we aim to achieve sustainable positive cash flow from Fiscal 2022 alongside a reduction in net debt. See "Forward-looking Statements" and "Risk factors—Risks Associated with the Automotive Industry—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operation."

Despite the many headwinds, the business recovered in the second half of Fiscal 2021. We reacted quickly and decisively to the pandemic, with an accelerated focus on improving cash flow and strengthening liquidity to pave the way for long-term Adjusted EBIT margin improvement. Project Charge+ has delivered £6 billion of cost savings in Fiscal 2021 and we expect that the "Refocus" transformation programme, together with our new architecture strategy, will deliver improved cash flow and profitability. We are targeting a double-digit Adjusted EBIT margin by Fiscal 2026 and reducing net debt, targeting a net cash position by Fiscal 2025. Retail sales in the fourth quarter of Fiscal 2021, were much improved at 123,483 vehicles, up 12.4% year-on-year in that quarter. This was supported by a strong recovery in China, where sales grew 127% over the fourth quarter of last fiscal year, when the impact of the COVID-19 pandemic peaked in that market. Full fiscal year retail sales were 439,588 vehicles, still down by 13.6% compared to last fiscal year, although sales in China increased by 23.4% year-on-year. The award-winning new Land Rover Defender contributed significantly to retail sales, with 16,963 units sold in the fourth quarter and 45,244 units for the entire Fiscal 2021.

The following table presents our revenue, profit/(loss) and Adjusted EBITDA in Fiscal 2019, Fiscal 2020 and Fiscal 2021:

	Fiscal year ended 31 March		
	2019	2020	2021
	(£ in millions)		
Revenue	24,214	22,984	19,731
(Loss) before tax	(3,629)*	(422)	(861)**
(Loss) for the period	(3,321)*	(469)	(1,100)**
Adjusted EBITDA***	1,994	2,050	2,531

* This includes an impairment of £3,105 million as at 31 December 2018 and for the year ended 31 March 2019. See "Presentation of Financial and Other Data—Internal Controls."

** This includes asset write-downs of £952 million and £534 million of restructuring costs in relation to models cancelled under our "Reimagine" strategy. See "Operating and Financial Review and Prospects—Results of Operations—Fiscal 2021 compared to Fiscal 2020—Exceptional Items."

*** During the second quarter of Fiscal 2021, the definition of Adjusted EBITDA was revised to exclude foreign exchange gains and losses on revaluation of other assets and liabilities, including short-term deposits and cash and cash equivalents. Adjusted EBITDA for Fiscal 2019 and Fiscal 2020 has been restated to reflect our new definition of "Adjusted EBITDA."

Our unit sales (on a retail basis and including sales through our China Joint Venture) for each of our brands for Fiscal 2019, Fiscal 2020 and Fiscal 2021 are set out in the table below:

	Fiscal year ended 31 March		
	2019	2020	2021
	(£ in millions)		
Jaguar	180,198	140,593	97,669
Land Rover	398,717	368,066	341,919
Total	**578,915**	**508,659**	**439,588**
Retail volumes from our China Joint Venture (included above)	*57,578*	*49,976*	*64,319*

Our unit sales (on a wholesale basis, excluding sales from our China Joint Venture) under each of our brands for Fiscal 2019, Fiscal 2020 and Fiscal 2021, are set out in the table below:

	Fiscal year ended 31 March		
	2019	2020	2021
	(£ in millions)		
Jaguar	153,757	125,820	67,333
Land Rover	354,138	350,132	280,299
Total	**507,895**	**475,952**	**347,632**
Wholesale volumes from our China Joint Venture (excluded above)	*57,428*	*49,450*	*65,279*

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 (and in limited numbers by us directly, including to dealers). 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.

Our Available Liquidity as at 31 March 2021 was £6,720 million, including £4,782 million of cash and cash equivalents, deposits and investments, comprising £3,778 million of cash and cash equivalents and £1,004 million of short-term deposits and other investments, and committed credit facility of £1,935 million (which was upsized to £2,015 million in July 2021 and remains undrawn as of the date of this Offering Memorandum) and £3 million of undrawn available credit under the UK Fleet Financing Facility. To improve our liquidity, we raised £1.6 billion of new funding in Fiscal 2021, including the CNY 5 billion China Revolving

Facility in June 2020, the issuance of the October 2020 Notes and the issuance of the December 2020 Notes. On 1 April 2021, we agreed upon the Forward Start Facility, which we have agreed to upsize to £1,500 million in July 2021, to become available when the existing facility expires in July 2022. The new facility will mature in March 2024. See "Description of Other Indebtedness."

We are a wholly owned indirect subsidiary of Tata Motors, a member of the international conglomerate Tata Group. Tata Motors is the largest commercial vehicle manufacturer in terms of revenue in India and among the top three vehicle manufacturers in terms of units sold in India during Fiscal 2021.

Our Vehicles

Jaguar designs, develops and manufactures a range of premium sports cars, saloons and luxury performance SUVs recognised for their design, performance and quality and we are committed to a continuing programme of innovative product design and development. Our two UK based 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.

Jaguar's range of products comprises the E-PACE compact SUV, the Jaguar F-PACE luxury performance SUV, the Jaguar F-TYPE two-seater sports car coupé and convertible (including all-wheel drive derivatives), the Jaguar I-PACE (our first all-electric vehicle), the XE sports saloon (including the Jaguar XEL for the Chinese market), the lightweight Jaguar XF (including the Jaguar XFL for the Chinese market) and the XF Sportbrake.

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 Land Rover Discovery, the refreshed Land Rover Discovery Sport, the refreshed Range Rover and Range Rover Sport, the Range Rover Velar and the all-new Range Rover Evoque and the new Land Rover Defender.

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. The Advanced Product Creation Centre at our Gaydon facility, unveiled in September 2019, will support the development of the next-generation of Jaguar and Land Rover vehicles as well as the development and creation of future autonomous, connected, electrified and shared mobility technologies.

We develop and manufacture technologically advanced vehicles. Our development and engineering activities include the development of autonomous, connected and electrification technologies, as well as investing in innovative mobility solutions aiming to overcome and address future travel and transport challenges. All our vehicles include level 1 features (e.g. parking assistance and automatic emergency braking), with level 2 features (e.g. traffic jam assist and integrated cruise assist) launched with the all-electric Jaguar I-PACE. Our R&D operations currently consist of a team of engineers, co-managed for Jaguar and Land Rover, sharing premium technologies, powertrains and vehicle architectures. Please see "Our Business—Product Design, Technology and Research and Development."

“Reimagine” Strategy

Reimagine

We have a multifaceted strategy to strengthen our position as a leading manufacturer of premium and luxury vehicles reflected in our new global strategy, “Reimagine,” which was announced in February 2021 and focuses on a sustainability-rich reimagination of modern luxury, unique customer experiences, and positive societal impact. We have embarked on our journey with a goal of becoming a net zero carbon business by 2039 with emphasis on becoming a more efficient and agile business. Our success is tied to our commitment to high quality products, environmental innovation and putting the customer first and our strategic focus on capital expenditure, R&D and product design reflects this.

“Reimagine” is targeting to transform our business, with a value creation approach, delivering quality and profit-over-volume. We aim to become a more agile business, with a simplified manufacturing operation. It will deliver a new benchmark in environmental, societal and community impact for a luxury business, creating the world’s most desirable luxury vehicles, against a canvas of true sustainability.

Our strategic priorities include autonomous, connected and electrification technologies, as well as investing in innovative mobility solutions to overcome and address future travel and transport challenges. We are focused on the following:

- launching Jaguar as a pure electric brand from 2025;
- introducing the first Land Rover all-electric model by 2024 with an additional five Land Rover models with a full battery electric option launched by 2026;
- launching the modular longitudinal architecture and electrified modular architecture (native-BEV architecture) for Land Rover products and a BEV only architecture dedicated to Jaguar;
- increased collaboration within the Tata Group and external partners in a number of key strategic areas;
- repurposing and reorganising our global manufacturing and non-manufacturing footprint; and
- the “Refocus” transformation programme targeting to improve our Adjusted EBIT margin by Fiscal Year 2026.

In addition, our autonomous strategy includes investing in driver assistance technologies to support increasing degrees of automation, and including autonomous features on our new models. Our connected strategy includes investing in technology and infrastructure to support higher levels of connectivity, as exemplified by the opening of an additional engineering centre in Manchester to support the development of next-generation, connected car technologies. Our electrification strategy is currently exemplified by the fact that twelve of our thirteen nameplates now have electrified options, comprising eight plug-in hybrid and 11 mild hybrid models as well as the all-electric Jaguar I-PACE. We continue to expand our electric drivetrain options across our model range. Furthermore, we are currently competing in the FIA Formula E championship, which enables us to create a test bed for our future electrification technology with our partner Panasonic. We also expect that the Jaguar I-PACE eTROPHY championships will help us assess the performance of our all-electric engines. Our InMotion business unit focuses on developing innovative mobility solutions to address future travel and transport needs, and invests in strategically relevant early-stage technology business including Voyage, a US-based self-driving taxi service ($4.5 million invested), Urgently, a US-based digital roadside assistance provider ($4 million invested), By Miles, a leading UK-based connected car insurance provider (£1 million invested), and Circulor, a software-based supply chain tracking solution to trace commodities from extraction to the final product

(£0.5 million invested). In addition, InMotion developed proprietary solutions in the urban mobility sector such as THE OUT, an on-demand premium car rental service, and Pivotal, a vehicle subscription service, with the goal to capture new customer segments and provide our customers with flexibility when accessing Jaguar and Land Rover products.

Modern luxury by design

Our distinct British brands are steeped in a history of timeless designs that emotionally resonate with our customers. In June 2020, we marked the 50th anniversary of Range Rover and have seen our iconic Land Rover Defender reborn in its 73rd year, with an all-new family of vehicles on sale in nearly 100 countries around the world. Our history and our Britishness create a rich brand equity built over decades.

Our "Reimagine" strategy aims to release the full potential of our brands, by leapfrogging forward in technology, placing quality and sustainability at the heart of everything we do. We are working on the electrification of both the Land Rover and Jaguar brands, with two clear, distinct personalities. This marks the start of our journey to become a new zero carbon business across our supply chain, products and operations by 2039. Over the next five years, Land Rover intends to welcome six all-electric variants, with the first scheduled to arrive in 2024. In this timeframe, we aim for Jaguar to have undergone a complete renaissance, emerging as a pure electric luxury brand, from 2025. By the end of the decade, full-BEV powertrains are expected to represent the majority of our sales.

Quality and efficiency

To enable this accelerated shift in electrification, we plan to establish new benchmark standards in quality and efficiency for the luxury sector and central to this is our new architecture strategy. We expect to migrate from six different vehicle architectures today, to just three by the end of the decade.

For Land Rover, we intend to use the forthcoming flexible modular longitudinal architecture ("MLA-Flex"). This is expected to deliver electrified internal combustion engines (e.g., plug-in hybrids and mild-hybrids) initially, but also allows for full battery-electric capability, as we evolve our future product line-up. Joining MLA-Flex will be our new electrified modular architecture. It is born from an emphasis on simplicity—native-BEV and agnostic to battery chemistry, to advance with future technology. It has also been engineered to accommodate small capacity, high performance electrified internal combustion engines—which we believe will allow us to offer BEV, plug-in hybrid and mild-hybrid vehicles with exceptional range and performance.

For Jaguar, we plan to create a radical new market position; one that is aspirational and technologically engaging for the discerning modern luxury customer. And in this, we will be led by design. For that reason, we aim to have all new Jaguars created on a completely separate vehicle architecture from 2025 and for this, we are also consulting with potential partners.

Technology within

Beyond our vehicles, the other significant strategic pillar in "Reimagine" is a radical digital transformation of our business.

Being part of the Tata Group offers significant advantages in this respect. While other automobile companies must rely solely on external partnerships and compromise, through the Tata Group we expect to have access to some of the world's leading players in technology, software and clean energy. Through this, we endeavour to accelerate the ingredients for modern luxury by design, including our advanced driver assistance systems, autonomous capability, connected services and electric vehicle infrastructure. Our designs are expected to rely on the next generation of its domain based electrical vehicle architecture ("EVA")—EVA continuum—developed along with Tata Consultancy Services. This delivers 'always on, always connected, always up-to-date' software-over-the-air and the ability for Level 2, 2+ and 4 autonomous travel.

Annual commitments of approximately £2.5 billion will include investments in electrification technologies and the development of connected services, to enhance the journey and experiences of its customers, alongside data-centric technologies to further improve their ownership ecosystem.

Refocus to a more agile operation

Through "Reimagine," we aim to right-size, reorganise and repurpose our footprint to become a more agile business. We intend to retain all our core global manufacturing plants, with a simple vision: to design new benchmark quality standards for the luxury sector. We will strive to rationalise sourcing and accelerate investments in local circular economy supply chains, by consolidating the number of platforms and models being produced per plant. Solihull is planned to become the manufacturing base for the MLA-Flex architecture and the new Jaguar portfolio.

Our Halewood facility is planned to welcome the new electrified modular architecture and we aim to continue to enhance the strategic benefits of our plants in Slovakia and China. The Castle Bromwich plant will continue to make its existing models to the end of their life and will then be repurposed to benefit from our plans to realise efficiencies in our Midlands property portfolio. The value creation achieved by simplifying our manufacturing and architecture strategy is expected to dramatically improve the utilisation of our facilities and overall efficiency. Beyond manufacturing, we are driving transformation through our recently launched "Refocus" programme, which brings together existing and additional activity from across the organisation, to deliver value and efficiencies. Our global engineering centre at Gaydon is planned to become the consolidated home to all our management functions, for frictionless cooperation and agile decision-making, while substantially reducing and rationalising our other non-manufacturing infrastructure.

Further, agility is not just based on size: we intend to employ flatter management structures which are expected to empower employees to create and deliver at speed and with clear purpose.

A clear vision towards 2039

Through our "Reimagine" strategy, we strive to achieve a net zero carbon position by 2039. In doing so, we intend to reimagine the sustainability of luxury. We are also exploring hydrogen fuel-cell technology, to be ready if that market matures, and active development of these powertrains is already underway.

We will also strive to create a new benchmark in environmental and societal impact for the luxury sector, accelerating pioneering innovations in materiality, engineering, manufacturing, services and circular economy investments. This will be focused in one team, working globally across the business, the brands and the customer experience. They will be empowered to build on existing initiatives, such as championing of ultra-luxurious alternatives to leather, as well as investing in start-ups like blockchain technology firm, Circulor, which enables us to source premium materials with greater transparency as to the provenance, welfare, and compliance of suppliers.

Together, these actions will contribute to our targets of zero tailpipe emissions by 2036 and to be a net zero carbon business by 2039, including our supply chain, products and global operations.

Structured to succeed

"Reimagine" is targeting to transform our business, with a value creation approach, delivering quality and profit-over-volume. We aim to become a more agile business, with a simplified manufacturing operation. It will deliver a new benchmark in environmental, societal and community impact for a luxury business, creating the world's most desirable luxury vehicles, against a canvas of true sustainability.

The "Reimagine" strategy is designed to improve our Adjusted EBIT and cash flows and reduce our net debt over the next few years. Ultimately, by reimagining the future of modern luxury, our ambition is to be one of the most profitable luxury manufacturers in the world.

Refocus

"Refocus" is the operational transformation programme for driving our "Reimagine" strategy. "Refocus" brings together existing initiatives (amongst them, Project Charge+ and Project Accelerate) with new activity, into one clear programme of priorities that we believe will drive greater value creation. See "Our Business—Recent Initiatives—Project Charge, Project Charge+ and Project Accelerate." Our existing initiatives, such as Project Charge, have already generated cash savings and "Refocus" intends to build quickly on these solid foundations, continuing the most successful aspects and reorganising them for faster results.

Six Pillars of Refocus

The "Refocus" programme consists of six separate pillars: quality; programme delivery and performance; delivered cost per car; end-to-end supply chain; customer and market performance; and China, supported by three cross-functional enablers: agile organisation and culture; in-digital; and responsible spending. Quality is everything and we are committed to reducing our warranty costs further and improving service quality. In programme delivery, we will focus on reducing time to market in product development. Further, we endeavour to reduce cost per car in vehicle manufacturing as part of the "Refocus" programme and the "Reimagine strategy, and logistics by bringing together existing initiatives such as Project Charge+. We will focus on our end-to-end supply chain, ensuring it can give customers the right vehicle, at the right time, at the right quality. We plan to grow our profitable market share, both by maximising opportunities in existing markets and by paying specific attention to the potential for our business in China.

Our Competitive Strengths

We believe that our overall performance during recent years 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 our overall performance in recent years and position us well to benefit from future growth opportunities. Founded in 1922, Jaguar has a long tradition of designing and manufacturing premium sports cars and saloons recognised for their design, engineering performance and a distinctive British style. The brand has a strong racing history, with Jaguar first winning the Le Mans race in 1951 and winning numerous racing titles since. Founded in 1948, Land Rover designs and manufactures vehicles known for their off-road capability, strength, durability and refinement. Land Rover's brand identity is built around utility, reliability, refinement, luxury 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, and with sales in 118 and 123 markets, respectively, via independent franchises and, in our key markets, national sales companies as well as third-party importers. Please see "—Award-winning design capabilities and distinctive model line-ups" for further details on these awards.

Technical excellence with a strong focus on R&D

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 CO2 efficiency and performance, while maintaining the body stiffness that customers in the premium segment demand. Most of our vehicle models are constructed with this lightweight aluminium vehicle architecture. We believe we are world leaders in aluminium recycling.

We believe 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 the in-house Ingenium diesel and petrol engines. In addition, we are developing technological improvements including aerodynamic drag reduction and "lightweighting" through our new modular longitudinal architecture ("MLA") and the production of native battery electric vehicles ("BEV") through our Electric Modular Architecture ("EMA"). 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."

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 Chief Creative Officer, Professor Gerry McGovern OBE, have a distinguished track record of designing contemporary and elegant cars, while retaining the distinctive brand identity of both 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 regularly receive awards from leading international magazines and opinion leaders.

The following table sets out certain awards received more recently, but this list is not exhaustive:

Award	Model	Awarding Institution	Date
World Car Design of the Year	All-new Land Rover Defender	World Car of the Year Awards	April 2021
Supreme Winner Women's World Car of the Year 2021	All-new Land Rover Defender	Women's World Car of the Year (WWCOTY) Awards	March 2021
Car of the Year	All-new Land Rover Defender	Top Gear	December 2020
Best Electric Luxury SUV	Jaguar I-PACE	What Car? Electric Car Awards	August 2020
Best Domestic Compact SUV & Offroader	All new Range Rover Evoque	BEST CAR风云车	March 2020

Jaguar has a long tradition of producing innovative automobiles exemplified by design icons such as the Jaguar E-TYPE. Jaguar's entire product range is unified under a single design and concept language. Moreover, we believe that Land Rover, which celebrated its 70th year anniversary in 2018, offers one of the most universally recognised, distinctive and successful model line-ups within the automotive industry. In addition, in June 2020 Range Rover celebrated its 50th anniversary of all-terrain and luxury SUVs by introducing a new exclusive limited edition, the Range Rover Fifty.

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. We run regular product development process with regular management reviews and specific product cycle milestones. We believe that this is a key factor in our operational efficiency and has helped our recent performance 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 innovations launches, such as the all-new Land Rover Defender which we began producing in January 2020. It now includes plug-in hybrid variants, mild hybrid variants, available as the 110 long wheel base and 90 short wheel base, as well as commercial derivatives.

We now offer electrified options across our model range including the all-electric Jaguar I-PACE, eight plug-in hybrid electric vehicles and 11 mild hybrid electric vehicles. These new products, including significant upgrades launched for model year 2021 vehicles, and other new and refreshed models to be announced, are expected to support sales growth across wider vehicle segments.

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

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

Our success in established markets and strong brand recognition ensure that we are well positioned to capture sales growth in emerging markets. We believe the growth potential in emerging markets with growing affluent populations will counterbalance the expected lower rate of sales growth in more developed markets, and offers significant opportunities to further increase and diversify our sales volumes. Consequently, we are developing our sales presence outside of our major markets. We established a manufacturing joint venture in China with Chery Automobile Company Ltd. (“Chery”) which currently manufactures the Range Rover Evoque, the Land Rover Discovery Sport, the long wheel base Jaguar XFL, the long wheel base Jaguar XEL and the Jaguar E-PACE for the local market. In addition, we opened an engine assembly plant in China in July 2017 to assemble the 2.0-litre Ingenium petrol engine for installation in vehicles produced by the China Joint Venture. Please see “Our Business—China Joint Venture.” In India, we opened an NSC to expand our presence in this key market. Currently, the Jaguar XF, the Jaguar XE, the Jaguar F-PACE, the Range Rover Evoque, the Range Rover Velar and the Land Rover Discovery Sport vehicles are manufactured for local sales at a facility operated by Tata Motors in Pune, India. Production of the Land Rover Discovery Sport for local sales takes place at our manufacturing facility in Brazil. From time to time we establish a presence in other markets according to our business needs. In July 2015, we agreed a manufacturing partnership in Graz, Austria, with Magna Steyr, an operating unit of Magna International Inc., where the Jaguar E-PACE (excluding vehicles for China) and all-electric Jaguar I-PACE are currently produced. In December 2015, we concluded an agreement with the Government of the Slovak Republic for the development of a new manufacturing plant in the city of Nitra in western Slovakia, which has been producing the Land Rover Discovery since October 2018, and which began production of the all-new Land Rover Defender in January 2020.

Resilient profitability amid challenging market conditions

Due to challenging market conditions, including the COVID-19 pandemic, with industry volumes significantly down year-on-year, our revenue for Fiscal 2021 was £19,731 million, 14% lower year-on-year compared to Fiscal 2020, as the COVID-19 pandemic impacted sales during Fiscal 2021 with wholesale volumes (excluding China Joint Venture) down 27% year-on-year compared to Fiscal 2020. Despite the significant decline in sales and revenue, our profit before tax and exceptional items was £662 million, up £1,055 million compared to the £393 million loss before tax and exceptional items in Fiscal 2020, primarily due to favourable sales mix, lower costs (including the effects deriving from the implementation of Project Charge+) as well as favourable foreign exchange rate movement that more than offset lower wholesale volumes. Exceptional items in Fiscal 2021 primarily relate to the one-time charge of £1,486 million in the fourth quarter of Fiscal 2021 on account of announcement of the new global strategy “Reimagine,” which comprised £952 million of non-cash write down primarily for previous investment spending on certain planned products that will now not be completed and restructuring costs of £534 million.

The COVID-19 pandemic inevitably impacted our results in Fiscal 2021 as the temporary plant shutdowns and dealership closures restricted the supply of, and demand for, vehicles, notably in the first quarter.

However, in Fiscal 2021, our free cash flow was positive £185 million, compared to negative £759 million in Fiscal 2020, primarily reflecting the strong recovery in the second, third and fourth quarters which more than offset the impact of COVID-19 social distancing and lockdown measures in the first quarter.

We believe that our focus on efficiently deploying our total product and other investment spending, focusing on improving the quality of our sales, the implementation of "Reimagine" and "Refocus" and fundamental long-term cost improvements, will allow us to improve our competitive position supported by the development of technologically advanced vehicles.

Experienced and highly qualified board of management team

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

Shareholder support

We benefit from strong and on-going support from our parent company Tata Motors, which is a member of the international conglomerate Tata Group. Tata Motors is the largest commercial vehicle manufacturer in terms of revenue in India and among the top three vehicle manufacturers in terms of units sold in India during Fiscal 2021. 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. In 2018, Tata Motors celebrated the 10th year anniversary of ownership of Jaguar Land Rover. We believe that, since Tata Motors acquired us in 2008, our shareholder support has helped us grow and improve our performance. From 2008, our unit retail sales have significantly increased, reaching a peak of 614,309 units in Fiscal 2018 with £25.8 billion of revenue, before retail sales became impacted by certain macro and other challenges, including the COVID-19 pandemic more recently. Tata Motors group have manufacturing facilities and design and engineering centres in India, the United Kingdom, China, South Korea, Thailand, South Africa, Brazil and Indonesia.

We believe that we are of strategic importance to Tata Motors given that we represented 78% of its net revenue for Fiscal 2021. Our Board includes three members who are also members of the board of directors of Tata Motors, namely Mr Natarajan Chandrasekaran, Mr Thierry Bolloré and Ms Hanne Sorensen. Further, Mr P B Balaji, a member of our board, is also the Group CFO of Tata Motors. Tata Motors does not guarantee or assume any direct or indirect liability for the Notes.

Our Strategy

Our strategy consists of the following key elements, in addition to those described under "—'Reimagine' Strategy" above:

Grow the business through new and refreshed products, market expansion and brand positioning to deliver sustainable returns

To mitigate the impact of high cyclicality in the automobile industry and provide a foundation from which to invest in new products, designs and technologies in line with our overall strategy, we have strengthened our operations and gained a significant presence across a selected range of products and a wide diversity of geographic markets.

New products

One key component of this strategy has been our focus on improving the mix of our products (by developing vehicles designed to increase our penetration in margin-rich segments). We offer products in the premium and luxury car and all-terrain vehicle segments, and we plan to improve the quality of sales by growing our share in higher-margin and luxury segments through the development of vehicles in such segments.

We continue to improve our products by including the latest technology including infotainment, connectivity and expansion of electrified options across our model range with eight plug-in hybrid models, 11 mild hybrids and the all-electric Jaguar I-PACE. Furthermore the production of the new Land Rover Defender started in January 2020, with sales continuing to grow globally. During Fiscal 2021 we also announced a number of 2021 model year upgrades and refreshes across our model range including improved infotainment, exterior and interior updates, as well as expansion of electrification.

Market expansion

Our strategy involves expanding our global sales footprint into geographic locations where we see opportunities to grow. As a producer of distinctive, premium and luxury products, we believe we are well positioned to increase our revenue 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 presence in emerging markets. Please see "—Our Competitive Strengths—Global market presence through comprehensive and global sales and distribution and international manufacturing networks."

- ***Selected markets:*** We have a global manufacturing footprint which we plan to retain, repurpose, reorganise and right-size under our "Reimagine" strategy to reduce manufacturing capacity by 25% and optimise utilisation. For example, we have a manufacturing facility at our China Joint Venture, where we have produced the Range Rover Evoque since the end of 2014, the Land Rover Discovery Sport since September 2015, the Jaguar XFL since September 2016, the Jaguar XEL since December 2017 and the Jaguar E-PACE, the fifth vehicle produced at the China Joint Venture, which went on sale in China in August 2018. In addition, we opened an engine assembly plant in China in July 2017 to assemble the 2.0-litre Ingenium petrol engine for installation in vehicles produced by the China Joint Venture. Please see "Our Business—China Joint Venture." Our manufacturing facility in Brazil opened in June 2016, where we currently produce the Land Rover Discovery Sport for sale in the local Brazilian market. In July 2015, we agreed a manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc., where the Jaguar E-PACE (excluding vehicles for sale in China) and all-electric Jaguar I-PACE are now produced. In December 2015, we concluded an agreement with the Government of the Slovak Republic for the development of a new manufacturing plant in the city of Nitra in western Slovakia, where the Land Rover Discovery and the new Land Rover Defender are currently produced. In addition, the Jaguar XF, Jaguar XE, Jaguar F-PACE, Range Rover Evoque, Range Rover Velar and Land Rover Discovery Sport are currently manufactured locally at a facility operated by Tata Motors in Pune, India.

As part of the "Refocus" transformation programme, underpinning our "Reimagine" strategy, 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 will enhance global sourcing, supported by our trading division and by continuing to develop suppliers from countries with a lower cost base. We also aim to increase the natural hedging of our substantial foreign currency exposures, where logical to do so, by developing low cost suppliers in markets to which we currently have substantial exposure, which can act as a complementary source of competitive advantage.

We aim for Jaguar to emerge as an all-electric brand from 2025 targeting a more luxurious segment of the market. The significant increase in the electrification of Land Rover products should enable the brand to capitalise on the fast growing BEV segment. In addition, we are aiming to increase our collaboration and partnerships both within the Tata Group (see "—Reimagine—Technology within") and with external organisations in a number of areas, including ADAS ("Advanced driver-assistance systems") and battery technologies, services, and connectivity.

Profitably: grow the business through capital investments

We continue to focus on profitably growing our strong globally recognised brands with continued investment in models, modular architectures, autonomous driving, connectivity, alternative propulsion and other technologies as well as shared mobility services and initiatives. In addition, notwithstanding our cash conservation through the peak of the COVID-19 pandemic, in order to meet customer aspirations and regulatory requirements, we continue to invest in the United Kingdom and internationally, to further develop technologies and products, and to compete in new and existing segments.

Our key strategic actions to improve profitability over the medium to long term include demand-led sales volume planning moderated to reflect revised market conditions, driving cost efficiencies and operating leverage across our business and selective investment plans to meet affordability criteria while remaining competitive and innovative. The outlook for the remainder of Fiscal 2022 remains uncertain as a result of the continuing shortage of semiconductor supply which is impacting our industry on a global scale. Based on our current outlook, we believe there will be a Free Cash Flow outflow of about £1 billion in the second quarter of Fiscal 2022. Our main areas of strategic focus in the near future are: the launch of the "Reimagine" strategy, supported by the "Refocus" transformation programme (targeting double digit margins by Fiscal 2026) and the launch of new and refreshed models on new vehicle architectures and the significant roll out of full battery electric vehicles supported by annual investment spending of approximately £2.5 billion. There can however be no assurance that we will achieve any of these targets, whether in the near, medium or long term and while we undertake no obligation to update our targets, we may change our targets from time to time. Actual results may differ materially from our targets. See "Forward-Looking Statements" in this Offering Memorandum on the risk and uncertainties affecting forward-looking statements. The occurrence of any of the risks and contingencies described under "Risk Factors—Risks Associated with Our Business—Our Reimagine strategy and/or "Refocus" transformation programme may not be successful or as successful as we expect," many of which are beyond our control and could have an immediate impact on our earnings and/or the probability of which may be exacerbated in the medium to long term, could have a material impact on our ability to realise some or all of our targets, whether within the timeframe described above or at all.

Based on our continuing overall performance and our cash and liquidity position, we plan to continue with our capital investment plans to develop new products in new and existing segments and invest in new and existing propulsion and other technologies, including to meet customer and regulatory requirements.

We continue to target funding most of our capital spending out of operating cash flow and in Fiscal 2021 free cash flow was positive £185 million. We monitor the economic environment and market demand as we plan our future capital spending. We expect that our strong balance sheet, including total cash and cash equivalents and financial deposits of £4,782 million as at 31 March 2021 and our five year committed credit facility of £1,935 million (which was upsized to £2,015 million in July 2021 and remains undrawn as of the date of this Offering Memorandum, and which will be replaced from July 2022 onwards by a £1,500 million facility maturing in March 2024 from July 2022 onwards) and £3 million of undrawn credit under the UK Fleet Financing Facility, resulting in Available Liquidity of £6,720 million, as well as proven access to funding from capital markets and banks, including through working capital funding and local funding programmes, will also support our investment plans as required.

In Fiscal 2021, total product and other investment was £2,343 million, the equivalent to 11.9% of our revenue for Fiscal 2021 (with 51.9% for R&D and 48.1% for expenditure on tangible and intangible assets such as research and development, product design and engineering technology). Our capital spending programme is primarily focused on R&D activities. In particular, we spend a significant amount on product development and technology development including, but not limited to, CO2 emissions technology, autonomous, connected and electrification and other propulsion technologies and innovative mobility solutions aiming to overcome and address future travel and transport challenges. Additionally, some of our capital spending is allocated to new and refreshed product launches and reconfiguring our manufacturing facilities, as necessary under the "Reimagine" strategy. A strong cash and liquidity position (as discussed under "Operating and Financial Review and Prospects—General Trends of Our Recent Performance") has supported our capital spending strategy over recent years. Total cash at the end of Fiscal 2021 was £4,782 million (24.2% of revenue), comprising cash and cash equivalents of £3,778 million and £1,004 million of financial deposits, as compared to total cash (comprising cash and cash equivalents and financial deposits) of £3,664 million at the end of Fiscal 2020 and £3,775 million at the end of Fiscal 2019.

Continue to 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 continue to invest in new technologies, including developing electric and other sustainable technologies to improve fuel economy and reduce CO2 emissions such as our collaboration with BMW to develop next-generation Electric Drive Units. We continue to develop autonomous, connected and electrification technologies, as well as investing in innovative mobility solutions aiming to overcome and address future travel and transport challenges. We are also developing a new modular longitudinal architecture and (native BEV) electric modular architecture for Land Rover and a dedicated BEV platform for Jaguar in an effort to optimise commonality among our vehicles, reduce complexity in vehicle architecture and bring flexibility to our production with greater economies of scale. Our architecture strategy is intended to allow the full range of our vehicles to be produced with pure battery electric propulsion technology, electrified internal combustion technology (hybrids) and, over the a shorter time horizon, conventional internal combustion engines. 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. Consistently with this objective we plan to continue to build on recent successful product launches such as the all-new Land Rover Defender, including the short wheel base 90 and commercial derivatives, as well as the launch of new and refreshed model year 2021 products, including the significant increase in electrified options across our model range now consisting of eight plug-in hybrids, 11 mild hybrids and the all-electric Jaguar I-PACE.

In line with this objective, we make from time to time early stage investments in automotive technology companies, and 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. In addition, our InMotion Ventures business unit invests in future transport and mobility solutions and focuses on developing innovative mobility solutions to overcome and address future travel and transport challenges. Please see "Our Business—Product Design, Technology and Research and Development."

Focus on environmental performance

Our strategy is to continue to invest in products and technologies that position us ahead of expected stricter environmental regulation and ensure that we benefit from a shift in consumer awareness of the environmental impact of the vehicles they drive. We focus on maintaining strong environmental performance and we aim to improve our local environmental operations. Our environmental vehicle strategy focuses on new propulsion technology, weight reduction, improved aerodynamics, reducing parasitic losses through the driveline and minimising energy consumption. In Fiscal 2021, we significantly increased our offering of electrified options across our model range, which now includes eight plug-in hybrid models, 11 mild hybrids and the all-electric Jaguar I-PACE.

We are a global leader in the use of aluminium and other lightweight materials to reduce vehicle weight and improve CO2 emissions and fuel efficiency. We plan to continue to build on this expertise and extend the application of aluminium construction as we develop new Jaguar and Land Rover products. The aluminium body architecture introduced on the Jaguar XE is also used in the Jaguar XF, the Jaguar F-PACE and the Range Rover Velar. The Land Rover Discovery uses the same lightweight architecture as the refreshed Range Rover and Range Rover Sport, as do the Land Rover Discovery and the all-new Land Rover Defender. Our lighter vehicles, powered by downsized, more efficient engines and alternative powertrains, have all contributed to our improved carbon footprint. As indicated above, we are planning to launch our new modular longitudinal and electric modular architecture, on which our future vehicles will be based.

Our strategy is to continue to develop more efficient powertrains and other technologies. The smaller and more efficient 2.0-litre Ingenium diesel and petrol engines are now available across the majority of our vehicles as well as a 6 cylinder 3.0-litre petrol and diesel Ingenium engine. We also have a 1.5-litre petrol engine that supports the plug-in hybrid variants of the all-new Range Rover Evoque, Land Rover Discovery Sport and the Jaguar E-PACE. The modular nature of our Ingenium engines allows for different engine configurations, allowing us to further expand our Ingenium family of engines.

We are taking measures to use resources responsibly, produce less waste and reduce our carbon footprint. In the United Kingdom and our newest plant in Slovakia, we have achieved our goal of zero waste direct to landfill from our core operations and we were certified as having carbon neutral operations with the Carbon Trust for UK manufacturing and product development operations in Fiscal 2019 and Fiscal 2020. In other markets, we aspire for similar targets where it is possible. We aim to improve the local market and capacity for zero waste and carbon neutral manufacturing operations and we aim to become net carbon neutral by 2039, targeting zero emissions not just in relation to vehicle emissions, but also emissions associated with our operations and supply. We also aim to have greater influence in the design and reuse of materials (including upstream supply chain) to fully consider the environmental impact of materials used in our business. We have introduced a portfolio of electrified products across our model range, embracing fully electric, plug-in hybrid and mild hybrid vehicles as well as continuing to offer the latest cleaner diesel and petrol engines.

Continue to improve vehicle quality

Quality is a key pillar of the “Refocus” transformation programme. 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 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 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 seek to implement corrections on an on-going basis to improve the performance of our vehicles.

Impact of the COVID-19 pandemic on Our Business

In December 2019, a novel strain of coronavirus SARS-CoV-2, causing a disease referred to as COVID-19, was reported in Wuhan, China. The COVID-19 virus has since spread, and infections have been found in the vast majority of countries around the world, including throughout Europe and the United States. In March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic based on the global spread of the disease, the severity of illnesses it causes and its effects on society. In response to the COVID-19 pandemic, the governments of many countries, states and cities have taken preventative or protective actions, such as imposing restrictions on travel and business operations, and advising or requiring individuals to limit or forego their time outside of their homes. As these actions have been imposed on a country-by-country basis, the level of economic impact and timing of the impact has varied across different markets. Accordingly, the COVID-19 pandemic has severely restricted the level of economic activity in many countries, including in regions in which we operate, and continues to adversely impact global economic activity and has contributed to significant volatility in financial markets. Governments in other regions enforced strict lockdown measures at the end of March 2020, which persisted into our first quarter, to control the rise in COVID-19 infection rates. While vaccine rollout has gathered pace globally, some lockdown regional restrictions still remain in place. We, like other automotive manufacturers, are currently experiencing some supply chain disruption, including the global availability of semiconductors, which impacted production schedules and the ability to meet global demand for some of our vehicles. We expect COVID-19 will continue to cause or will exacerbate some supply disruption for the remainder of Fiscal 2022, including but not limited to semiconductor shortages, but that the severity and length of such shortages will be dependent on a number of factors related to the COVID-19 pandemic, economic activity and other global factors. Any disruption in the supply of semiconductors and battery cells from such suppliers could disrupt production of our vehicles and, in particular, significantly affect our "Reimagine" strategy which envisions the launch of the all-electric Land Rover model in 2024.

As a result, our retail sales for Fiscal 2021 were 439,588 vehicles, down 13.6% year-on-year. Whilst retail sales in China were strong in Fiscal 2021, reaching 111,206 vehicles, up 23.4% year-on-year, sales in other regions have not yet recovered to pre-COVID-19 pandemic levels, with North America down 14.3%, the United Kingdom down 22.2 %, Europe down 26%, and Overseas markets down 26.8%. The COVID-19 pandemic continues to have a significant impact on global economic performance as governments across the globe are introducing new measures to contain successive waves of the COVID-19 pandemic while, at the same time, balancing the need to support an economic recovery.

In response to the COVID-19 pandemic and related lockdowns, we enacted temporary plant shutdowns in the first quarter of Fiscal 2021, with production restarting at most of our plants in the period from mid-May 2020 through June 2020. Our global network of retailers were also impacted by the lockdown measures implemented in different markets but, as of the date of this Offering Memorandum, substantially all of our global retail network is open (fully or partially).

As a result of the COVID-19 pandemic, many of our employees in the United Kingdom were furloughed under the UK government's job retention scheme in early Fiscal 2021. As the business continued to recover from second quarter of Fiscal 2021, employees started to return to the workplace. At the end of the first quarter of Fiscal 2022, approximately 2,000 employees were on furlough. Many of our employees have returned to sites, where practical to do so, supported by work-from-home and other arrangements.

We are undertaking a "demand-led" restart to our operations with a focus on producing vehicles in line with customer demand and rationalising the use of its resources accordingly. This is coupled with targeted spending measures on critical aspects of its operations whilst maximising the quality of sales. Manufacturing at substantially all of our plants resumed by the end of the first quarter (Castle Bromwich in the second quarter) of Fiscal 2021.

Overall, for Fiscal 2021, our total product and other investment spending was £2,343 million (down from the £3,294 million spent in Fiscal 2020). Free cash flow of £729 million was generated in the fourth quarter of Fiscal 2021 to achieve positive free cash flow of £185 million. Cash flow for the second to the fourth quarter of Fiscal 2021 totalled £1.8 billion which more than offset the £1.6 billion cash outflow in the first quarter of Fiscal 2021 when our plants were closed for two months due to the COVID-19 pandemic. Based on current outlook, we aim to achieve breakeven cash flow (post restructuring expenses) in Fiscal 2022. See "Forward-looking Statements" and "Risk Factors—Risks Associated with the Automotive Industry—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operation."

We have reacted quickly and decisively to the COVID-19 pandemic, with an accelerated focus on improving cash flow, strengthening liquidity and improving profitability. Profit and cash improvements from Project Charge+ in the fourth quarter of Fiscal 2021 totalled over £332 million, including £155 million of cost efficiencies and a £177 million reduction in investment spending. This brings savings from Project Charge+ to £2.5 billion in Fiscal 2021 and £6 billion since the programme was launched in September 2018, substantially exceeding the initial targets set.

History of Our Group

The following list of events in chronological order presents the key milestones in our Group's recent history since its acquisition by Tata Motors.

2008	Tata Motors acquired Jaguar Land Rover Limited and Land Rover from Ford Motor Company (Jaguar) Launch of XF which was unveiled at the 2007 Frankfurt Motor Show.
2011	(Land Rover) Launch of Range Rover Evoque.
2012	(Jaguar) Launch of F-TYPE which was unveiled at the 2011 Frankfurt Motor Show.
2014	(Land Rover) Launch of Discovery Sport Opening of the new engine manufacturing facility in Wolverhampton Opening of the China Joint Venture automotive manufacturing facility in China.
2015	(Jaguar) Launch of XE which was unveiled at the 2014 Geneva Motor Show.
2016	(Jaguar) Launch of F-PACE. (Jaguar Land Rover) Opening of the new manufacturing facility in Brazil (Jaguar) I-PACE was unveiled at the 2016 Los Angeles Motor Show.
2017	(Land Rover) Launch of all-new Land Rover Discovery. (Land Rover) Launch of Range Rover Velar (Jaguar) Launch of E-PACE.
2018	(Jaguar) Launch of the I-PACE (our first all-electric vehicle), which went on sale in June 2018 Tata Motors marks the 10 year anniversary of its ownership of Jaguar Land Rover. (Land Rover) 70 year anniversary of the Land Rover marque. (Jaguar) 50 year anniversary of the Jaguar XJ model Announcement of Project Charge to deliver £2.5 billion of cash and cost savings by the end of Fiscal 2020, and Project Accelerate to support long-term sustainable profitable growth Opening of the manufacturing plant in Nitra, Slovakia, for the production of the Land Rover Discovery. (Jaguar) Launch of the E-PACE and on sale from the China Joint Venture in September 2018.
2019	Announcement of the 6 cylinder Ingenium 3.0-litre petrol engine manufactured at the EMC in Wolverhampton, the United Kingdom and to be introduced into Range Rover Sport (Land Rover) Launch of the all-new Range Rover Evoque (with hybrid options to follow). (Land Rover) Launch of the refreshed Range Rover Discovery Sport. (Jaguar) Launch of refreshed XE with exterior updates and significantly improved infotainment. (Land Rover) Unveiling of the all-new Land Rover Defender at the Frankfurt motorshow. (Jaguar) Launch of refreshed Jaguar F-TYPE with exterior and interior updates, including improved infotainment Opening of the Advanced Product Development Centre in Gaydon.

2020	Announcement that Project Charge has exceeded its target, delivering £2.9 billion improvements as at 31 December 2019. As a result, Project Charge+ has been announced to deliver additional £2.5 billion improvements by Fiscal 2021. (Land Rover) Production of the all-new Land Rover Defender commenced at our plant in Nitra, Slovakia, with sales increasing globally. (Jaguar) Launch of a refreshed Jaguar F-PACE with exterior updates, all-new interior, improved infotainment and the choice of in-line four- and six-cylinder engines including plug-in hybrid electric and mild hybrid electric technology. (Land Rover) Launch of a 2021 model year Range Rover Velar with advanced new infotainment technology and elegant new design features and the choice of both plug-in hybrid and mild hybrid variants.
2021	We launched six new PHEV models and nine new MHEV models to electrify 12 out of our 13 nameplates. (Land Rover) The new Land Rover Defender went on sale at the beginning of the year with retail sales reaching 45,244 vehicles in Fiscal 2021. In addition to the 110 wheel base variant, launched first, a shorter wheel base 90 is also now on sale with commercial variants and a V8 derivative also launched this fiscal year. For some of the awards recently won by the new Land Rover Defender, see "Summary—Our Competitive Strengths—Award-winning design capabilities and distinctive model line-ups." Production of a 6-cylinder Ingenium 3.0-litre diesel engine (including with mild hybrid technology) started during the year at the EMC in Wolverhampton (UK). Thierry Bolloré was appointed to the role of Chief Executive Officer of Jaguar Land Rover Automotive plc, effective 10 September 2020. Announcement of "Reimagine," new global strategy to deliver improvement in EBIT margin and cash flows through a more focused electrified portfolio, new architectures, collaborations, further cost savings and efficiencies. A number of initiatives during the year to support the fight against COVID-19 including the production of protective visors for the United Kingdom National Health Service (the "NHS"), deployment of over 350 vehicles to support the emergency responses, provision of extensive onsite testing and the ongoing NHS Workplace Vaccination Programme pilot at the Solihull plant.

Our Vehicles

Jaguar designs, develops and manufactures a range of premium saloons and SUV's recognised for their design, performance and quality. Jaguar's range of products comprises the Jaguar E-PACE compact SUV, the Jaguar F-PACE luxury performance SUV, the Jaguar F-TYPE two-seater sports car coupé and convertible, the all-electric Jaguar I-PACE, the Jaguar XE sports saloon (including the Jaguar XEL for the Chinese market), the Jaguar XF (including the Jaguar XFL for the Chinese market), and the Jaguar XF Sportbrake.

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."

- ***Jaguar E-PACE*****:** The Jaguar E-PACE, revealed to the public in June 2017, is built in Graz, Austria by our manufacturing partnership with Magna Steyr and went on general retail sale in certain markets in November 2017. The Jaguar E-PACE is based on the same underlying architecture as the Land Rover Discovery Sport. We have also commenced production of the Jaguar E-PACE at our China Joint Venture for the Chinese market, and sales commenced in August 2018. In October 2020, we launched a refreshed Jaguar E-PACE with exterior updates, all-new interior, improved infotainment and the choice of in-line four-cylinder 2.0-litre engine with mild Hybrid technology or 1.5-litre engine supporting a plug-in hybrid model.

- ***Jaguar F-PACE*****:** The Jaguar F-PACE, launched in September 2015, went on general retail sale in April 2016. The Jaguar F-PACE is built on the same lightweight aluminium-intensive architecture as the Jaguar XE and the Jaguar XF. In 2019, the Jaguar F-PACE SVR joined the Jaguar F-PACE line-up featuring bespoke suspension, aerodynamic enhancements and new lightweight 21 and 22-inch alloy wheels to accommodate uprated brakes. In September 2020, we launched a refreshed Jaguar F-PACE with exterior updates, all-new interior, improved infotainment and the choice of in-line four-cylinder and six-cylinder engines including plug-in hybrid electric and mild hybrid electric technology.

- ***Jaguar F-TYPE*****:** The Jaguar F-TYPE represents a return to the company's original designs and is available as two-seater sports car coupé and convertible and has an all-aluminium structure. We began selling the Jaguar F-TYPE convertible and Jaguar F-TYPE coupé in April 2013 and April 2014, respectively, and all-wheel drive and manual transmission derivatives were introduced at the Los Angeles Motor Show in November 2014. In December 2019 we launched a refreshed Jaguar F-TYPE with exterior and interior updates, including improved infotainment.

- ***All-electric Jaguar I-PACE*****:** The all-electric Jaguar I-PACE, our first all-electric vehicle, was unveiled at the 2016 Los Angeles Motor Show and went on sale in June 2018. The Jaguar I-PACE is a five seater sports car powered by a 90kWh battery, providing an estimated range of 500km (NEDC cycle) and rapid charging in two hours, and twin electric motors delivering all-wheel drive performance, accelerating to 60 mph in around four seconds. The Jaguar I-PACE is currently being built in Graz, Austria by our manufacturing partnership with Magna Steyr. The all-electric Jaguar I-PACE won several awards in 2019 including four World Car of the Year Awards (i.e., World Green Car of the Year, World Car Design of the Year, World Car of the Year and Best SUV).

- ***Jaguar XE*****:** In September 2014, we launched the all-new mid-size premium sports sedan, the Jaguar XE which went on general retail sale in May 2015. In Fiscal 2018, production of the Jaguar XEL for the Chinese market commenced with sales starting in December 2017. The Jaguar XE was the first Jaguar Land Rover product to be built on the new aluminium-intensive architecture. The new and refreshed Jaguar XE launched in February 2019 presenting an enhanced look with advanced all-LED headlights and tail lights, all-new interior and new technologies from all-electric Jaguar I-PACE (including self-learning smart settings) and touch pro duo infotainment system. We also recently launched a mild hybrid variant of Jaguar XE.

- ***Jaguar XF*****:** The Jaguar XF, launched in 2008, is a premium executive car that merges sports car styling with the sophistication of a luxury saloon and, in 2011, a major restyling of the exterior was completed, whilst the Jaguar XF Sportbrake joined the model line-up in 2012. The current lightweight Jaguar XF, which utilises the same aluminium-intensive technology as the XE, made its debut at the New York Motor Show in April 2015 and retail sales began in September 2015. The Jaguar XFL was launched by our China Joint Venture in Fiscal 2017 and the new Jaguar XF Sportbrake was launched in Fiscal 2018. We also recently launched a mild hybrid variant of Jaguar 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, luxury and refinement. Land Rover's range of products comprises the Land Rover Discovery, the refreshed Land Rover Discovery Sport (launched in June 2019), the refreshed Range Rover and the refreshed Range Rover Sport, the all-new Range Rover Evoque, the Range Rover Velar and the all-new Land Rover Defender.

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."

- ***Land Rover Discovery*****:** The Land Rover Discovery 5 was revealed to the public in September 2016. This fifth-generation Land Rover Discovery benefits from Land Rover's light full-size SUV architecture also utilised on the refreshed Range Rover and Range Rover Sport, and retains 7 seat flexibility. The Land Rover Discovery incorporates a range of innovative technological features, notably the world's first Intelligent Seat Fold technology, allowing customers to reconfigure the second and third-row seats with minimal effort using controls at the rear of the vehicle. Our manufacturing plant in the city of Nitra in western Slovakia has been producing the Land Rover Discovery since October 2018. We recently launched the model year 2021 Land Rover Discovery, including a mild hybrid option, with improved interior and infotainment.

- ***Land Rover Discovery Sport*****:** The original Land Rover Discovery Sport was digitally revealed at Spaceport America in New Mexico on 3 September 2014 and was shown at the Paris Motor Show in October 2014. It is the first member of the new Land Rover Discovery family featuring 5+2 seating in a footprint no larger than existing 5-seat premium SUVs and went on sale in February 2015. Local production by our China Joint Venture of the Land Rover Discovery Sport for the Chinese market started in September 2015 and went on sale in November 2015. We revealed the refreshed Land Rover Discovery Sport in May 2019 with enhanced exterior and interior design features including the latest generation of "InControl Touch Pro" infotainment system as well as mild hybrid and plug-in hybrid electric options.

- ***Range Rover*****:** The Range Rover is the flagship product under the Land Rover brand with a unique blend of British luxury, classic design, high-quality interiors and outstanding all-terrain ability. The aluminium-intensive Range Rover was launched in the third quarter of Fiscal 2013 and was the world's first SUV with a lightweight aluminium body, resulting in enhanced performance and handling on all-terrains, which also led to significant advances in environmental performance compared to previous models. A plug-in hybrid variant went on sale in Fiscal 2018 and a mild hybrid variant is also available.

- ***Range Rover Evoque*****:** The all-new Range Rover Evoque was revealed in November 2018 (including mild hybrid with plug-in hybrid versions announced) and went on sale in the fourth quarter of Fiscal 2019. Launched in 2011, the original Range Rover Evoque is the smallest and lightest Range Rover to date, and, depending on the market, in both front-wheel drive and all-wheel drive configurations. Local production by our China Joint Venture of the Range Rover Evoque for the Chinese market started at the end of 2014 and the Range Rover Evoque went on sale in February 2015.

- ***Range Rover Sport*****:** The Range Rover Sport combines the performance of a sports tourer with the versatility of a Land Rover. In March 2013, soon after the Range Rover, we introduced the all-aluminium Range Rover Sport to the market. The Range Rover Sport is the fastest, most agile and responsive Land Rover to date due to the same all-aluminium architecture as the Range Rover. A plug-in hybrid variant went on sale in Fiscal 2018, along with the Range Rover plug-in hybrid variant and a mild hybrid variant is also available.

- ***Range Rover Velar*****:** The Range Rover Velar was launched in April 2017 and went on retail sale in the United Kingdom and Europe in July 2017, with worldwide sales underway in September 2017. The Range Rover Velar fills in Land Rover's product offering between the Range Rover Sport and Range Rover Evoque, and is our first cross-brand Land Rover, being built on the same lightweight aluminium intensive architecture as the Jaguar F-PACE. The Range Rover Velar SVA Dynamic

Edition is the 2019 addition to the SV line-up. In September 2020, we launched a 2021 model year Range Rover Velar with advanced new infotainment technology and elegant new design features and the choice of both plug-in hybrid and mild hybrid variants.

- ***All-new Land Rover Defender*:** The production of the all-new Land Rover Defender commenced in January 2020 at our plant in Nitra, Slovakia, with sales increasing globally. We recently announced plug-in hybrid and mild hybrid variants of the all-new Land Rover Defender and a new Defender Hard Top which is a commercial version available with a range of Ingenium diesel engines and a practical, durable load area.

We plan to continue to build on recent successful product launches such as the all-new Land Rover Defender, including the short wheel base 90 and commercial derivatives, as well as the launch of new and refreshed model year 2021 products, including the significant increase in electrified options across our model range now consisting of eight plug-in hybrids, 11 mild hybrids and the all-electric Jaguar I-PACE. We offer a range of powertrain options across our model portfolio including conventional internal combustion engines, mild hybrids and plug-in hybrids as well as all-electric vehicles.

Product Sales Performance

Our retail sales were 439,588 vehicles in Fiscal 2021, down 69,071 vehicles (13.6%) from Fiscal 2020. The decline in retail sales was primarily the result of the initial COVID-19 lockdown impacting the first quarter, with some recovery in sales thereafter. Retail sales in every region and on every model declined as a result of COVID-19 except for retail sales in China, which were up 23.1% year-on-year, and for the newly introduced Land Rover Defender as global retail sales of that particular model reached 45,244 vehicles.

We have continued to launch new models and derivatives during Fiscal 2021, such as the all-new Land Rover Defender, (including the 90 short wheelbase, hardtop commercial and V8 variants), the 2021 model year refreshes and upgrades including the expansion of electrified options across 12 of Jaguar Land Rover's 13 nameplates, comprising eight plug-in hybrids, eleven mild-hybrids and the all-electric Jaguar I-PACE.

Sales Performance by Vehicle Model

We analyse our sales performance by vehicle model for each of the Jaguar and Land Rover brands, respectively. Retail volumes refer to the aggregate number of finished vehicles sold by dealers to end users (and in limited numbers by us directly, including to dealers). 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. Wholesale volumes refer to the aggregate number of finished vehicles sold to dealers and importers. We recognise our revenue on the wholesale volumes we sell.

The table below presents Jaguar retail (including sales through our China Joint Venture) and wholesale (excluding sales through our China Joint Venture) unit sales by vehicle model for Fiscal 2019, Fiscal 2020 and Fiscal 2021:

	Retail Units			Wholesale Units[5]		
	Fiscal year ended 31 March			Fiscal year ended 31 March		
	2019	2020	2021	2019	2020	2021
Jaguar						
I-PACE[1]	11,336	15,867	15,734	14,486	14,782	14,262
E-PACE[2]	46,711	37,894	20,488	42,539	36,928	16,925
F-PACE	52,683	43,388	26,291	50,885	45,943	24,046
F-TYPE	7,870	6,234	5,752	7,701	6,346	5,775
XJ[3]	4,072	3,535	970	4,204	2,824	632
XF	27,096	11,726	9,993	14,522	6,911	2,955
XK[4]	—	—	—	2	—	—
XE	30,430	21,949	18,441	19,418	12,086	2,738
Total	**180,198**	**140,593**	**97,669**	**46,134**	**153,757**	**67,333**

(1) The all-electric Jaguar I-PACE went on sale in June 2018.

(2) The Jaguar E-PACE went on sale in certain markets in November 2017 (it did not go on sale in China until August 2018).

(3) Production of the Jaguar XJ ceased in July 2019.

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

(5) Wholesale volumes exclude our China Joint Venture volumes (consisting of locally produced Jaguar XF, Jaguar XE and Jaguar E-PACE, starting from August 2018). Jaguar XF, Jaguar XE and Jaguar E-PACE volumes wholesaled by our China Joint Venture for Fiscal 2021 were 23,107 units compared to 18,450 units for Fiscal 2020.

The table below presents Land Rover retail (including sales through our China Joint Venture) and wholesale (excluding sales through our China Joint Venture) unit sales by vehicle model sales for Fiscal 2020 and 2021:

	Retail Units			Wholesale Units[2]		
	Fiscal year ended 31 March			Fiscal year ended 31 March		
	2019	2020	2021	2019	2020	2021
Land Rover						
Range Rover	56,417	47,290	42,399	57,052	50,965	37,410
Range Rover Sport	80,422	74,277	64,197	82,602	76,339	57,694
Range Rover Evoque	68,242	85,106	68,571	57,706	83,198	50,429
Range Rover Velar	64,820	52,902	37,880	60,765	52,972	33,832
Defender	—	249	45,244	6	121	53,051
Discovery	40,839	33,674	19,109	37,636	33,648	16,677
Freelander[1]	—	—	—	7	—	2
Discovery Sport	87,977	74,568	64,519	58,364	52,889	31,204
Total	**398,717**	**368,066**	**341,919**	**354,138**	**350,132**	**280,299**

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

(2) Wholesale volumes exclude our China Joint Venture volumes (consisting of locally produced Range Rover Evoque and Land Rover Discovery Sport). Range Rover Evoque and Land Rover Discovery Sport volumes wholesaled by our China Joint Venture for Fiscal 2021 were 42,172 units compared to 31,000 units for Fiscal 2020.

Sales Performance by Region

The following table provides an analysis of our regional wholesale and retail volumes by region for the year ended 31 March 2020 and the year ended 31 March 2021. Due to the impact of COVID-19 pandemic, sales performance for both periods may not reflect the anticipated geographic mix for Fiscal 2021:

	Retail					
	Jaguar Fiscal year ended 31 March			Land Rover Fiscal year ended 31 March		
	2020	2021	Change	2020	2021	Change
	(units)		(%)	(units)		(%)
Global	**140,593**	**97,669**	**(31%)**	**368,066**	**341,919**	**(7%)**
Regional:						
United Kingdom	32,533	22,529	(31%)	74,079	60,466	(18%)
North America	30,095	18,186	(40%)	99,251	92,619	(7%)
Europe (excluding the United Kingdom and Russia)	35,335	20,578	(42%)	71,702	58,682	(18%)
China	26,061	28,181	8%	64,063	83,025	30%
Overseas	16,569	8,195	(51%)	58,971	47,127	(20%)
China Joint Venture (included above)	*18,321*	*23,200*	*27%*	*31,655*	*41,119*	*30%*

	Wholesale					
	Jaguar Fiscal year ended 31 March			Land Rover Fiscal year ended 31 March		
	2020	2021	Change	2020	2021	Change
	(units)		(%)	(units)		(%)
Global	**125,820**	**67,333**	**(46%)**	**350,132**	**280,299**	**(20%)**
Regional:						
United Kingdom	35,033	22,305	(36%)	75,034	59,195	(21%)
North America	30,514	13,450	(56%)	105,252	80,309	(24%)
Europe (excluding the United Kingdom and Russia)	36,518	20,693	(43%)	77,112	55,913	(27%)
China	7,162	4,603	(36)%	31,150	42,542	37%
Overseas	16,953	6,282	(63%)	61,584	42,340	(31%)
China Joint Venture (excluded above)	*18,450*	*23,107*	*25%*	*31,000*	*42,172*	*36%*

Recent Initiatives

We have introduced the following recent initiatives to reduce our costs and improve our business:

Project Charge and Project Charge+

In the second half of Fiscal 2019, we started the implementation of business improvement programme ("Project Charge") aimed at achieving £2.5 billion of cash and cost savings by the end of Fiscal 2020 through a reduction of total product and other investment spending by £1 billion, improvement of working capital by £500 million and £1 billion of profit growth and cost efficiencies. Since we exceeded the Project Charge target of £2.5 billion, with £3.5 billion cash and cost savings already delivered at the end of Fiscal 2020, we extended the programme with "Project Charge+," which targeted to deliver additional £2.5 billion of cash and cost savings, bring it to a total of to £6 billion (which includes the cash and cost savings already achieved through Project Charge) ("Project Charge+"). We met this target of delivering £2.5 billion of cash and cost savings in Fiscal 2021. All savings attributed to Project Charge+ are unaudited pro forma analytical estimates.

Project Charge+ presents an expanded scope with emphasis on sustained profit improvements on "current" car models. In particular, Project Charge+ is based on eight key levers which are supported by sustaining the business improvements achieved to date and delivering more value through additional initiatives. Such key levers can be divided into the following broad initiatives categories:

- vehicle and market profitability (i.e., (i) leverage most profitable vehicles; (ii) improve current car returns, with material cost focus; (iii) optimise market performance; (iv) grow after sales business; (v) lower warranty costs);

- maintain inventory discipline;

- overheads (i.e., minimise overhead cost base, including through the planned change in the shift pattern at our factory in Halewood, United Kingdom); and

- investment (i.e., reduce investment spend).

Going forward, the wider "Refocus" programme launched as a part of the "Reimagine" strategy brings together existing and additional activity from the organisation to deliver value and drive efficiencies, including initiatives under Project Charge and Project Charge+.

Refocus Transformation Programme

"Refocus" is the operational transformation programme that drives our "Reimagine" strategy, targeting the delivery of 3% incremental Adjusted EBIT margin by Fiscal 2026. "Refocus" brings together existing initiatives (amongst them, Project Charge+ and Project Accelerate) with new activity, into one clear programme of priorities that we believe will drive greater value creation. Our initiatives, such as Project Charge, have already generated cash savings and "Refocus" intends to build quickly on these solid foundations, continuing the most successful aspects and reorganising them for faster results. The "Refocus" programme consists of six separate pillars: quality; programme delivery and performance; delivered cost per car; end-to-end supply chain; customer and market performance; and maintaining attention to our business in China.

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. In March 2020, the World Health Organization recognised the COVID-19 outbreak as a pandemic based on the global spread of the disease, the severity of illnesses it causes and its effects on society. In response to the COVID-19 pandemic, the governments of many countries, states and cities took preventative or protective actions, such as imposing restrictions on travel and business operations, and advising or requiring individuals to limit or forego their time outside of their homes. Accordingly, the COVID-19 pandemic severely restricted the level of economic activity in many countries, including in regions in which we operate, and continues, albeit to a lesser extent, to adversely impact global economic activity and has contributed to significant volatility in financial markets.

- ***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.

- ***Commodity prices*****:** We are exposed to changes in commodity prices, notably aluminium, copper, platinum and palladium. Commodity prices have been more volatile in the year ended 31 March 2021, initially falling as a result of the COVID-19 pandemic's impact but recovering strongly since the first quarter as COVID-19 lockdown and social distancing measures were relaxed and trade gradually resumed.

- ***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. For instance, even though the demand of electric vehicles is growing, they still represent only a small percentage of industry sales. Growth in consumer demand for electric vehicles depends on the deployment of adequate charging infrastructure, including practical access to private charging points.

- ***Emissions*****:** Following the 2015 emission scandals, the implementation in 2018 of more stringent European emission tests through the WLTP, higher taxes and future limitations on ICE engines, in particular diesels, customer demand for diesel engines has declined.

- ***Semiconductor shortage*****:** Global shortage of semiconductors is already impacting most industries. If this shortage continues for long it will have material impact on the manufacturing of vehicles and thereby impact the profitability and cash flows of the industry as a whole.

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

Competition

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

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 the introduction of new model year vehicles and derivatives. Furthermore, Western European markets tend to be impacted by summer and winter holidays, and the Chinese market tends to be affected by the Lunar New Year holiday in either January or February, the PRC National Day holiday and the Golden Week holiday in October. The resulting sales profile influences operating results on a quarter-to-quarter basis.

Product Design, Technology and Research and Development

We develop and manufacture technologically advanced vehicles to meet the requirements of a globally competitive market. We devote significant resources in our R&D activities. Our R&D operations currently consist of a team of engineers operating within a co-managed Jaguar and Land Rover engineering group, sharing premium technologies, powertrain designs and vehicle architecture. Our modular engine architecture is intended to enhance efficient engineering, shared technologies and complexity reduction. Reusing parts and processes help us focus our efforts on innovative new technologies. Our vehicles are designed and developed by award-winning design teams, and we are committed to a continuing programme of new product design. In recent years, we have unified the entire Jaguar range under a single design and concept 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 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, including advanced 3D printing capabilities, 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. We have opened a software engineering centre in Shannon, Ireland. The centre is to be used to develop technology for electric vehicles and to assist those vehicles in reaching Level 4 autonomy.

In September 2013, we announced our investment in the National Automotive Innovation Campus at the University of Warwick in the United Kingdom, which opened in 2018 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. We work with Intel at the Open Software Technology Centre in Portland, Oregon in the United States to develop next-generation in-vehicle technologies, helping us enhance our future vehicle infotainment systems and provide incubator space for budding automotive technology entrepreneurs.

In recent years, decarbonisation, air quality, digitalisation, connectivity, automation and globalisation became the factors impacting the industry. We aim to develop cleaner, safer and more efficient cars of the future , incorporating the latest technology and design in line with our "Reimagine" strategy. To meet this objective, we have built strong links with academia, the UK Government and other industry sectors. As part of our "Reimagine" strategy, we are working on the electrification of both the Land Rover and Jaguar brands, with two clear, distinct personalities. We strive to achieve a net zero carbon position by 2039. In doing so, we reimagine the sustainability of luxury. We are exploring hydrogen fuel-cell technology, to be ready for if that market matures, and active development of these powertrains is already underway.

In June 2019, we announced a collaboration with BMW to develop the next-generation Electric Drive Units to support the advancement of electrification technologies.

"Lightweighting" and fuel economy

We are pursuing various initiatives, such as the application of future MLA, EMA and dedicated Jaguar BEV architectures as part of the "Reimagine" strategy, to, amongst other things, 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 R&D activities are currently strongly concentrated on creating a sustainable fleet CO_2 emissions profile for 2021 and beyond. Although we are already a leader in the use of aluminium for weight reduction, we have active research projects and partnerships aimed at enhancing the use of materials in order to create the lightweight, premium and luxury vehicles of the future in a sustainable way.

We are developing our future vehicles based on the MLA, EMA and dedicated Jaguar BEV architectures . As part of the "Reimagine" strategy this suite of new architectures will substantially reduce the number of vehicle platforms, increase commonality of components, reduce engineering complexity and reduce costs due to scale efficiencies and improved quality.

Autonomous and connected technologies

Our future strategic R&D priorities include autonomous, connected and electrification technologies, as well as investing in innovative mobility solutions to overcome and address future travel and transport challenges.

Our autonomous strategy includes investing in driver assistance technologies to support increasing degrees of automation, and including autonomous features on our new models. We are also developing these features through external partnerships. For example, in March 2018, we announced our long-term strategic partnership with Waymo (formerly a Google self-driving car project). Together, we will develop the world's first premium self-driving electric vehicle for Waymo's driverless transportation service. As part of the partnership, we will work together to design, engineer and produce up to 20,000 Jaguar I-PACEs over 2020 and 2021 to be used by Waymo in their autonomous vehicle mobility service, planned for rollout in the United States. Waymo Jaguar I-PACEs, equipped with Waymo's self-driving technology, is currently being tested in San Francisco, California, where an initial 20,000 Jaguar I-PACEs will join Waymo's driverless fleet and serve a potential one million trips a day. We delivered the first batch of Jaguar I-PACEs for this purpose in July 2018. In addition, using a platform created by connected tech and transport analytics firm Inrix, we, along with Transport Scotland and Transport for West Midlands, are contributing to the development of the AV Road Rules system, which digitalises street signs and road rules so that autonomous vehicles can understand them. The platform is also intended to provide autonomous vehicles with a link to local road authorities, which can provide information about potholes or road damage. Additionally, we have launched CORTEX, a £3.7 million research project in collaboration with Birmingham University, to make the self-driving car viable in the widest range of on and off-road conditions.

Our connected strategy includes investing in technology and infrastructure to support higher levels of connectivity (including both in-vehicle connectivity and off-board connectivity, for example, the development of a remote smartphone app and Wi-Fi hotspot), as exemplified by the opening of an additional engineering centre in Manchester to support the development of next-generation, connected car technologies. Initiatives in vehicle electronics such as engine management systems, in-vehicle network architecture, telematics for communication and tracking (including the Stolen Vehicle Tracker) and other emerging technological areas are also being pursued and which could possibly be deployed on our future range of vehicles. In April 2016, we demonstrated highly autonomous vehicle technologies to the EU Transport Ministers, such as "hands free" driving. Furthermore, our new connected and autonomous vehicle technologies are being developed through projects such as the United Kingdom's first "connected corridor" (e.g. the UK Connected Intelligent Transport Environment Project), a 41 mile "living laboratory" where we concentrate on installing new roadside communications equipment in order to test vehicle-to-vehicle and vehicle-to-infrastructure systems. We are currently testing a fleet of smart, connected vehicles on the "connected corridor." In addition, we are deploying intelligent navigation and information systems (including remotely controlled climate settings and security) and in-car Wi-Fi connectivity, which we plan to supplement with the expansion of the usability of remote function applications and the inclusion of wearable technology solutions such as smart-watch technology currently available with some of our models, including the all-electric Jaguar I-PACE. Likewise, various new technologies and systems that would improve safety, performance and emissions of our product range are under implementation on our passenger cars and commercial vehicles.

Electrification technologies

Our electrification strategy is exemplified by the creation of our first all-electric vehicle, the Jaguar I-PACE, and the plug-in hybrid engines available on the refreshed Range Rover and Range Rover Sport. During Fiscal 2021 we significantly expanded our offering of electrification with 12 of our 13 nameplates now electrified, including eight plug-in hybrids, 11 mild hybrids and the all-electric Jaguar I-PACE. Under the "Reimagine" strategy we plan to further expand our offering of pure battery electric vehicles ("BEV"), supported by new vehicle architectures, with the first Land Rover BEV scheduled for launch in 2024 and five more Land Rover BEV derivatives by 2026. At the same time Jaguar will undergo a renaissance to emerge as an all-electric brand from 2025. In addition, we expect to offer an all-electric option on all of our models by 2030 when we also expect 60% of retail sales from BEVs. Furthermore, we expect all our vehicle sales in 2036 will come from zero tailpipe emission vehicles. 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. 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. Furthermore, we are currently competing in the FIA Formula E championship, which enables us to create a test bed for our future electrification technology with our partner Panasonic. We have launched the first ever international race series for production battery electric vehicles. The championship features Jaguar I-PACE eTROPHY race cars (designed, engineered and built by our Special Vehicle Operations division) and is expected to support our efforts in assessing the performance of our all-electric engines.

We continued to roll out electrification technology across our model range in Fiscal 2021. Twelve of the company's 13 nameplates are now available with an electrified option, with PHEVs available in eight models and MHEVs in 11 models. As a result, the mix of electrified vehicles retailed in the full year was 51%, including 3.6% for the all-electric Jaguar I-PACE, 4.6% PHEV and 42.9% MHEV, with the remaining 48.9% of retail sales from traditional diesel and petrol internal combustion engines.

We have significantly expanded our electrification options in Fiscal 2021 and we are now offering the award-winning all-electric vehicle Jaguar I-PACE, eight plug-in hybrid models and 11 mild hybrid models. Under our "Reimagine" strategy we aim to launch Land Rover's first BEV model in 2024 with a further 5 models offering a BEV option by 2026 and plan for Jaguar to emerge as a BEV only brand from 2025. In Fiscal 2021, approximately 3.6% of our global retail sales were all-electric, approximately 4.6% of our global retail sales were plug-in hybrid electric powertrains and approximately 42.9% of our global retail sales were mild hybrid electric powertrains. By 2030, we expect approximately 60% of our sales will come from pure electric vehicles rising to 100% by 2036.

Internal combustion still also has a significant part to play supporting hybrid powertrain options, therefore we also engage in powertrain research. 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. The revolutionary all-electric Jaguar I-PACE has given us advanced knowledge in electric motor design and lithium-ion battery technology.

Shared technologies

Our InMotion business unit focuses on developing innovative mobility solutions to address future travel and transport needs, and invests in strategically relevant early-stage technology business including Urgently, a US-based digital roadside assistance provider ($4 million invested), Circulor, a software-based supply chain tracking solution to trace commodities from extraction to the final product (£0.5 million invested), Battery Resources, a US-based battery recycling company that recycles the feedstock into a finished cathode for resale and intermediate/secondary products ($2.5 million invested) and Zeelo, which operates a marketplace, hiring vehicles from private hire coach operators which they then use to provide coach transportation to end-users and B2B clients ($1.4 million invested). In addition, InMotion developed proprietary solutions in the urban mobility sector such as THE OUT, an on-demand premium car rental service, and Pivotal, a vehicle subscription service, with the goal to capture new customer segments and provide our customers with flexibility when accessing Jaguar and Land Rover products.

Properties and Facilities

We operate four principal manufacturing facilities (including the EMC) in the United Kingdom employing approximately 15,126 employees as at 31 March 2021. We believe that these facilities provide us with a flexible manufacturing footprint to support our present product plans.

- ***Solihull***: At Solihull, we currently produce the Jaguar F-PACE, the refreshed Range Rover, the refreshed Range Rover Sport and the Range Rover Velar. However, Solihull will be upgraded to the new modular longitudinal architecture for the next-generation Range Rover and Range Rover Sport, which will make it a centre of electric vehicle production. At Solihull, we employed approximately 8,150 manufacturing employees as at 31 March 2021.

- ***Castle Bromwich***: At Castle Bromwich, we produce the Jaguar F-TYPE, the Jaguar XE, the Jaguar XF, and employed approximately 2,052 employees as at 31 March 2021. Castle Bromwich will continue to make our existing models to the end of their life. It will then be repurposed and benefit from our plans to realise efficiencies in our Midlands property portfolio.

- ***Halewood***: At Halewood, we produce the Land Rover Discovery Sport and the Range Rover Evoque, and employed approximately 3768 employees as at 31 March 2021.

- ***Wolverhampton***: At Wolverhampton, we produce advanced technology low-emission engines. This facility produces our range of "in-house" four cylinder diesel and petrol engines, and employed approximately 1200 employees as at 31 March 2021. This engine facility has reduced our dependence on third-party engine supply agreements and has strengthened and expanded our engine range to deliver high-performance, competitive engines with significant reductions in vehicle emissions. The EMC supplies our manufacturing facilities in the United Kingdom and internationally with engines which power our models. We currently produce the 2.0-litre four cylinder diesel and petrol and 3.0-litre 6 cylinder petrol and diesel Ingenium engines at the EMC, which are now available across our range of our vehicles. The common architecture of the Ingenium family has been designed to allow for flexible manufacturing between variants and configurations.

In addition to our facilities in Solihull, Castle Bromwich, Halewood and Wolverhampton, we maintain the following main facilities:

- ***United Kingdom*:** At Prologis Park in Ryton, near Coventry, we have established a Special Vehicle Operations Technical Centre and Jaguar Land Rover Classics business. The facility is our global centre of excellence for the creation of high-end luxury bespoke commissions and performance vehicles by a team of our specialists. In addition, our Special Vehicle Operations Engineering headquarters are located in Fen End and it maintains an advanced research centre in Warwick in collaboration with the Warwick Manufacturing Group department of the University of Warwick. Additionally, the InMotion Ventures business unit is headquartered in London.

- ***China*:** We also entered into a joint venture agreement in December 2011 with Chery for the establishment of a joint venture company in China to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China. Production of the Range Rover Evoque began at the end of 2014 and sales commenced in February 2015. Production of the Land Rover Discovery Sport started in September 2015 and sales commenced in November 2015. This was followed by the Jaguar XFL for which sales commenced in September 2016. In Fiscal 2018, production of the Jaguar XEL commenced, with sales starting in December 2017. Production of the Jaguar E-PACE began, and sales commenced in August 2018. 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. The plant, opened in June 2016, produces the Land Rover Discovery Sport.

- ***Austria*:** In July 2015, we agreed to a manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc., to build vehicles in Graz, Austria. The facility currently produces the Jaguar E-PACE and the all-electric Jaguar I-PACE.

- ***Slovakia*:** In December 2015, we concluded an agreement with the Government of the Slovak Republic for the development of a new manufacturing plant in the city of Nitra in western Slovakia, which manufactures the Land Rover Discovery and the new Land Rover Defender. The manufacturing facility represents an investment of £1 billion with production capacity of 150,000 units annually.

In addition to our automotive manufacturing facilities, we have two product development, design and engineering facilities in the United Kingdom and we have opened an engineering centre in Manchester to support the development of next-generation, connected car technologies. 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 Advanced Product Creation Centre at our Gaydon facility was opened in September 2019. The two sites employed approximately 12,202 employees as at 31 March 2021. We have opened a software engineering centre in Shannon, Ireland. The centre is to be used to develop technology for electric vehicles and to assist those vehicles in reaching Level 4 autonomy. Our engineering headquarters at Gaydon collaborates with our other technology hubs around the world (i.e., Shannon, Ireland, Manchester, Warwick, InMotion, London, Budapest, Hungary and Shanghai, China). In particular, our technology hubs will contribute to increase our innovation capabilities for future vehicle technology. 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 hinder our utilisation of these assets.

The following table sets out information with respect to our principal facilities and properties as at 31 March 2021. Additionally, we produce the Jaguar I-PACE and the Jaguar E-PACE (excluding the China Joint Venture) at a plant in Graz, Austria under a contract manufacturing agreement with Magna Steyr.

Location	Owner/Leaseholder	Freehold/Leasehold	Principal Products or Functions
United Kingdom			
Solihull	Jaguar Land Rover Limited	Freehold and leasehold	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	Jaguar Land Rover Limited	Freehold	Product development
Whitley	Jaguar Land Rover Limited	Freehold and long leasehold	Headquarters and product development
Wolverhampton	Jaguar Land Rover Limited	Freehold	Automotive components (engines)
Outside United Kingdom			
Changshu, China	Chery Jaguar Land Rover Automotive Co., Ltd.	Freehold and leasehold(1)	Product development, automotive vehicles & components
Rio De Janeiro, Brazil	Jaguar Land Rover Brazil	Freehold	Automotive vehicles & components
Nitra, Slovakia	Jaguar Land Rover Slovakia S.R.O.	Freehold	Automotive vehicles & components

(1) Chery Jaguar Land Rover Automotive Co., Ltd. owns the facility (including buildings and equipment) in freehold but leases the underlying land from the Chinese government.

China Joint Venture

In December 2011, we entered into a joint venture agreement with Chery for the establishment of a joint venture company in China. The purpose of our China Joint Venture is to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China. Local production of the Range Rover Evoque by our China Joint Venture began at the end of 2014 and local sales commenced in February 2015.

Production of the Land Rover Discovery Sport started in September 2015, which went on sale in November 2015 followed by the Jaguar XFL which went on sale in September 2016. In Fiscal 2018, production of the Jaguar XEL commenced, with sales starting in December 2017. Production of the Jaguar E-PACE began, and sales commenced in August 2018. An engine plant was opened by our China Joint Venture in July 2017 to manufacture the 2.0-litre Ingenium petrol engine for installation into locally produced vehicles.

We have committed to invest RMB 5 billion of equity capital in our China Joint Venture (an equity investee in our Consolidated Financial Statements), representing 50% of the share capital and voting rights of our China Joint Venture, to be contributed by November 2040. Of this amount, RMB 3,475 million has been contributed as at 31 March 2021. The outstanding commitment of RMB 1,525 million translates to £169 million at the 31 March 2021 exchange rate. Investment to support phase two has added additional manufacturing capacity for the Jaguar XEL and the Jaguar E-PACE, as well as the engine plant which produces the 2.0-litre Ingenium petrol engine for vehicles manufactured at the joint venture plant. 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 licence for the joint venture in November 2012.

Our China Joint Venture has invested a total of around RMB 10.9 billion as at 31 March 2021 (including vendor and in-house tooling and assets under construction), which is being funded through a combination of debt, equity and cash from operations, in connection with the joint venture, which includes a manufacturing plant in Changshu, an R&D centre and an engine production facility. We believe the joint venture combines our heritage and expertise with Chery's knowledge of, and expertise in, the local Chinese market.

Our China Joint Venture plant introduced a digital system to optimise manufacturing through system modelling and simulation analysis.

Sales and Distribution

We distribute our vehicles in 118 markets across the world for Jaguar and 123 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. Recently, we have begun using virtual reality technology to allow our customers around the world to see some new products before these become available locally.

As at 31 March 2021, our global sales and distribution network comprised 23 NSCs, 78 importers, 1 export partner and 2,839 franchise sales dealers in 1,513 sites, of which 1,326 are joint Jaguar and Land Rover dealers.

Financing Arrangements and Financial Services Provided

We have entered into arrangements with third-party financial service providers to make vehicle financing available to our customers covering our largest markets by volume, including notably the United States, the United Kingdom, Europe and China. We do not offer vehicle financing on our own account but rather through a series of exclusive and non-exclusive partnership arrangements with market-leading banks and finance companies in each market, including Black Horse Limited (part of the Lloyds Banking Group) in the United Kingdom, FCA Bank S.p.A. (a joint venture between Fiat Auto and Crédit Agricole) in major European markets and Chase Auto Finance in the United States and have similar arrangements with local providers in a number of other key markets.

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. 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 residual value risk in the United States and Germany, where residual value risk is shared, and in Canada, where we assume all residual value risk. In all cases, the finance partner funds the portfolio and assumes the credit risk. In most markets where we have a partnership, we receive a licensing fee from the finance partner related to the use of our brands.

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.

As at 31 March 2021, we employed approximately 36,174 employees worldwide, including agency personnel and excluding employees in our China Joint Venture and Spark44 Joint Venture. Of the 36,174 employees, approximately 6,820 were employed overseas. Hourly paid employees are hired as agency workers for the first twelve months and then move onto a fixed term contract for a further twelve months, before being hired as permanent employees. We employed a total of approximately 18,760 permanent employees as at 31 March 2021.

As part of our Project Charge and Project Charge+ programmes we have implemented, and will continue to implement, certain cash and cost saving initiatives aimed at, among the others, improving our overhead cost base.

As a result of the COVID-19 pandemic, many of our employees in the United Kingdom were furloughed under the UK government's job retention scheme in early Fiscal 2021. As the business continued to recover from second quarter of Fiscal 2021, employees started to return to the workplace. At the end of the first quarter of Fiscal 2022, approximately 2,000 employees were on furlough. We resume our activities and we have developed robust protocol and guidelines to support a safe return to work for our employees and adopted strict social distancing measures across our operations. See "Risk Factors—Risks Associated with the Automotive Industry—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operation."

Training and Development

We are committed to building the competencies 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.

Our commitment to lifelong learning for our employees is generating benefits. For example, the reskilling of a number of our engineers has enabled us to design and engineer our Jaguar I-PACE batteries in-house. The leveraging of our employees' improved engineering skills has also led to efficiency improvements and a significant rationalisation of design and development costs.

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. Usually, bi-annual negotiations in relation to these wage agreements take place, which cover approximately 15,000 of our unionised employees, and a new labour agreement with the trade unions is currently under negotiation. 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.

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). 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.

In 2008, when Tata Motors acquired Jaguar Land Rover businesses from Ford, we entered into certain supply agreements with Ford with a long stop date as of 31 December 2020 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. We are now producing our own family of 4 cylinder and 6 cylinder Ingenium diesel and petrol engines manufactured at the EMC in Wolverhampton, the United Kingdom as well as 3 cylinder and 4 cylinder Ingenium petrol manufactured in China. The supply arrangement with Ford for has now terminated. We have also started the production of low volumes of supercharged V8 petrol engines at our EMC since 15 March 2021.

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 have benefitted 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 concerning, among the others, motor accident claims, consumer complaints, employment and dealership arrangements, replacements of parts of vehicles and/or compensation for deficiency in services or products provided by the Group or its dealers. 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. As at 31 March 2021, there are claims and potential claims against the Group of £23 million (compared to £40 million as at 31 March 2020 and £17 million as at 31 March 2019), which our management decided not to recognise due to the fact that settlement is not considered probable. In Fiscal 2019, passenger safety airbag issues involving the vehicles produced by the Group have arisen in the United States, China, Canada, Korea, Australia and Japan. Although recognising that there is a potential risk of recalls in the future, at this stage, it is not possible to estimate the amount and timing of any potential future costs associate with these issues.

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 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 regulation 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

As an automobile company, our production facilities are subject to extensive governmental regulation regarding, among other things, air emissions, wastewater discharges, releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of hazardous materials and wastes, the clean-up and investigation of contamination and the maintenance of safe conditions. These regulations are likely to become more stringent and compliance costs increasingly significant. In addition, we have significant sales in the United States and Europe which have stringent regulations relating to vehicular emissions and other countries are also imposing stricter emission standards. The proposed tightening of vehicle emissions regulations by the European Union and other jurisdictions 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

Current legislation in Europe, limits passenger car fleet average greenhouse gas emissions to 95 grams of CO_2 per kilometre for all new cars from 2020. Different targets apply to each manufacturer based on their respective fleets of vehicles and average weight. We have been granted a derogation by the European Commission Secretariat General under Regulation (EU) No 2019/631 Article 10 (4 - Derogations for certain manufacturers) from the weight based target requirement available to small volume and niche manufacturers (defined by European sales of less than 10,000 units and between 10,000 and 300,000 units, respectively). As a result, under the provisions of the niche manufacturer derogation, we were permitted to reduce our emissions by 25% from 2007 levels rather than meeting a specific CO_2 mass-based emissions target. we had an overall 2012-2019 target of an average of 178.0 grams of CO_2 per kilometre for our full fleet of vehicles registered in the European Union. In 2018 our fleet delivered 155.4 grams of CO_2 per kilometre (ref report—Monitoring CO_2 emissions from passenger cars and vans in 2018—EEA Report No 02/2020), well below the mandated target. The Final 2019 report is due imminently from the European Environment Agency ("EEA") (provisional data shows we were still compliant with a significant margin).

The European Union has regulated target reductions for 95% of a manufacturer's full fleet of new passenger cars registered in the European Union in 2020 to average 95 grams of CO_2 per kilometre, rising to 100% in 2021. The new rule for 2020 contains an extension of the niche manufacturers' derogation and permits us to reduce our emissions by 45% from 2007 levels, which enables us to have an overall target of 132 grams of CO_2 per kilometre. The 2018 EU CO_2 legislation extended the Niche Volume Derogation facility out to the end of 2028. Internal analysis indicates that we were non-compliant in Europe in 2020 due to the impact of the COVID-19 pandemic on our operations which delayed the launch and, more importantly, the sale of much needed PHEV variants of our Land Rover Discovery Sport, Range Rover Evoque and Velar; and our Jaguar E-Pace and F-Pace models as well as our sales mix overall. We await the final data from the EEA (expected by July 2022), but we estimate approximately a £35 million to £40 million fine liability.

Since January 2021, the United Kingdom is not an EU member state and the CO_2 regulation currently in force in the EU covers the remaining 27 member states as well as Iceland. The United Kingdom has an almost identical copy of the 2020 European Regulation. The only differences are some supercredit provisions extended into 2021 and that targets are based on 2007 United Kingdom only status (similarly EU targets are based on 2007 EU15 excluding the United Kingdom).

All European compliance up to and including 2020 has been based on certification to the New European Driving Cycle (NEDC). Since September 2018, all vehicles have been certified to the Worldwide Harmonised Light Vehicle Test Procedure (WLTP). Compliance was still referenced to NEDC targets up to and including 31 December 2020. From 2021, compliance is based on a new WLTP target, to determine new niche derogated targets for us, the ratio of WLTP status: NEDC status in 2020 is then multiplied by the 2020 NEDC target to result in the 2021 WLTP target. This is system should preserve the WLTP intention of making the change to this new test procedure "compliance neutral." As a result, there will be an apparent increase in WLTP target and WLTP status, though the compliance task and stringency is identical.

In the United States, both CAFE standards and greenhouse gas emission standards are imposed on manufacturers of passenger cars and light trucks. The federal CAFE standards for passenger cars and light duty trucks was set in 2011 by the NHTSA to meet an estimated combined average fuel economy level of 54.5 miles per US gallon for 2025 model year vehicles achieved by an average 4.5% year-on-year fuel consumption reduction from model year 2016. Meanwhile, the EPA had set an average greenhouse gas emissions target from passenger cars, light trucks and medium duty passenger vehicles at 163 grams per mile in model year 2025 (equivalent to the CAFE 54.5 miles per US gallon if achieved exclusively through fuel economy standards).

In April 2020, EPA and NHTSA jointly announced their new Safer Affordable Fuel Economy (SAFE) Regulation mandating new less stringent targets from 2021MY through 2026MY. Instead of the average 4.5% year-on-year fuel consumption reduction from model year 2016, the SAFE Regulation now mandates a 1.5% year-on-year fuel consumption reduction from model year 2021 with new targets of 40.4mpUSg and 199g/mile in model year 2026. Subsequent to the change in Administration in the US, we are awaiting a New Proposed Rulemaking ("NPRM") in July 2021 from the Biden Administration to reinstate the Obama Administration measures to some degree, with a slightly later completion to take into account the 'delays' imposed by the Trump Administration.

Although the State of California had been empowered to implement more stringent greenhouse gas emission standards, it had elected to accept the existing U.S. federal standards for compliance with the state's own requirements. In November 2012, CARB accepted the federal standard for vehicles with model years 2017 to 2025 for compliance with the state's own greenhouse gas emission regulations via the "deemed to comply" mechanism. Through the coordination of the National Program with the CARB's standards, automakers could seek to build one single fleet of vehicles across the United States that satisfies all requirements, and consumers can continue to have a full range of vehicle choices that meet their needs.

However, in September 2019, the US federal government revoked California's Waiver (right to set its own standards) that require stricter air pollution rules than the federal government requires. California immediately moved to challenge the revocation in court and is looking to move forward with other stringent emission regulations for vehicles, including the Zero Emission Vehicle regulation, ("ZEV"), which requires manufacturers to increase their sales of zero emissions vehicles year-on-year, up to an industry average of 22% of low range Battery Electric Vehicles (BEV) 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, also higher EV range BEV produce more credits (e.g. a 350 miles UDDS range BEV would generate 4 credits so only 5.5% of fleet sales would be required in 2022 to meet the 22% standard). Other compliance mechanisms are available under ZEV, such as banking and trading of credits generated through the sale of eligible vehicles. The outcome of the dispute between the State of California and the US federal government over California's ability to adopt separate, stricter emission standards may affect our sales in the US although the ultimate impact cannot be determined at present.

In addition, many other markets have employed similar greenhouse gas emissions standards, including Brazil, Canada, China, India, Japan, Mexico, Saudi Arabia, South Korea, Switzerland and Taiwan, each with different target mechanisms, targets, timing, requirements, compliance penalties and regulatory flexibilities.

We are fully committed to meeting all of these standards. Local excise tax initiatives are a key consideration in ensuring our products meet customer needs for environmental footprint and cost of ownership concerns as well as continued access to major city centres (such as London and Paris' Ultra Low Emission Zones and similar low emissions areas being contemplated in other major urban centres—e.g., Birmingham in the UK adopted a Clean Air Zone from June 2021). We are fully engaged with UK government consultation on their proposed Internal Combustion Engine (ICE) ban from 2030 in the United Kingdom, indeed many other nations are looking at similar strategies at or around 2040/2045. All our long-term strategies are being written with these future restrictions in mind.

Non-greenhouse gas emissions requirements

The European Union has adopted Euro 6, the latest in a series of more stringent standards for emissions of other air pollutants from passenger and light commercial vehicles, such as NOx, carbon monoxide, hydrocarbons and particulates. These standards have been tightened again by the Euro 6d standard, which incorporates the introduction of RDE as a complement to laboratory testing to measure compliance. As a first step, manufacturers were required to reduce the discrepancy between laboratory compliance values and RDE procedure values to a conformity factor of a maximum of 2.1 (110%) for all models from September 2017 for passenger cars and from September 2018 for new light commercial vehicles. Following that, manufacturers are now required to reduce this discrepancy to a conformity factor of a maximum of 1.43 (43%) by January 2020 for new models of passenger cars and by January 2021 for all vehicles registered.

In 2017 and 2018, there was a move to the new WLTP in Europe, with changes made in September 2018, to address global concerns on more customer correlated fuel economy certified levels as well as air quality concerns. Other markets will likely adopt similar requirements. All programmes have been fully engineered to enable the adoption of these new requirements.

Ongoing court cases and proposed amendments to Euro 6 legislation in Europe introduce a significant level of uncertainty with respect to the emissions that could be faced in the next two to five years. In the longer term, the European Commission has also commenced work on a proposed Euro 7 emissions standard legislation, which could become applicable at some stage from the middle of the decade.

In California, the LEV3 regulations and ZEV regulations place strict limits on emissions of particulates, NOx, 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. California’s 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, the Tier 3 Motor Vehicle Emission and Fuel Standards issued by the EPA in April 2014 established more stringent vehicle emissions standards broadly aligned to California’s LEV3 standards for 2017 to 2025 model year vehicles.

The Californian Air Resources Board has commenced development of their next stage of emissions legislation, Advanced Clean Cars II, which will be anticipated to define emissions standards beyond 2025 model year.

While Europe and the United States typically lead the implementation of these emissions programmes, many other nations and states typically follow on with adoption of similar regulations two to four years thereafter. For example, in response to severe air quality issues in Beijing and other major Chinese cities the Chinese government have adopted more stringent emissions standards known as China 6, which is broadly aligned to California LEV3 levels, and will introduce RDE from 2023; India has introduced Bharat StageVI from April 2020, and will introduce RDE from 2023; Japan will introduce RDE for diesel vehicles from 2022.

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 a material and adverse impact on our cost of production and results of operations.

Noise legislation

The European Commission adopted 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

Our products are certified in all markets in which they are sold and compliance is achieved through vehicle certification in respective countries. Many countries use, and in many instances adopted into their own regulatory frameworks, the regulations and technical requirements provided through the United Nations Economic Commission for Europe ("UN-ECE") series of vehicle regulations.

Vehicles sold in Europe are subject to vehicle safety and environmental regulations established by both the European Union and by individual member states, if any. Following the incorporation of the United Nations standards commenced in 2012, the European Commission requires new model cars to have electronic stability control systems and has introduced regulations relating to low-rolling resistance tyres, tyre pressure monitoring systems and requirements for heavy vehicles to have advanced emergency braking systems and lane departure warning systems. The latest mandatory measures include safety belt reminders for more that the driver seat, electric car safety requirements, easier child seat anchorages, and in the near future, regulated control on software updates, cyber security, automatic lane keeping systems are being introduced.

NHTSA issues Federal Motor Vehicle Safety Standards covering a wide range of vehicle components and systems such as occupant protection, seatbelts, brakes, windshields, tyres, steering columns, displays, lights, door locks, side impact protection and fuel systems. NHTSA has recently added, in addition to the technical requirements United States Federal Motor Vehicle Safety Standard ("FMVSS") requirements, voluntary agreements relating to Autonomous Emergency Brake system installation and Rear Seat Reminder Systems.

Failure to meet product regulated requirements in any jurisdiction will likely require some form of product recall to remedy the compliance failure. The financial cost and impact on consumer confidence of such recalls can be significant depending on the nature of the deficiency, repair required and the number of vehicles affected. The different standards applicable across the territories or countries increase the cost and complexity of designing and producing vehicles and equipment.

Regulations continue to evolve, there are methods and processes in place to monitor regulatory developments and ensure these are captured, internally communicated and design and engineering completed which consider all regulated requirements.

On 22 June 2017, we filed a noncompliance report after determining that approximately 126,127 Jaguar vehicles do not fully comply with FMVSS No. 135, Light Vehicle Brake Systems, as the brake fluid warning statement label on the subject vehicles is not permanently affixed as required. Instead, we installed a label that fits over the neck of the brake fluid reservoir that can be removed when the brake fluid reservoir cap is removed. On 20 July 2017, we petitioned the NHTSA for a decision that the subject noncompliance is inconsequential as it relates to motor vehicle safety for the following reasons, among others:

1. The installed label will not fall off or become displaced during normal vehicle use or operation.

2. The installed label is only able to be removed when the brake fluid reservoir cap is displaced which, based on routine maintenance schedules, is once every 3 years in service.

3. We have not received any customer complaints on this issue.

4. There have been no accidents or injuries as a result of this issue.

5. Vehicle production has been corrected to fully conform, with a new filler cap.

In April 2019, NHTSA granted the above mentioned petition.

NHTSA continue to raise enquiries relating to reports of product safety matters. More recently, NHTSA has been actively reviewing post recall remedy issues through their Recall Query (RQ) process. In June 2019 NHTSA requested information relating to reports of fuel leaks from the fuel tank outlet flange/dust cover. All NHTSA enquiries are published and are in the public domain.

While vehicle safety regulations in Canada are similar to those in the United States, many other countries have different requirements. 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 European Union legislation. In 2008, GTRs on electronic stability control, head restraints and pedestrian protection were each adopted by the United Nations World Forum for the Harmonisation of Vehicle Regulations, and as of the date of this Offering Memorandum are 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.

The effect of Brexit on vehicle certification and type approval in the United Kingdom and European Union is clear and implementation of the changes required to accommodate this have now been completed. The European Union has issued regulation to facilitate a transition from the 28 member state system permitting transfer to one of the remaining member state approval authorities. The UK Government has introduced legislation allowing proof of compliance from the European Union to be accepted in the United Kingdom for a limited period of time whilst the United Kingdom implements its system of vehicle certification and type approval.

BOARD OF DIRECTORS AND BOARD OF 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 board of 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
Natarajan Chandrasekaran …	Non-Executive Director and Chairman	2 June 1963	2017
Professor Sir Ralf D. Speth ..	Non-Executive Director and Vice Chairman	9 September 1955	2020
Thierry Bolloré ………………	Chief Executive Officer and Director	30 May 1963	2020
Nasser Mukhtar Munjee ……	Non-Executive Independent Director	18 November 1952	2012
Andrew M. Robb ……………	Non-Executive Independent Director	2 September 1942	2009
Pathamadai Balaji ………….	Non-Executive Director	9 September 1969	2017
Hanne Sorensen …………….	Non-Executive Director	18 September 1965	2018

Set out below is a short biography of each of the members of our board of directors.

Natarajan Chandrasekaran (Non-Executive Director and Chairman)**:** Mr Chandrasekaran is Chairman of the Board of Tata Sons, the holding company, and promoter of more than 100 Tata operating companies, including Tata Motors, Tata Power and Tata Consultancy Services—of which he was Chief Executive from 2009—2017. He joined the Tata Sons Board in October 2016 and was appointed Chairman in January 2017.

Professor Sir Ralf D. Speth (Non-Executive Director and Vice Chairman)**:** Professor Sir Speth joined Jaguar Land Rover as Chief Executive on 18 February 2010. In the same month, he was appointed to the Board of Tata Motors, from which he subsequently stepped down, and in 2016, to the Board of Tata Sons. Prior to joining Jaguar Land Rover, Professor Sir Speth was a director at The Linde Group, the international industrial gases and engineering company. Previously, he worked at BMW for 20 years before joining Ford Motor Company's Premier Automotive Group (PAG) in 2007. Professor Sir Speth has a doctorate in engineering and is a professor of the University of Warwick. The Royal Academy of Engineering invited him to join its Fellowship in 2014. In 2015, Professor Sir Speth was awarded an Honorary Knighthood of the British Empire. In September 2020, Professor Sir Speth was nominated as a Non-Executive Director and Vice Chairman of Jaguar Land Rover Board of Directors following his retirement as Chief Executive Officer, while continuing his role on the Supervisory Board of Tata Sons Ltd.

Thierry Bolloré (Chief Executive Officer)**:** Mr Thierry Bolloré joined Jaguar Land Rover as Chief Executive Officer on 10 September 2020 and was subsequently appointed to the Board of Tata Motors. Prior to joining Jaguar Land Rover, Mr Bolloré worked at Groupe Renault as the Global OEM's Industry and Supply Chain Group EVP in 2012, Chief Competitive Officer in 2013 before becoming Chief Operating Officer in 2018 and finally Chief Executive Officer in the same year. While at Groupe Renault, Mr Bolloré was also a member of the Groupe Renault Executive Committee while also sitting on the Board of Directors for both Avtovaz and DRAC (Dong Feng Renault Automotive Company). Previously, he worked at Michelin for 12 years before joining the global automotive supplier Faurecia in 2005 as Vice President, Asia, Exhaust Systems Product Group, based in China and he then held a variety of senior positions including worldwide Vice President in charge of Industry, Quality and Purchasing for Faurecia Emissions Control Technologies (FECT). Mr Bolloré holds an MBA from Paris-Dauphine University, specialising in Finance.

***Nasser Mukhtar Munjee (Non-Executive Independent Director)*:** Mr Munjee was appointed in June 2008 to the Board of Tata Motors Limited, from which he has subsequently stepped down. He is also on the Board of Tata Chemicals and several international companies operating in India, including ABB, HDFC and Cummins. Mr Munjee is Chairman of Tata Motor Finance, Tata Motors Limited Audit Committee, DCB Bank and the Aga Khan Foundation (India). Prior to this, he was president of the Bombay Chamber of Commerce and Industry. He established the Infrastructure Development Finance Company in India and was its CEO for seven years.

***Andrew M. Robb (Non-Executive Independent Director)*:** Mr Robb is Chairman of Tata Steel Europe. He was a director of Pilkington Group plc until 2003, having held the position of Finance Director from 1989 to 2001. Prior to this, from 1983 he was Finance Director of the Peninsular and Oriental Steam Navigation Company. Mr Robb has served on a number of PLC boards as a non-executive director.

***Pathamadai Balaji (Non-Executive Director)*:** Mr Balaji serves as Group Chief Financial Officer of Tata Motors Group. Prior to this, he was the Vice President Finance for South Asia and Chief Financial Officer of Hindustan Unilever Limited. Mr Balaji started as a management trainee at Unilever in May 1993.

***Hanne Sorensen (Non-Executive Director)*:** Ms Sorensen was appointed to the board of directors in 2018. She is also currently a member of the board of directors of Ferrovial S.A., Sulzer Limited, LafargeHolcim Limited and Delhivery Private Limited. From 1994 until 2016, Ms Sorensen was engaged in various roles within the A.P. Moller—Maersk A/S Group in Denmark.

Jaguar Land Rover Limited Board of Directors

The following table provides information on the select members of our board of management team:

Year Appointed in Current

Name	Position	Date of Birth	Year Appointed in Current Position
Thierry Bolloré	Chief Executive Officer and Director	30 May 1963	2020
Adrian Mardell	Chief Financial Officer	1 July 1961	2019
Nigel Blenkinsop	Executive Director, Company Quality and Customer Satisfaction	8 May 1970	2020
Nick Collins	Executive Director, Vehicle Programmes	11 December 1974	2020
Hanno Kirner	Executive Director, Corporate and Strategy	23 November 1970	2016
Grant McPherson	Executive Director, Manufacturing	18 March 1966	2018
David Owen	Executive Director, Global Purchasing	5 January 1971	2020
Qing Pan	President, Jaguar Land Rover China	20 April 1967	2017
Nick Rogers	Executive Director, Product Engineering	25 December 1969	2015
David Michael Williams	Executive Director, HR	19 July 1972	2020
Hanne Sorensen	Non-Executive Director	18 September 1965	2018
Gerry McGovern	Chief Creative Officer	23 September 1955	2021

Set out below is a short biography of each of the members of our board of management team:

***Thierry Bolloré (Chief Executive Officer and Director)*:** Thierry Bolloré was appointed Chief Executive Officer in September 2020. For biographical information, please see "—Board of Directors."

***Adrian Mardell (Chief Financial Officer)*:** Mr Mardell was appointed Chief Financial Officer of Jaguar Land Rover in June 2019. Mr Mardell leads the financial management of the business to deliver shareholder value and our growth ambitions. Responsibilities include corporate finance, treasury, financial reporting, accounting, tax, internal control and business support. Mr Mardell joined Jaguar Land Rover in November 1990, and has held a number of roles within the company, mainly Finance related. Between 2008 and 2016 he served as Deputy CFO and Operations Controller and subsequently became the Chief Transformation Officer of the Company. Mr Mardell is a Chartered Accountant.

***Nigel Blenkinsop (Executive Director, Company Quality and Customer Satisfaction)*:** Mr Blenkinsop was appointed Executive Director, Company Quality and Customer Satisfaction in October 2020. Mr Blenkinsop joined Jaguar Land Rover in 2012 as Director of Powertrain Manufacturing and subsequently held positions of Director of Quality and Automotive Safety and Operations Director of the Solihull Manufacturing plant. Prior to this, Mr Blenkinsop held senior positions at BAE and Ford Motor Company. Mr Blenkinsop graduated from the University of Bradford with a degree in Electrical and Electronic Engineering and later gained a MSc in Engineering Business Management from the University of Warwick. Since 2017, Mr Blenkinsop has served as a member of the Shingo Executive Advisory Board and in 2019 he joined the International Automotive Task Force as Jaguar Land Rover's nominated representative. Mr Blenkinsop is also a member of the Institute of Engineering Technology and The Manufacturers' Organisation, MAKE UK.

***Nick Collins (Executive Director, Vehicle Programmes)*:** Mr Collins was appointed Executive Director, Vehicle Programmes in October 2020. Mr Collins joined Jaguar Land Rover in March 2015 as Vehicle Line Director, with responsibility for the ongoing success of the Range Rover, Range Rover Sport, Discovery and the introduction of New Defender. Mr Collins started his career at Ford Motor Company in 1993 holding senior positions in Product Development (including: Chief Programme Engineer for Fiesta ST, Manager of Strategy & Innovation, Director of Business Associations and Global Vehicle Line Director). Mr Collins graduated from Nottingham University with a degree in Mechanical Engineering and later gained an MBA from Henley Management College.

***Hanno Kirner (Executive Director, Corporate and Strategy)*:** Mr Kirner was appointed Executive Director, Corporate & Strategy in 2016. Mr Kirner's focus is on the development of corporate strategies to deliver the company's growth ambitions. His global responsibilities include leadership of Corporate Strategy, Product Strategy, Global Financial Services, IT, the LEAP transformation programme, Royal & Diplomatic Affairs and the Special Operations division. Mr Kirner joined us from Rolls Royce plc where he was Chief Financial Officer for the Land & Sea Division. Previously, he held a number of positions including Chief Financial Officer at Aston Martin and Director of Finance and IT at Rolls Royce Motor Cars.

***Grant McPherson (Executive Director, Manufacturing)*:** Mr McPherson was appointed Executive Director, Manufacturing in 2018. Mr McPherson is responsible for the manufacturing operations side of the business, ensuring optimum efficiency to deliver world-class safety, quality, cost and environmental standards. Mr McPherson joined Jaguar Land Rover in May 2011 prior to which, he held a number of positions at Honda UK manufacturing, working his way up from General Manager in 1993 to Quality and New Model Director in 1999.

***David Owen (Executive Director, Supply Chain)*:** Mr Owen was appointed as Executive Director, Supply Chain in July 2020. For the two preceding years Mr Owen was Operations Director at Jaguar Land Rover's Solihull advanced manufacturing plant. From 1993, Mr. Owen enjoyed 25 years of purchasing experience in a variety of technical, project management, strategy and commercial roles. Following the acquisition of Jaguar and Land Rover by Tata in 2008, Mr Owen took on responsibility for production and aftermarket parts purchasing. Before joining Jaguar Land Rover, Mr Owen worked in a number of senior management roles within Ford Motor Company. Mr Owen graduated with a B.Eng (Hons) in Manufacturing and Business Studies from Coventry University, and has undertaken leadership development programmes at London Business School and Cranfield School of Management.

***Qing Pan (President, Jaguar Land Rover China)*:** Mr Pan was appointed to the Global Board of Management of Jaguar Land Rover, to the position of President, Jaguar Land Rover China and to the Board of Directors of Chery Jaguar Land Rover in 2017. Mr Pan leads the continued expansion of the Jaguar Land Rover business in China, including our joint venture, Chery Jaguar Land Rover. He is accountable for the profit performance of Jaguar Land Rover's combined import and local business in China and leading the company's vision and strategic development in the region.

***Nick Rogers (Executive Director, Product Engineering)*:** Mr Rogers was appointed Executive Director, Product Engineering in 2015. Mr Rogers has more than 30 years of automotive engineering and manufacturing experience. He oversees all aspects of research and engineering and ensures the development and delivery of new product technology across Jaguar and Land Rover. He has overseen the development of current vehicle architectures and delivered products including the launch of the Range Rover and Range Rover Sport in 2012/2013, and was Chief Engineer for the launch of the Land Rover Discovery 3 and original Range Rover Sport in 2004/2005.

***David Michael Williams (Executive Director, HR)*:** Mr Williams was appointed Executive Director of Human Resources in July 2020. Mr Williams has been a HR Director at Jaguar Land Rover since 2008 acting in various roles including Deputy HR Director from 2016, reporting to the former HR Board Director. Mr Williams joined Jaguar Land Rover in 2007 as Head of Employee Relations at Solihull Manufacturing Operations and became HR Director of Global Marketing, Sales and Service in 2008. Before Jaguar Land Rover, Mr Williams started his HR career with Ford in 1998, responsible for Dagenham Transport Operations and spent the next eight years working in various roles across HR including the British and European Marketing and Sales Organisations, UK Parts and Service Operations and Manufacturing. Mr Williams has a Masters in Personnel Management from University of the West of England and a BA in Business Admin from Middlesex University.

***Hanne Sorensen (Non-Executive Director)*:** Ms Sorensen was appointed to the board of directors in 2018. She is also currently a member of the board of directors of Ferrovial S.A., Sulzer Limited, LafargeHolcim Limited and Delhivery Private Limited. From 1994 until 2016, Ms Sorensen was engaged in various roles within the A.P. Moller—Maersk A/S Group in Denmark.

***Gerry McGovern (Chief Creative Officer)*:** Professor Gerry McGovern's current tenure at Land Rover began in 2004 with his appointment as Director. Since then his position has grown to include the role of Chief Creative Officer, Land Rover and an Executive member of the Jaguar Land Rover Board. He began his career at Chrysler in the UK, followed by a stint in Detroit, before returning to the UK as a Senior Designer for Peugeot and later joining the Rover Group. McGovern then moved to the Ford Motor Company to head up and rejuvenate the Lincoln-Mercury brands, setting up studios in Detroit and Irvine, California, before re-joining Land Rover. Having completed a degree in industrial design at Coventry University, McGovern went on to study for a Masters at the Royal College of Art in London, specialising in automotive design. In 2016 McGovern was awarded Honorary Doctor of Arts by Coventry University. In 2020 McGovern was recognised as an Officer of the Order of the British Empire by Her Majesty The Queen.

Compensation of Key Management Personnel

The following table shows the short-term benefits paid to the key management personnel of the Issuer in Fiscal 2020 and Fiscal 2021.

	Fiscal year ended 31 March		
	2019	**2020**	**2021**
	(£ in millions)		
Short-term benefits	10	10	15
Post-employment benefits	1	—	2
Share-based payments	—	—	—
Other long-term employee benefits	—	3	2
Compensation for loss of office	—	1	—
Total	**11**	**14**	**19**

Board Practices

The Board typically consists of one executive director and four non-executive directors of whom two are independent non-executive directors. As of the date of this Offering Memorandum, the Board currently consists of one executive director and four non-executive directors, of whom two are independent.

The roles of the Chairman and the Chief Executive Officer are distinct and separate with appropriate powers being delegated to the Chief Executive Officer to perform the day-to-day activities of the Group.

The Board, along with its committees, provides leadership and guidance to our management, particularly with respect to corporate governance, business strategies and growth plans, the identification of risks and their mitigation strategies, entry into new businesses, product launches, demand fulfilment and capital expenditure requirements, and the review of our plans and targets.

The Board has delegated powers to the committees of the Board through written/stated terms of reference and oversees the functioning operations of the Committees through various circulars and minutes. The Board also undertakes the Group's subsidiaries' oversight functions through review of their performance against their set targets, advises them on growth plans and, where necessary, gives strategic guidelines.

Committees

Audit Committee

The Audit Committee independently reviews the adequacy and effectiveness of risk management across the Group, together with the integrity of the financial statements, including a review of the significant financial reporting judgments contained in them. It is comprised of three directors, at least one of whom has recent and relevant experience.

The scope of the Audit Committee includes:

- Reviewing the annual and all interim financial statements prior to submission to the Board and the shareholders, with particular reference to:
    - critical accounting policies and practices and any changes to them, related party transactions and contingent liabilities;

  - audit, legal, tax and accounting updates;

  - unusual or exceptional transactions;

  - major accounting entries involving estimates based on the exercise of judgment, including provisions for impairment and other major items; and

  - the auditors' report and any qualifications or emphases therein, taking particular note of any audit differences or adjustments arising from the audit.

- Reviewing the effectiveness of financial reporting, internal control and risk management procedures within the Group (which extends to all associates and joint venture companies), such review considering compliance with the provisions of Section 404 of the Sarbanes-Oxley Act and other relevant regulations and disclosures from the Chief Executive Officer or Chief Financial Officer. Also, the review should pay particular reference to any material weaknesses or significant deficiencies in the design or operation of the Group's internal controls over financial reporting that are reasonably likely to adversely affect the Group's ability to record, process and report financial data and to receive reports from the external and internal auditors with respect to these matters.

- Assessing the reliability and integrity of the Group's accounting policies and financial reporting and disclosure practices and processes.

In relation to internal audits, the Audit Committee has responsibility to:

- review on a regular basis the adequacy of internal audit functions, including the internal audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and the frequency of internal audits;

- review the regular internal reports to management prepared by the internal audit department as well as management's response thereto;

- review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board;

- discuss with internal auditors any significant findings and follow-up thereon; and

- review internal audit reports relating to internal control weaknesses. In relation to external auditors, the Audit Committee has responsibility to:

- oversee the appointment of the external auditors, approve their terms of engagement, including fees, and the nature and scope of their work, and consider when the external audit should be put out to tender;

- review their performance and independence every year and pre-approve any provision of non-audit services by the external auditors;

- review the significant audit issues identified by the external auditors and how they have been addressed in the financial statements;

- establish a clear hiring policy in respect of employees or former employees of the external auditors and monitor the implementation of that policy; and

- evaluate the external auditors by reviewing annually the firm's independence, its internal quality control procedures, any material issues raised by the most recent quality control or peer review of the firm, and the findings of any enquiry or investigation carried out by government or professional bodies with respect to one or more independent audits carried out by the firm within the last five years.

In relation to subsidiary company oversight, the Audit Committee has responsibilities to:

- oversee the operation and maintenance of procedures for receiving, processing and recording complaints regarding accounting, internal controls or auditing matters and for the confidential submission by employees of concerns regarding allegedly questionable or illegal practices. The Audit Committee shall ensure that these arrangements allow independent investigation of such matters and appropriate follow-up action;

- oversee controls designed to prevent fraud and review all reports of instances of fraud;

- satisfy itself that Group policy on ethics is followed and review any issues of conflict of interest, ethical conduct or compliance with law, including competition law, brought to its attention;

- oversee legal compliance in the Group; and

- conduct and supervise such investigations or enquiries as the Board may require.

Remuneration Committee

The Remuneration Committee is comprised of members appointed by our board of directors. The Remuneration Committee may, at the Group's expense, obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The scope of the Remuneration Committee is to:

- review and approve any proposals regarding the remuneration (including base salary, bonus, long-term incentives, retention awards and pension arrangements) of all employees at leadership level 2 and above;

- review and approve all bonus plans and long-term incentive plans at leadership level 5 and above (including the structure of the plans, and whether, and at what level, the plans should pay out);

- review and approve changes to any defined benefit pension plans; and

- regularly review independent data regarding the competitive position of salaries and benefits and make recommendations, as appropriate.

Executive Committee

The Executive Committee is comprised of the Chief Executive Officer and his direct reports. The objective of the Executive Committee is to provide strategic management, to achieve business results and to ensure compliance and control using various assurance tools and functions such as an independent internal audit function, a risk and assurance committee and a legal compliance office.

The Executive Committee is responsible for the executive management of the business and the strategic direction of the Group. It is also responsible for risk management across the Group, the communication of policy requirements and the review and approval of the risk management policy and framework. The Executive Committee identifies strategic risk, debates strategies and commits the allocation of key resources to manage key and emerging risk factors. Within this role, the Executive Committee defines, sponsors, supports, debates and challenges risk management activity across our Group.

Risk and Assurance Committee

The Risk and Assurance Committee is responsible for the on-going development and co-ordination of the system of risk management as well as the consolidation, challenge and reporting of all risk management information. It provides support and guidance on the application of risk management and controls assurance across the Group.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders of the Issuer

As at 31 March 2021, 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 March 2021, the following organisation held direct and indirect interests in voting rights equal to or exceeding 3% of the ordinary share capital of our holding company, TMLH:

Name of shareholder of TMLH	Number of ordinary shares	%
Tata Motors Limited (India)	2,511,659,418	100

Major Shareholders of Tata Motors

Tata Motors Limited is a widely held, listed company with approximately 2,038,757 shareholders of ordinary shares and 244,401 shareholders of 'A' ordinary shares of record, as at 31 March 2021. 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 March 2021, the largest shareholder of Tata Motors Limited was Tata Sons and its group companies, which held 46.33% of the voting rights.

Related Party Transactions

Our related parties include Tata Sons, subsidiaries and joint ventures of Tata Sons, which includes Tata Motors Limited (the ultimate parent company), subsidiaries, joint ventures and associates of Tata Motors Limited. We routinely enter into transactions with our related parties in the ordinary course of business, including transactions for the sale and purchase of products with our joint ventures and associates.

All transactions with related parties are conducted under normal terms of business and all amounts outstanding are unsecured and will be settled in cash.

The following table summarises related party transactions and balances not eliminated in the 2021 and 2020 Consolidated Financial Statements.

	Fiscal year ended 31 March							
	2020				2021			
	With joint ventures of the Group	With associates of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries, joint ventures and associates	With joint ventures of the Group	With associates of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries, joint ventures and associates
	(£ in millions)							
Transactions during the period:								
Sale of products	217	—	2	54	284	—	2	15
Purchase of goods	—	—	1	120	—	—	1	72
Services received	—	3	150	91	—	1	123	68
Dividends received	67	—	—	—	—	—	—	—
Services rendered	111	—	—	1	111	—	—	1
Investments in the year	67	6	—	—	—	—	—	—
Balances as at period end:								
Trade and other receivables	67	—	1	20	48	—	1	32
Accounts payable	—	—	11	48	—	—	13	43

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 after giving effect to the offering of the Notes hereby. 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."

December 2020 Notes—$650 million notes due 2028

On 8 December 2020, the Issuer issued the December 2020 Notes, comprising $650 million 5.875% notes due 2028, in an offering that was not subject to the registration requirements of the US Securities Act. The December 2020 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 (together, the "December 2020 Guarantors").

The December 2020 Notes and the guarantees thereof are general unsecured, senior obligations of the Issuer and the December 2020 Guarantors, as applicable, and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the December 2020 Guarantors, as applicable, that is expressly subordinated in right of payment to the December 2020 Notes and such guarantees, as applicable; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the December 2020 Guarantors, as applicable, that is not expressly subordinated (and is not senior) in right of payment to the December 2020 Notes and such guarantees, as applicable, which include the January 2013 Notes, the January 2014 Notes, the February 2015 Notes, the January 2017 Euro Notes, the October 2017 Notes, the September 2018 Notes and the November and December 2010 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and the December 2020 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.

The Issuer may redeem all or part of the December 2020 Notes at any time and from time to time on or after 15 January 2024, and prior to maturity, upon not less than 10 nor more than 60 days' written notice, at the following redemption prices (i) commencing on 15 January 2024, at 102.9375%, (ii) commencing on 15 January 2025, at 101.4687%, and (iii) commencing on 15 January 2026 and thereafter, at 100.000%.

At any time and from time to time prior to 15 January 2024, the Issuer may redeem all or part of the December 2020 Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the redemption date, plus the "make-whole" premium and any additional amounts, if withholding or deduction is required by law, 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. At any time and from time to time prior to 15 January 2024, upon not less than 10 nor more than 60 days' written notice, the Issuer may redeem up to 40% of the December 2020 Notes with the net cash proceeds from certain equity offerings at the redemption price of 105.875% plus accrued interest and any additional amounts as described in this paragraph, so long as at least 60% of the initially issued principal amount of the December 2020 Notes remains outstanding after the redemption and the redemption occurs within 180 days after the closing of such equity offerings.

If an event treated as a Change of Control Repurchase Event (as defined in the indenture governing the December 2020 Notes) of the Issuer occurs, then each holder of the December 2020 Notes has the right to require that the Issuer repurchase such holder's December 2020 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 (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The December 2020 Notes are also subject to certain customary covenants and events of default, and an additional limitation on liens in respect of Specified Indebtedness (as defined in the relevant indenture) from the date of the relevant indenture until (but excluding) the second anniversary thereof.

October 2020 Notes—$700 million notes due 2025

On 13 October 2020, the Issuer issued the October 2020 Notes, comprising $700 million 7.750% notes due 2025, in an offering that was not subject to the registration requirements of the US Securities Act. The October 2020 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 (together, the "October 2020 Guarantors").

The October 2020 Notes and the guarantees thereof are general unsecured, senior obligations of the Issuer and the October 2020 Guarantors, as applicable, and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the October 2020 Guarantors, as applicable, that is expressly subordinated in right of payment to the October 2020 Notes and such guarantees, as applicable; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the October 2020 Guarantors, as applicable, that is not expressly subordinated (and is not senior) in right of payment to the October 2020 Notes and such guarantees, as applicable, which include the January 2013 Notes, the January 2014 Notes, the February 2015 Notes, the January 2017 Euro Notes, the October 2017 Notes, the September 2018 Notes and the November and December 2019 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and the October 2020 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.

The Issuer may redeem all or part of the October 2020 Notes at any time and from time to time on or after 15 October 2022, at the following redemption prices (i) commencing on 15 October 2022, at 103.875%, (ii) commencing on 15 October 2023, at 101.938%, and (iii) commencing on 15 October 2024 and thereafter, at 100.000%.

At any time and from time to time prior to 15 October 2022, the Issuer may redeem all or part of the October 2020 Notes 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. At any time and from time to time prior to 15 October 2022, the Issuer may redeem up to 40% of the October 2020 Notes with the net cash proceeds from certain equity offerings at the redemption price of 107.750% plus accrued interest, so long as at least 60% of the initially issued principal amount of the October 2020 Notes remains outstanding after the redemption.

If an event treated as a Change of Control Repurchase Event (as defined in the indenture governing the October 2020 Notes) of the Issuer occurs, then each holder of the October 2020 Notes has the right to require that the Issuer repurchase such holder's October 2020 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 2020 Notes are also subject to certain customary covenants and events of default, and an additional limitation on liens in respect of Specified Indebtedness (as defined in the relevant indenture) from the date of the relevant indenture until (but excluding) the second anniversary thereof.

November and December 2019 Notes—€500 million notes due 2024 and €500 million notes due 2026

On 26 November 2019, the Issuer issued the November 2019 Notes, comprising €500 million 5.875% notes due 2024 and €300 million 6.875% notes due 2026, in an offering that was not subject to the registration requirements of the US Securities Act. In addition, on 20 December 2019, the Issuer issued additional notes in the aggregate principal amount of €200 million constituting a single series with the €300,000,000 6.875% Senior Notes due 2026 issued 26 November 2019, in an offering that was not subject to the registration requirements of the US Securities Act (together with the November 2019 Notes, the "November and December 2019 Notes").

The November 2019 Notes are governed by an indenture and the December 2019 Notes are governed by a supplemental indenture to the indenture governing the November 2019 Notes, both 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 (together, the "November and December 2019 Guarantors").

The November and December 2019 Notes and the guarantees thereof are general unsecured, senior obligations of the Issuer and the November and December 2019 Guarantors, as applicable, and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the November and December 2019 Guarantors, as applicable, that is expressly subordinated in right of payment to the November and December 2019 Notes and such guarantees, as applicable; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the November and December 2019 Guarantors, as applicable, that is not expressly subordinated (and is not senior) in right of payment to the November and December 2019 Notes and such guarantees, as applicable, which include the January 2013 Notes, the January 2014 Notes, the February 2015 Notes, the January 2017 Euro Notes, the October 2017 Notes, the September 2018 Notes and the October 2020 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and the November and December 2019 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.

The Issuer may redeem November and December 2019 Notes of any series at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption. A "make whole" redemption premium is also payable if November and December 2019 Notes of any series are redeemed before the date that is three months prior to their applicable maturity date.

If an event treated as a Change of Control Repurchase Event (as defined in the indenture governing the November 2019 Notes) of the Issuer occurs, then each holder of the November and December 2019 Notes has the right to require that the Issuer repurchase such holder's November and December 2019 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 November and December 2019 Notes are also subject to certain customary covenants and events of default.

September 2018 Notes—€500 million notes due 2026

On 14 September 2018, the Issuer issued the September 2018 Notes, comprising €500 million 4.500% notes due 2026, in an offering that was not subject to the registration requirements of the US Securities Act. The September 2018 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 (together, the "September 2018 Guarantors").

The September 2018 Notes and the guarantees thereof are general unsecured, senior obligations of the Issuer and the September 2018 Guarantors, as applicable, and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the September 2018 Guarantors, as applicable, that is expressly subordinated in right of payment to the September 2018 Notes and such guarantees, as applicable; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the September 2018 Guarantors, as applicable, that is not expressly subordinated (and is not senior) in right of payment to the September 2018 Notes and such guarantees, as applicable, which include the January 2013 Notes, the January 2014 Notes, the February 2015 Notes, the January 2017 Euro Notes, the October 2017 Notes, the November and December 2019 Notes and the October 2020 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and the September 2018 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.

The Issuer may redeem the September 2018 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. A "make whole" redemption premium is also payable if the September 2018 Notes are redeemed before the date that is three months prior to their maturity date.

If an event treated as a Change of Control Repurchase Event (as defined in the indenture governing the September 2018 Notes) of the Issuer occurs, then each holder of the September 2018 Notes has the right to require that the Issuer repurchase such holder's September 2018 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 September 2018 Notes are also subject to certain customary covenants and events of default.

October 2017 Notes—$500 million notes due 2027

On 10 October 2017, the Issuer issued the October 2017 Notes, comprising $500 million 4.500% notes due 2027, in an offering that was not subject to the registration requirements of the US Securities Act. The October 2017 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 (together, the "October 2017 Guarantors").

The October 2017 Notes and the guarantees thereof are general unsecured, senior obligations of the Issuer and the October 2017 Guarantors, as applicable, and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the October 2017 Guarantors, as applicable, that is expressly subordinated in right of payment to the October 2017 Notes and such guarantees, as applicable; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the October 2017 Guarantors, as applicable, that is not expressly subordinated (and is not senior) in right of payment to the October 2017 Notes and such guarantees, as applicable, which include the January 2013 Notes, the January 2014 Notes, the February 2015 Notes, the January 2017 Euro Notes, the September 2018 Notes, the November and December 2019 Notes and the October 2020 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and the October 2017 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.

The Issuer may redeem the October 2017 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. A "make-whole" redemption premium is also payable if the October 2017 Notes are redeemed before the date that is three months prior to their maturity date.

If an event treated as a Change of Control Repurchase Event (as defined in the indenture governing the October 2017 Notes) of the Issuer occurs, then each holder of the October 2017 Notes has the right to require that the Issuer repurchase such holder's October 2017 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 2017 Notes are also subject to certain customary covenants and events of default.

January 2017 Euro Notes—€650 million notes due 2024

On 17 January 2017, the Issuer issued the January 2017 Euro Notes, comprising €650 million 2.200% notes due 2024, in an offering that was not subject to the registration requirements of the US Securities Act. The January 2017 Euro 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 (together, the "January 2017 Euro Guarantors").

The January 2017 Euro Notes and the guarantees thereof are general unsecured, senior obligations of the Issuer and the January 2017 Euro Guarantors, as applicable, and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the January 2017 Euro Guarantors, as applicable, that is expressly subordinated in right of payment to the January 2017 Euro Notes and such guarantees, as applicable; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the January 2017 Euro Guarantors, as applicable, that is not expressly subordinated (and is not senior) in right of payment to the January 2017 Euro Notes and such guarantees, as applicable, which include the January 2013 Notes, the January 2014 Notes, the February 2015 Notes, the October 2017 Notes, the September 2018 Notes, the November and December 2019 Notes and the October 2020 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and the January 2017 Euro 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.

The Issuer may redeem the January 2017 Euro 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. A “make-whole” redemption premium is also payable if the January 2017 Euro Notes are redeemed before the date that is three months prior to their maturity date.

If an event treated as a change of control of the Issuer occurs, then each holder of the January 2017 Euro Notes has the right to require that the Issuer repurchase such holder’s January 2017 Euro 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 2017 Euro Notes are also subject to certain customary covenants and events of default.

February 2015 Notes—£400 million notes due 2023

In February 2015, the Issuer issued the February 2015 Notes, comprising £400 million 3.875% notes due 2023, in an offering that was not subject to the registration requirements of the US Securities Act. The February 2015 Notes are governed by an indenture entered into by the Issuer, as issuer, Citibank, N.A., London Branch, as trustee for the holders, and Jaguar Land Rover Holdings Limited and Jaguar Land Rover Limited, as guarantors (together, the “February 2015 Guarantors”).

The February 2015 Notes and the guarantees thereof are general unsecured, senior obligations of the Issuer and the February 2015 Guarantors, as applicable, and rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer and the February 2015 Guarantors, as applicable, that is expressly subordinated in right of payment to the February 2015 Notes and such guarantees, as applicable; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the February 2015 Guarantors, as applicable, that is not expressly subordinated (and is not senior) in right of payment to the February 2015 Notes and such guarantees, as applicable, which include the January 2013 Notes, the January 2014 Notes, the January 2017 Euro Notes, the October 2017 Notes, the September 2018 Notes, the November and December 2019 Notes and the October 2020 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and the February 2015 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.

The Issuer may redeem the February 2015 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption. A “make-whole” redemption premium is also payable if the February 2015 Notes are redeemed before the date that is three months prior to their maturity date.

If an event treated as a change of control of the Issuer occurs, then each holder of the February 2015 Notes has the right to require that the Issuer repurchase such holder's February 2015 Notes, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The February 2015 Notes are also subject to certain customary covenants and events of default.

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 (together, the "January 2014 Guarantors"), as amended by a supplemental indenture dated 9 March 2017, following a consent solicitation which was conducted in order to substantially align the covenants under the January 2014 Notes with the covenants of the January 2017 Euro Notes.

The January 2014 Notes and the guarantees thereof are general unsecured, senior obligations of the Issuer and the January 2014 Guarantors, as applicable, 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, as applicable, that is expressly subordinated in right of payment to the January 2014 Notes and such guarantees, as applicable; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the January 2014 Guarantors, as applicable, that is not expressly subordinated (and is not senior) in right of payment to the January 2014 Notes and such guarantees, as applicable, which include the January 2013 Notes, the February 2015 Notes, the January 2017 Euro Notes, the October 2017 Notes, the September 2018 Notes, the November and December 2019 Notes and the October 2020 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and the January 2014 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.

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.

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.

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 (together, the "January 2013 Guarantors"), as amended by a supplemental indenture dated 9 March 2017, following a consent solicitation which was conducted in order to substantially align the covenants under the January 2013 Notes with the covenants of the January 2017 Euro Notes.

The January 2013 Notes and the guarantees thereof are general unsecured, senior obligations of the Issuer and the January 2013 Guarantors, as applicable, 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, as applicable, that is expressly subordinated in right of payment to the January 2013 Notes and such guarantees, as applicable; rank equally in right of payment with all existing and future unsecured indebtedness of the Issuer and the January 2013 Guarantors, as applicable, that is not expressly subordinated (and is not senior) in right of payment to the January 2013 Notes and such guarantees, as applicable, which include the January 2014 Notes, the February 2015 Notes, the January 2017 Euro Notes, the October 2017 Notes, the September 2018 Notes, the November and December 2019 Notes and the October 2020 Notes; and are effectively subordinated to any secured indebtedness of the Issuer and the January 2013 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.

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.

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.

RMB 5 billion China Revolving Facility

General

Jaguar Land Rover (China) Investment Co., Ltd., as borrower entered into the China Revolving Facility, a working capital loan facility agreement dated 8 June 2020 with a syndicate of lenders to borrow up to RMB 5,000,000,000 (£554 million equivalent as at 31 March 2021) (the "China Revolving Facility Agreement"). The facility is unsecured. The purpose of the facility is to provide for the borrower's working capital requirements. As at the date of this Offering Memorandum, the facility is fully drawn.

Interest and fees

Interest: The per annum interest rate payable on any loan drawn under the China Revolving Facility is the latest one-year loan prime rate ("LPR") announced by the National Interbank Funding Centre of China on the working day before the interest rate determination date minus a margin of 0.05%. Each calendar year from 1 January 2021, the interest rate on the first loan of this calendar year is repriced by the agent with plus or minus the margin of 0.05% on the basis of the latest one-year LPR. The interest rate of each loan except for the first loan shall be fixed on the basis of the interest rate of the first loan plus or minus certain floating points.

Default interest: If any sum due by the borrower is not paid on its due date, default interest is payable on the unpaid sum at 150% of the applicable interest rate from its due date to the date of the full repayment. If any loan is misappropriated by the borrower, interest shall accrue on the misappropriated loan at 200% of the applicable interest rate, from the date of the commencement of the misappropriation to the end date of the misappropriation. If the loan is both overdue and misappropriated, then the interest rate accrued shall be the higher of the two.

Fees: An annual syndication fee to the facility agent is payable by the borrower.

Repayment and prepayment

Annual review: Each lender shall conduct an annual review of the relevant approval and if there is an inconsistency between the annual review and the original approval of the China Revolving Facility Agreement for one or more lenders, the agent may decide to adjust the agreement to address any such inconsistencies, provided all lenders agree to this adjustment. It shall not be deemed that the lender has defaulted under the agreement if any lender did not pass the annual review. The borrower signs a supplementary agreement with all lenders to give effect to any adjustment.

Repayments: The outstanding principal of each loan under the facility is repayable on the day immediately prior to the date falling one (1) year of the drawdown of the loan. The term of the facility is 36 months and further loans may be extended through this period subject to the total credit limit.

Mandatory prepayments: The funds recovery account ("Funds Recover Account") is the main operating account used by the borrower to deposit its income from its major business. Pursuant to the China Revolving Facility Agreement the agent (at the instruction of all the lenders) is entitled, in the event of abnormal activity in the Funds Recovery Account, to request that the borrower prepay the loan.

In the event of a change of control of the borrower, the borrower is required to notify the agent as soon as it becomes aware of the matter. Any change of control will require the consent of all lenders, and any change of control that occurs without the consent of all lenders would constitute a mandatory prepayment event (but not an event of default) under the facility. "Change of control" for these purposes means Jaguar Land Rover Automotive PLC ceasing to directly or indirectly control the borrower.

Voluntary cancellations and prepayments: The borrower may voluntarily prepay all or any part of the facility on ten business days' notice or voluntarily cancel all or any part of the facility on five business days' notice (both subject to a minimum of RMB 10,000,000 and integral multiple of RMB 5,000,000). In the event of cancellation of the total commitments (that is the aggregate amount of each lender's commitments), the commitments of each lender are reduced pro-rata.

Redrawings: No total commitments that are cancelled can be reinstated, but new loans can be extended (subject to credit limit therein and the term of the China Revolving Facility Agreement).

Representations and Undertakings

The representations and undertakings in the China Revolving Facility Agreement apply only to the borrower.

Representations: The borrower makes various representations on the date of the China Revolving Facility Agreement (and in the case of certain representations, at various regular points thereafter) including as to: its legal status; the corporate power of the borrower to enter into the agreement; all authorisations and permits required in relation to the agreement having been obtained; timely reporting its annual report to the administration of market regulation; binding effects of the finance documents; no event of default existing under the agreement; no legal proceedings with material adverse effects; no violation or conflict with other agreements, corporate governance documents and laws arising by executing and performing the agreement; no winding-up or bankruptcy; no judicial immunity enjoyed by the borrower; information disclosed in an information memorandum (relating to the agreement) is accurate and does not omit any information which has or is likely to have a material adverse effect; *pari passu* ranking of its obligations under the agreement with other unsecured or unsubordinated claims; compliance with laws; and no circumstance or event occurring which has a material adverse effect.

Restricted matters: The borrower makes various restrictions on the date of the China Revolving Facility Agreement to the date on which all obligations of the borrower thereunder are fully performed (and in the case of certain restrictions, at various regular points thereafter) including as to: ensuring no security interest is created over any of its assets (without consent from all lenders); prohibition on division or mergers (without majority lender consent); not disposing of any of its assets by way of decreasing its abilities to perform obligations under the syndication loan agreement (without majority lender consent); not reducing its capital contribution (without majority lender consent); not incurring other indebtedness or making external investments unless permitted under the agreement; restriction on dividend distributions where the ratio of debt to total assets is or exceeds 60%; all its working capital financing not exceeding its actual financial needs; and ensuring that any subsequent financing does not have conditions more favourable to the subsequent lender than the conditions of the agreement.

General and information undertakings: There are various positive and negative undertakings with which the borrower must comply such as: *pari passu* ranking of its obligations under the China Revolving Facility Agreement; legal status and corporate power; compliance with law; obtaining necessary governmental authorisations; timely reporting its annual report to the administration of market regulation; maintain necessary insurance policy; provision of monthly, bi-annual and annual (audited) financial statements of the borrower; notification of defaults and change of shareholding structure of the borrower; notification of legal proceedings relating to the borrower in an amount equal to RMB 10,000,000 or more; and provision of information of connected transactions involving 10% or more of the borrower's net assets.

Compliance with Financial Targets: The facility requires (i) operating profit to remain positive in each financial year during the term of the China Revolving Facility Agreement and (ii) that the ratio of debt to total assets be less than 60% (reported monthly) with a three-month remediation period in the case of (ii).

Set off: The borrower is not permitted to set-off. During a continuing event of default, lenders can set off the amount in any account opened by the borrower with such lender and transfer such amount to the agent for allocation to the lender's accounts.

Transferability: The borrower may not transfer any of its rights and/or obligations under the China Revolving Facility Agreement. Any lender may assign or transfer any of its rights and/or obligations to another financial institution with ten business days' notice to the borrower and agent. The borrower must provide written consent to any such transfer, with its consent deemed given if the borrower does not expressly disapprove of the transfer within three business days after receiving notice of the transfer.

Events of default

The China Revolving Facility Agreement sets out various events of default, the occurrence of which allows the lenders to cancel the facility, place the facility on demand or demand immediate repayment of the facility. The agent, at the instruction of the majority of the lenders, may waive or agree to a remedy for the default. Such events of default include (subject in certain cases to grace periods, thresholds and other qualifications): non-payment by the borrower of sums due from it; misappropriation or material misrepresentation; breach of other obligations; cross default with respect to the financial debt of the borrower; liquidation or bankruptcy events relating to the borrower; enforcement events against any asset of the borrower not discharged within 30 business days; failure to meet financial targets; occurrence of an event with material adverse effects; unenforceability or invalidity of the finance documents and the borrower is listed in certain sanctions lists.

Security and guarantees

There is no security given to support the facility. Jaguar Land Rover Automotive PLC provides a letter of comfort (that does not constitute any guarantee, security, indemnity or other binding legal, equitable or otherwise enforceable obligation) pursuant to the facility which outlines that a change of control is not intended during the term of the facility and that it shall use reasonable commercial efforts to coordinate and assist the borrower to obtain the necessary funds in order for the borrower to fulfil its obligations in connection with the facility as they fall due, in the event the borrower is unable to repay the principal and/or interest or any other payment obligations in respect of the facility.

Governing law

The China Revolving Facility Agreement is governed by the laws of the People's Republic of China.

Revolving Credit Facility

General

The Issuer as borrower entered into a revolving facility agreement dated 29 July 2015 with a syndicate of lenders. The facility agreement was revised and restated on 28 July 2017 and further revised by a number of lender increase agreements, the most recent of which was dated 2 July 2021. Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facility agreement as guarantors (together with the Issuer, the "obligors"). The facility is unsecured. The facility size is £2,015 million with an accordion option on the part of the Issuer to increase the facility to up to £2,500 million. The purpose of the facility is to provide for the borrower's general corporate purposes. As at the date of this Offering Memorandum, the facility is undrawn.

Interest and fees

Interest: The per annum interest rate payable on any loan drawn under the revolving facility is sterling LIBOR (subject to a zero floor) plus an applicable margin. In the event that LIBOR is not capable of being determined for a particular period, or at all, the document provides for fallbacks first to an interpolation of LIBOR for alternative periods if they are available, second to LIBOR rates to be provided by certain designated reference banks and finally individual lender's costs of funds. Where there is a continuing event of default or the borrower has no long-term, unsecured corporate credit rating, the margin is 1.65% per annum. Where the foregoing does not apply, the margin is dependent on the borrower's long-term unsecured corporate credit rating assigned by Moody's Investors Service Limited and S&P Global Ratings (or certain substituted ratings agencies) as follows:

Rating	Margin (% per annum)
BBB/Baa2 or higher	0.50
BBB–/Baa3	0.75
BB+/Ba1	1.00
BB/Ba2	1.25
BB–/Ba3 or lower	1.65

If different ratings are assigned to the borrower, the margin is the mean average of the ones set out above. As at the date of this Offering Memorandum, the applicable margin was 1.65% per annum.

A market disruption clause appears in the facility agreement with the minimum participation threshold for affected lenders set at 40%. A utilisation fee is payable on any loan drawn under the facility of 0.10% (for any period where the facility is up to and including 33% utilised), 0.20% (for any period where the facility is over 33% and up to and including 66% utilised) and 0.40% (for any period where the facility is over 66% utilised).

Default interest: If any sum due by any obligor is not paid on its due date, default interest is payable on the unpaid sum at the per annum interest rate of 1% plus the interest rate that would have applied if the unpaid sum constituted a loan advanced under the relevant facility.

Fees: The following fees are payable to one or more of the finance parties: an annual agency fee to the facility agent; a commitment fee payable quarterly in arrears to the lenders equal to 35% of the margin in respect of the daily available commitment under the facility; a fee in an amount agreed at the time is payable on the amount of commitments increased pursuant to the accordion option referred to above. Any arrangement and other fees already paid and certain ongoing fees not deemed material are not covered in this summary.

Repayment and prepayment

Repayments: All principal, interest and other sums under the facility must be repaid in full five years after the date of the most recent amendment and restatement (being 28 July 2017). The facility is structured as a conventional revolving credit facility, with each loan (with accrued interest) having to be repaid (and paid) at the end of its interest period but where the principal may be repaid by the drawing of a new, rollover loan.

Mandatory prepayments: If it becomes unlawful for any lender to perform any of its obligations, that lender must inform the agent, upon which that lender's commitment is cancelled and the borrower must repay at the end of the relevant interest periods (or earlier if required by that lender in certain circumstances) that lender's participation in any outstanding loans under the facility. Upon a change of control, no lender is obliged to fund a utilisation (save for a rollover loan) and the borrower must, if a lender requires, within 10 business days of notice to that effect from the agent, repay that lender's participation in all outstanding loans, together with interest and any other sums due and payable. "Change of control" means (a) any person or persons (other than Tata Motors Limited or any of its Affiliates) acting in concert gains control (meaning the holding beneficially of more than 50 per cent. of the shares with ordinary voting power in the borrower) of the borrower; or (b) the sale, lease, exchange or other transfer of all or substantially all of the assets of the borrower and its subsidiaries (the "Group") to a person who is not a Group member, or a group of related persons who are not Group members.

Voluntary cancellations and prepayments: The borrower may voluntarily cancel or prepay all or any part of the facility on three business days' notice (subject to a minimum of £5.0 million). The borrower may also voluntarily cancel or prepay all of a lender's commitment and participations in loans (or replace that lender) if a payment to that lender has to be grossed up under the tax gross up provisions or that lender claims indemnification from the borrower under the tax indemnity or the increased costs provisions, or that lender notifies the facility agent that the cost to it of funding its participation in a loan is in excess of LIBOR pursuant to the market disruption provisions.

Defaulting lenders: The borrower may cancel the commitments of a lender which defaults or is subject to insolvency or certain other events and/or replace that lender.

Redrawings: The facility is a conventional revolving credit facility, which may, subject to the usual conditions precedent, be utilised at any time by the borrower up to one month before the facility terminates.

Representations

Each obligor makes various representations on the date of the facility agreement (and in the case of certain representations, at various regular points thereafter) including as to: its legal status; the binding nature of its obligations under the facility agreement and related documents (the "finance documents"); the finance documents not conflicting with applicable law or with the constitutional documents and other agreements of the obligors; the corporate power of the obligors to enter into the finance documents; all authorisations required in relation to the finance documents having been obtained; governing law and enforcement; the application of withholding tax to payments under the finance documents; no filing or stamp taxes; no event of default existing under the finance documents; no material default by it under other agreements; the correctness in all material respects of factual information contained in the information package; its original financial statements being a fair representation of its financial condition and no material adverse change having occurred since the date at which such financial statements were prepared; *pari passu* ranking of its obligations under the finance documents; no material proceedings started or threatened against it; and compliance by Group members with sanctions, anti-corruption laws and anti-money laundering laws.

Covenants

General and information covenants: There are various positive and negative undertakings with which the borrower must comply such as: obligations to indemnify the finance parties for tax with respect to the finance documents (subject to certain usual mitigations and exceptions and to provision for the return of the benefit of tax credits); payment of stamp duty; payment of increased regulatory costs of the finance parties (including attributable to Basel III or CRD IV, but excluding FATCA deductions required to be made by any party, Basel II and the UK, French, Dutch and German bank levies and certain other usual exceptions and further excluding claims in respect of Basel III or CRD IV where they were capable of being calculated at the date of the facility agreement, where the finance party does not recover similar items from borrowers under other similar facilities or where the demand is not made within six months of becoming aware of the claim); certain indemnities; payment of break costs; payment of enforcement costs; provision of annual audited Group accounts and the Group's unaudited quarterly accounts; provision of each obligor's annual audited accounts; provision of compliance certificates relating to certain financial and other covenants; provision of documents sent to creditors generally, details of material litigation, and such financial and business information as the finance parties may request; notification of defaults; and obligations not to make a substantial change to the general nature of the business of the Group. There are various positive and negative undertakings with which each obligor must comply, such as: obligations to gross up for tax on payments under the finance documents (but not to gross up because of a FATCA deduction); certain indemnities; an obligation to obtain authorisations with respect to its performance of its payment obligations under, and the enforceability of, the finance documents; compliance with laws; restrictions on mergers (save for a permitted group reorganisation (as defined)). There are various positive and negative undertakings with which each obligor must comply (and with which the borrower must ensure that each Group member complies), such as: restrictions on granting security (negative pledge); restrictions on making certain restricted payments such as dividends, redemption of shares, certain loans and other restricted investments (as defined). There are various positive and negative undertakings with which each obligor must comply (and with which each obligor must ensure that each of its subsidiaries complies), such as compliance with sanctions laws. There are various positive and negative undertakings with which the borrower must comply and with which it must ensure that each of its subsidiaries complies, such as compliance with anti-corruption laws and anti-money laundering laws.

Financial covenants: The new facility will be available in full until March 2024 and includes a covenant requiring the Issuer to maintain a minimum liquidity of £1 billion.

Miscellaneous: Conventional provisions covering the following elements are included: impaired agent; defaulting lender; replacement of defaulting lenders; disenfranchisement of defaulting lenders; replacement of non-consenting lenders (a "non consenting lender" is one which, in the case of a waiver or amendment requiring all lender approval, refuses approval in circumstances where at least 80% have given their approval to the waiver or amendment). Save for certain matters expressly reserved for unanimous lender consent, any decision as to the administration, amendment or waiver of the facility is decided by majority lenders (which is defined to be 66.7%).

Set off: No obligor is permitted to set off; if an event of default is continuing, each finance party is expressly permitted to set off any matured obligation owed to it by an obligor under a finance document against any matured obligation owed by that finance party to that obligor under a finance document.

Transferability: Any lender may assign or transfer any of its rights and/or obligations to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets. A transfer of part of lender's commitment is subject to a minimum amount of £10.0 million. Unless it is to an affiliate of the transferring lender, an existing lender with a minimum BBB+ rating or an affiliate with a minimum BBB+ rating of an existing lender, or an event of default has occurred and is continuing, consent of the borrower is required not to be unreasonably withheld or delayed.

Events of default

The facility agreement sets out various events of default, the occurrence of which allows the lenders to cancel the facility, place the facility on demand or demand immediate repayment of the facility. Such events of default include (subject in certain cases to grace periods, thresholds and other qualifications): non payment by an obligor of sums due from it under the finance documents; breach of other obligations of the obligors under the finance documents; misrepresentation by an obligor in connection with the finance documents; cross default with respect to the financial debt of the Group; insolvency and insolvency proceedings relating to the borrower or any obligor or material subsidiary (defined as a subsidiary of the borrower having 10% or more of the net assets or revenue of the Group); the expropriation, attachment, sequestration, distress or execution of assets of the borrower or any obligor or material subsidiary and other creditors' process against such assets; unlawfulness of the obligations of an obligor under the finance documents; repudiation by an obligor of a finance document; a guarantor ceases to be a subsidiary of the borrower (save as contemplated by a permitted group reorganisation as defined); material adverse effect on the validity, legality or enforceability of any obligation of any obligor under any finance document; final judgment which remains undischarged.

Security and guarantees

There is no security given to support the facility.

Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facility agreement, each as an unlimited joint and several guarantor.

Governing law

The facility agreement and the other facility documents are governed by English law.

£1,500 Million Forward Start Unsecured Syndicated Revolving Credit Facility

General

The Issuer as borrower entered into a forward start revolving facility agreement dated 1 April 2021 with a syndicate of lenders. The facility agreement operated on the basis that, although signed and committed as of 1 April 2021, its terms will not become effective until the expiry of the Revolving Credit Facility. Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facility agreement as guarantors (together with the Issuer, the "obligors"). The facility is unsecured. The facility size is £1,500 million with an accordion option on the part of the Issuer to increase the facility to up to £2,500 million. The purpose of the facility is to provide for the borrower's general corporate purposes. As at the date of this Offering Memorandum, the facility has not yet come into effect and therefore is undrawn.

The terms and conditions of the facility are substantially the same as those contained in the Revolving Credit Facility, save as outlined below.

Interest and fees

Interest: The per annum interest rate payable on any loan drawn under the forward start revolving facility will be compounded overnight SONIA together with an applicable credit adjustment spread (in each case subject to a zero floor) plus an applicable margin. Where there is a continuing event of default or the borrower has no long-term, unsecured corporate credit rating, the margin will be 4.10% per annum. Where the foregoing does not apply, the margin will be dependent on the borrower's long-term unsecured corporate credit rating assigned by Moody's Investors Service Limited and S&P Global Ratings (or certain substituted ratings agencies) as follows:

Rating	**Margin (% per annum)**
BB–/Ba3 or higher	2.35
B+/B1	2.85
B/B2	3.35
B/B2	3.35
B–/B3 or lower	4.10

If different ratings are assigned to the borrower, the margin will be the mean average of the ones set out above.

A utilisation fee is payable on any loan drawn under the facility of 0.15% (for any period where the facility is up to and including 33% utilised), 0.25% (for any period where the facility is over 33% and up to and including 66% utilised) and 0.55% (for any period where the facility is over 66% utilised).

Repayment and prepayment

Repayments: All principal, interest and other sums under the facility must be repaid in full three years after the date of forward start facility agreement.

Mandatory prepayments: In addition to the same mandatory prepayment triggers that apply under the Revolving Credit Facility, the Forward Start Facility contains an additional mandatory prepayment event where available or total liquidity of the Group is less than £1 billion (or its equivalent in other currencies). The Borrower is required to submit a compliance certificate on a quarterly basis confirming available or total liquidity and, if any such compliance certificate shows available or total liquidity of less than £1 billion, the borrower must, if required by the majority lenders, repay all amounts outstanding under the Forward Start Facility within 90 days of the delivery of the relevant compliance certificate.

Cancellations of lender commitments under Revolving Credit Facility: If the commitment of a lender under the Revolving Credit Facility is cancelled in whole or in part as a result of any of the mandatory prepayment events provided for under the Revolving Credit Facility, a corresponding amount of the commitment of that lender shall automatically be cancelled under the Forward Start Facility.

Financial Covenant

Whilst not directly expressed as such, the mandatory prepayment event linked to a minimum available or total liquidity requirement operates as a de facto financial covenant. The borrower is required to certify compliance with the minimum threshold on a quarterly basis at the same time that it delivers annual audited financial and quarterly unaudited financial statements to the lenders.

US$1.0 billion Term Loan Facility

General

The Issuer as borrower entered into a term loan facility agreement dated 17 October 2018 with a syndicate of lenders. Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facility agreement as guarantors (together with the Issuer, the "obligors"). The facility is unsecured. The facility size is US$1,000 million. The purpose of the facility is to provide for the borrower's capital expenditure, general corporate purposes and transaction expenses. As at the date of this Offering Memorandum, the facility is fully drawn.

Interest and fees

Interest: The per annum interest rate payable on any loan drawn under the term loan facility is US dollar LIBOR (subject to a zero floor) plus an applicable margin. In the event that LIBOR is not capable of being determined for a particular period, or at all, the document provides for fallbacks first to an interpolation of LIBOR for alternative periods if they are available, second to LIBOR rates to be provided by certain designated reference banks and finally individual lender's costs of funds. Where there is a continuing event of default or the borrower has no long-term, unsecured corporate credit rating, the margin is 1.90% per annum. Where the foregoing does not apply, the margin is dependent on the borrower's long-term unsecured corporate credit rating assigned by Moody's Investors Service Limited and S&P Global Ratings (or certain substituted ratings agencies) as follows:

Rating	**Margin (% per annum)**
BB+/Ba1 or higher	1.55
BB/Ba2	1.70
BB–/Ba3 or lower	1.90

If different ratings are assigned to the borrower, the margin is the mean average of the ones set out above. As at the date of this Offering Memorandum, the applicable margin was 1.90% per annum.

A market disruption clause appears in the facility agreement with the minimum participation threshold for affected lenders set at 40%.

Default interest: If any sum due by any obligor is not paid on its due date, default interest is payable on the unpaid sum at the per annum interest rate of 1% plus the interest rate that would have applied if the unpaid sum constituted a loan advanced under the facility.

Fees: The following fees are payable to one or more of the finance parties: an annual agency fee to the facility agent; a commitment fee payable quarterly in arrears to the lenders equal to 35% of the margin in respect of the daily available commitment under the facility; a fee in an amount agreed at the time is payable on the amount of commitments increased pursuant to the accordion option referred to above. Any arrangement and other fees already paid and certain ongoing fees not deemed material are not covered in this summary.

Repayment and prepayment

Repayments: All amounts outstanding under the facility are to be repaid in two instalments, the first in an amount equal to 20 per cent. of the aggregate outstanding loans on 31 October 2022 and the second of all remaining outstanding amount on 31 January 2025.

Mandatory prepayments: If it becomes unlawful for any lender to perform any of its obligations, that lender must inform the agent, upon which that lender's commitment is cancelled and the borrower must repay at the end of the relevant interest periods (or earlier if required by that lender in certain circumstances) that lender's participation in any outstanding loans under the facility. Upon a change of control, no lender is obliged to fund a utilisation (save for a rollover loan) and the borrower must, if a lender requires, within 10 business days of notice to that effect from the agent, repay that lender's participation in all outstanding loans, together with interest and any other sums due and payable. "Change of control" means (a) any person or persons (other than Tata Motors Limited or any of its Affiliates) acting in concert gains control (meaning the holding beneficially of more than 50 per cent. of the shares with ordinary voting power in the borrower) of the borrower; or (b) the sale, lease, exchange or other transfer of all or substantially all of the assets of the borrower and its subsidiaries (the "Group") to a person who is not a Group member, or a group of related persons who are not Group members.

Voluntary cancellations and prepayments: The borrower may voluntarily cancel or prepay all or any part of the facility on three business days' notice (subject to a minimum of £5.0 million). The borrower may also voluntarily cancel or prepay all of a lender's commitment and participations in loans (or replace that lender) if a payment to that lender has to be grossed up under the tax gross up provisions or that lender claims indemnification from the borrower under the tax indemnity or the increased costs provisions, or that lender notifies the facility agent that the cost to it of funding its participation in a loan is in excess of LIBOR pursuant to the market disruption provisions.

Defaulting lenders: The borrower may cancel the commitments of a lender which defaults or is subject to insolvency or certain other events and/or replace that lender.

Redrawings: The facility is a conventional term loan credit facility, which may not be redrawn once repaid or repaid.

Representations

Each obligor makes various representations on the date of the facility agreement (and in the case of certain representations, at various regular points thereafter) including as to: its legal status; the binding nature of its obligations under the facility agreement and related documents (the "finance documents"); the finance documents not conflicting with applicable law or with the constitutional documents and other agreements of the obligors; the corporate power of the obligors to enter into the finance documents; all authorisations required in relation to the finance documents having been obtained; governing law and enforcement; the application of withholding tax to payments under the finance documents; no filing or stamp taxes; no event of default existing under the finance documents; no material default by it under other agreements; the correctness in all material respects of factual information contained in the information package; its original financial statements being a fair representation of its financial condition and no material adverse change having occurred since the date at which such financial statements were prepared; *pari passu* ranking of its obligations under the finance documents; no material proceedings started or threatened against it; and compliance by Group members with sanctions, anti-corruption laws and anti-money laundering laws.

Covenants

General and information covenants: There are various positive and negative undertakings with which the borrower must comply such as: obligations to indemnify the finance parties for tax with respect to the finance documents (subject to certain usual mitigations and exceptions and to provision for the return of the benefit of tax credits); payment of stamp duty; payment of increased regulatory costs of the finance parties (including attributable to Basel III or CRD IV, but excluding FATCA deductions required to be made by any party, Basel II and the UK, French, Dutch and German bank levies and certain other usual exceptions and further excluding claims in respect of Basel III or CRD IV where they were capable of being calculated at the date of the facility agreement, where the finance party does not recover similar items from borrowers under other similar facilities or where the demand is not made within six months of becoming aware of the claim); certain indemnities; payment of break costs; payment of enforcement costs; provision of annual audited Group accounts and the Group's unaudited quarterly accounts; provision of each obligor's annual audited accounts; provision of documents sent to creditors generally, details of material litigation, and such financial and business information as the finance parties may request; notification of defaults; obligations not to make a substantial change to the general nature of the business of the Group; and restrictions on the subsidiaries and assets of captive finance companies. There are various positive and negative undertakings with which each obligor must comply, such as: obligations to gross up for tax on payments under the finance documents (but not to gross up because of a FATCA deduction); certain indemnities; an obligation to obtain authorisations with respect to its performance of its payment obligations under, and the enforceability of, the finance documents; compliance with laws; restrictions on mergers (save for a permitted group reorganisation (as defined)). There are various positive and negative undertakings with which each obligor must comply (and with which the borrower must ensure that each

Group member complies), such as: restrictions on granting security (negative pledge); restrictions on making certain restricted payments such as dividends, redemption of shares, certain loans and other restricted investments (as defined). There are various positive and negative undertakings with which each obligor must comply (and with which each obligor must ensure that each of its subsidiaries complies), such as compliance with sanctions laws. There are various positive and negative undertakings with which the borrower must comply and with which it must ensure that each of its subsidiaries complies, such as compliance with anti-corruption laws and anti-money laundering laws.

Financial covenants: There are no financial covenants.

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 75% have given their approval to the waiver or amendment).

Set off: No obligor is permitted to set off; if an event of default is continuing, each finance party is expressly permitted to set off any matured obligation owed to it by an obligor under a finance document against any matured obligation owed by that finance party to that obligor under a finance document.

Transferability: Any lender may assign or transfer any of its rights and/or obligations to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.

Events of default

The facility agreement sets out various events of default, the occurrence of which allows the lenders to cancel the facility, place the facility on demand or demand immediate repayment of the facility. Such events of default include (subject in certain cases to grace periods, thresholds and other qualifications): non payment by an obligor of sums due from it under the finance documents; breach of other obligations of the obligors under the finance documents; misrepresentation by an obligor in connection with the finance documents; cross acceleration with respect to the financial debt of the Group; insolvency and insolvency proceedings relating to the borrower or any obligor or material subsidiary (defined as a subsidiary of the borrower having 10% or more of the net assets or revenue of the Group); the expropriation, attachment, sequestration, distress or execution of assets of the borrower or any obligor or material subsidiary and other creditors' process against such assets; unlawfulness of the obligations of an obligor under the finance documents; repudiation by an obligor of a finance document; a guarantor ceases to be a subsidiary of the borrower (save as contemplated by a permitted group reorganisation as defined); material adverse effect on the validity, legality or enforceability of any obligation of any obligor under any finance document; final judgment which remains undischarged.

Security and guarantees

There is no security given to support the facility.

Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facility agreement, each as an unlimited joint and several guarantor.

Governing law

The facility agreement and the other facility documents are governed by English law.

UKEF & Commercial Loan Facilities

General

The Issuer as borrower entered into a term loan facility agreement dated 21 October 2019 with a syndicate of lenders. Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facility agreement as guarantors (together with the Issuer, the "obligors"). The facilities are comprised of one term loan facility of £500,000,000 (the "UKEF facility") and one term loan facility of £125,000,000 (the "commercial facility"). The facilities are unsecured. The UKEF facility is backed by a guarantee from UK Export Finance. The purpose of the facilities is to provide for the borrower's general corporate purposes. As at the date of this Offering Memorandum, the facility is fully drawn.

Interest and fees

Interest: The per annum interest rate payable on any loan drawn under the facilities is sterling LIBOR (subject to a zero floor) plus a margin of 2.75%. In the event that LIBOR is not capable of being determined for a particular period, or at all, the document provides for fallbacks first to an interpolation of LIBOR for alternative periods if they are available, second to a calculation based on historic LIBOR rates, third to an interpolation of historic LIBOR rates and finally individual lender's costs of funds.

A market disruption clause appears in the facility agreement with the minimum participation threshold for affected lenders set at 40%.

Default interest: If any sum due by any obligor is not paid on its due date, default interest is payable on the unpaid sum at the per annum interest rate of 1% plus the interest rate that would have applied if the unpaid sum constituted a loan advanced under the relevant facility.

Fees: The following fees are payable to one or more of the finance parties: an annual agency fee to the facility agent; a commitment fee payable quarterly in arrears to the lenders equal to 16% of the margin in respect of the daily available commitment under the facilities. Any arrangement and other fees already paid and certain ongoing fees not deemed material are not covered in this summary.

Repayment and prepayment

Repayments: outstanding principal under the facilities is repayable in instalments, with the final repayment date to be 15 October 2024. Interest is payable at the end of each interest period.

Mandatory prepayments: If it becomes unlawful for any lender to perform any of its obligations, that lender must inform the agent, upon which that lender's commitment is cancelled and the borrower must repay at the end of the relevant interest periods (or earlier if required by that lender in certain circumstances) that lender's participation in any outstanding loans under the facility.

Upon a change of control, no lender is obliged to fund a utilisation and the borrower must, if a lender requires, within 10 business days of notice to that effect from the agent, repay that lender's participation in all outstanding loans, together with interest and any other sums due and payable. "Change of control" means (a) any person or persons (other than Tata Motors Limited or any of its Affiliates) acting in concert gains control (meaning the holding beneficially of more than 50 per cent. of the shares with ordinary voting power in the borrower) of the borrower; or (b) the sale, lease, exchange or other transfer of all or substantially all of the assets of the borrower and its subsidiaries (the "Group") to a person who is not a Group member, or a group of related persons who are not Group members.

If the UKEF guarantee ceases to provide the full benefit of cover to a lender, or it becomes unlawful for UK Export Finance to perform any of its obligations under the UKEF guarantee, or the UKEF guarantee ceases to be in force, the relevant lender shall inform the agent, and that lender shall not be obliged to fund a utilisation and the borrower must, if a lender requires, within 10 business days of notice to that effect from the agent, repay that lender's participation in all outstanding loans, together with interest and any other sums due and payable.

If the ratio of the UKEF facility commitments (or where utilisation has occurred, the outstanding amount of the UKEF facility loan) to the commercial facility commitments (or where utilisation has occurred, the outstanding amount of the commercial facility loan) (the "UKEF : Commercial Ratio") is not equal to 80:20 (the "UKEF : Commercial Required Ratio"), the borrower shall notify the agent and within 10 business days of becoming aware of that fact, cancel or prepay the UKEF facility or the commercial facility to the extent required to restore the UKEF : Commercial Ratio to the UKEF: Commercial Required Ratio.

If available or total liquidity (being total cash and cash equivalents, deposits, investments and committed undrawn credit facilities) is less than £1,000,000,000, the lenders shall not be obliged to fund a utilisation, and the borrower must, if the majority lenders require, within 5 business days of notice to that effect from the agent, repay all outstanding loans, together with interest and any other sums due and payable.

Voluntary cancellations and prepayments: The borrower may voluntarily cancel or prepay all or any part of the facility on three business days' notice (subject to a minimum of £5.0 million, and provided that the UKEF : Commercial Required Ratio is maintained). The borrower may also voluntarily cancel or prepay all of a lender's commitment and participations in loans (or replace that lender) if a payment to that lender has to be grossed up under the tax gross up provisions or that lender claims indemnification from the borrower under the tax indemnity or the increased costs provisions, or that lender notifies the facility agent that the cost to it of funding its participation in a loan is in excess of LIBOR pursuant to the market disruption provisions. Replacement of any lender under the UKEF facility is subject to the consent of UK Export Finance.

Redrawings: The facilities are term loan facilities and may not be redrawn once repaid.

Representations

Each obligor makes various representations on the date of the facility agreement (and in the case of certain representations, at various regular points thereafter) including as to: its legal status; the binding nature of its obligations under the facility agreement and related documents (the "finance documents"); the finance documents not conflicting with applicable law or with the constitutional documents and other agreements of the obligors; the corporate power of the obligors to enter into the finance documents; all authorisations required in relation to the finance documents having been obtained; governing law and enforcement; the application of withholding tax to payments under the finance documents; no filing or stamp taxes; no event of default existing under the finance documents; no material default by it under other agreements; the correctness in all material respects of factual information contained in the information provided to a finance party or UK Export Finance; its original financial statements being a fair representation of its financial condition and no material adverse change having occurred since the date at which such financial statements were prepared; *pari passu* ranking of its obligations under the finance documents; no material proceedings started or threatened against it; compliance with laws where breach would have a material adverse effect; and compliance by Group members with sanctions, anti-corruption laws and anti-money laundering laws.

General and information covenants: There are various positive and negative undertakings with which the borrower must comply such as: obligations to indemnify the finance parties for tax with respect to the finance documents (subject to certain usual mitigations and exceptions and to provision for the return of the benefit of tax credits); payment of stamp duty; payment of increased regulatory costs of the finance parties (including attributable to Basel III or CRD IV, but excluding FATCA deductions required to be made by any party, Basel II and the UK, French, Dutch and German bank levies and certain other usual exceptions and further excluding claims in respect of Basel III or CRD IV where they were capable of being calculated at the date of the facility agreement, where the finance party does not recover similar items from borrowers under other similar facilities or where the demand is not made within six months of becoming aware of the claim); certain indemnities; payment of break costs; payment of enforcement costs; provision of annual audited Group accounts and the Group's unaudited quarterly accounts; provision of compliance certificates relating to certain financial and other covenants; provision of documents sent to creditors generally, details of material litigation, and such financial and business information as the finance parties may request; notification of defaults; provision of information to UK Export Finance of new loan or credit facilities above £100,000,000; obligations not to make a substantial change to the general nature of the business of the Group.

There are various positive and negative undertakings with which each obligor must comply, such as: obligations to gross up for tax on payments under the finance documents (but not to gross up because of a FATCA deduction); certain indemnities; an obligation to obtain authorisations with respect to its performance of its payment obligations under, and the enforceability of, the finance documents; compliance with laws;. There are various positive and negative undertakings with which each obligor must comply (and with which the borrower must ensure that each Group member complies), such as: restrictions on granting security (negative pledge); restrictions on making certain restricted payments, such as dividends, with such payments only permitted where the available or total liquidity (as defined in the relevant credit agreement) is in excess of £1,900,000,000, and are further limited to 25% of the group profit after tax (however in the event of negative prior year cash flow such payments may not exceed a specified threshold calculated based on amounts repaid under the UKEF facility); restrictions on voluntary prepayments of other credit facilities. There are various positive and negative undertakings with which each obligor must comply (and with which each obligor must ensure that each of its subsidiaries complies), such as compliance with sanctions laws. There are various positive and negative undertakings with which the borrower must comply and with which it must ensure that each of its subsidiaries complies, such as compliance with anti-corruption laws and anti-money laundering laws; restrictions on mergers (material subsidiaries only, defined as a subsidiary of the borrower having 10% or more of the net assets or revenue of the Group) (save for a permitted group reorganisation (as defined)).

Financial covenants: see UKEF : Commercial Required Ratio and total available liquidity requirements referred to above, breach of which are mandatory prepayment events.

Set off: No obligor is permitted to set off; if an event of default is continuing, each finance party is expressly permitted to set off any matured obligation owed to it by an obligor under a finance document against any matured obligation owed by that finance party to that obligor under a finance document.

Transferability: Any lender may assign or transfer any of its rights and/or obligations to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets. A transfer of part of lender's commitment is subject to a minimum amount of £10.0 million. Unless it is to an affiliate of the transferring lender, an existing lender with a minimum BBB+ rating or an affiliate with a minimum BBB+ rating of an existing lender, or an event of default has occurred and is continuing, consent of the borrower is required not to be unreasonably withheld or delayed. Assignment or transfer by a lender under the UKEF facility is subject to the consent of UK Export Finance.

Events of default

The facility agreement sets out various events of default, the occurrence of which allows the lenders to cancel the facility, place the facility on demand or demand immediate repayment of the facility. Such events of default include (subject in certain cases to grace periods, thresholds and other qualifications): non payment by an obligor of sums due from it under the finance documents; breach of other obligations of the obligors under the finance documents; misrepresentation by an obligor in connection with the finance documents; breach of obligations or misrepresentation under the exporter agreement between the borrower and UK Export Finance; cross default with respect to the financial debt of the Group; insolvency and insolvency proceedings relating to the borrower or any obligor or material subsidiary (defined as a subsidiary of the borrower having 10% or more of the net assets or revenue of the Group); the expropriation, attachment, sequestration, distress or execution of assets of the borrower or any obligor or material subsidiary and other creditors' process against such assets; unlawfulness of the obligations of an obligor under the finance documents; repudiation by an obligor of a finance document; a guarantor ceases to be a subsidiary of the borrower (save as contemplated by a permitted group reorganisation as defined); material adverse effect on the validity, legality or enforceability of any obligation of any obligor under any finance document; final judgment which remains undischarged.

Security and guarantees

There is no security given to support the facilities.

Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited are party to the facility agreement, each as an unlimited joint and several guarantor.

Governing law

The facility agreement and the other facility documents are governed by English law.

£113 million UK Fleet Financing Facility

General

Jaguar Land Rover Limited as borrower entered into a secured revolving bilateral loan facility letter dated 25 October 2019 with a UK financial institution (which was most recently amended pursuant to an amendment letter dated 20 December 2020) in an aggregate principal amount of £113 million. The facility is secured by a floating charge over "inactive own-use (OUVs)" vehicles. The purpose of the facility is to provide for the borrower's general corporate purposes. As of the date of this Offering Memorandum, £70 million was drawn under the UK Fleet Financing Facility.

Interest and fees

Interest: The per annum interest rate payable on any loan drawn under the facility is the daily Bank of England base rate plus a margin of 2.75%.

Default interest: If any sum due by the borrower is not paid on its due date, default interest is payable on the unpaid sum at the per annum interest rate of 1% plus the interest rate that would have applied if the unpaid sum constituted a loan advanced under the facility.

Fees: No fees are payable under the facility.

Repayment and prepayment

Repayments: All principal, interest and other sums due under the facility must be repaid in full on 31 December 2021.

Mandatory prepayment: If it becomes unlawful for the lender to perform any of its obligations under the facility letter, or to fund or maintain any loan, the borrower must repay that loan on the date specified by the lender (being no earlier than the last day of any applicable grace period permitted by law) and the facility shall be cancelled.

Voluntary cancellations and prepayments: The borrower may voluntarily cancel or prepay any part of the facility on two business days' notice.

Redrawings: Subject to the usual conditions precedent, any repaid loan may be redrawn prior to the termination of the facility.

Representations

The borrower makes various representations on the date of the letter and on each date that a loan is requested and utilised, including as to: its legal status; the binding nature of its obligations under the facility letter and related documents (the "finance documents"); the finance documents not conflicting with applicable law or with the constitutional documents and other agreements of the borrower; the corporate power of the borrower to enter into the finance documents; all authorisations required in relation to the finance documents having been obtained; governing law and enforcement; no event of default existing under the finance documents; and *pari passu* ranking of its obligations under the finance documents. To the extent applicable, the representations align with the representations given under the unsecured revolving credit facility.

Covenants

Information: The borrower must comply with undertakings to provide annual audited Group accounts, the borrower's annual audited accounts and the Group's unaudited quarterly accounts, such financial and business information as the lender may request.

Financial covenants: the outstanding loans under the facility must not at any time, subject to a five business day remedy period, exceed 80% of the valuation of the vehicles secured by the floating charge. The basis of such valuation is set out in the facility letter.

Set off: If an event of default is continuing, the lender is expressly permitted to set off any matured obligation owed to it by the borrower under a finance document against any matured obligation owed by the lender to the borrower under a finance document.

Other undertakings: The floating charge contains various undertakings with which the borrower must comply such as: restrictions on granting security over the vehicles secured by the floating charge (negative pledge); obligation to keep the charged property in good repair; obligation to comply with any other obligations in relation to its properties; obligation to permit access to the charged property; obligation to maintain insurances and to maintain the value of the charged property; and to supply information relating to the charged property.

Transferability

The lender may assign its rights only 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. The consent of the borrower is required for such an assignment unless such assignment is to an affiliate of the lender, or made while an event of default is continuing.

Events of default

The facility letter sets out various events of default, the occurrence of which allows the lender to cancel the facility, place the facility on demand or demand immediate repayment of the facility. Such events of default include (subject in certain cases to grace periods, thresholds and other qualifications): non payment by the borrower of sums due from it under the finance documents; breach of other obligations of the borrower under the finance documents; misrepresentation by the borrower in connection with the finance documents; cross default with respect to the financial debt of the group; insolvency and insolvency proceedings relating to the borrower; the expropriation, attachment, sequestration, distress or execution of assets of the borrower and other creditors' process against such assets; unlawfulness of the obligations of the borrower under the finance documents; repudiation by the borrower of a finance document; material adverse effect on the validity, legality or enforceability of any obligation of the borrower under any finance document; final judgment which remains undischarged.

Security and guarantees

The borrower has granted a floating charge over the vehicles designated as "inactive own-use vehicles (OUVs)" which are set out in a list delivered to the lender from time to time. The floating charge includes a negative pledge in respect of the charged property.

There are no guarantors under the facility.

Governing law

The facility letter and the other facility documents are governed by English law.

Hedging Facilities

As part of the management of currency, interest rate and commodity price risks, we use a range of derivatives including currency forwards, currency options, cross currency interest rate swaps 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 March 2021, we had credit lines agreed with the majority of our syndicate lenders. The net carrying value of these derivatives at 31 March 2021 was a net asset of £123 million.

DESCRIPTION OF THE NOTES

The Notes will be issued under and will be governed by an Indenture, to be dated on or about 14 July 2021 (the "Indenture"). The Indenture will be entered into by Jaguar Land Rover Automotive plc (the "Issuer"), the Guarantors (as defined below) and Citibank, N.A., London Branch, as trustee (the "Trustee"), paying agent and registrar. Copies of the form of the Indenture are available upon request to the Issuer. The Dollar Notes and the Euro Notes will each be issued as a separate series of Notes but, except as otherwise provided below, will be treated as a single class for all purposes under the Indenture.

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 Notes will be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market thereof (the "Euro MTF Market"). There is no assurance that the Notes will remain listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof.

The Indenture will not be qualified under, or incorporate or include, or be subject to, any of the provisions of, the Trust Indenture Act of 1939, as amended including Section 316(b) of such Act. The terms of the Notes will include those stated in the Indenture.

General

The Notes

The Notes:

- are general unsecured, senior obligations of the Issuer;
- are being offered in an aggregate principal amount of $500,000,000 in the case of the Dollar Notes and €500,000,000 in the case of the Euro Notes;
- mature on 15 July 2029 in the case of the Dollar Notes and on 15 July 2028 in the case of the Euro Notes, to be repaid at their aggregate principal amount then outstanding at par, including accrued and unpaid interest;
- will be issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof in the case of the Dollar Notes and €100,000 and integral multiples of €1,000 in excess thereof in the case of the Euro Notes;
- 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 in US dollars in the case of the Dollar Notes and in euro in the case of the Euro Notes.

The Dollar Notes and the Euro Notes will each be issued as a separate series of Notes but, except as otherwise provided below, will be treated as a single class for all purposes under the Indenture.

Additional Notes

The Issuer in a supplemental indenture relating to additional notes may issue additional notes of any series the ("Additional Notes") from time to time after this offering subject to the provisions of the Indenture described below under "—Certain Covenants." The Notes offered hereby and, if issued, any Additional Notes subsequently issued under the Indenture will be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase (*provided* that, if any Additional Notes are not fungible with existing Notes of the same series for U.S. federal income tax purposes, such Additional Notes shall have a separate CUSIP, international securities identification number ("ISIN") and common code, if any, as applicable).

Interest

Interest on the Notes will:

- accrue at the rate of 5.500% per annum for the Dollar Notes and 4.500% per annum for the Euro Notes;
- accrue from and including the Issue Date or the most recent interest payment date;
- be payable in cash semi-annually in arrears, with the first interest payment covering the period from the Issue Date to 15 January 2022;
- be payable semi-annually on 15 January and 15 July of each year to the holders of record on 1 January and 1 July, as the case may be, immediately preceding the related interest payment dates and maturity, as applicable; and
- be computed on the basis of a 360-day year comprising twelve 30-day months.

The yields calculated at issuance of the Dollar Notes and the Euro Notes were 5.500% and 4.500%, respectively. Your yield will depend on the price at which you purchase the Dollar Notes or the Euro Notes.

If the due date for any payment (including, without limitation, payment of principal, interest or Additional Amounts or in relation to any redemption) in respect of any Note is not a Business Day, the holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay.

Guarantees

The obligations of the Issuer under the Notes, including the repurchase obligation of the Issuer resulting from a Change of Control Repurchase Event, 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 described under "—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 described under "—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 described under "—Certain Covenants—Consolidation, Merger and Sales of Assets";

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Defeasance" and "—Satisfaction and Discharge";

(5) upon the full and final payment of the Notes and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or

(6) as described below under the caption "—Amendments and Waivers."

Upon any occurrence giving rise to a release of a Note Guarantee, as specified above, the Trustee, subject to receipt of an Officer's Certificate from the Issuer and/or Guarantor with respect to the occurrence of an event specified above, will execute any documents reasonably required by such Guarantor in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination.

Ranking

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

- rank *pari passu* in right of payment with all other Indebtedness of the Issuer and the Guarantors, as applicable, that is not by its terms expressly subordinated (and is not senior) in right of payment to other Indebtedness of the Issuer and the Guarantors, as applicable;

- rank senior in right of payment to all Indebtedness of the Issuer and the Guarantors, as applicable, that is, by its terms, expressly subordinated to the senior Indebtedness of the Issuer and the Guarantors, as applicable; and

- be effectively subordinated to the secured Indebtedness of the Issuer and the Guarantors, as applicable, to the extent of the value of the collateral securing such Indebtedness, and to the Indebtedness of the Subsidiaries that are not Guarantors of the Notes.

Form of Notes

The Notes will be represented initially by global notes in registered form. The Notes initially offered and sold in reliance on Rule 144A under the Securities Act ("Rule 144A") will be represented by global Notes (the "Rule 144A Global Notes"); and the Notes initially offered and sold pursuant to 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 Rule 144A Global Notes representing the Dollar Notes (the "Dollar Rule 144A Global Notes") and the Regulation S Global Notes representing the Dollar Notes (the "Dollar Regulation S Global Notes" and, together with the Dollar Rule 144A Global Notes, the "Dollar Global Notes") will be deposited with a custodian and registered in the name of Cede & Co., as nominee for DTC. The Rule 144A Global Notes representing the Euro Notes (the "Euro Rule 144A Global Notes") and the Regulation S Global Notes representing the Euro Notes (the "Euro Regulation S Global Notes" and, together with the Euro Rule 144A Global Notes, the "Euro Global Notes") will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Ownership of interests in the Dollar Global Notes (the "Dollar Book-Entry Interests") and the ownership of interests in the Euro Global Notes (the "Euro Book-Entry Interests" and, together with the Dollar Book-Entry Interests, the "Book- Entry Interests") will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream, as applicable, or persons that hold interests through any such participant. DTC, Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts. Except under the limited circumstances described in "Book-Entry; Delivery and Form," Book-Entry Interests will not be held in definitive certificated form.

Paying Agent and Registrar

Citibank, N.A., London Branch, will initially act as paying agent (the "Paying Agent") for the Notes. Citibank, N.A., London Branch will initially act as registrar (the "Registrar") for the Notes. The Issuer may change the Paying Agent or Registrar for the Notes, and the Issuer may act as Registrar for its Notes. For further information on payments on the Notes and transfers of the Notes, please see "Book-Entry; Delivery and Form."

Optional Redemption

Optional Redemption of the Notes prior to 15 July 2024

Prior to 15 July 2024, upon not less than 10 nor more than 60 days' written notice, the Issuer may redeem at any time and from time to time, at its option, all or part of the Dollar Notes at a redemption price equal to 100% of the principal amount of such Dollar Notes plus, in each case, the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, thereon to, but excluding, the date of redemption.

Prior to 15 July 2024, upon not less than 10 nor more than 60 days' written notice, the Issuer may redeem at any time and from time to time, at its option, all or part of the Euro Notes at a redemption price equal to 100% of the principal amount of such Euro Notes plus, in each case, the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, thereon to, but excluding, the date of redemption.

Optional Redemption of the Notes upon an Equity Offering

Prior to 15 July 2024, upon not less than 10 nor more than 60 days' written notice, the Issuer may redeem at any time and from time to time, at its option, up to 40% of the aggregate principal amount of the Dollar Notes at a redemption price equal to 105.500% of the principal amount of the Dollar Notes being redeemed, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but excluding, the date of redemption, with the net cash proceeds from one or more Equity Offerings.

Prior to 15 July 2024, upon not less than 10 nor more than 60 days' written notice, the Issuer may redeem at any time and from time to time, at its option, up to 40% of the aggregate principal amount of the Euro Notes at a redemption price equal to 104.500% of the principal amount of the Euro Notes being redeemed, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but excluding, the date of redemption, with the net cash proceeds from one or more Equity Offerings.

In each case, the Issuer may only make any such redemption, however, if:

(a) at least 60% of the aggregate principal amount of the initially issued Dollar Notes or Euro Notes (excluding Notes that are held by the Issuer or any of its Subsidiaries), as applicable, would remain outstanding immediately after the occurrence of such proposed redemption; and

(b) the redemption occurs within 180 days after the closing of such Equity Offering.

Optional Redemption of the Notes on or after 15 July 2024

On or after 15 July 2024, and prior to maturity, upon not less than 10 nor more than 60 days' written notice, the Issuer may redeem at any time and from time to time, at its option, all or part of the Dollar Notes and/or the Euro Notes at the following redemption prices (expressed as percentages of their principal amount at maturity), plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of redemption, if redeemed during the 12-month period commencing on 15 July in each of the years set forth below.

Year	Redemption Price for Dollar Notes	Redemption Price for Euro Notes
2024	102.7500%	102.2500%
2025	101.3750%	101.1250%
2026 and thereafter	100.0000%	100.0000%

General

If the Issuer effects an optional redemption of any Notes, it will, if and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and if and to the extent the rules of the Luxembourg Stock Exchange so require, notify the Luxembourg Stock Exchange of such optional redemption, and any change in the principal amount of the Notes outstanding.

Notice of any redemption will be mailed or published not less than 10 nor more than 60 days before the redemption date to each holder of Notes. Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such redemption or notice shall state that in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived by the Issuer in its sole discretion (*provided, however*, that, in any case, such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived) by the redemption date or by the redemption date so delayed. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person. 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.

For the avoidance of doubt, calculation of the redemption price shall not be a duty or obligation of the Trustee, the Registrar, any co-registrar, the Paying Agent or any additional paying agent.

If an 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 and Additional Amounts, 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 or the Registrar (as applicable) 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 to the Trustee by the Issuer, and in compliance with the rules and procedures of DTC, Euroclear and Clearstream, as applicable, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through DTC, Euroclear or Clearstream, as applicable, or DTC, Euroclear or Clearstream prescribes no method of selection, on a *pro rata* basis. Neither the Trustee nor the Registrar shall be liable for selections made by it under this heading.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

In connection with any tender offer for any series of the Notes, including a Change of Control Offer (as defined below), if holders of not less than 90% in aggregate principal amount of the outstanding Notes of such series validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes of such series validly tendered and not validly withdrawn by such holders, the Issuer or (with the approval of the Issuer) such third party will have the right upon not less than 10 nor more than 60 days' notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes of such series, as applicable, that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of the Notes of such series, as applicable, in such tender offer (excluding any early tender or incentive fee), plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but not including, the redemption date.

Redemption for Changes in Withholding Taxes

The Issuer is entitled to redeem any series of the Notes issued by it, at its option, in whole but not in part, upon not less than 10 nor more than 60 days' notice, at 100% of the principal amount of such series of the 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 series of Notes, become obligated to pay to the holder or beneficial owner of any Notes of such series 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 remains in effect. For the avoidance of doubt, reasonable measures do not include changing the jurisdiction of incorporation of the Issuer or any successor to the Issuer.

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, 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 Trustee will accept such Officer's Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the holders of the Notes of the applicable series.

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 any 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 applicable Notes or Note Guarantee and the Relevant Taxing Jurisdiction imposing such Taxes (other than the mere receipt, ownership, holding or disposition of such Notes or Note Guarantees, or the receipt of any payments or the exercise or enforcement of rights under such Note or 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 applicable Notes or any Note Guarantee complied on a timely basis, with a written request of the Issuer or any Guarantor for any applicable information or certification that would have, if provided on a timely basis, permitted the payment to be made without withholding or deduction (or with a reduced rate of withholding or deduction);

(d) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Taxes;

(e) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the applicable Notes or any Note Guarantee;

(f) any withholding or deduction required to be made from a payment pursuant to Sections 1471-1474 of the U.S. 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-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(g) any Taxes that are payable on account of any combination of (a) through (f) above.

In addition, Additional Amounts will not be paid in respect of any payment in respect of Notes or any Note Guarantee to any holder or beneficial owner of such 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 furnish to the Trustee and the Paying Agent, if other than the Trustee, 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 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 Repurchase Event, will have the right to require that the Issuer repurchase such holder's Notes (a "Change of Control Offer"), 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 Repurchase Event, the Issuer will mail or publish a notice to the holders of the Notes with a copy to the Trustee stating:

(1) that a Change of Control Repurchase Event 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) a description of the transaction or transactions that constitute such Change of Control Repurchase Event;

(3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed or published);

(4) that each Note will be subject to repurchase only in integral multiples of $1,000 (in the case of Dollar Notes) or €1,000 (in the case of Euro Notes) (*provided* that no Dollar Note of less than $200,000 and no Euro Note of less than €100,000 remain 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 Repurchase Event feature to the extent that (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer and/or (ii) 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. Notwithstanding anything to the contrary contained in the Indenture or the Notes, a Change of Control Offer may be made in advance of a Change of Control Repurchase Event, conditional upon the consummation of the relevant Change of Control, so long as a definitive agreement has been executed that contains terms and provisions that would otherwise result in a Change of Control upon completion of the transactions contemplated thereby.

The Change of Control Repurchase Event 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 Repurchase Event, 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 Repurchase Event under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. The Indenture may not contain any covenants or provisions that afford holders of the Notes protection in the event of a highly leveraged transaction. The covenant described in this "—Change of Control" section can only be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding under the Indenture.

The Issuer's ability to repurchase Notes upon a Change of Control Repurchase Event may be limited by a number of factors. The occurrence of some of the events that constitute a Change of Control Repurchase Event could constitute a default under certain other Indebtedness of the Issuer or its Subsidiaries which, in the event of a Change of Control Repurchase Event, 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 Repurchase Event or require such Indebtedness to be repurchased upon a Change of Control Repurchase Event. 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 Repurchase Event 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 Repurchase Event 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 Repurchase Event 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

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 assume 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 their respective 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 the United Kingdom, Germany, Luxembourg or any other member state of the European Union, Switzerland, the United States of America, or any State thereof or the District of Columbia, or the jurisdiction of formation of the Issuer or any Guarantor; or, if the Surviving Person is an entity organized and existing under the laws of any other jurisdiction, the 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 the Notes or Note Guarantee, as applicable, 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 the Issuer or such Guarantor) shall expressly assume, (A) in a transaction or series of transactions involving the Issuer, by a supplemental indenture in a form satisfactory to the Trustee, all of the obligations of the Issuer under the 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 (i) any consolidation or merger among Guarantors, among the Issuer and one or more Guarantors or by a Subsidiary that is not a Guarantor with the Issuer or one or more Guarantors (the Issuer or any such Guarantor, as applicable, being the surviving or succeeding entity) or (ii) the sale, assignment, transfer, lease or other disposal by the Issuer or any Subsidiary of all or substantially all of its properties and assets to 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 the Accounting Principles (or any other internationally generally acceptable accounting standards in the event the Issuer is required by applicable law to prepare

its financial statements in accordance with such other standards or is permitted and elects to do so), together with an audit report thereon, and 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 150 days of the end of each fiscal year;

(2) quarterly financial information as of the end of and for each quarterly period (other than the fourth quarter), together with comparable information for the corresponding period of the preceding fiscal year, and a summary "Operating and Financial Review and Prospects" section prepared in a manner substantially consistent with this Offering Memorandum, providing a brief discussion of the results of operations for the quarter within 90 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.

The Issuer will, contemporaneously or promptly thereafter, (a) file a press release with the appropriate internationally recognized wire services in connection with each report described above and (b) post such report on the Issuer's website. Upon the posting of any such report on the Issuer's website, such report shall be deemed to be provided to the Trustee and the holders of the Notes for purposes of the Indenture.

In addition, so long as any 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 Securities Act 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 Securities Act.

If and for so long as the equity securities of the Issuer or any Qualified Parent Holdco (other than Tata Motors Limited or any of its Parent Holdcos) are listed on the Main Market of the London Stock Exchange, the New York Stock Exchange, Euronext Amsterdam, the Frankfurt Stock Exchange, the Hong Kong Stock Exchange, the Singapore Exchange or any other "national securities exchange" (within the meaning of, and subject to, the Exchange Act and other reporting requirements of the U.S. Securities and Exchange Commission) in the United States or any other "regulated market" (within the meaning of, and subject to, the EU Transparency Directive) in the European Union or, in each case, any successor thereof (each, a "Recognized Stock Exchange") and the Issuer or such Parent Holdco is subject to and complies with the admission and disclosure standards applicable to issuers of equity securities admitted to trading on such Recognized Stock Exchange, the Issuer will be deemed to have complied with the foregoing provisions of this covenant.

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 any Notes, including any Additional Amounts in respect thereof, when due; or

(2) failure to pay principal of or premium, if any, on any Notes when due, whether at maturity, upon optional redemption, by declaration or otherwise; or

(3) failure to observe or perform any other covenant contained in the Indenture for 60 days after notice is provided; or

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Subsidiaries other than Indebtedness owed to the Issuer or a Subsidiary, 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 at its final maturity (upon the expiration of any grace period provided in the terms of such Indebtedness) and (B) the principal amount of any such Indebtedness that has been accelerated or not paid at final 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 £250.0 million; *provided* that this clause (4) shall permanently cease to be applicable to the Issuer and its Subsidiaries (and no Default or Event of Default shall be deemed to occur thereunder) upon the Notes achieving Investment Grade Status and such clause will not be reinstated if the Notes cease to maintain Investment Grade Status; or

(5) 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

(6) certain events in bankruptcy, insolvency or reorganization of the Issuer, the Guarantors or any of the Issuer's Significant Subsidiaries.

Notwithstanding the foregoing, 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 declare such Default to the Issuer in writing and such Default is not cured within 60 days of such notice, and a Default under paragraph (4) 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 declare such Default to the Issuer in writing and such Default is not cured within 30 days of such notice.

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "Initial Default") occurs, then at the time such Initial Default is cured, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "—Certain Covenants—Reports" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

So long as any of the Notes are outstanding, the Issuer will deliver to the Trustee, within 30 days of becoming aware of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

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 (6) above), *provided* that if such Event of Default affects only the Dollar Notes or Euro Notes, holders of not less than 25% in aggregate outstanding principal amount of the Dollar Notes or Euro Notes only (as applicable) may make such a declaration with respect to such Dollar Notes or Euro Notes, as applicable. If an

Event of Default described in clause (6) 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 applicable Notes by written notice to the Trustee and the Issuer may on behalf of all of the holders of the applicable Notes 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) in respect of such Notes 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 (or series of Notes, as applicable) may, on behalf of all of the holders of the Notes (or the Notes of such series, as applicable), waive any existing default with respect to the Notes (or such series of Notes, as applicable), 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 (or series of Notes, as applicable) outstanding as described under "—Amendments and Waivers" below. 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:

(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 Note or change the time at which any Note may be redeemed, in each case, as described above under "—Optional Redemption";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any holder to institute suit for the enforcement of any payment on or with respect to such holder's Notes;

(7) change the obligation of the Issuer or any Guarantor to pay Additional Amounts;

(8) release any Guarantor from their Note Guarantee; or

(9) make any change in the preceding amendment and waiver provisions.

Without the consent of any holder, the Issuer and the Trustee may amend the Indenture to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) conform the text of the Indenture, the Note Guarantees or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, or the Notes;

(3) add Note Guarantees with respect to the Notes;

(4) secure the Notes;

(5) add to the covenants of such Issuer and the Guarantors for the benefit of the holders or surrender any right or power conferred upon the Issuer;

(6) evidence and provide the acceptance and appointment of a successor trustee;

(7) comply with the rules of any applicable securities depositary;

(8) issue Additional Notes in accordance with such Indenture; or

(9) make any change that does not adversely affect the rights of any holder in any material respect.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment or waiver to or under the Indenture. It is sufficient if such consent approves the substance of the proposed amendment or waiver. After an amendment, supplement or waiver under the Indenture becomes effective, the Issuer is required to mail or publish 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.

All Notes issued under the Indenture will vote and consent together on all matters (as to which any of such Notes may vote) as one class and no series of Notes will have the right to vote or consent as a separate series on any matter; *provided, however*, that if any amendment, supplement, waiver or other modification will only affect the Dollar Notes or the Euro Notes, only the consent of the applicable majority in principal amount of the then outstanding Dollar Notes or Euro Notes, as applicable (and not the consent of the Holders of at least such a majority of all Notes), will be required.

For purposes of voting or consenting (or any other matter requiring a determination based on a percentage of principal amount of the Notes outstanding), the aggregate principal amount of outstanding Euro Notes will be calculated using the Dollar Equivalent of such aggregate principal amount outstanding as of the date of determination.

Defeasance

The Issuer may, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, at any time terminate all its obligations under the Notes issued by it and the Indenture ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

The Issuer may, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, at any time terminate its obligations under the 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 and the bankruptcy provisions with respect to Subsidiaries described under "—Events of Default" above ("covenant defeasance").

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Issuer's Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option, payment of such Issuer's Notes may not be accelerated because of an Event of Default specified in paragraphs (3) (as it relates to such covenants terminated by covenant defeasance), (4), (5) or (6) (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 cash in US dollars or US dollar-denominated Government Obligations (in the case of the Dollar Notes) or cash in euro or euro-denominated Designated Government Obligations (in the case of the Euro Notes) 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 U.S. and non-U.S. holders of such Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. 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 U.S. federal income tax law;

(b) an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent relating to legal defeasance or covenant defeasance, as applicable, have been complied with; and

(c) all other documents or other information that the Trustee may reasonably require in connection with the legal defeasance or the covenant defeasance, as applicable.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all the Notes issued thereunder, when:

(1) either:

(a) all the Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all the Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing or publishing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for such purposes) as trust funds in trust solely for the benefit of the holders, cash in US dollars or US dollar-denominated Government Obligations, or a combination (in the case of the Dollar Notes), or cash in euro or euro-denominated Designated Government Obligations, or a combination (in the case of the Euro Notes), 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)).

Currency Exchange Rate Determinations

For the purposes of making any determination in respect of any sterling-denominated threshold under the Indenture, the principal amount of any Indebtedness not denominated in sterling shall be the sterling equivalent of such principal amount, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, or, at the option of the Issuer, the date such Indebtedness was committed; *provided, however* that, at the option of the Issuer, (i) if such Indebtedness not denominated in sterling is subject to a Currency Agreement with respect to sterling, the amount of such Indebtedness expressed in sterling may be calculated so as to take into account the effects of such Currency Agreement; and (ii) the sterling equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date may be calculated based on the relevant currency exchange rate in effect on the Issue Date.

No Personal Liability of Directors, Officers, Employees and Stockholders

No member of the Board of Directors, director, officer, employee, incorporator or stockholder of the Issuer or the Guarantors, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability and agrees not to enforce any claim in respect of the Notes, the Indenture or the Note Guarantees to the extent that it would give rise to such personal liability. The waiver and release are part of the consideration for issuance of the Notes and the Note Guarantees. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the U.S. Securities and Exchange Commission 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 U.S. 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 reorganized 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 authorized 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 wilful 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 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 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.

"Applicable Premium" means, with respect to any Note being redeemed on any date of redemption, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of:

(a) the present value at such date of redemption of (i) the redemption price of such Note at 15 July 2024 (such redemption price being set forth in the table appearing under the caption "Optional Redemption—Optional Redemption of the Notes on or after 15 July 2024"), plus (ii) all required remaining scheduled interest payments due on such Note through 15 July 2024 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the Treasury Rate (in the case of the Dollar Notes) or the Bund Rate (in the case of the Euro Notes) as of such date of redemption plus 50 basis points; over

(b) the then outstanding principal amount of such Note.

The Issuer shall calculate or cause to be calculated the Applicable Premium and the Trustee shall have no duty to calculate or verify the Issuer's calculation of the Applicable Premium.

"Board of Directors" means, with respect to the Issuer or any Guarantor, as the case may be, the Board of Directors (or other body performing functions similar to any of those performed by a Board of Directors) or any committee thereof duly authorised to act on behalf of such Board of Directors (or other body).

"Bund Rate" means, with respect to any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

(1) "Comparable German Bund Issue" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to 15 July 2024 and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to 15 July 2024; *provided,* that if the period from such redemption date to 15 July 2024, is less than one year, a fixed maturity of one year shall be used;

(2) "Comparable German Bund Price" means, with respect to any redemption date, the average of the Reference German Bund Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "Reference German Bund Dealer" means any dealer of German Bundesanleihe securities appointed by the Issuer; and

(4) "Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding such redemption date.

"Business Day" means any day other than:

(1) a Saturday or Sunday;

(2) a day on which banking institutions in London, New York City or the jurisdiction of organization of the office of the Paying Agent (other than the Trustee) are authorized or required by law or executive order to remain closed *provided*, *however*, that for any payments to be made under the Indenture with respect to the Euro Notes, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("TARGET") payment system is open for the settlement of payments; 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 the Accounting Principles, as in effect immediately prior to the adoption of IFRS 16 (Leases), and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with such Accounting Principles; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Captive Finance Company" means a Subsidiary of the Issuer which is incorporated for the primary purpose of, and primarily engages in, providing wholesale and/or retail finance (including, for the avoidance of doubt, retail leasing) for the Issuer or any of its Subsidiaries, the dealers, distributors or customers of the Issuer or any of its Subsidiaries and other activities or services reasonably relating thereto or in connection therewith.

"Change of Control" means the occurrence of one or more of the following events:

(1) the Issuer becomes aware that any person or group of related persons (as such terms are used in Section 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date) other than Tata Motors Limited or any of its Affiliates has become the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; or

(2) 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 (as such terms are used in Section 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date) other than to one or more Subsidiaries or the Issuer.

Notwithstanding the foregoing, (i) a person or group of related persons shall not be deemed to beneficially own securities subject to an equity or asset purchase agreement, merger agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the transactions contemplated by such agreement and (ii) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner.

"Change of Control Repurchase Event" means the occurrence of a Change of Control and a Rating Event.

"Commodities Agreement" means any agreement or arrangement designed to protect the relevant Person against fluctuations in commodities prices.

"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 the 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, of the United Kingdom 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 a "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 "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."

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than US dollars, at any time of determination thereof by the Issuer or the Trustee, the amount of US dollars obtained by converting such currency other than US dollars involved in such computation into US dollars at the spot rate for the purchase of US dollars with the applicable currency other than US dollars as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected by the Issuer) on the date of such determination.

"Equity Offering" means a public or private sale of Capital Stock, which is not Disqualified Stock, of the Issuer (other than a public offering on Form S-8 or any similar offering in other jurisdictions).

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Fitch" means Fitch Ratings, Ltd. and its successors.

"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, 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 indebtedness for money borrowed accounted for as debt on the consolidated balance sheet of the Issuer, prepared in accordance with the Accounting Principles.

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement or other similar financial agreement or arrangement.

"Investment Grade Rating" means: (1) a rating of BBB- or higher (or the equivalent at such time) by S&P; (2) a rating of Baa3 or higher (or the equivalent at such time) by Moody's; (3) a rating of BBB- or higher (or the equivalent at such time) by Fitch; or (4) the equivalent rating category of any Rating Agencies substituted for S&P, Moody's or Fitch.

"Investment Grade Status" means such time when the Notes have achieved an Investment Grade Rating from at least one Rating Agency.

"Issue Date" means 14 July 2021.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Manufacturing Subsidiary" means any Subsidiary (other than a Captive Finance Company) (A) substantially all the property of which is located within the United Kingdom and (B) which owns a Principal Manufacturing Property.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Note Guarantee" means the Guarantee by a Guarantor of the Issuer's obligations under the Notes.

"Officer's Certificate" means a certificate signed by one Responsible Officer of the Issuer or, if applicable, a Guarantor.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer, a Guarantor or the Trustee.

"Parent Holdco" means any Person (other than a natural person) which legally and beneficially owns more than 50% of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

"Permitted Liens" means, with respect to any Person:

(1) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good-faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits or cash or Designated Government Obligations to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, including carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith if a reserve or other appropriate provisions, if any, as are required by the 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 the 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, licences, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(6) Liens securing Hedging Obligations;

(7) leases, subleases and licences 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 licences 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 the aggregate principal amount secured by such Liens does not exceed the cost of the assets or property so acquired, constructed or improved;

(9) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution; *provided* that such deposit account is not intended by the Issuer or any Subsidiary to provide collateral to the depositary institution;

(10) Liens arising from United States Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer or any Subsidiary in the ordinary course of business;

(11) Liens existing on the Issue Date;

(12) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided, however,* that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such other Person becoming a Subsidiary of the Issuer or the Guarantors;

(13) Liens on property at the time the Issuer or any Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Issuer or any Subsidiary; *provided, however,* that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such acquisition;

(14) Liens securing Indebtedness or other obligations of the Issuer to a Subsidiary or of a Subsidiary owing to another Subsidiary;

(15) Liens securing the Notes and all other Indebtedness which by its terms must be secured if the Notes are secured;

(16) Liens securing Indebtedness Incurred to refinance Indebtedness that was previously secured;

(17) Liens arising by operation of law or by agreement to the same effect in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(20) other Liens securing Indebtedness of the Issuer and its Subsidiaries (and, without duplication, guarantees of such Indebtedness by the Issuer or any Subsidiary), *provided* that the aggregate principal amount of such Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness secured by Liens described elsewhere in this definition of Permitted Liens), measured as of the date of the creation of such Lien and the date of Incurrence of any such Indebtedness and after giving pro forma effect to the creation of such Lien, shall not exceed the greater of £1,700.0 million or 15.0% of the Issuer's Consolidated Tangible Assets;

(21) Liens in favor of the United Kingdom or any department, agency or instrumentality or political subdivision thereof, or in favor 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

(22) 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 (21); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, reasonable extensions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced, extended, renewed or replaced.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, 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 and machinery) located within the United Kingdom owned by the Issuer or any of its Subsidiaries (other than a Captive Finance Company), excluding any such plants or facilities with an aggregate net book value not to exceed 1.0% of Consolidated Tangible Assets of the Issuer, determined as of the date of such exclusion.

"Qualified Parent Holdco" means any Parent Holdco of which all or substantially all the assets consist of the Issuer and its Subsidiaries.

"Rating Agency" means: (1) each of Moody's, S&P or Fitch; or (2) if any of Moody's, S&P or Fitch ceases or is unable or unwilling to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Issuer's control, a "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act selected by the Issuer as a replacement agency for any or all of Moody's, S&P or Fitch, as the case may be.

"Rating Event" means:

(1) if on the date of the first public announcement of an event that constitutes a Change of Control the Notes are then rated by any two Rating Agencies as having an Investment Grade Rating, there is a decrease in the rating of the Notes by one of the Rating Agencies on or within 90 days of the date of the Change of Control (which period shall be extended for an additional 90 days if any Rating Agency has publicly announced that it is considering a possible downgrade of the Notes) which causes the Notes to no longer have an Investment Grade Rating from both Rating Agencies; or

(2) if on the date of first public announcement of an event that constitutes a Change of Control the Notes are not then rated by any two Rating Agencies as having an Investment Grade Rating, there is a decrease in the rating of the Notes by at least one of the Rating Agencies on or within 90 days of the date of the Change of Control (which period shall be extended for an additional 90 days if any Rating Agency has publicly announced that it is considering a possible downgrade of the Notes) which decrease results in the rating on the Notes by such Rating Agency to be lower than the rating of the Notes issued by such Rating Agency immediately preceding the public announcement of the event that constitutes the relevant Change of Control.

"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.

"S&P" means Standard & Poor's Financial Services LLC and its successors. "Securities Act" means the U.S. Securities Act of 1933, as amended.

"Significant Subsidiary" means any Subsidiary of the Issuer that represents 10% or more of the net assets or revenue of the Issuer and its Subsidiaries in the aggregate, as determined by reference to the latest available audited consolidated financial statements of the Issuer and its Subsidiaries, after giving pro forma effect (as determined in good faith by a Responsible Officer of the Issuer) to any acquired assets since the date of such financial statements.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred), or if any such date is not a Business Day, on the next succeeding Business Day.

"Subordinated Obligation" means any Indebtedness of the Issuer or a Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that is subordinate or junior in right of payment to the Notes or such Guarantor's Note Guarantee pursuant to a written agreement to that effect.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, association, partnership or other business entity of which more than 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly, by:

(1) such Person;

(2) such Person and one or more Subsidiaries of such Person; or

(3) one or more Subsidiaries of such Person.

Unless otherwise provided, all references to Subsidiaries shall be to Subsidiaries of the Issuer and the Guarantors.

"Surviving Person" means, with respect to any Person involved in any merger, consolidation or other business combination or the sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of such Person's assets, the Person formed by or surviving such transaction or the Person to which such disposition is made.

"Tax" means any tax, duty, levy, impost, assessment or other governmental charge, including penalties, interest and other liabilities related thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax. "Taxes" has a meaning correlative to the foregoing.

"Treasury Rate" means, as of any redemption date, the weekly average rounded to the nearest 1/100th of a percentage point (for the most recently completed week for which such information is available as of the date that is two Business Days prior to the redemption date) of the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in Federal Reserve Statistical Release H.15 with respect to each applicable day during such week or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to 15 July 2024; *provided, however,* that if the period from the redemption date to 15 July 2024 is not equal to the constant maturity of a United States Treasury security for which such a yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to 15 July 2024 is less than one year, the weekly average yield on actually traded United States Treasury securities (or other comparable benchmark) adjusted to a constant maturity of one year shall be used.

"United Kingdom" means the United Kingdom of Great Britain and Northern Ireland and any constituent country thereof as of the Issue Date.

"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 Dollar Global Notes will be represented by one or more global notes in registered form without interest coupons attached and will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee for DTC. The Euro Global Notes will be represented by one or more global notes in registered form without interest coupons attached and will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Dollar Book-Entry Interests and Euro Book-Entry Interests will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream, as applicable, or persons that hold interests through such participants. DTC, Euroclear and Clearstream 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 DTC, Euroclear and Clearstream 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 Notes are held in global form, DTC, the common depositary for Euroclear and/or Clearstream or their respective nominees, as applicable, will be considered the sole holder of the Global Notes for all purposes under the Indenture governing the Notes. In addition, participants must rely on the procedures of DTC, Euroclear and/or Clearstream, and indirect participants must rely on the procedures of DTC, Euroclear and/or Clearstream 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, DTC, Euroclear and/or Clearstream, as applicable, 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 DTC, Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream, 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 $200,000 or €100,000 principal amount or less, as applicable, 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 DTC or its nominee (in the case of Dollar Global Notes) and to the common depositary or its nominee for Euroclear and Clearstream or its nominee (in the case of Euro Global Notes), 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., DTC the common depositary for DTC, Euroclear and/or Clearstream 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 DTC, Euroclear or Clearstream 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 DTC, Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or DTC, Euroclear, Clearstream 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 Dollar Global Notes, will be paid to holders of interest in such Notes through DTC in US dollars. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Euro Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream 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. DTC, Euroclear and Clearstream 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 DTC, Euroclear and Clearstream 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 DTC, Euroclear and Clearstream will be effected in accordance with DTC, Euroclear and Clearstream rules, as applicable 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 DTC, Euroclear and Clearstream 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 Dollar Regulation S Global Note or a Euro Regulation S Global Note, may be transferred to a person who takes delivery in the form of an interest in a Dollar Rule 144A Global Note or a Euro Rule 144A Global Note, respectively, 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 DTC, Euroclear or Clearstream 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 DTC, Euroclear or Clearstream 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 $200,000 or €100,000, as applicable, 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 DTC, Euroclear and Clearstream:

DTC

DTC is:

- a limited purpose trust company organised under the New York Banking Law;
- a ''banking organization'' under the New York Banking Law;
- a member of the Federal Reserve System;
- a ''clearing corporation'' within the meaning of the New York Uniform Commercial Code; and
- a ''clearing agency'' registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations such as the initial purchasers. Others, such as banks, brokers, dealers, trust companies and clearing corporations, that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC system or otherwise take actions in respect of such interest may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC system will receive distributions attributable to the Dollar Global Notes only through DTC participants.

The address of DTC in New York is 55 Water Street, New York, New York 10041.

Euroclear and Clearstream

Euroclear and Clearstream hold securities for participating organisations and 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 provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited.

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.

Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by the common depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream will, if the transaction meets its settlement requirements, delivery instructions to the common depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depositary.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the settlement date of DTC. Cash received in Euroclear and Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, 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 DTC, Euroclear, Clearstream 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 Cede & Co., as nominee for DTC, Euroclear and/or Clearstream or the nominee of the common depositary.

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. References to "interest" refer to interest as that term is understood for UK tax purposes. The UK tax treatment of holders of Notes depends on their individual circumstances and may be subject to change in the future. 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 and Guarantee payments

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.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of UK income tax at the basic rate (currently 20%), unless another relief or exemption applies (for instance, in connection with a direction by HMRC under an applicable double taxation treaty).

Any premium payable on redemption may be treated as a payment of interest for United Kingdom tax purposes and may accordingly be subject to the withholding tax treatment described above.

If a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), such payments may be subject to UK withholding tax at the basic rate, subject to the availability of other exemptions and reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty. However, the UK withholding tax treatment of payments by the Guarantors under the terms of the Note Guarantees which have a UK source is uncertain. In particular, such payments by the Guarantors may not be eligible for the exemptions described above in relation to payments of interest.

Holders of the Notes may wish to note that HMRC has power to obtain information (including, in certain cases, the name and address of the beneficial owner of the interest), including from any person in the United Kingdom who either pays certain amounts in respect of the Notes to, or receives certain amounts in respect of the Notes for the benefit of, an individual. Such information may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

Further UK tax issues

Interest on the Notes constitutes UK source income for tax purposes and, as such, may be subject to UK tax by way of assessment (including self-assessment) even where paid without withholding or deduction.

However, interest with a UK source received without withholding or deduction for or on account of UK income tax will not be chargeable to UK tax in the hands of a holder of Notes (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless (a) that holder of Notes is a company which carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom or, if not such a company, carries on a trade, profession or vocation in the United Kingdom through a branch or agency, and (b) the interest is received in connection with, or the Notes are attributable to, that permanent establishment, branch or agency. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such holders of Notes.

UK corporation tax payers

In general, holders of Notes which are within the charge to UK corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment. Holders of the Notes will be required to determine whether the income is to be treated as trading or non-trading based on the activities that they undertake.

Other UK tax payers

Taxation of chargeable gains

A disposal of Notes by an individual holder of Notes who is resident in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable may give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains. However, such a disposal would not give rise to a chargeable gain or allowable loss for the purposes of the UK taxation of chargeable gains if the Notes are deemed to be "deeply discounted securities" (please see "—Taxation of discount" below, which sets out certain other possible UK tax consequences of a disposal of a Note by a holder of Notes). In calculating any gain or loss on a disposal (including redemption) of a Note, sterling values are compared at acquisition and disposal. Accordingly, a taxable gain can arise even where the relevant non-sterling currency amount received on a disposal (including redemption) is the same as, or less than, the relevant non-sterling currency amount paid for the Note. Special rules may apply to individuals who have ceased to be resident in the United Kingdom and who dispose of their Notes before becoming once again resident in the United Kingdom.

Accrued income profits

On a disposal of Notes by a holder of Notes, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules relating to accrued income profits as set out in Part 12 of the ITA if that holder of Notes is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. Holders of Notes are advised to consult their own professional advisers for further information about the accrued income scheme in general. These provisions will not apply if the Notes are deemed to be "deeply discounted securities" (as to which, see "—Taxation of discount" below).

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; however, such holders will not be able to claim relief from United Kingdom income tax in respect of costs incurred on the acquisition, transfer or redemption of, or losses incurred on the transfer or 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) traders in securities or commodities that elect mark-to-market treatment; (v) tax-exempt entities; (vi) 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; (vii) persons who have a "functional currency" other than the US dollar; (viii) regulated investment companies and real estate investment trusts; (ix) persons who have ceased to be US citizens or lawful permanent residents of the United States; and (x) certain taxpayers who file applicable financial statements required to recognise income when the associated revenue is reflected on such financial statements. 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, created or organised in or under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate, the income of which is subject to US federal income taxation regardless of its source; or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on 20 August 1996 and has properly elected to continue to be treated as a US person.

If any entity or arrangement treated as a partnership or other pass-through entity for US federal income tax purposes holds Notes, the tax treatment of a partner in the partnership or owner of the other pass-through entity will generally depend upon the status of the partner or owner and the activities of the entity or arrangement. A holder that is a partner in a partnership or owner of another pass-through entity that is considering holding Notes should consult its own tax adviser.

Each prospective investor should consult its own tax adviser with respect to the US federal (including income, estate and gift), state, local and foreign tax consequences of acquiring, owning and disposing of Notes. US Holders should also review the discussion under "—United Kingdom Taxation" for the United Kingdom tax consequences to a US Holder of the ownership of Notes.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances the Issuer may be required to make payments on a Note that would change the yield of the Note. See "Description of the Notes—Change of Control" and "Description of the Notes—Optional Redemption". This obligation may implicate the provisions of Treasury Regulations relating to contingent payment debt instruments ("CPDIs"). According to the applicable Treasury Regulations, certain contingencies will not cause a debt instrument to be treated as a CPDI if such contingencies, as of the date of issuance, are "remote or incidental" or certain other circumstances apply. The Issuer intends to take the position that the Notes are not CPDIs. This determination, however, is not binding on the US Internal Revenue Service (the "IRS") and if the IRS were to successfully challenge this determination, a holder may be required to accrue income on the Notes that such holder owns in excess of stated interest, regardless of the holder's method of accounting, and to treat as ordinary income rather than capital gain any income realised on the taxable disposition of such Notes before the resolution of the contingencies. If the Notes are not CPDIs but such contingent payments were required to be made, it would affect the amount and timing of the income that a US Holder recognises. US Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and the consequences thereof. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Payments of stated interest

Stated interest paid on a Note, and any Additional Amounts with respect to withholding tax on the Notes (including the amount of tax withheld from payments of interest and Additional Amounts), 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. It is expected, and the remainder of this discussion assumes, that the Notes will not be issued with original issue discount for U.S. federal income tax purposes.

Interest received by a US Holder will be treated as foreign source income for purposes of the rules regarding the foreign tax credit allowable to a US Holder and will generally be "passive" income for purposes of computing the foreign tax credit. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a US Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the Notes. Alternatively, the US Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex. US Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

With respect to the Euro Notes the amount of income recognised by a cash basis US Holder, and which must be included in such US Holder's income as ordinary income, will be the US dollar value of each interest payment, based on the spot rate of exchange in effect on the date of receipt, regardless of whether the payment is in fact converted into US dollars at such time.

An accrual basis US Holder may determine the amount of income recognised with respect to an interest payment on the Euro Notes in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average spot rate of exchange in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a US Holder, the average spot rate of exchange for the partial period within each taxable year).

Under the second method, the US Holder may elect to determine the amount of income accrued on the basis of the spot rate of exchange in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the spot rate of exchange in effect on the last day of the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis US Holder may instead translate the accrued interest into US dollars at the spot rate of exchange in effect on the day of receipt. Any such election will apply to all debt instruments held by the US Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the US Holder, and will be irrevocable without the consent of the IRS.

Upon an accrual basis US Holder's receipt of an interest payment on the Euro Notes (including a payment attributable to accrued but unpaid interest upon the sale, retirement or other taxable disposition of a Euro Note), the US Holder may recognise U.S. source foreign currency exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into US dollars at the spot rate of exchange on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into US dollars at such time.

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 Holder's cost of acquiring the Note.

The US dollar cost of a Euro Note purchased with euro will generally be the US dollar value of the euro purchase price translated at the spot rate of exchange on the date of purchase, or the settlement date for the purchase in the case of Euro Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis US Holder or an accrual basis US Holder that so elects. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. The amount realised on a sale, exchange or other taxable disposition for an amount in euro will be the US dollar value of this amount on the date of sale or exchange or other taxable disposition, or the settlement date for the sale, in the case of Euro Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, sold by a cash basis US Holder or an accrual basis US Holder that so elects. The special election available to accrual basis US Holders in regard to the sale, exchange or other taxable disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the US Holder from year-to-year and cannot be changed without the consent of the IRS. An accrual basis US Holder that does not make the special election will recognise foreign currency exchange gain or loss (generally taxable as U.S. source ordinary income or loss) to the extent that there are exchange rate fluctuations between the disposition date and the settlement date.

A US Holder of a Euro Note will generally recognise U.S. source exchange gain or loss (generally taxable as ordinary income or loss) on the sale or retirement of a Euro Note equal to the difference, if any, between the US dollar value of the US Holder's euro purchase price for the Note (i) on the date of sale, exchange or other taxable disposition and (ii) the date on which the US Holder acquired the Note. Any such foreign currency exchange gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale, exchange or other taxable disposition.

Subject to the discussion above about exchange gain or loss, any gain or loss realised by a US Holder on the disposition of a Note generally will be US source capital gain or loss and will be treated as long-term capital gain or loss if the Note has been held for more than one year at the time of the disposition of the Note. For certain non-corporate holders (including individuals), any such long-term capital gain is currently subject to US federal income tax at preferential rates. The deductibility of capital losses is subject to limitations.

If any gain from the sale, exchange or other taxable disposition of Notes is subject to foreign income tax, US Holders may not be able to credit such tax against their U.S. federal income tax liability under the U.S. foreign tax credit limitations of the Code (because such gain generally would be U.S. source income) unless such income tax can be credited (subject to applicable limitations) against U.S. federal income tax due on other income that is treated as derived from foreign sources. Alternatively, the US Holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the US Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year.

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., $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 Euro Notes should consult their own tax advisers to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes or the disposition of euro, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

Information with respect to foreign financial assets

Owners of "specified foreign financial assets" with an aggregate value in excess of $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" generally include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-US persons; (ii) financial instruments and contracts that have non-US issuers or counterparties; and (iii) interests in foreign entities. The Notes may be subject to these rules. Persons required to file US tax returns are urged to consult their tax advisers regarding the application of these reporting requirements to their ownership of the Notes.

Backup withholding and information reporting

Backup withholding and information reporting requirements may apply to certain payments to US Holders of interest on the Notes (including Additional Amounts) and to the proceeds of a sale, exchange or other taxable disposition (including a retirement or redemption) of a Note. Backup withholding (currently at a rate of 24%) 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 Agreements, dated as at 9 July 2021, the initial purchasers named below have severally agreed to purchase, and we have agreed to sell to the initial purchasers, the aggregate principal amount of the Notes.

The Purchase Agreements provide that the obligation of the initial purchasers to purchase the Notes is subject to approval of legal matters by counsel and to other conditions.

In connection with this offering, the initial purchasers are not acting for anyone other than us and will not be responsible to anyone other than us for providing the protections afforded to their clients nor for providing advice in relation to this offering.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the US Securities Act.

If a jurisdiction requires the offering to be made by a licensed broker or dealer and the initial purchasers or any parent company or affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such parent company or affiliate on behalf of the initial purchasers in such jurisdiction.

The initial purchasers reserve the right to reject, cancel or modify an order of Notes in whole or in part.

Initial Settlement

The initial purchasers expect that delivery of the Notes will be made against payment therefore on the Settlement Date, which will be the business day following the pricing date of the offering (this settlement cycle being referred to as "T+3"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are generally required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the second business day preceding the Settlement Date will be required, by virtue of the fact that the Notes initially will settle on a delayed basis, to agree to a delayed settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

Securities Not Being Registered Under the US Securities Act

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."

Resales

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 persons reasonably believed to be 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 pursuant to 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 or another exemption from registration under the Securities Act.

United Kingdom

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.

Taxes

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.

New Issue of Securities

The Notes will constitute a new class of securities with no established trading market. The Notes will be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market thereof (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.

Certain 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.

Price Stabilisation

In connection with the offering of a series of the Notes, a Stabilising Manager (or persons acting on behalf of a Stabilising Manager) may conduct over-allotment, syndicate-covering transactions and stabilising transactions. However, stabilisation action may not necessarily occur. Over-allotment involves sales of Notes in excess of the principal amount of a series of the Notes to be purchased by the initial purchasers in this offering, which creates a short position for such initial purchasers. Covering transactions involve purchases of a series 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 such Notes made for the purpose of preventing or retarding a decline in the market price of such 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 such Notes. They may also cause the price of such Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of a series of the Notes is made and, if begun, may cease at any time, but it must end no later than 30 days after the date on which the Issuer receives the proceeds of the issue, or no later than 60 days after the date of the allotment of the relevant Notes, whichever is the earlier. Please see "Stabilisation."

Other Relationships

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, including hedging, from time to time for us and our subsidiaries, joint ventures and associates. In addition, in the ordinary course of their business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the initial purchasers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such initial purchasers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes offered hereby. Any such credit default swaps or 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) pursuant to 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:

(a) 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

(b) 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 pursuant to 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 (and the Notes Guarantees), 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 other applicable 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 pursuant to 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 $200,000 in the case of Dollar Notes and €100,000 in the case of Euro Notes, 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 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 $200,000 in the case of Dollar Notes and €100,000 in the case of Euro Notes, 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 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 [$200,000/€100,000], FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE U.S. SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

(8) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(9) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the US Securities Act.

(10) It acknowledges that the Transfer Agent will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set out therein have been complied with.

(11) It understands that no action has been taken in any jurisdiction (including the United States) by us or the initial purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling and transfer restrictions set forth in this Offering Memorandum.

(12) It is not nor is it acting for the account of a retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

(13) It is not nor is it acting for the account of a retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

(14) It understands that: (i) the Notes (and the Notes Guarantees) are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor (as defined in paragraph (12) above in the EEA or to any retail investor (as defined in paragraph (13) above) in the UK, and (ii) no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes (and the Note Guarantees) or otherwise making them available to retail investors in the EEA and no key information document required by Regulation (EU) No 1286/2014 as itforms part of UK domestic law by virtue of the EUWA (as amended, the "UK PRIIPs Regulation") for offering or selling the Notes (and the Note Guarantees) or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes (and the Note Guarantees) or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation or the UK PRIIPs Regulation, as applicable.

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 Milbank 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

For the historical periods stated below and covered by the financial statements in this Offering Memorandum, our independent auditors were KPMG LLP.

The consolidated financial statements of Jaguar Land Rover Automotive plc and its subsidiaries as at and for the year ended 31 March 2021, included in this Offering Memorandum, have been audited by KPMG 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 2020, included in this Offering Memorandum, have been audited by KPMG 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 2019, included in this Offering Memorandum, have been audited by KPMG LLP, independent auditors, as stated in their report appearing herein.

The parent company financial statements of Jaguar Land Rover Automotive plc as at and for the year ended 31 March 2021, included in this Offering Memorandum, have been audited by KPMG LLP, independent auditors, as stated in their report appearing herein.

The parent company financial statements of Jaguar Land Rover Automotive plc as at and for the year ended 31 March 2020, included in this Offering Memorandum, have been audited by KPMG LLP, independent auditors, as stated in their report appearing herein.

The parent company financial statements of Jaguar Land Rover Automotive plc as at and for the year ended 31 March 2019, included in this Offering Memorandum, have been audited by KPMG LLP, independent auditors, as stated in their report appearing herein.

KPMG LLP's reports 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. 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 investors: (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.

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 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. The Issuer LEI code is 529900L73GEWN1O5NH84.

2. The Notes will be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market thereof (the "Euro MTF Market"). There is no assurance that the Notes will remain listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof.

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 registered office of the Issuer during normal business hours:

   - the organisational documents of the Issuer and the Guarantors;
   - this Offering Memorandum;
   - the Consolidated Financial Statements; and
   - the Indenture (which includes the form of the Notes and the Note Guarantees).

4. For so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, any notice to the holders of the Notes shall be published in a newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu) or otherwise made available publicly through the issuer's website and/or public press release.

5. 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.

6. 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.

7. Except as disclosed herein, there has been no material adverse change in our consolidated financial position or prospects or the financial position or prospects of each of the Guarantors since 31 March 2021, the date of the most recent unaudited condensed consolidated financial statements included herein.

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 Dollar Notes sold pursuant to Rule 144A have been accepted for clearance through the book-entry facilities of DTC under Common Code 234646079, CUSIP 47010BAM6 and the ISIN US47010BAM63. The Dollar Notes sold pursuant to Regulation S have been accepted for clearance through the book-entry facilities of DTC under Common Code 234646052, CUSIP G5002FAV8 and the ISIN USG5002FAV88. The Euro Notes sold pursuant to Rule 144A have been accepted for clearance through the book entry facilities of Euroclear and Clearstream under Common Code 236459365 and ISIN XS2364593652. The Euro Notes sold pursuant to Regulation S have been accepted for clearance through the book entry facilities of Euroclear and Clearstream under Common Code 236459357 and ISIN XS2364593579.

12. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer dated 11 February 2021, and the Note Guarantees were authorised by the boards of directors of Jaguar Land Rover Limited at a meeting held on 26 March 2021 and Jaguar Land Rover Holdings Limited at a meeting held on 26 March 2021.

GLOSSARY OF SELECTED TERMS

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

"battery electric vehicle" or "BEV"	An all-electric vehicle that uses chemical energy stored in rechargeable battery packs. Battery electric vehicles use electric motors and motor controllers instead of internal combustion engines for propulsion.
"CCA"	Climate Change Agreements are voluntary agreements made by UK industry and the Environment Agency to reduce energy use and carbon CO_2 emissions.
"CO_2"	Carbon dioxide.
"connected car technologies"................	A connected car is a car that is equipped with Internet access, and usually also with a wireless local area network. This allows the car to share internet access with other devices both inside as well as outside the vehicle. Additionally, it allows the car to communicate with other cars and roadside infrastructure.
"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.
"CRC Scheme"	Carbon Reduction Commitment Energy Efficiency Scheme is a mandatory reporting and pricing scheme to improve energy efficiency in large public and private organisations in the UK.
"DEF"...	Diesel Exhaust Fluid, a reductant source used in uSCR that sets off a chemical reaction converting nitrogen oxides into nitrogen, water and tiny amounts of CO_2, which is then expelled through the vehicle tailpipe.
"driveline"	The parts of the powertrain excluding the engine and the transmission linking the transmission to the road wheels.
"Electric Drive Units"	Electromechanical device for converting electrical energy into mechanical energy.
"EU Emissions Trading Scheme" (also known as EU ETS).........................	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 6"	Part of a number of regulations introduced by the European Union stipulating common requirements for emissions from automobiles and their replacement parts. Euro 6 requires all vehicles equipped with diesel engines to substantially reduce their emissions of nitrogen oxides. Effective from September 2014.
"Euro NCAP"	The European New Car Assessment Programme is a European car safety performance assessment programme. It is a voluntary vehicle safety rating system.
"evaporative emissions"	Emissions that are generally composed of gasoline vapours that have escaped from storage tanks, fuel lines and fuel systems of vehicles.
"GTDI"	Gasoline Turbocharged Direct Injection.
"hybrid"	A vehicle that uses two or more distinct power sources for propulsion.
"infotainment"	Information-based media content or programming that also includes entertainment content.
"internal combustion engine" (also known as an ICE)	A heat engine where the combustion of a fuel occurs with an oxidiser (usually air) in a combustion chamber to propel motion. An internal combustion engine is typically fed with fossil fuels including gasoline, diesel fuel and natural gas. However, there is a growing use of renewable fuels like biodiesel and methanol.
"Lisbon Treaty"	Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007. Effective from 1 December 2009.
"mild hybrid electric vehicle" or "MHEV"	A hybrid electric vehicle whose battery is automatically recharged by regenerative braking during coasting and braking. The mild hybrid electric vehicles have an ICE which is assisted by an electric motor.
"modular longitudinal architecture" (also known as MLA)	A vehicle platform strategy for modular construction of vehicle components that can be used across disparate platforms that share longitudinal engine orientation, regardless of model, vehicle size or brand.
"mph"	Miles per hour.
"naturally aspirated engine"	An engine that depends solely on atmospheric pressure to draw in air for internal combustion.
"NEDC"	The New European Driving Cycle, which is a driving cycle designed to assess the emission levels of car engines.

"NOx"	NOx is a generic term for the oxides of nitrogen that are most relevant for air pollution, namely nitric oxide (NO) and nitrogen dioxide (NO2). They are also a greenhouse gas. These gases contribute to the formation of smog and acid rain, as well as affecting tropospheric ozone. NOx is formed under the high temperatures encountered during the combustion process in an ICE.
"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.
"plug-in hybrid electric vehicle" or "PHEV"......................................	A hybrid electric vehicle whose battery can be recharged by plugging it into an external source of electric power, as well as by its on-board engine and generator. The plug-in hybrid electric vehicles may be driven by an ICE, an electric motor or a combination of the two.
"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.
"premium transverse architecture" (also known as PTA).............................	A vehicle platform strategy for modular construction of vehicle components that can be used across disparate platforms that share transverse engine orientation, regardless of model, vehicle size or brand.
"Real Driving Emissions" (also known as RDE)	The process of measuring exhaust emissions under random driving conditions on public roads rather than laboratory conditions.
"Spark44 Joint Venture"....................	Spark44 (JV) Limited, a joint venture established in 2011 for the provision of advertising services.
"supercharged engine"	An engine that uses a supercharger, a device powered directly by the engine that compresses air flowing into the engine, to draw in more air for internal combustion. As a supercharger causes more air to enter the engine for combustion, a supercharged engine generally produces more power than the same engine without the charging.
"SUVs"	Sport Utility Vehicles, a type of vehicle characterised by a formal Z box silhouette with a wheel base to overall height ratio greater than 60% and off-road style elements.

"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.
"uSCR"...	Urea Selective Catalytic Reduction technology is an advanced active emissions control technology system that injects a liquid-reductant agent through a special catalyst into the exhaust stream of a diesel engine. The reductant source is automotive-grade urea, otherwise known as Diesel Exhaust Fluid ("DEF").
"V6"...	An engine with six cylinders arranged in pairs, driving a common crank, and forming a "V" shape when viewed end on.
"V8"...	An engine with eight cylinders arranged in pairs, driving a common crank, and forming a "V" shape when viewed end on.
"VED Band A".................................	Vehicle Excise Duty Band A is a CO_2 based band which provides vehicles tax exemption for vehicles where CO_2 emissions are below 100g/km.
"Worldwide Harmonised Light Vehicle Test Procedure" (also known as WLTP)..	A testing procedure to measure fuel and energy consumption, CO_2 and pollutant emissions and electric range from light duty vehicles (i.e. passenger cars and light commercial vehicles). The WLTP was introduced in 2017 for the purposes of providing a significantly closer simulation of real world customer driving conditions in the laboratory. Its purpose was to provide fuel economy values for every vehicle specification closer to what a customer can expect to achieve. The WLTP replaces the old New European Driving Cycle (NEDC)

INDEX TO THE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JAGUAR LAND ROVER AUTOMOTIVE PLC

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Jaguar Land Rover Automotive plc ("the Company") for the year ended 31 March 2021 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Expense, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, the parent Company Balance Sheet, the parent Company Statement of Changes in Equity, the parent Company Cash Flow Statement, and the related notes, including the parent Company and Group accounting policies in note 2.

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 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

OVERVIEW

Materiality: Group financial statements as a whole		£80m (2020: £85.9m) 0.4% of Group Revenue (2020: 0.4% of Group Revenue)
Coverage		82% (2020:88%) of Group revenue
Key audit matters		vs 2020
Recurring risks	Going concern	▼
	Impairment of property plant and equipment, intangible, and right-of use non-current assets	◀▶
	Capitalisation of product engineering costs	◀▶
	Valuation of defined benefit plan obligations	◀▶
Parent Company key audit matter	Recoverability of parent Company investment in subsidiaries and intra- group debtors	◀▶

2. KEY AUDIT MATTERS: INCLUDING OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our
Going Concern Risk vs 2020 ▼ Refer to page 60 (accounting policy).	**Disclosure quality:** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and the parent Company's business model, in particular risks associated with the global coronavirus pandemic, the impact of Brexit, and how those risks might affect the Group and parent Company's financial resources or ability to continue operations over a period to 30 September 2022. The risks most likely to adversely affect the Group and parent Company's available financial resources over this period were: • The impact of coronavirus lockdowns and related potential economic damage on customer demand in the Group's key markets, • The impact on the Group's supply chain and consequent production capability from semiconductor shortages, coronavirus related supply shortages and supplier continuity risks The risk for our audit is whether or not those risks are such that they amount to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to be disclosed.	We the peri of a indi of s thes Our

INDEPENDENT AUDITOR'S REPORT

	The risk	Our response
Impairment of property plant and equipment, intangible, and right-of-use non-current assets Risk vs 2020 ◄► *(Carrying value of property plant and equipment, intangible, and right-of-use non-current assets £12,391 million; 2020: £13,660 million)* *Refer to page 67 (accounting policy) and page 91 (financial disclosures).*	**Forecast-based assessment** There is a risk that the carrying value of property, plant and equipment (PPE), intangible assets, and right-of-use assets (ROUAs) may be higher than the recoverable amount. Where a review for impairment, or reversal of impairment, is conducted, the recoverable amount is determined based on the higher of 'value-in-use' or 'fair value less costs of disposal'. The Group holds a significant amount of property, plant and equipment and intangible assets on its balance sheet. Property, plant and equipment, intangible assets and right-of-use assets are at risk of being impaired as cash flow forecasts may contain optimistic expectations of terminal value variable profit and terminal value capital expenditure. The Group has also announced it's 'Reimagine' strategy which has led to the termination of the mid Modular Longitudinal Architecture ('MLA') development programme. The effect of these matters is that, as part of our risk assessment, we determined that the calculation of the value in use of property, plant and equipment, intangible assets, and right-of-use assets has a high degree of estimation uncertainty, with a range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements note 20 disclose the sensitivities estimated by the Group.	Our procedures included: ▪ **Historical accuracy:** Evaluated historical forecasting accuracy of discounted cash flow forecasts, including key assumptions, by comparing them to the actual results. ▪ **Historical comparison:** Assessed appropriateness of the Group's key assumptions used in the discounted cash flow forecasts by comparing those, where appropriate, to historical trends in terminal value variable profit and terminal value capital expenditure. ▪ **Benchmarking assumptions:** Assessed the appropriateness of the Group's estimated value in use amount by comparing the implied trading multiples to market multiples of comparative companies with the assistance of our valuation specialists. Assessed appropriateness of the Group's assumptions used in the cash flow projections by comparing the key assumption of sales volumes to externally derived data. Compared the Group's discount rate and long-term growth rate to external benchmark data and comparative companies and re-performed the discount rate calculation using the capital asset pricing model with the assistance of our valuation specialists. ▪ **Sensitivity analysis:** Performed a sensitivity analysis on key assumptions, generating an independent range for comparison, taking account of the Group's Reimagine strategy. ▪ **Comparing valuations:** Assessed the Group's reconciliation between the estimated market capitalisation of the Group, by reference to the overall market capitalisation of the Tata Motors Limited Group and compared to the estimated recoverable amount of the cash generating unit. ▪ **Impairment reversal:** Assessed whether the increase in value in use was indicative of an impairment reversal. ▪ **Assessing transparency:** Assessed the adequacy of the Group's disclosures in the financial statements and ensured that the disclosure reflects the reasonably possible changes in key assumptions that erode the headroom in the recoverable amount compared to the cash generating unit carrying value to nil.

	The risk
Capitalisation of product enginee-ring costs Risk vs 2020 ◄► *(£769 million; 2020: £1,426 million)* *Refer to page 67 (accounting policy) and page 81 (fi-nancial disclosu-res).*	**Subjective judgement** The Group capitalises a high proportion of product development spend and there is a key judgement in determining whether the nature of the product engineering costs satisfy the criteria for capitalisation to 'Intangible Assets, Product Development in Progress' and when this capitalisation should commence. The judgement of when capitalisation should commence consists of a number of judgements regarding the satisfaction of IAS 38 capitalisation criteria, and a key judgement is assessing whether development projects will generate probable future economic benefit. The financial statements (note 2) disclose that had the value of central overheads not been classed as directly attributable it would have reduced the amount capitalised by £80 million (2020: £117 million).

INDEPENDENT AUDITOR'S REPORT

	The risk	Our response
Valuation of defined benefit plan obligations Risk vs 2020 ◄► (£8,432 million; 2020: £7,788 million) Refer to page 68, Defined benefit obligation estimate (accounting policy) and pages 102 to 108, Defined benefit obligation (financial disclosures).	**Subjective valuation** Small changes in the key assumptions and estimates, being the discount rate, inflation rate and mortality/life expectancy, used to value the Group's pension obligation (before deducting scheme assets) would have a significant effect on the amount of the Groups' net defined benefit plan asset/(obligation). The risk is that these assumptions are inappropriate resulting in an inappropriate valuation of plan obligations. The effect of these matters is that, as part of our risk assessment, we determined that valuation of the pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 33) disclose the sensitivity estimated by the Group.	Our procedures included: ▪ **Control Operation:** Tested controls over the assumptions applied in the valuation and inspected the Group's annual validation of the assumptions used by its actuarial expert. Tested the Group's controls operating over selection and monitoring of its actuarial expert for competence and objectivity. ▪ **Benchmarking assumptions:** Challenged, with the support of our own actuarial specialists, the key assumptions applied to the valuation of the liabilities, being the discount rate, inflation rate and mortality/ life expectancy against externally derived data. ▪ **Assessing transparency:** Considered the adequacy of the Group's disclosures in respect of the sensitivity of the Groups' net defined benefit plan asset/(obligation) to these assumptions

	The risk	Our response
Recoverability of parent Company investment in subsidiaries and intra-group debtors Risk vs 2020 Investment ◄► (£1,655 million; 2020: £1,655million) Intra-group debtors (£6,038 million; 2020: £5,728 million)	**Low risk, high value** The carrying amount of the parent Company's investment in its subsidiary, which acts as an intermediate holding company for the rest of the parent Company's subsidiaries, represents 21% (2020: 22%) of the parent Company's assets. The carrying amount of the intra-group debtors balance comprises the remaining 79% (2020: 78%). Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality and in the context of the parent Company financial statements this is considered to be one of the areas that had the greatest effect on our overall parent Company audit.	Our procedures included: ▪ **Tests of detail:** Compared the carrying amount of the parent Company's only investment with the subsidiary's draft balance sheet and assessed 100% of the intra-group debtor balance to identify whether its net assets, being an approximation of its minimum recoverable amount, was in excess of its carrying amount. ▪ **Assessing subsidiary audits:** Assessed the work performed as part of the group audit over the subsidiaries' profits and net assets. ▪ **Comparing valuations:** Compared the carrying amount of the investment in the subsidiary to the Group's estimated market capitalisation of its ultimate parent, adjusted to exclude the liabilities of the parent Company and net assets of companies outside the Group, being an approximation of the recoverable amount of the investment.

In the prior year we reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the nature of these uncertainties has changed. We continue to perform procedures over material assumptions in forward looking assessments such as going concern and impairment tests however we no longer consider the effect of the UK's departure from the EU to be a separate key audit matter.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £80 million (2020: £85.9 million), determined with reference to a benchmark of Group revenue of £19,731 million (2020: £22,984 million) of which it represents 0.4% (2020: 0.4%).

We consider Group revenue to be the most appropriate benchmark, as it provides a more stable measure year on year than Group profit or loss before tax.

Materiality for the parent Company financial statements as a whole was set at £36 million (2020: £37 million), determined with reference to a benchmark of the parent Company total assets of £7,694 million (2020: £7,385 million), of which it represents 0.5% (2020: 0.5%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to £52 million (2020: £55.8 million) for the group and £23 million (2020: £24.7 million) for the parent company.

We applied this percentage in our determination of performance materiality based on the level of identified control deficiencies during the prior period.

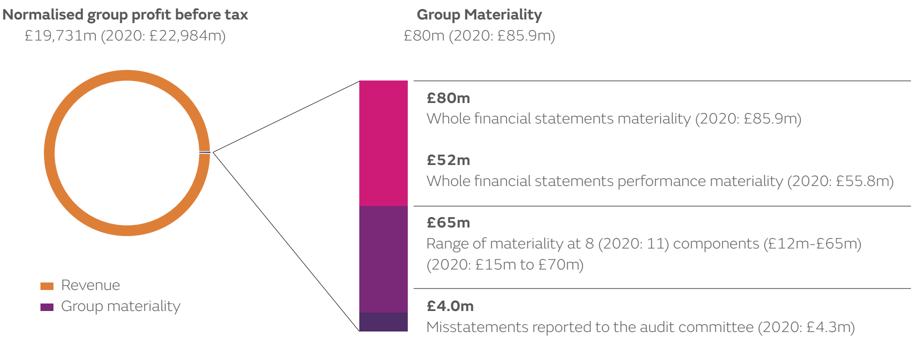
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £4 million (2020: £4.3 million) in addition to other identified misstatements that warranted reporting on qualitative grounds.

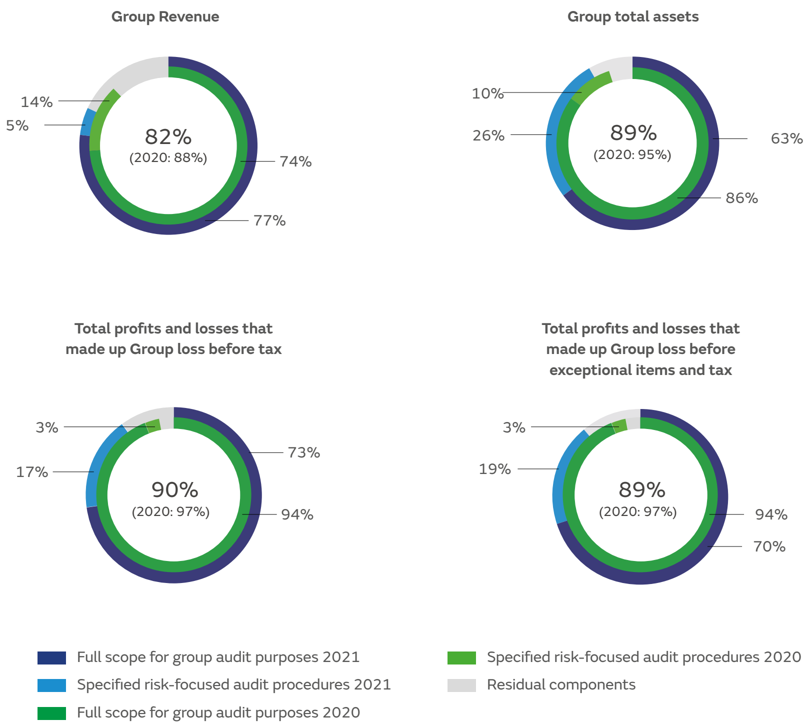
Of the Group's 37 (2020: 38) reporting components, we subjected 4 (2020: 4) to full scope audits for group purposes and 4 (2020: 7) to specified risk focused procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes but did present specific individual risks that needed to be addressed.

The 4 (2020: 7) components subjected to specified risk-focused audit procedures are as follows:

- Revenue - 3 components (2020: 5)
- Material & other cost of sales - 3 components (2020: 1)
- Other expenses - 0 components (2020: 2)
- Property, plant and equipment - 1 component (2020: 1)

INDEPENDENT AUDITOR'S REPORT





4. GOING CONCERN

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and certain senior managers as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.

focusing on revenue recognised in the days before and after the year end date, and whether it was recognised in the correct year.

Work on the fraud risks was performed by a combination of component auditors and the group audit team.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: product compliance, environmental (including emission targets), health and safety, anti-bribery and employment law (including GDPR) recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

8. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 44, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities.](www.frc.org.uk/auditorsresponsibilities)

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FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Year ended 31 March (£ millions)	Note	2021	2020	2019
Revenue	5	19,731	22,984	24,214
Material and other cost of sales*	4,6	(12,335)	(14,684)	(15,670)
Employee costs*	4,7	(2,141)	(2,568)	(2,820)
Other expenses*	4,11	(3,589)	(5,238)	(5,567)
Exceptional items	4	(1,523)	(29)	(3,271)
Other income	10	195	174	205
Engineering costs capitalised	12	727	1,369	1,576
Depreciation and amortisation		(1,976)	(1,910)	(2,164)
Foreign exchange gain/(loss) and fair value adjustments		331	(249)	(59)
Finance income	13	11	52	35
Finance expense (net)	13	(251)	(209)	(111)
Share of (loss)/profit of equity accounted investments	16	(41)	(114)	3
Loss before tax		**(861)**	**(422)**	**(3,629)**
Income tax (expense)/credit	15	(239)	(47)	308
Loss for the year		**(1,100)**	**(469)**	**(3,321)**
Attributable to:				
Owners of the Company		(1,101)	(471)	(3,325)
Non-controlling interests		1	2	4

*'Material and other cost of sales', 'Employee costs' and 'Other expenses' exclude the exceptional items explained in note 4.

The notes on pages 60 to 127 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

Year ended 31 March (£ millions)	Note	2021	2020 restated*	2019 restated*
Loss for the year		**(1,100)**	**(469)**	**(3,321)**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of net defined benefit obligation	33	(751)	983	(270)
Income tax related to items that will not be reclassified	15	143	(155)	38
		(608)	**828**	**(232)**
Items that may be reclassified subsequently to profit or loss:				
Gain/(loss) on cash flow hedges (net)		546	304	(105)
Currency translation differences		(41)	21	(4)
Income tax related to items that may be reclassified	15	(103)	(57)	19
		402	**268**	**(90)**
Other comprehensive (expense)/income net of tax		**(206)**	**1,096**	**(322)**
Total comprehensive (expense)/income attributable to shareholder		**(1,306)**	**627**	**(3,643)**
Attributable to:				
Owners of the Company		(1,307)	625	(3,647)
Non-controlling interests		1	2	4

*See note 2 for details of the restatement

The notes on pages 60 to 127 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March (£ millions)
Non-current assets
Investments in equity accounted investees
Other non-current investments
Other financial assets
Property, plant and equipment
Intangible assets
Right-of-use assets
Pension asset
Other non-current assets
Deferred tax assets
Total non-current assets
Current assets
Cash and cash equivalents
Short-term deposits and other investments
Trade receivables
Other financial assets
Inventories
Other current assets
Current tax assets
Total current assets
Total assets
Current liabilities
Accounts payable
Short-term borrowings
Other financial liabilities
Provisions
Other current liabilities
Current tax liabilities
Total current liabilities
Non-current liabilities
Long-term borrowings
Other financial liabilities
Provisions
Retirement benefit obligation
Other non-current liabilities
Deferred tax liabilities
Total non-current liabilities
Total liabilities
Equity attributable to shareholders
Ordinary shares
Capital redemption reserve
Other reserves
Equity attributable to shareholders
Non-controlling interests
Total equity
Total liabilities and equity

The notes on pages 60 to 127 are an integral part of these consolidated financia

These consolidated financial statements were approved by the JLR plc Board an

They were signed on its behalf by:

T. Bolloré

THIERRY BOLLORÉ
CHIEF EXECUTIVE OFFICER
COMPANY REGISTERED NUMBER: 06477691

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary shares	Capital redemption reserve	Other reserves	Equity attributable to shareholder	Non-controlling interests	Total equity
Balance at 1 April 2020	**1,501**	**167**	**4,880**	**6,548**	**8**	**6,556**
(Loss)/profit for the year	-	-	(1,101)	(1,101)	1	(1,100)
Other comprehensive expense for the year	-	-	(206)	(206)	-	(206)
Total comprehensive (expense)/ income	**-**	**-**	**(1,307)**	**(1,307)**	**1**	**(1,306)**
Amounts removed from hedge reserve and recognised in inventory	-	-	16	16	-	16
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	-	(3)	(3)	-	(3)
Balance at 31 March 2021	**1,501**	**167**	**3,586**	**5,254**	**9**	**5,263**
Balance at 1 April 2019	**1,501**	**167**	**4,305**	**5,973**	**6**	**5,979**
Adjustment on initial application of IFRS 16 (net of tax)	-	-	(23)	(23)	-	(23)
Adjusted balance at 1 April 2019	**1,501**	**167**	**4,282**	**5,950**	**6**	**5,956**
(Loss)/profit for the year	-	-	(471)	(471)	2	(469)
Other comprehensive income for the year	-	-	1,096	1,096	-	1,096
Total comprehensive income	**-**	**-**	**625**	**625**	**2**	**627**
Amounts removed from hedge reserve and recognised in inventory	-	-	(33)	(33)	-	(33)
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	-	6	6	-	6
Balance at 31 March 2020	**1,501**	**167**	**4,880**	**6,548**	**8**	**6,556**
Balance at 1 April 2018	**1,501**	**167**	**8,308**	**9,976**	**8**	**9,984**
Adjustment on initial application of IFRS 9 and IFRS 15 (net of tax)	-	-	(32)	(32)	-	(32)
Adjusted balance at 1 April 2018	**1,501**	**167**	**8,276**	**9,944**	**8**	**9,952**
(Loss)/profit for the year	-	-	(3,325)	(3,325)	4	(3,321)
Other comprehensive expense for the year	-	-	(322)	(322)	-	(322)
Total comprehensive (expense)/ income	**-**	**-**	**(3,647)**	**(3,647)**	**4**	**(3,643)**
Amounts removed from hedge reserve and recognised in inventory	-	-	(122)	(122)	-	(122)
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	-	23	23	-	23
Dividend	-	-	(225)	(225)	-	(225)
Distribution to non-controlling interest	-	-	-	-	(6)	(6)
Balance at 31 March 2019	**1,501**	**167**	**4,305**	**5,973**	**6**	**5,979**

The notes on pages 60 to 127 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March (£ millions)
Cash flows from operating activities
Cash generated from operations
Dividends received
Income tax paid
Net cash generated from operating activities
Cash flows from investing activities
Investment in equity accounted investments
Purchases of other investments
Proceeds from sale of other investments
Investment in other restricted deposits
Redemption of other restricted deposits
Movements in other restricted deposits
Investment in short-term deposits and other investments
Redemption of short-term deposits and other investments
Movements in short-term deposits and other investments
Purchases of property, plant and equipment
Proceeds from sale of property, plant and equipment
Net cash outflow relating to intangible asset expenditure
Finance income received
Acquisition of subsidiaries (net of cash acquired)
Net cash used in investing activities
Cash flows from financing activities
Finance expenses and fees paid
Proceeds from issuance of short-term borrowings
Repayment of short-term borrowings
Proceeds from issuance of long-term borrowings
Repayment of long-term borrowings
Payments of lease obligations
Distributions to non-controlling interests
Dividends paid
Net cash generated from financing activities
Net increase/(decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of year
Effect of foreign exchange on cash and cash equivalents
Cash and cash equivalents at end of year

The notes on pages 60 to 127 are an integral part of these consolidated financia

FINANCIAL STATEMENTS

NOTES (FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS)

1 Background and operations

Jaguar Land Rover Automotive plc (“the Company”) and its subsidiaries are collectively referred to as “the Group” or “JLR”. The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Abbey Road, Whitley, Coventry CV3 4LF, England, United Kingdom.

The Company is a subsidiary of Tata Motors Limited, India and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high-performance luxury saloons, specialist sports cars and four-wheel-drive off-road vehicles.

These consolidated financial statements have been prepared in Pound Sterling (GBP) and rounded to the nearest million GBP (£ million) unless otherwise stated. Results for the year ended and as at 31 March 2019 have been disclosed solely for the information of the users.

2 Accounting policies

Statement of compliance

These consolidated and parent company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company has taken advantage of section 408 of the Companies Act 2006 and, therefore, the separate financial statements of the Company do not include the income statement or the statement of comprehensive income of the Company on a stand-alone basis.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value at the end of each reporting period as explained in the accounting policies below. The balance sheet and accompanying notes as at 31 March 2019 have been disclosed solely for the information of the users.

The Group has been presenting gains and losses on effective cash flow hedges of inventory in the statement of other comprehensive income and expense as “not to be reclassified to income statement”. With wider industry practice emerging, clearer guidance now being available and with the present economic situation due to COVID-19, the Group has changed the presentation of these effective cash flow hedges of inventory to “may be reclassified to income statement”, from the year ended 31 March 2021 and accordingly reclassified the comparative amounts for the prior periods. The change in presentation is within the statement of other comprehensive income and expense and does not affect net income.

Going concern

The financial statements have been prepared on a going concern basis.

The Directors have assessed the financial position of the Group as at 31 March 2021, and the projected cash flows of the Group for the period to 30 September 2022 (the ‘Going Concern Assessment Period’ and the ‘Foreseeable Future’). The extension is so as to include the reporting date subsequent to the commencement of the new Revolving Credit Facility (RCF) in July 2020, when the associated liquidity covenant will be tested.

The Group has modelled two main scenarios in its assessment of going concern: a base case and a severe but plausible downside scenario.

The base case takes into account uncertainties related to the COVID-19 pandemic and near-term supply chain challenges related to global semi-conductor shortages. The severe but plausible downside scenario models the impact of a repeat of the COVID-19 pandemic.

Within the Going Concern Assessment Period there is a £1bn liquidity covenant attached to both the UKEF loan and new RCF.

The Group forecasts sufficient funds to meet its liabilities as they fall due throughout the Going Concern Assessment Period, without breaching any relevant covenants nor the need for any mitigating actions and new funding.

Further details on the going concern assessment can be found in the Directors’ Report on page 43.

The Directors, after making appropriate enquiries and taking into consideration the risks and uncertainties facing the Group, consider that the Group has adequate financial resources to continue in operational existence throughout the Going Concern Assessment Period, meeting its liabilities as they fall due. Accordingly, the Directors continue to adopt the going concern basis in preparing these consolidated and parent company 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 (a) has power over the investee, (b) is exposed or has rights to variable return from its involvement with the investee and (c) has the ability to to affect those returns through its power to direct relevant activites of the investee. Relevant activites are those activities that significantly affect an entity’s returns. In assessing control, potential voting rights that currently are exercisable are taken into account, as well as other contractual arrangements that may influence control. Intercompany transactions and balances including unrealised profits are eliminated in full on consolidation.

Joint ventures and associates (equity accounted investments)
A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. 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.

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of the investee unless it can be clearly demonstrated that this is not the case.

The results, assets and liabilities of joint ventures and associates are incorporated in these financial statements using the equity method of accounting as described below.

An interest in an associate or joint venture is accounted for using the equity method from the date the investee becomes an associate or a joint venture and is recognised initially at cost. The carrying value of investment in associates and joint ventures includes goodwill identified on date of acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group’s share of profits or losses, other comprehensive income and equity movements of equity accounted investments, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. When the Group’s share of losses exceeds its interest in an equity accounted investment, the carrying amount of that interest (including any long-term interests in the nature of net investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred constructive or legal obligations or has made payments on behalf of the investee.

When the Group transacts with a joint venture or associate of the Group, profits and losses are eliminated to the extent of the Group’s interest in its joint venture or associate.

Dividends are recognised when the right to receive payment is established.

Assessment of cash-generating units: The Group has determined that there is one cash-generating unit. This is on the basis that there are no smaller groups of assets that can be identified with certainty that generate specific cash inflows that are independent of the inflows generated by other assets or groups of assets. Refer to note 20 for further information.

Alternative performance measures (APMs) and exceptional items: The Group exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive APMs that provide additional useful information on the underlying trends and in classifying items as exceptional items. Refer to notes 3 and 4 for further information.

Capitalisation of product engineering costs: The Group applies judgement in determining at what point in a vehicle programme's life cycle the recognition criteria under IAS 38 are satisfied. Refer to page 67 (internally generated intangible assets) for further information.

Deferred tax asset recognition: The extent to which deferred tax assets can be recognised is based on an assessment of the availability of future taxable income against which the deductible temporary differences and tax loss carry-forwards can be utilised. The Group has exercised judgement in determining the jurisdictions in which deferred tax assets have not been fully recognised. This has been done based on forecast profitability and historical results of the companies in which the deferred tax assets arise. Refer to page 65 (Income taxes) for further information.

Corporate tax uncertainties: Judgement has been exercised in assessing the potential impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimates and assumptions

The areas where assumptions and estimates are significant to the financial statements are as described below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Significant estimates are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year. Other estimates are those that may affect carrying amounts in the longer term.

Significant estimates

Impairment of intangible and tangible fixed assets: The Group has intangible assets with indefinite lives and therefore tests annually whether intangible and tangible fixed assets have suffered any impairment. Refer to note 20 for further information on the key assumptions and sensitivities used in the testing these assets for impairment.

Retirement benefit obligation: The present value of the post-employment benefit obligations depends on a number of factors and assumptions, including discount rate, inflation and mortality assumptions. Refer to note 33 for details of these assumptions and sensitivities.

Other estimates

Product warranties: refer to page 68 (warranty provisions) for further information.

Variable marketing expense: refer to page 63 (sales incentives) for further information.

Uncertain tax provisions: refer to page 65 (income taxes) for further information.

Impairment in equity accounted investees: refer to page 67 (investments in equity accounted investees) for further information.

Restructuring: refer to page 100 (provisions) for further information.

Revenue recognition

Revenue comprises the consideration earned by the Group in respect of the output of its ordinary activities. It is measured based on the contract price, which is the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties, and net of settlement discounts, bonuses, rebates and sales incentives. The Group's primary customers from the sale of vehicles, parts and accessories are retailers, fleet and corporate customers, and other third-party distributors. The Group recognises revenue when it transfers control of a good or service to a customer, thus evidencing the satisfaction of the associated performance obligation under that contract.

As described in note 38, the Group operates with a single automotive reporting segment, principally generating revenue from the sales of vehicles, parts and accessories.

The sale of vehicles also can include additional services provided to the customer at the point of sale, for which the vehicle and services are accounted for as separate performance obligations, as they are considered separately identifiable. The contract transaction price is allocated among the identified performance obligations based on their stand-alone selling prices. Where the stand-alone selling price is not readily observable, it is estimated using an appropriate alternative approach.

Significant revenue areas	Nature, timing of satisfaction of performance obliga
Vehicles, parts, and accessories (and other goods)	The Group recognises revenue on the sale of vehicles, parts by the underlying terms and conditions of the contract with of control under IFRS 15 considers which party has the abilit remaining economic benefits. Determining the transfer of control with regards to the sale c • The point at which the risks and rewards of ownership pa • The point at which the customer takes physical possessi • The point at which the customer accepts the good or pro • The point at which the Group has a present right to paym • The point at which legal title to the good or product trans In the vast majority of cases, the sale of the relevant good responsible for transportation to the customer) or the point c In some instances, revenue may be recognised on a bill-and but are retained in the Group's possession at a vehicle holdi transferred to them at a future time. Such arrangements r ensure that the customer has obtained the ultimate control The reason for the bill-and-hold is substantive (as the cust available space at their own premises), the vehicles are iden each vehicle has a unique Vehicle Identification Number), the it is, given that it is fully built and safety-checked off the mar vehicle or direct it elsewhere. The Group operates with financing partners across the w network for vehicle sales, which enables cash settlement to from the Group. For the sale of parts and accessories, the Group typically rece agreed with its customers, which are usually 30 days.
Sales incentives	The costs associated with providing sales support and ince components of consideration, thus reducing the amount of r that variable consideration is recognised to the extent of the To meet this principle, the Group constrains its estimate of v is highly probable that a significant reversal in the amount of uncertainty associated is subsequently resolved. The Group estimates the expected sales incentive by marke of dealer stock and local market conditions. The constraint accuracy, current market conditions and a prospective asse stock positions for both the Group and its third party dealer customers. Variable consideration received for contracts with multiple pe applicable. For example, with the sale of a vehicle, the cost purpose is to incentivise the sale of the vehicle rather than su
Scheduled maintenance contracts	Scheduled maintenance contracts sold with a vehicle provid dealership for the routine maintenance required to maintain The majority of plans sold by the Group are complimentary proceeds from the vehicle sale, at which point the amount is price, which is measured using a cost-plus approach. Revenue is recognised based on the expected performance customer and aligned to the expected costs to fulfil those se

Significant revenue areas	Nature, timing of satisfaction of performance obligations, and significant payment terms
Telematics	Telematics features provide a service to the customer typically aligned to the warranty period of the vehicle, allowing a vehicle to connect and interact with an end customer's mobile phone. The Group typically receives payment relating to telematics features at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price. For optional features, this is measured at the observable option price and for standard-fit features is measured using a cost-plus basis. The stand-alone selling price for telematics subscription renewals is measured at the renewal price offered to the customer. Revenue is recognised on a straight-line basis over the term of the service from the point of the vehicle being retailed to an end customer in line with the expected costs to fulfil those services.
Warranty considerations as a service	Vehicles and parts sold by the Group include a standard warranty to guarantee the vehicle complies with agreed-upon specifications for a defined period of time. Where the warranty offering to the end customer exceeds the standard market expectation for similar products, or provides a service in excess of the assurance that the agreed-upon specification is met, the Group considers this to constitute a service to the end customer and therefore a separate performance obligation. Revenue is recognised in the period to which the warranty service relates, up to which point it is recognised as a contract liability.
Repurchase arrangements	Some contracts with customers include an option or obligation for the Group to repurchase the product sold (including repurchasing a product originally sold as part of an amended product). Such instances are common in the Group's arrangements with third-party fleet customers or in contract manufacturing arrangements that the Group is party to. The Group does not recognise revenue on the original sale, as it retains ultimate control of that product. The related inventory continues to be recognised on the Group's consolidated balance sheet. The consideration received from the customer is treated as a liability. Nuances in the accounting treatment depend on whether the contractual repurchase price is less than, more than or equal to the original sale price, resulting in treatment as a lease or a financing arrangement. Revenue recognised under such arrangements is outside of the scope of IFRS 15 and instead is recognised in line with IFRS 16 Leases. Revenue relating to the good or product is recognised when it is sold by the Group with no repurchase obligation or option attached.
Returns obligations, refunds and similar obligations	Vehicle sales do not typically include allowances for returns or refunds, although in some markets there is legislative requirement for Jaguar Land Rover as an automotive manufacturer to repurchase or reacquire a vehicle if quality issues arise that have been remedied a number of times and where the owner no longer wishes to own the vehicle as a result.

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.

Material and other cost of sales as reported in the consolidated income statement is presented net of the impact of realised foreign exchange relating to derivatives hedging cost exposures.

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, either on a systematic basis when the Group recognises, as expenses, the related costs that the grants are intended to compensate or, immediately, if the costs have already been incurred.

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 that are awarded as incentives with no ongoing performance obligations to the Group are recognised as other income in the period in which the grant is received.

Sales tax incentives received from governments are recognised in the consolidated income statement at the reduced tax rate, and revenue is reported net of these sales tax incentives.

Foreign currency

The Company has a functional currency of GBP. The presentation currency of the consolidated financial statements is GBP.

Transactions in currencies other than the functional currency of the entity are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement as "Foreign exchange gain/(loss) and fair value adjustments".

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (non-GBP functional currency) are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the consolidated income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity) or where related to the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination. Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and 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

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Property, plant and equipment

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Land 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 charged 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, equipment and leased assets	3 to 30
Vehicles	3 to 10
Computers	3 to 6
Fixtures and fittings	3 to 20

The depreciation for property, plant and equipment with finite useful lives is reviewed at least at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Freehold land is measured at cost and is not depreciated. Residual values are reassessed on an annual basis.

Depreciation is not recorded on assets under construction until construction and installation are complete and the asset is ready for its intended use. Assets under construction include capital advances. Depreciation is not recorded on heritage assets as the Group considers their residual value to approximate their cost. An item of property, plant and equipment is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition is included in profit or loss.

Intangible Assets

Acquired intangible assets
Intangible assets purchased, including those acquired in business combinations, are measured at acquisition cost, which is the fair value on the date of acquisition, where applicable, less accumulated amortisation and accumulated impairment, if any. Intangible assets with indefinite lives are reviewed annually to determine whether an indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. For intangible assets with finite lives, amortisation is charged on a straight-line basis over the estimated useful lives of the acquired intangible assets as per the estimated amortisation periods below:

Class of intangible asset	Estimated amortisation period (years)
Software	2 to 8
Patents and technological know-how	2 to 12
Customer related – retailer network	20
Intellectual property rights and other intangibles	3 to indefinite

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

Capital work-in-progress includes capital advances. Customer-related intangibles acquired in a business combination consist of dealer networks. Intellectual property rights and other intangibles mainly consist of brand names, which are considered to have indefinite lives due to the longevity of the brands.

Internally generated intangible assets
Research costs are charged to the consolidated income statement in the year in which they are incurred.

Product engineering costs incurred on new vehicle platforms, engines, transmission and new products are recognised as intangible assets – when feasibility has been established, the Group has committed technical, financial and other resources to complete the development and it is probable that the asset will generate future economic benefits. The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use. Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. Product engineering cost is amortised over the life of the related product, being a period of between two and ten years. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is not recorded on product engineering in progress until development is complete.

The Group undertakes significant levels of research and development activity, and for each vehicle programme a periodic review is undertaken. The Group applies judgement in determining at what point in a vehicle programme's life cycle the recognition criteria under IAS 38 are satisfied and estimates the proportion of central overhead allocated. If a later point had been used then this would have had the impact of reducing the amounts capitalised as product engineering costs. If central overheads had not been allocated it would have reduced the amount capitalised by £80 million (2020: £117 million, 2019: £146 million).

The Group reviewed its methodology in line with the applicable accounting standards to ensure it continues to meet the criteria for capitalising such costs in an environment impacted by COVID-19 to assess that the incremental benefits expected continue to exceed the associated costs.

Impairment

Property, plant and equipment and 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 of sale

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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. When the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are held for product warranty, legal and product liabilities, residual risks, environmental liabilities, other employee benefit obligations and restructuring as detailed in note 28 to the consolidated financial statements.

Warranty provisions

The Group provides product warranties on all new vehicle sales. Provisions are generally recognised when vehicles are sold or when new warranty programmes are initiated. Based on historical warranty claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill (representing the Group's constructive obligation to its customers when managing those warranty claims), as well as on possible recall campaigns. These assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information.

The Group also has back-to-back contractual arrangements with its suppliers in the event that a vehicle fault is proven to be a supplier's fault. Estimates are made of the expected reimbursement claims based upon historical levels of recoveries by supplier, adjusted for inflation and applied to the population of vehicles under warranty at the balance sheet date. Supplier reimbursement claims are presented as separate assets within "Other financial assets" in note 18.

The Group notes that changes in the automotive environment regarding the increasing impact of battery electric vehicles presents its own significant challenges, particularly due to the lack of historical data available at this time to help inform estimates for future warranty claims, as well as any associated recoveries from suppliers due to such claims. The related provisions are therefore made with the Group's best estimate at this time to settle such obligations in the future but will be required to be continually refined as sufficient, real-world data becomes available. Supplier recoveries are recognised only when the Group considers there to be virtual certainty over the reimbursement, which also requires historical evidence to support.

Long-Term Incentive Plan (" LTIP")

The Group operated a share-based payment LTIP arrangement for certain employees. The scheme provided 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 were accounted for as cash-settled arrangements, whereby a liability was recognised at fair value at the date of grant, using the Black-Scholes model. At each balance sheet date, until the liability was settled, the fair value of the liability was remeasured, with any corresponding changes in fair value recognised in the consolidated income statement.

Employee benefits

Pension schemes

The Group operates several defined benefit ('DB') pension plans; these include two large and one smaller defined benefit plan in the UK. The UK DB plans are administered by a separate trustee, the assets of the plans are generally held in separate funds selected and overseen by the trustee. These plans were contracted out of the state second pension (S2P) scheme until 5 April 2016. The plans provide benefits for members including a monthly pension after retirement based on salary and service as set out in the rules of each plan.

Contributions to the plans by the Group take into consideration the results of actuarial valuations.

The UK defined benefit plans were closed to new joiners in April 2010. The Group also operates a number of small benefit arrangements worldwide (the liabilities for these amount to around 0.5% of the Group total).

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

Defined benefit costs are split into four categories:

- Current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest cost;
- Administrative expenses; and
- Remeasurements.

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

Past service cost, including curtailment gains and losses, is generally recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability, adjusted for expected cashflows during the period. From the year ending 31 March 2020, at the point a past service cost is incurred re-measurement of the income statement cost is considered and will be re-calculated if there is a material change.

The Group presents these defined benefit costs within "Employee costs" in the consolidated income statement (see note 7).

Separate defined contribution plans are available to all other employees of the Group. Costs in respect of these plans are charged to the consolidated income statement as incurred.

Post-retirement Medicare scheme

Under these unfunded schemes, 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, may also be covered under the scheme. The applicable subsidiaries (and therefore, the Group) account for the liability for the post-retirement medical scheme based on an annual actuarial valuation where appropriate.

Actuarial gains and losses

Actuarial gains and losses relating to retirement benefit plans are recognised in the consolidated statement of comprehensive income in the year in which they arise.

Measurement date

The measurement date of all retirement plans is 31 March.

Financial instruments

Recognition and derecognition

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 instruments are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire 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. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement unless it was

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no expected credit loss recognised in profit or loss.

Financial assets at fair value through profit or loss are financial assets with contractual cash flows that do not consist solely of payments of principal and interest. This category includes derivatives, embedded derivatives separated from the host contract and investments in certain convertible loan notes. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in profit or loss, with the exception of derivative instruments designated in a hedging relationship, for which hedge accounting is applied.

Classification and measurement – financial liabilities
Financial liabilities are classified as subsequently measured at amortised cost unless they meet the specific criteria to be recognised at fair value through profit or loss.

Other financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss include derivatives and embedded derivatives separated from the host contract as well as financial liabilities held for trading. Subsequent to initial recognition, these are measured at fair value with gains or losses being recognised in profit or loss. 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 either the amortised cost of the senior notes or the present value of the lost interest for the remaining term of the senior notes.

Impairment
The Group recognises a loss allowance in profit or loss for expected credit losses on financial assets held at amortised cost or at fair value through other comprehensive income. Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability-weighted amount, takes into account the time value of money (values are discounted using the applicable effective interest rate) and uses reasonable and supportable information.

Lifetime expected credit losses are calculated for assets that were deemed credit impaired at initial recognition or have subsequently become credit impaired as well as those where credit risk has increased significantly since initial recognition.

The Group adopts the simplified approach to apply lifetime expected credit losses to trade receivables and contract assets. Where credit risk is deemed low at the reporting date or to have not increased significantly, credit losses for the next 12 months are calculated.

Credit risk is determined to have increased significantly when the probability of default increases. Such increases are relative and assessment may include external ratings (where available) or other information such as past due payments. Historic data and forward-looking information are both considered. Objective evidence for a significant increase in credit risk may include where payment is overdue by 90 or more days as well as other information about significant financial difficulties of the borrower.

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.

Investments in equity instruments are measured at fair value; however, where a quoted market price in an active market is not available, equity instruments are measured at cost (investments in equity instruments that are not held for trading). The Group has not elected to account for these investments at fair value through other comprehensive income.

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. The fair value of a financial instrument on initial recognition is normally the transaction price.

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 the discounted cash flow method and other valuation models.

Hedge accounting
The Group uses foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates these foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency in a cash flow hedging relationship.

The Group uses cross-currency interest rate swaps to convert some of its foreign currency denominated fixed-rate borrowings to GBP floating-rate borrowings. Hedge accounting is applied using both fair value and cash flow hedging relationships. The designated risks are foreign currency and interest rate risks.

Derivative contracts are stated at fair value on the consolidated balance sheet at each reporting date.

At inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of the hedged item. The Group documents its risk management objective and strategy for undertaking its hedging transactions. The Group designates only the intrinsic value of foreign exchange options in the hedging relationship. The Group designates amounts excluding foreign currency basis spread in the hedging relationship for both foreign exchange forward contracts and cross-currency interest rate swaps. Changes in the fair value of the derivative contracts that are designated and effective as hedges of future cash flows are recognised in the cash flow hedge reserve within other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the consolidated income statement.

Changes in both the time value of foreign exchange options and foreign currency basis spread of foreign exchange forwards and cross-currency interest rate swaps are recognised in other comprehensive income (net of tax) in the cost of hedging reserve to the extent that they relate to the hedged item (the "aligned" value).

Changes in the fair value of contracts that are designated in a fair value hedge are taken to the consolidated income statement. They offset the change in fair value, attributable to the hedged risks, of the borrowings designated as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Amounts accumulated in equity are reclassified to the consolidated income statement in the periods in which the forecast transactions affect profit or loss or as an adjustment to a non-financial item (e.g. inventory) when that item is recognised on the balance sheet. These deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of goods sold).

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss in equity, including deferred costs of hedging, is immediately transferred and recognised in the consolidated income statement.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and

The Group applies the practical expedient to not assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic that meet the following conditions are lease modifications:

- The change in lease payments results in revised consideration that is substantially the same, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There no substantive change to other terms and conditions of the lease.

Changes to lease payments for such leases are accounted for as if they are not lease modifications.

The comparative information for the year ending 31 March 2019 is accounted for under Group's previous lease accounting policies in accordance with IAS 17 Leases. The related policies are set out below.

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the contractual terms and substance of the lease arrangement.

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

Assets taken on operating lease
Leases other than finance leases are operating leases, and the leased assets are not recognised on the Group's consolidated balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease in "Other expenses".

New accounting policy pronouncements

(a) Standards, revisions and amendments to standards and interpretations not significant to the Jaguar Land Rover Group and applied for the first time in the fiscal year ending 31 March 2021

The following amendments and interpretations have been adopted by the Group in the year ending 31 March 2021.

- Amendments to references to the conceptual framework in IFRS standards;
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material;
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Interest rate benchmark reform; and
- Amendments to IFRS 3 Business Combinations – Definition of a business
- Amendments to IFRS 16 Leases – COVID-19 related rent concessions.

The adoption of these amendments and interpretations has not had a significant impact on the consolidated financial statements.

(b) Standards, revisions and amendments to standards and interpretations not yet effective and not yet adopted by the Group

The following pronouncement, issued by the IASB and endorsed by the UK, is not yet effective and has not yet been adopted by the Group. This amendment is effective for annual report periods beginning on or after 1 January 2021.

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Interest rate benchmark reform phase 2.

The Group is currently assessing the impact of this pronouncement on the consolidated financial statements.

(c) Standards, revisions and amendments to standards and interpretations not yet endorsed by the UK and not yet adopted by the Group

The following pronouncements, issued by the IASB, have not yet been endorsed by the UK, are not yet effective and have not yet been adopted by the Group.

- IFRS 17 Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current;
- Amendments to IFRS 3 Business Combinations – Reference to the conceptual framework;
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous contracts – cost of fulfilling a contract;
- Amendments to IAS 1 Presentation of Financial Statements – disclosure of accounting policies;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – definition of accounting estimates;
- Amendments to IFRS 16 Leases – COVID-19 related rent concessions beyond 30 June 2021; and
- Annual improvements to IFRS standards 2018-2020 cycle.

Alternative performance measure	Definition
Adjusted EBITDA	Adjusted EBITDA is defined as profit b (net of capitalised interest) and finance derivatives entered into for the purpose foreign exchange gains/losses on other cash equivalents; share of profit/loss from
Adjusted EBIT	Adjusted EBIT is defined as for adjusted investments, depreciation and amortisati
Profit/(loss) before tax and exceptional items	Profit/(loss) before tax excluding exceptio
Free cash flow	Net cash generated from operating activi investments in consolidated entities and and fees paid. Financial investments are and other Investments, and equity or deb
Total product and other investment	Cash used in the purchase of property accounted investments and other tradin and development costs..
Working capital	Changes in assets and liabilities as preser excluding movements relating to financin adjusted EBIT or adjusted EBITDA.
Total cash and cash equivalents, deposits and investments	Defined as cash and cash equivalents, s and any other items defined as cash and
Available liquidity	Defined as total cash and cash equival facilities.
Net debt	Total cash and cash equivalents, deposits
Retail sales	Jaguar Land Rover retail sales represent sale of vehicles produced by our Chinese
Wholesales	Wholesales represent vehicle sales mad revenue on wholesales.

The Group uses adjusted EBITDA as an APM to review and measure the underlying profitability of the Group on an ongoing basis for comparability as it recognises that increased capital expenditure year on year will lead to a corresponding increase in depreciation and amortisation expense recognised within the consolidated income statement.

The Group uses adjusted EBIT as an APM to review and measure the underlying profitability of the Group on an ongoing basis as this excludes volatility on unrealised foreign exchange transactions. Due to the significant level of debt and currency derivatives held, unrealised foreign exchange can distort the

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exposures and therefore it is logical to present gains or losses on revaluation of all such items consistently, excluded from EBITDA. This is also consistent with the Group's definition of Free Cash Flow. Adjusted EBIT for the years ended 31 March 2020 and 2019 prior to the change was £(24) million and £(180) million respectively. Adjusted EBITDA for the years ended 31 March 2020 and 2019 prior to the change was £2,000 million and £1,981 million respectively.

Free cash flow is considered by the Group to be a key measure in assessing and understanding the total operating performance of the Group and to identify underlying trends.

During the year ended 31 March 2021, the definition of 'Free cash flow' was amended to exclude non-automotive investments and net investments in equity and debt investments held at fair value, which are deemed more financial investment in nature. The definition was also amended to exclude foreign exchange gains/losses on short-term deposits and cash and cash equivalents, therefore ensuring more consistent treatment since revaluation of other current assets and liabilities is already excluded. The Group considers these changes should provide greater clarity of Free Cash Flow more closely aligned to JLR's competitors hence providing improved comparability for users of the APM. Free cash flow for years ended 31 March 2020 and 2019 prior to the change was £(702) million and £(1,265) million respectively.

Total product and other investment is considered by the Group to be a key measure in assessing cash invested in the development of future new models and infrastructure supporting the growth of the Group.

Working capital is considered by the Group to be a key measure in assessing short-term assets and liabilities that are expected to be converted into cash within the next 12-month period.

Total cash and cash equivalents, deposits and investments and available liquidity are measures used by the Group to assess liquidity and the availability of funds for future spend and investment.

Exceptional items are defined in note 4.

Reconciliations between these alternative performance measures and statutory reported measures are shown below and on the next page.

Adjusted EBIT and Adjusted EBITDA

Year ended 31 March (£ millions)	Note	2021	2020 restated*	2019 restated*
Adjusted EBITDA		**2,531**	**2,050**	**1,994**
Depreciation and amortisation		(1,976)	(1,910)	(2,164)
Share of (loss)/profit of equity accounted investments	16	(41)	(114)	3
Adjusted EBIT		**514**	**26**	**(167)**
Foreign exchange gain/(loss) on derivatives	14	14	15	(31)
Unrealised gain/(loss) on commodities	14	137	(78)	(34)
Foreign exchange gain/(loss) and fair value adjustments on loans	14	314	(135)	(45)
Foreign exchange (loss)/gain on economic hedges of loans	14	(143)	29	(18)
Foreign exchange gain/(loss) on balance sheet, cash and depsoits revaluation	14	64	(50)	(13)
Finance income	13	11	52	35
Finance expense (net)	13	(251)	(209)	(111)
Fair value gain/(loss) on equity investments	14	2	(43)	26
Profit/(loss) before tax and exceptional items		**662**	**(393)**	**(358)**
Exceptional items	4	(1,523)	(29)	(3,271)
Loss before tax		**(861)**	**(422)**	**(3,629)**

*Comparative information has been restated for the change in definition explained above.

Free cash flow

Year ended 31 March (£ millions)
Net cash generated from operating activities
Purchases of property, plant and equipment
Net cash outflow relating to intangible asset expenditure
Proceeds from sale of property, plant and equipment
Investment in equity accounted investees
Acquisition of subsidiaries (net of cash acquired)
Finance expenses and fees paid
Finance income received
Free cash flow

*Comparative information has been restated for the change in definition explained on the previous pages.

Total product and other investments

Year ended 31 March (£ millions)
Purchases of property, plant and equipment
Net cash outflow relating to intangible asset expenditure
Engineering costs expensed
Investment in equity accounted investees
Purchases of other investments
Acquisition of subsidiary (net of cash acquired)
Total product and other investments

Total cash and cash equivalents, deposits and investments

As at (£ millions)
Cash and cash equivalents
Short-term deposits and other investments
Total cash and cash equivalents, deposits and investments

Available liquidity

As at 31 March (£ millions)
Cash and cash equivalents
Short-term deposits and other investments
Committed undrawn credit facilities
Available liquidity

Net debt

As at (£ millions)
Cash and cash equivalents
Short-term deposits and other investments
Interest-bearing loans and borrowings
Net debt

Retail and wholesales

Year ended 31 March (units)
Retail sales
Wholesales

4 Exceptional items

The exceptional items recognised in the year ended 31 March 2021 comprise:

- Asset write-downs of £952 million in relation to models cancelled under the Group's Reimagine strategy. See notes 19 and 20.
- Restructuring costs of £562 million comprising:
  - Costs of £534 million resulting from the Group's Reimagine strategy comprising accruals to settle legal obligations on work performed to date and provisions for redundancies and other third party obligations. See note 28. Included within the restructuring costs is a defined benefit past service cost of £7 million. See note 33.
  - Costs of £28 million resulting from a separate redundancy programme during the year. See note 28.
- An update of £9 million to the past service cost recognised due to the requirement to equalise male and female members' benefits for the inequalities within guaranteed minimum pension ('GMP') earned between 17 May 1990 and 5 April 1997 based on new information. See note 33.

The exceptional item recognised in the year ended 31 March 2020 comprises restructuring costs of £29 million relating to the Group restructuring programme that commenced during the year ended 31 March 2019. This included a past service pension cost of £4 million.

The exceptional items recognised in the year ended 31 March 2019 comprise:

- An impairment charge of £3,105 million for the year ended 31 March 2019 following an impairment exercise undertaken in accordance with IAS 36. Further details are given in note 20;
- Restructuring costs of £149 million relating to a Group restructuring programme announced and carried out during the year ended 31 March 2019, this included a past service pension cost of £25 million; and
- A past service cost of £17 million following a High Court ruling in October 2018 that pension schemes are required to equalise male and female members' benefits for the inequalities within guaranteed minimum pension ("GMP") earned between 17 May 1990 and 5 April 1997. The Group historically made no allowance for GMP equalisation and therefore considered the change to be a plan amendment. Further details are given in note 33.

The tables below set out the exceptional items recorded in the years ended 31 March 2021, 2020 and 2019 and the impact on the consolidated income statement if these items were not disclosed separately as exceptional items.

Year ended 31 March 2021 (£ millions)	Note	Other expenses	Employee costs	Material and other cost of sales
Excluding exceptional items		**3,589**	**2,141**	**12,335**
Restructuring costs - asset write-downs		952	-	-
Restructuring costs - employee and third party obligations		252	116	194
Pension past service cost	33	-	9	-
Including exceptional items		**4,793**	**2,266**	**12,529**

Year ended 31 March 2020 (£ millions)	Other expenses	Employee costs
Excluding exceptional items	**5,238**	**2,568**
Restructuring costs	(3)	32
Including exceptional items	**5,235**	**2,600**

Year ended 31 March 2019 (£ millions)	Note	Other expenses	Employee costs
Excluding exceptional items		**5,567**	**2,820**
Impairment	19,20	3,105	-
Restructuring costs		5	144
Pension past service cost	33	-	17
Including exceptional items		**8,677**	**2,981**

Included in "Income tax (expense)/credit" in the consolidated income statement for the year ended 31 March 2021 is a credit in respect of exceptional items of £6 million (2020: credit of £6 million, 2019: credit of £278 million).

5 Revenue

The Group's revenues are summarised as follows:

Year ended 31 March (£ millions)
Revenue recognised for sales of vehicles, parts and accessories
Revenue recognised for services transferred
Revenue - other
Total revenue from contracts with customers
Realised revenue hedges
Total revenue

"Revenue – other" includes sales of goods other than vehicles, parts and accessories.

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Revenue disaggregation

The following table presents the Group's revenue, disaggregated

Year ended 31 March 2021 (£ millions)	UK
Revenue recognised for sales of vehicles, parts and accessories	3,008
Revenue recognised for services transferred	126
Revenue - other	656
Total revenue from contracts with customers	**3,790**
Realised revenue hedges	-
Total revenue	**3,790**

Year ended 31 March 2020 (£ millions)	UK
Revenue recognised for sales of vehicles, parts and accessories	3,875
Revenue recognised for services transferred	63
Revenue - other	786
Total revenue from contracts with customers	**4,724**
Realised revenue hedges	-
Total revenue	**4,724**

Year ended 31 March 2019 (£ millions)	UK
Revenue recognised for sales of vehicles, parts and accessories	4,293
Revenue recognised for services transferred	23
Revenue - other	912
Total revenue from contracts with customers	**5,228**
Realised revenue hedges	-
Total revenue	**5,228**

Contract liabilities

As at 31 March (£ millions)	2021
Ongoing service obligations	766
Liabilities for advances received	61
Total contract liabilities	**827**

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Revenue that is expected to be recognised within five years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to £827 million at 31 March 2021 (2020: £896 million, 2019: £891 million).

"Ongoing service obligations" mainly relate to long-term service and maintenance contracts, extended warranties and telematics services. "Liabilities for advances received" primarily relate to consideration received in advance from customers for products not yet wholesaled, at which point the revenue will be recognised. "Ongoing service obligations" and "Liabilities for advances received" are both presented within "Other liabilities" in the consolidated balance sheet.

The Group applies the practical expedient in IFRS 15.121 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less. This is because revenue resulting from those sales will be recognised in a short-term period. The services included with the vehicle sale are to be recognised as revenues in subsequent years but represent an insignificant portion of expected revenues in comparison.

The movement in contract liabilities relates solely to revenue recognised from balances held at the beginning of the year of £364 million (2020: £392 million, 2019: £288 million) and increases due to cash received for performance obligations unsatisfied at the year end of £295 million (2020: £397 million, 2019: £457 million).

Revenue recognised in the year from performance obligations satisified in the previous year is £100 million (2020: £33 million, 2019: £nil).

6 Material and other cost of sales

Year ended 31 March (£ millions)	2021	2020	2019
Changes in inventories of finished goods and work-in-progress	469	121	188
Purchase of products for sale	1,029	1,105	1,181
Raw materials and consumables used	10,838	13,498	14,448
Realised purchase hedges	(1)	(40)	(147)
Total material and other cost of sales	**12,335**	**14,684**	**15,670**

7 Employee numbers and costs

Year ended 31 March (£ millions)
Wages and salaries - employee costs
Wages and salaries - agency costs
Total wages and salaries
Social security costs and benefits
Pension costs
Total employee costs

Employee costs in the year ended 31 March 2021 includes £188 m
employees placed on furlough under the UK Coronavirus Job Retention

Average employee numbers for the year ended 31 March 2021
Manufacturing
Research and development
Other
Total employee numbers

Average employee numbers for the year ended 31 March 2020
Manufacturing
Research and development
Other
Total employee numbers

Average employee numbers for the year ended 31 March 2019
Manufacturing
Research and development
Other
Total employee numbers

8 Directors' emoluments

Year ended 31 March (£)
Directors' emoluments
Increase/(decrease) of long-term incentive scheme amounts receivable
Post-employment benefits

The aggregate of emoluments received in the year and amounts accrued under the bonus scheme and long-term incentive plan ("LTIP") of the highest-paid director was £3,962,991 (2020: £4,099,544, 2019: £2,946,676), together with a cash allowance in lieu of pension and medical benefits of £1,164,478 (2020: £349,442, 2019: £520,763). During the year, the value of LTIP awards accrued has increased by £479,444 (2020: increase of £803,472, 2019: decrease of £98,010), which will become payable in future periods.

There were no directors who were members of a defined benefit pens
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9 Long-Term Incentive Plan ("LTIP")

During the year ended 31 March 2016, the Group issued the final share-based payment LTIP arrangement based on the share price of Tata Motors Limited. The final cash payment in respect of the share-based payment LTIP was made during the year ended 31 March 2019.

During the year ended 31 March 2017, the Group announced a new LTIP to replace the previous share-based payment LTIP. The new LTIP, effective from June 2016, provides a cash payment to certain employees based on the Group's performance against long-term business metrics related to performance and strategic priorities (over a period of three years). This new LTIP benefit scheme has been accounted for in accordance with IAS 19 Employee Benefits.

Comparative information for the year ended 31 March 2019 with no equivalent for the years ended 31 March 2021 or 2020

The information in this section gives details of the previous share-based payment LTIP arrangement that is reflected in the comparative information for the year ended 31 March 2019.

The scheme provided a cash payment to the employee based on a specific number of phantom shares at the grant date and the share price of Tata Motors Limited at the vesting date. The cash payment was dependent upon continued employment for the duration of the three-year vesting period.

Year ended 31 March (number)	2019
Outstanding at the beginning of the year	1,929,391
Vested in the year	(1,764,566)
Forfeited in the year	(164,825)
Outstanding at the end of the year	-

The weighted average share price of the phantom shares vested in the year ended 31 March 2019 was £3.20.

The weighted average remaining contractual life of the outstanding phantom shares as at 31 March 2019 was nil years.

No phantom shares were exercisable as at 31 March 2019.

During the year ended 31 March 2019, £1 million was recognised as a credit in "Employee costs" in relation to the share-based payment LTIP.

The fair value of the balance sheet liability in respect of phantom stock awards outstanding at 31 March 2019 was £nil.

10 Other income

Year ended 31 March (£ millions)	2021	2020	2019
Grant income	81	66	56
Commissions	20	14	23
Other	94	94	126
Total other income	**195**	**174**	**205**

During the year ended 31 March 2021, £40 million (2020: £12 million, 2019: £10 million) was recognised in "Other income" by a foreign subsidiary as an incentive for continuing trading in that country for the foreseeable future. This includes amounts received as cash in the year and amounts that the subsidiary is due to receive and for which there are no ongoing financial or operating conditions attached.

11 Other expenses

Year ended 31 March (£ millions)
Stores, spare parts and tools
Freight cost
Works, operations and other costs
Repairs
Power and fuel
Rent, rates and other taxes
Insurance
Write-down of property, plant and equipment
Write-down of intangible assets
Product warranty
Publicity
Total other expenses

12 Engineering costs capitalised

Year ended 31 March (£ millions)
Total engineering costs incurred
Engineering costs expensed
Engineering costs capitalised
Interest capitalised in engineering costs capitalised
Research and development grants capitalised
Total internally developed intangible additions

Engineering costs capitalised of £727 million (2020: £1,369 million, 2019: £1,576 million) comprises £345 million (2020: £471 million, 2019: £672 million) included in "Employee costs" and £382 million (2020: £898 million, 2019: £904 million) included in "Other expenses" in the consolidated income statement.

During the year ended 31 March 2021, £87 million (2020: £102 million, 2019: £135 million) was recognised by a UK subsidiary

13 Finance income and expense

Year ended 31 March (£ millions)
Finance income
Total finance income
Interest expense on lease liabilities
Total interest expense on financial liabilities other than lease liabilities measured at amortised cost
Interest income on derivatives designated as a fair value hedge of financial liabilities
Unwind of discount on provisions
Interest capitalised
Total finance expense (net)

Comparative balances have been updated for the change to show interest exper

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 4.3 per cent (2020: 4.2 per cent, 2019: 4.1 per cent).

No redemption premium was incurred on any tranches of debt

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14 Loss before tax

Expense/(income) in loss before tax includes the following:

Year ended 31 March (£ millions)	2021	2020	2019
Foreign exchange (gain)/loss and fair value adjustments on loans	(314)	135	45
Foreign exchange loss/(gain) on economic hedges of loans	143	(29)	18
Foreign exchange (gain)/loss on derivatives	(14)	(15)	31
Foreign exchange (gain)/loss on balance sheet, cash and deposits revaluation	(64)	50	13
Unrealised (gain)/loss on commodities	(137)	78	34
Fair value (gain)/loss on equity investments	(2)	43	(26)
Depreciation of right-of-use assets	94	92	-
Depreciation of property, plant and equipment	898	929	1,078
Amortisation of intangible assets (excluding internally generated development costs)	88	101	119
Amortisation of internally generated development costs	896	788	967
Operating lease rentals in respect of plant, property and equipment	-	-	92
Expenses related to short-term leases	9	13	-
Expenses related to low-value assets, excluding short-term leases of low-value assets	7	7	-
Credit for changes in lease payments arising from COVID-19 rent concessions	(3)	-	-
(Profit)/loss on disposal of property, plant, equipment and software	(1)	20	59
Exceptional items	1,523	29	3,271
Auditor remuneration (see below)	6	7	5

The following table sets out the auditor remuneration for the year (rounded to the nearest £0.1 million):

Year ended 31 March (£ millions)	2021	2020	2019
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	0.1	0.1	0.1
Fees payable to the Company's auditor and its associates for other services:			
- Audit of the Company's subsidiaries	4.5	5.6	4.4
Total audit fees	**4.6**	**5.7**	**4.5**
Audit-related assurance services	0.8	0.8	0.8
Other assurance services	0.4	0.3	0.1
Total non-audit fees	**1.2**	**1.1**	**0.9**
Total audit and related fees	**5.8**	**6.8**	**5.4**

15 Taxation

Amounts recognised in the consolidated income statement:

Year ended 31 March (£ millions)	2021	2020	2019
Current tax expense			
Current year	155	178	141
Adjustments for prior years	2	3	40
Current tax expense	**157**	**181**	**181**
Deferred tax expense/(credit)			
Origination and reversal of temporary differences	92	(164)	(246)
Adjustments for prior years	(12)	(11)	(48)
Write-down of deferred tax assets	-	(8)	(245)
Rate changes	2	49	50
Deferred tax expense/(credit)	**82**	**(134)**	**(489)**
Total income tax expense/(credit)	**239**	**47**	**(308)**

Amounts recognised in the consolidated statement of other comprehen

Year ended 31 March (£ millions)
Deferred tax (credit)/expense on actuarial losses/gains on retirement benefits
Deferred tax expense/(credit) on change in fair value of cash flow hedges
Deferred tax (credit)/expense on rate changes

Reconciliation of effective tax rate:

Year ended 31 March (£ millions)
Loss for the year
Total income tax expense/(credit)
Loss before tax
Income tax credit using the tax rates applicable to individual entities of 15.2% (2020: 14.0%, 2019: 18.3%)
Non-deductible expenses
Unrecognised or written-down deferred tax assets
Changes in tax rates
Overseas unremitted earnings
Tax on share of profit of equity accounted investments
Over provided in prior years
Total income tax expense/(credit)

Included within "Non-deductible expenses" is a charge of £45 million relating to the accounting write-down of assets not qualifying for tax relief. The charge of £285 million in relation to "Unrecognised or written-down deferred tax assets" arises as a result of the inability to fully recognise UK deferred tax assets arising in the year. The "Over provided in prior years" credit of £10 million arises as a result of the finalisation of prior year tax submissions with global tax authorities.

The tax rate applicable to individual entities of 15.2% reflects the blended average of the tax rates suffered on profits and losses

Included within "Non-deductible expenses" for the year ended 31 March 2019 is a £53 million charge for the impact of the impairment recorded in the year on non-tax-deductible property, plant and equipment and intangible assets.

Impact of Future Rate Changes

The UK Finance Act 2016 was enacted during the year ended 31 March 2017, which included provisions for a reduction in the UK corporation tax rate to 17 per cent with effect from 1 April 2020.

Subsequently a change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 per cent, rather than the previously enacted reduction to 17 per cent. A further change to the main UK corporation tax rate from 19 to 25 percent with effect from 1 April 2023 was announced in the Budget on 3 March 2021, and was substantively enacted on 24 May 2021. As no net deferred tax has been recognised at 31 March 2021 there would have been £nil impact had the rate change been substantively enacted at the balance sheet date.

Accordingly, UK deferred tax has been provided at a rate of 19 per cent on assets (2020: 19 per cent, 2019: 17.6 per cent) and 19 per cent on liabilities (2020: 19 per cent, 2019: 17.4 per cent), recognising the applicable tax rate at the point when the timing difference is expected to reverse.

Deferred tax assets and liabilities

Significant components of deferred tax assets and liabilities for the year ended 31 March 2021 are as follows:

(£ millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Foreign exchange	Closing balance
Deferred tax assets						
Property, plant & equipment	635	132	-	-	-	767
Expenses deductible in future periods	377	(100)	-	-	(17)	260
Derivative financial instruments	70	12	(103)	(3)	-	(24)
Retirement benefits	(74)	3	143	-	-	72
Unrealised profit in inventory	125	(22)	-	-	-	103
Tax loss	219	(153)	-	-	(1)	65
Other	145	(94)	-	-	-	51
Total deferred tax asset	**1,497**	**(222)**	**40**	**(3)**	**(18)**	**1,294**
Deferred tax liabilities						
Intangible assets	1,043	(141)	-	-	-	902
Overseas unremitted earnings	110	1	-	-	-	111
Total deferred tax liability	**1,153**	**(140)**	**-**	**-**	**-**	**1,013**
Presented as deferred tax asset*	523					397
Presented as deferred tax liability*	(179)					(116)

*For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis

At 31 March 2021, deferred tax assets of £397 million (2020: £523 million, 2019: £512 million) have been recognised in relation to deductible temporary differences, including unused tax losses, on the basis that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised.

At 31 March 2021, the Group had unused tax losses and other temporary differences amounting to £2,693 million (2020: £1,660 million, 2019: £1,599 million), for which no deferred tax asset has been recognised on the basis of forecast profitability of the companies in which the deferred tax assets arise. These tax losses are due to expire as follows:

As at 31 March (£ millions)	2021	2020	2019
No expiry	2,676	1,645	1,596
2027 or later	17	15	3

All deferred tax assets and deferred tax liabilities at 31 March 2021, 20

Significant components of deferred tax assets and liabilities for the year

(£ millions)	Opening balance	Adjustment on initial application of IFRS 16	Adjusted Opening balance	Rec in p
Deferred tax assets				
Property, plant & equipment	544	3	547	
Expenses deductible in future periods	325	-	325	
Derivative financial instruments	134	-	134	
Retirement benefits	113	-	113	
Unrealised profit in inventory	120	-	120	
Tax loss	78	-	78	
Other	126	-	126	
Total deferred tax asset	**1,440**	**3**	**1,443**	
Deferred tax liabilities				
Intangible assets	928	-	928	
Overseas unremitted earnings	101	-	101	
Total deferred tax liability	**1,029**	**-**	**1,029**	
Presented as deferred tax asset*	512			
Presented as deferred tax liability*	(101)			

*For balance sheet presentation purposes, deferred tax assets and deferred tax l
tion authority and are expected to be settled on a net basis.

Significant components of deferred tax assets and liabilities for the year

(£ millions)	Opening balance	Adjustment on initial application of IFRS 9	Ad-justed Opening balance	Reco in pr
Deferred tax assets				
Property, plant & equipment	9	-	9	
Expenses deductible in future periods	239	-	239	
Derivative financial instruments	80	6	86	
Retirement benefits	77	-	77	
Unrealised profit in inventory	157	-	157	
Tax loss	367	-	367	
Other	100	-	100	
Total deferred tax asset	**1,029**	**6**	**1,035**	
Deferred tax liabilities				
Intangible assets	1,100	-	1,100	
Overseas unremitted earnings	99	-	99	
Total deferred tax liability	**1,199**	**-**	**1,199**	
Presented as deferred tax asset**	413			
Presented as deferred tax liability**	(583)			

*Included within £2 million is a reversal of £5 million relating to withholding tax i
**For balance sheet presentation purposes, deferred tax assets and deferred tax
taxation authority and are expected to be settled on a net basis.

16 Investments in equity accounted investees

(A) Associates

Details of the Group's associates as at 31 March 2021 are as follows:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity	Registered office address
Jaguar Cars Finance Limited	49.9%	England & Wales	Non-trading	280 Bishopsgate, London, EC2M 4RB, England
Synaptiv Limited	33.3%	England & Wales	Business and domestic software development	84 Kirkland Avenue, Ilford, Essex, England, IG5 0TN
Driveclubservice Pte. Limited	25.1%	Singapore	Holding company and mobility application owner/licensor	22 Sin Ming Lane, #06-76, Midview City, Singapore 573969
Driveclub Limited	25.8%	Hong Kong	Vehicle leasing	Unit A, 9/F, D2 Place ONE, 9 Cheung Yee Street, Lai Chi Kok, Kowloon, Hong Kong
ARC V Limited	15%	England & Wales	Manufacture and development of electrified vehicle technology	The Priory Barn Priory Road, Wolston, Coventry, United Kingdom, CV8 3FX

Except for Driveclub Limited and ARC V Limited, the proportion of voting rights disclosed in the table above is the same as the Group's interest in the ordinary share capital of each undertaking.

The Group has no material associates as at 31 March 2021.

The aggregate summarised financial information in respect of Group's immaterial associates that are accounted for using the equity method is set out below.

As at 31 March (£ millions)	2021	2020	2019
Carrying amount of the Group's interests in associates	-	-	2

Year ended 31 March (£ millions)	2021	2020	2019
Group's share of loss and total comprehensive expense in associates	-	(2)	(4)

(B) Joint ventures

At each balance sheet date or when there are indicators of impairment, the Group assesses whether there is any objective evidence that the carrying value of equity accounted investments may be impaired. Given the impact of the Reimagine announcement, the Group assessed the carrying value of its material joint venture. The recoverable amount is dependent on a wide range of assumptions, including sales volume forecasts, operating margin, capital expenditure and discount rate.

Cash flows were prepared based on Business Plan forecasts prepared by the local management and best available information available to the Group, including historical trends, cycle plans and performance targets. The Group applied assumptions reducing uncertainty associated with future management actions and initiatives.

Based on the above assessment there was enough evidence to indicate that there was no impairment.

Details of the Group's material joint venture as at 31 March 2021 is as follows:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity	Registered office address
Chery Jaguar Land Rover Automotive Company Ltd.	50.0%	China	Manufacture and assembly of vehicles	Room 1102, Binjiang International Plaza, No 88 Tonggang Road, Changshu Economic and Technical Development Zone, Suzhou City, Jiangsu Province, China

Chery Jaguar Land Rover Automotive Company Ltd. is a limited liability company whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint control of the arrangement have rights to the assets or obligations for the liabilities relating to the arrangement. Accordingly, Chery Jaguar Land Rover Automotive Company Ltd. is classified as a joint venture. Chery Jaguar Land Rover Automotive Company Ltd. is not publicly listed.

As at 31 March (£ millions)
Cash and cash equivalents
Current financial liabilities (excluding trade and other payables and provisions)
Non-current financial liabilities (excluding trade and other payables and provisions)
Current assets
Current liabilities
Non-current assets
Non-current liabilities
Net assets of material joint venture

Year ended 31 March (£ millions)
Revenue
(Loss)/profit for the year
Total comprehensive (expense)/income
The above total comprehensive (expense)/income includes the following:
Depreciation and amortisation
Interest income
Interest expense (net)
Income tax credit/(expense)

A reconciliation of the summarised financial information to the carrying the consolidated balance sheet is given below:

As at 31 March (£ millions)
Net assets of material joint venture
Share of net assets of material joint venture
Other consolidation adjustments
Carrying amount of the Group's material joint venture

As at 31 March 2021, an adjustment of £3 million (2020: £8 million, 2019: £6 million) has been made to derecognise profit that has not yet been realised on goods sold by the Group to Chery Jaguar Land Rover Automotive Company Ltd.

During the year ended 31 March 2021, the Group received a

Details of the Group's immaterial joint venture as at 31 March 2021 is as follows:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity	Registered office address
Jaguar Land Rover Switzerland Ltd	30.0%	Switzerland	Vehicle sales and distribution	Emil Frey Strasse, 5745 Safenwill

During the year ended 31 March 2021, the Group invested £1 million in 30% of the ordinary share capital of Jaguar Land Rover Switzerland Ltd.

The summarised financial information in respect of the Group's immaterial joint venture accounted for using the equity method is set out below:

As at 31 March (£ millions)	2021	2020	2019
Carrying amount of the Group's interests in immaterial joint ventures	1	-	-

As at 31 March (£ millions)	2021	2020	2019
Group's share of loss and total comprehensive expense of immaterial joint ventures	-	-	-

(C) Summary of carrying amount of the Group's investment in equity accounted investees

As at 31 March (£ millions)	2021	2020	2019
Carrying amount of material joint venture	315	362	475
Carrying amount of immaterial joint venture	1	-	-
Carrying amount of immaterial associates	-	-	2
Carrying amount of the Group's interests in equity accounted investees	**316**	**362**	**477**

Year ended 31 March (£ millions)	2021	2020	2019
Share of (loss)/profit of material joint venture	(41)	(112)	7
Share of loss of immaterial joint venture	-	-	-
Share of loss of immaterial associates	-	(2)	(4)
Share of (loss)/profit of equity accounted investees	**(41)**	**(114)**	**3**

Year ended 31 March (£ millions)	2021	2020	2019
Currency translation differences – material joint venture	(11)	1	(3)
Share of other comprehensive (expense)/income of equity accounted investees	**(11)**	**1**	**(3)**

17 Other non-current investments

The Group's other investments comprise equity investments of 10 per cent or less of the ordinary share capital of the investee com loss

As at 31 March (£ millions)	2(
Investment in Lyft Inc	
Other investments	
Total	

During the year ended 31 March 2021, the Group invested £4 million (2020: £11 million, 2019: £14 million) in other investments.

The Group has no additional rights or influence over any of these equity investments other than the voting rights attached to the ordi no d

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18 Other financial assets

As at 31 March (£ millions)	2(
Non-current	
Restricted cash	
Derivative financial instruments	
Warranty reimbursement and other receivables	
Other	
Total non-current other financial assets	
Current	
Restricted cash	
Derivative financial instruments	
Warranty reimbursement and other receivables	
Accrued income	
Other	
Total current other financial assets	

Other financial assets pledged as collateral against borrowings are discl

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19 Property, plant and equipment

(£ millions)	Land and buildings	Plant and equip-ment	Vehi-cles	Compu-ters	Fixtures & fittings	Leased assets	Heritage vehicles	Under construction	Total
Cost									
Balance at 1 April 2018	1,549	7,762	9	124	107	27	51	1,596	11,225
Additions	9	-	1	48	21	5	3	1,550	1,637
Transfers	723	1,545	-	-	-	-	-	(2,268)	-
Disposals	(3)	(528)	(1)	(8)	(3)	-	-	-	(543)
Impairment - Group CGU	-	-	-	-	-	-	-	(185)	(185)
Foreign currency translation	(17)	(14)	-	-	-	-	-	13	(18)
Balance at 31 March 2019	**2,261**	**8,765**	**9**	**164**	**125**	**32**	**54**	**706**	**12,116**
Adjustment on initial application of IFRS 16	(9)	-	-	-	-	(32)	-	-	(41)
Adjusted opening balance	**2,252**	**8,765**	**9**	**164**	**125**	**-**	**54**	**706**	**12,075**
Additions	-	-	8	26	12	-	-	1,218	1,264
Assets acquired on acquisition	1	-	-	-	-	-	-	-	1
Transfers	285	895	-	-	-	-	-	(1,180)	-
Disposals	-	(20)	(1)	(2)	(2)	-	(1)	(11)	(37)
Foreign currency translation	18	19	-	1	-	-	-	(1)	37
Balance at 31 March 2020	**2,556**	**9,659**	**16**	**189**	**135**	**-**	**53**	**732**	**13,340**
Additions	-	-	6	-	2	-	-	828	836
Transfers	27	606	-	-	-	-	-	(633)	-
Disposals	(5)	(15)	(3)	(1)	(3)	-	(4)	-	(31)
Impairment - asset write-downs	-	-	-	-	-	-	-	(237)	(237)
Foreign currency translation	(22)	(28)	-	(1)	(1)	-	-	1	(51)
Balance at 31 March 2021	**2,556**	**10,222**	**19**	**187**	**133**	**-**	**49**	**691**	**13,857**
Depreciation and impairment									
Balance at 1 April 2018	207	3,488	4	43	47	6	13	-	3,808
Depreciation charge for the period	82	965	1	18	10	2	-	-	1,078
Disposals	(2)	(480)	(1)	(6)	(2)	-	-	-	(491)
Impairment - Group CGU	-	1,162	1	26	16	6	-	-	1,211
Impairment - asset write-downs	-	-	-	-	-	-	18	-	18
Balance at 31 March 2019	**287**	**5,135**	**5**	**81**	**71**	**14**	**31**	**-**	**5,624**
Adjustment on initial application of IFRS 16	-	-	-	-	-	(14)	-	-	(14)
Adjusted opening balance	**287**	**5,135**	**5**	**81**	**71**	**-**	**31**	**-**	**5,610**
Depreciation charge for the period	112	792	2	14	9	-	-	-	929
Disposals	-	(14)	-	(1)	(1)	-	-	-	(16)
Foreign currency translation	2	1	-	-	-	-	-	-	3
Balance at 31 March 2020	**401**	**5,914**	**7**	**94**	**79**	**-**	**31**	**-**	**6,526**
Depreciation charge for the period	110	761	4	15	8	-	-	-	898
Disposals	(3)	(15)	(2)	(1)	(3)	-	-	-	(24)
Impairment - asset write-downs	4	2	-	-	-	-	-	-	6
Translation	(2)	(5)	-	(2)	(1)	-	-	-	(10)
Balance at 31 March 2021	**510**	**6,657**	**9**	**106**	**83**	**-**	**31**	**-**	**7,396**
Net book value									
At 31 March 2019	1,974	3,630	4	83	54	18	23	706	6,492
At 31 March 2020	2,155	3,745	9	95	56	-	22	732	6,814
At 31 March 2021	**2,046**	**3,565**	**10**	**81**	**50**	**-**	**18**	**691**	**6,461**

Asset write-downs for the year ending 31 March 2021 include £243 million (2020, 2019: £nil) in relation to the Group's Reimagine strategy. The write-down expense has been recognised in 'exceptional items' in the consolidated income statement.

During the year ended 31 March 2019, £18 million of heritage vehicles have been written-down and recognised as an expense within "Other expenses" following a review of the carrying value of property, plant and equipment. No assets were written down during the year ended 31 March 2020.

Property, plant and equipment pledged as collateral against borrowings are disclosed in note 26.

20 Intangible assets

(£ millions)	Softwa-re	Patents and technologi-cal know-how	Custo mer relate
Cost			
Balance at 1 April 2018	661	147	6
Other additions - externally purchased	85	-	
Other additions - internally developed	-	-	
Capitalised product development - internally developed	-	-	
Disposals	(44)	-	
Impairment - Group CGU	(10)	-	
Foreign exchange	(1)	-	
Balance at 31 March 2019	**691**	**147**	**6**
Other additions - externally purchased	111	-	
Other additions - internally developed	-	-	
Other additions - on acquisition	-	-	
Capitalised product development - internally developed	-	-	
Disposals	(2)	-	
Foreign exchange	2	-	
Balance at 31 March 2020	**802**	**147**	**6**
Other additions - externally purchased	73	-	
Other additions - internally developed	-	-	
Capitalised product development - internally developed	-	-	
Disposals	(1)	-	
Impairment- asset write-downs	-	-	
Balance at 31 March 2021	**874**	**147**	**6**
Amortisation and impairment			
Balance at 1 April 2018	288	141	3
Amortisation for the year	106	6	
Disposals	(36)	-	
Impairment - asset write-downs	75	-	
Balance at 31 March 2019	**433**	**147**	**4**
Amortisation for the year	96	-	
Disposals	(2)	-	
Balance at 31 March 2020	**527**	**147**	**4**
Amortisation for the year	82	-	
Disposals	(1)	-	
Balance at 31 March 2021	**608**	**147**	**4**
Net book value			
At 31 March 2019	258	-	2
At 31 March 2020	275	-	1
At 31 March 2021	**266**	**-**	**1**

Asset write-downs for the year ending 31 March 2021 include £709 million (2020, 2019: £nil) in relation to the Group's Reimagine strategy. The Reimagine related write-down expense has been recognised in 'exceptional items' in the consolidated income statement.

Impairment testing

The directors are of the view that the operations of the Group, excluding equity accounted investments, represent a single

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For the current year assessment, the recoverable value was determined using the value in use ("VIU") approach outlined in IAS 36. No impairment was identified as the CGU recoverable amount exceeded its carrying amount by £2.7bn (£0.4bn in the year ended in 31 March 2020). The impairment loss recorded in the year ended 31 March 2019 was not reversed because the underlying reasons for the increased headroom (including the unwind of the discount rate and the impact of depreciation and amortisation of impaired assets) do not support this.

The Group has considered it appropriate to undertake the impairment assessment with reference to the latest business plan that was in effect as at the reporting date. The business plan includes a five-year cash flow forecast and contains growth rates that are primarily a function of the Group's Cycle Plan assumptions, historical performance and management's expectation of future market developments through to 2025/26. In forecasting the future cash flows management have given due consideration to recent cost performance, with cost savings in line with the launch of our Refocus programme. Additionally, management has considered the opportunities and risks that have arisen due to the current economic uncertainty including the launch of the Reimagine strategy outlined on pages 6 to 9 and the near term supply chain challenges related to global chip shortages (discussed within the risk section on page 27).

The Group used a long term growth rate of 1.9% (1.9% in the years ended in 31 March 2020 and 31 March 2019) to extrapolate cash flow projections beyond the period covered by the business plan and a pre-tax discount rate of 13.6% (12.5% in the year ended in 31 March 2020 and 11.8% in the year ended in 31 March 2019).

The directors' approach and key assumptions used to determine the Group's CGU VIU were as follows:

- Terminal value variable profit – Due to the importance of product mix to the business' cash flow the directors consider variable profit to be a key assumption. Whilst years 1 to 5 of the business plan is largely driven from the existing portfolio, management's Reimagine strategy results in a change in product portfolio in the outer years of the business plan. When considering the cash flows to model into perpetuity, it is therefore necessary to derive a steady-state variable profit value based on this change, the business plan volume set and associated implied variable profit levels;

- Terminal value capital expenditure –the 5-year cash flows timing and amount are based on the latest Cycle Plan. The terminal value has been derived based on the directors best estimate of a maintenance level of capital expenditure which has been derived from depreciation and amortisation expectations and funding requirements in responses to longer-term industry trends which are anticipated in the VIU calculation.

Sensitivity to key assumptions

The key assumptions that impact the value in use are those that

(i) involve a significant amount of judgement and estimation and

(ii) drive significant changes to the recoverable amount when flexed under reasonably possible outcomes.

As a significant portion of the recoverable amount lies in the VIU terminal value, management have focussed disclosures on reasonably possible changes that impact the terminal value.

Given the inherent uncertainty about how risk may arise, and the interaction of volumes and cost management, management consider a net impact on terminal period cash flows to be the best means of indicating the sensitivity of the model to such changes in the terminal period.

The value of key assumptions used to calculate the recoverable amount

As at 31 March
Terminal value variable profit (%GVR)
Terminal value capital expenditure (%GVR)

Long term growth rate and discount rate were not considered key assumptions in the year ended in 31 Marc
under reasonably possible outcomes.

The table below shows the amount by which the value assigned to the k
the CGU to be equal to its carrying amount under reasonably possible o

As at 31 March*
Terminal value variable profit (%GVR)
Terminal value capital expenditures (%GVR)

* For the year ended 31 March 2019, the recoverable amount of the CGU was equal to its carrying amount,

FY19 disclosures with no FY21 or FY20 equivalent

In the impairment assessment performed by management as at 31 March 2019, the recoverable value was determined based on value in use ("VIU"), which was marginally higher than the fair value less cost of disposal ("FVLCD") of the relevant assets of the CGU. The recoverable amount was lower than the carrying value of the CGU, and this resulted in an exceptional impairment charge of £3,105 million being recognised within "exceptional items" as at 31 March 2019.

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21 Other assets

As at 31 March (£ millions)	2021	2020	2019
Non-current			
Prepaid expenses	17	8	83
Research and development credit	4	-	-
Other	11	15	-
Total non-current other assets	**32**	**23**	**83**
Current			
Recoverable VAT	200	228	301
Prepaid expenses	120	139	156
Research and development credit	104	85	113
Other	24	25	-
Total current other assets	**448**	**477**	**570**

22 Cash and cash equivalents

As at 31 March (£ millions)	2021	2020	2019
Cash and cash equivalents	3,778	2,271	2,747

23 Allowances for trade and other receivables

Year ended 31 March (£ millions)	2021	2020	2019
At beginning of year	11	12	50
Charged during the year	6	11	4
Receivables written off during the year as uncollectable	(1)	(4)	(41)
Unused amounts reversed	(9)	(8)	2
Foreign currency translation	-	-	(3)
At end of year	**7**	**11**	**12**

Trade receivables with a contractual amount of £nil (2020: £2 million, 2019: £38 million) that were written off during the year are still subject to enforcement activity.

Trade receivables pledged as collateral against borrowings are disclosed in note 26.

24 Inventories

As at 31 March (£ millions)	2021	2020	2019
Raw materials and consumables	110	104	130
Work-in-progress	371	388	369
Finished goods	2,525	2,977	3,117
Inventory basis adjustment	16	(1)	(8)
Total inventories	**3,022**	**3,468**	**3,608**

Inventories of finished goods include £406 million (2020: £466 million, 2019: £484 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 £13,917 million (2020: £16,902 million, 2019: £18,086 million).

25 Accounts payable

As at 31 March (£ millions)
Trade payables
Liabilities to employees
Liabilities for expenses
Capital creditors
Total accounts payable

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26 Interest-bearing loans and borrowings

As at 31 March (£ millions)	2021	2020	2019
Short-term borrowings			
Bank loans	572	-	114
Current portion of long-term EURO MTF listed debt	399	299	767
Current portion of long-term loans	235	225	-
Other secured	-	2	-
Total short-term borrowings	**1,206**	**526**	**881**
Long-term borrowings			
EURO MTF listed debt	3,921	3,562	2,844
Bank loans	1,037	1,241	755
Other unsecured	14	14	-
Total long-term borrowings	**4,972**	**4,817**	**3,599**
Lease obligations	519	541	31
Total debt	**6,697**	**5,884**	**4,511**

Euro MTF listed debt

The bonds are listed on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market. Details of the tranches of the bonds outstanding at 31 March 2021 are as follows:

- $500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum – issued January 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum – issued January 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum – issued February 2015
- €650 million Senior Notes due 2024 at a coupon of 2.200 per cent per annum – issued January 2017
- $500 million Senior Notes due 2027 at a coupon of 4.500 per cent per annum – issued October 2017
- €500 million Senior Notes due 2026 at a coupon of 4.500 per cent per annum – issued September 2018
- €500 million Senior Notes due 2024 at a coupon of 5.875 per cent per annum – issued November 2019
- €500 million Senior Notes due 2026 at a coupon of 6.875 per cent per annum – issued November 2019
- $700 million Senior Notes due 2025 at a coupon of 7.750 per cent per annum – issued October 2020
- $650 million Senior Notes due 2028 at a coupon of 5.875 per cent per annum – issued December 2020

Details of the tranches of the bond repaid in the year ended 31 March 2021 are as follows:

- £300 million Senior Notes due 2021 at a coupon of 2.750 per cent per annum – issued January 2017

Details of the tranches of bonds repaid in the year ended 31 March 2020 are as follows:

- $500 million Senior Notes due 2019 at a coupon of 4.250 per cent per annum – issued October 2014
- $500 million Senior Notes due 2020 at a coupon of 3.500 per cent per annum – issued March 2015

Details of the tranches of the bond repaid in the year ended 31 March 2019 as follows:

- $700 million Senior Notes due 2018 at a coupon of 4.125 per cent per annum – issued December 2013

Syndicated loan
In October 2018, a $1 billion syndicate loan was issued with a coupon rate of LIBOR + 1.900 per cent per annum, due in the following tranches:

- $200 million due October 2022
- $800 million due January 2025

The contractual cash flows of interest-bearing debt (excluding leases) are set out on the next page, including estimated interest payments and assuming the debt will be repaid at the maturity date.

As at 31 March (£ millions)
Due in
1 year or less
2nd and 3rd years
4th and 5th years
More than 5 years
Total contractual cash flows

During the year ended 31 March 2021, the Group extended its factored receivables facility to a $500 million facility ending March 2023. Under the terms of the facility, the Group de-recognises factored receivables in accordance with IFRS 9 as there are no recourse arrangements.

UK export finance facility

During the year ended 31 March 2020, the Group entered and drew down in full a £625 million five-year amortising loan facility backed by a £500 million guarantee from UK Export Finance. During the year ended 31 March 2021, the Group repaid £125 million (2020: £52 million, 2019: £nil) of this loan. The loan includes a covenant requiring the Group to maintain a minimum liquidity of £1 billion.

UK fleet financing facility

During the year ended 31 March 2020, the Group entered into a secured revolving loan facility letter dated 25 October 2019 with Black Horse Limited, with an aggregate principal amount of £100 million. During the year ended 31 March 2021, the Group has increased this facility to £110 million. The facility is secured by a floating charge over inactive own-use (OUVs) vehicles.

China borrowings

During the year ended 31 March 2021, the Group entered into a 3-year RMB 5 billion syndicated revolving loan facility subject to an annual confirmatory review. The facility is fully drawn at 31 March 2021 and is equivalent to £554 million at 31 March 2021 exchange rates. In addition the Group entered into a parts factoring facility in China of which £19 million is drawn down at 31 March 2021.

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27 Other financial liabilities

As at 31 March (£ millions)	2021	2020	2019
Current			
Lease obligations	65	73	3
Interest accrued	84	65	33
Derivative financial instruments	238	453	523
Liability for vehicles sold under a repurchase arrangement	359	479	469
Other	-	3	14
Total current other financial liabilities	**746**	**1,073**	**1,042**
Non-current			
Lease obligations	454	468	28
Derivative financial instruments	169	310	281
Other	2	-	1
Total non-current other financial liabilities	**625**	**778**	**310**

28 Provisions

As at 31 March (£ millions)	2
Current	
Product warranty	
Legal and product liability	
Provisions for residual risk	
Provision for environmental liability	
Other employee benefits obligations	
Restructuring	
Total current provisions	**1**
Non-current	
Product warranty	1
Legal and product liability	
Provision for residual risk	
Provision for environmental liability	
Other employee benefits obligations	
Total non-current provisions	**1**

Year ended 31 March 2021 (£ millions)	Product warranty	Legal and product liability	Residual risk
Opening balance	1,886	178	175
Provisions made during the year	681	213	38
Provisions used during the year	(795)	(58)	(44)
Unused amounts reversed in the period	(103)	(63)	(92)
Impact of unwind of discounting	16	-	-
Foreign currency translation	-	(1)	(11)
Closing balance	**1,685**	**269**	**66**

Product warranty provision

The Group offers warranty cover in respect of manufacturing defects, which become apparent one to five years after purchase, dependent on the market in which the purchase occurred and the vehicle purchased. The group offers warranties of up to eight years on batteries in electric vehicles. The estimated liability for product warranty is recognised when products are sold or when new warranty programmes are initiated. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future warranty claims, customer goodwill and recall complaints. 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 eight years.

The Group considered the impact of the COVID-19 pandemic on its product warranty offerings and associated provisions, and determined that its existing methodology remained applicable for the year ended 31 March 2021.

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These assessments were performed with reference to both internal and external market inputs.

Environmental liability provision

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

Other employee benefit obligations

This provision relates to the LTIP scheme for certain employees (see note 9) and other amounts payable to employees.

Restructuring provision

The restructuring provision includes amounts for third party obligations arising from Group restructuring programmes. This includes amounts payable to employees following the announcement of the Group's Reimagine strategy in the year ending 31 March 2021 as well as other Group restructuring programmes. Amounts are also included in relation to legal and constructive obligations made to third parties in connection with cancellations under the group's Reimagine strategy.

The estimated liability for restructuring activities is recognised when the group has reason to believe there is a legal or constructive obligation arising from restructuring actions taken.

The amount provided at the reporting date is calculated based on currently available facts and certain estimates for third party obligations (see note 4, material and other cost of sales). These estimates are established using historical experience based on the settlement costs for similar liabilities, with proxies being used where no direct comparison exists.

The amounts and timing of outflows will vary as and when restructuring obligations are progressed with third parties. However, management believe it highly likely this provision will be utilised within the next financial year, with the likely range of outcomes not being materially different to the amount recorded.

29 Other liabilities

As at 31 March (£ millions)	2021	2020	2019
Current			
Liabilities for advances received	61	50	86
Ongoing service obligations	315	324	301
VAT	122	169	199
Other taxes payable	120	148	53
Other	20	25	25
Total current other liabilities	**638**	**716**	**664**
Non-current			
Ongoing service obligations	451	522	504
Other	10	11	17
Total non-current other liabilities	**461**	**533**	**521**

30 Capital and reserves

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.

As at 31 March (£ millions)	2021	2020	2019
Authorised, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total ordinary share capital	**1,501**	**1,501**	**1,501**

The capital redemption reserve of £167 million (2020, 2019: £167 million) was created in March 2011 on the cancellation of share capital.

31 Other reserves

The movement of reserves is as follows:

(£ millions)
Balance at 1 April 2020
Loss for the year
Remeasurement of defined benefit obligation
Gain on effective cash flow hedges
Income tax related to items recognised in other comprehensive income
Cash flow hedges reclassified to profit and loss
Income tax related to items reclassified to profit or loss
Amounts removed from hedge reserve and recognised in inventory
Income tax related to amounts removed from hedge reserve and recognised in inventory
Currency translation differences
Balance at 31 March 2021
Of which:
Amounts related to continuing hedges
Amounts related to discontinued hedges
Balance at 1 April 2019
Adjustment on initial application of IFRS 16 (net of tax)
Adjusted balance at 1 April 2019
Loss for the year
Remeasurement of defined benefit obligation
Loss on effective cash flow hedges
Gain/(loss) on effective cash flow hedges of inventory
Income tax related to items recognised in other comprehensive income
Cash flow hedges reclassified to profit and loss
Income tax related to items reclassified to profit or loss
Amounts removed from hedge reserve and recognised in inventory
Income tax related to amounts removed from hedge reserve and recognised in inventory
Currency translation differences
Balance at 31 March 2020
Of which:
Amounts related to continuing hedges
Amounts related to discontinued hedges
Balance at 1 April 2018
Adjustment on initial application of IFRS 9 and IFRS 15 (net of tax)
Adjusted balance at 1 April 2018
Loss for the year
Remeasurement of defined benefit obligation
(Loss)/gain on effective cash flow hedges
Loss on effective cash flow hedges of inventory
Income tax related to items recognised in other comprehensive income
Cash flow hedges reclassified to profit and loss
Income tax related to items reclassified to profit or loss
Amounts removed from hedge reserve and recognised in inventory
Income tax related to amounts removed from hedge reserve and recognised in inventory
Currency translation differences
Dividend paid
Balance at 31 March 2019
Of which:
Amounts related to continuing hedges
Amounts related to discontinued hedges

32 Dividends

Year ended 31 March (£ millions)	2021	2020	2019
Dividend proposed for the previous year paid during the year of £nil (2020: £nil, 2019: £0.15) per ordinary share	-	-	225
Amounts recognised as distributions to equity holders during the year	**-**	**-**	**225**
Proposed dividend for the year of £nil (2020, 2019: £nil) per ordinary share	-	-	-

33 Employee benefits

The Group operates defined benefit pension schemes for qualifying employees of certain subsidiaries. The UK defined benefit schemes are administered by a trustee with assets held in trusts that are legally separate from the Group. The trustee of the pension schemes is required by law to act in the interest of the members and of all relevant stakeholders in the schemes and is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of the trustee must be composed of representatives of the Group and scheme participants in accordance with each scheme's regulations.

Under the schemes, the employees are entitled to post-retirement benefits based on their length of service and salary.

Through its defined benefit pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below.

Asset volatility

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if the schemes' assets underperform against these corporate bonds, this will create or increase a deficit. The defined benefit schemes hold a significant proportion of equity-type assets, which are expected to outperform corporate bonds in the long-term although introduce volatility and risk in the short-term.

The UK schemes hold a substantial level of index-linked gilts and other inflation and interest rate hedging instruments in order to reduce the volatility of assets compared to the liability value, although these will lead to asset value volatility.

As the schemes mature, the Group intends to reduce the level of investment risk by investing more in assets for which expected income is a better match for the expected benefit outgo.

However, the Group believes that due to the long-term nature of the schemes' liabilities and the strength of the supporting group, a level of continuing equity-type investments is currently an appropriate element of the Group's long-term strategy to manage the schemes efficiently.

Changes in bond yields

A decrease in corporate bond yields will increase the schemes' liabilities, although this is expected to be partially offset by an increase in the value of the schemes' assets, specifically the bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the schemes against high inflation). As noted above, the schemes hold a significant proportion of assets in index-linked gilts, together with other inflation hedging instruments and also assets that are more closely correlated with inflation. However, an increase in inflation may still create a deficit or increase an existing deficit to some degree.

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant in the UK defined benefit schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.

The following tables set out the disclosures pertaining to the retirement benefit amounts recognised in the consolidated financial statements prepared in accordance with IAS 19:

Change in present value of defined benefit obligation

Year ended 31 March (£ millions)
Defined benefit obligation at beginning of year
Current service cost
Past service cost
Interest expense
Actuarial (gains)/losses arising from:
Changes in demographic assumptions
Changes in financial assumptions
Experience adjustments
Exchange differences on foreign schemes
Member contributions
Benefits paid
Defined benefit obligation at end of year

Change in present value of scheme assets

Year ended 31 March (£ millions)
Fair value of schemes' assets at beginning of year
Interest income
Remeasurement gain on the return of plan assets, excluding amounts included in interest income
Administrative expenses
Exchange differences on foreign schemes
Employer contributions
Member contributions
Benefits paid
Fair value of schemes' assets at end of year

The actual return on the schemes' assets for the year ended 31 Marc
million).

Year ended 31 March (£ millions)
Current service cost
Past service cost
Administrative expenses
Net interest cost (including onerous obligations)
Components of defined benefit cost recognised in the consolidated income statement

Amounts recognised in the consolidated statement of comprehensive income consist of:

Year ended 31 March (£ millions)	2021	2020	2019
Actuarial gains/(losses) arising from:			
Changes in demographic assumptions	21	(7)	49
Changes in financial assumptions	(869)	526	(544)
Experience adjustments	75	139	(32)
Remeasurement gain on the return of schemes' assets, excluding amounts included in interest income	22	325	257
Remeasurement (loss)/gain on net defined benefit obligation	**(751)**	**983**	**(270)**

Amounts recognised in the consolidated balance sheet consist of:

As at 31 March (£ millions)	2021	2020	2019
Present value of unfunded defined benefit obligations	(2)	(2)	(2)
Present value of funded defined benefit obligations	(8,430)	(7,786)	(8,646)
Fair value of schemes' assets	8,045	8,168	7,981
Net retirement benefit obligation	**(387)**	**380**	**(667)**
Presented as non-current asset	-	408	-
Presented as non-current liability	(387)	(28)	(667)

The most recent valuations of the defined benefit schemes for accounting purposes were carried out at 31 March 2021 by a qualified independent actuary. For the UK schemes this is based on membership data as at 31 March 2020 for the JPP & LRPS and 5 April 2018 for the smaller JEPP. 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 asset valuations are taken from the asset custodian for each scheme together with the balance of the Trustee bank accounts.

In November 2020 the UK government announced that the calculation of RPI would be amended to mirror the calculation of CPIH from 2030 (following its consultation on RPI Reform). As a result, the gap between RPI and CPI has been updated to reflect RPI reform by having a gap of 1% p.a. up to 2030 and no gap thereafter. In addition the inflation risk premium (IRP) has been updated from an IRP of 0.2% p.a. at all terms to an IRP of 0.3% p.a. up to 2030 and 0.5% post 2030, reflecting market conditions at the 31 March 2021 year end.

The impact of the changes to the IRP noted above was to reduce the UK pension liability by c. £250 million, thereby offsetting a proportion of the impact of higher market implied inflation at the 31 March 2021 year end.

The principal assumptions used in accounting for the pension schemes are set out below:

Year ended 31 March	2021	2020	2019
Discount rate	2.1%	2.4%	2.4%
Expected rate of increase in benefit revaluation of covered employees	2.1%	2.0%	2.4%
RPI inflation rate	3.1%	2.6%	3.2%

For the valuation at 31 March 2021, the mortality assumptions used are the Self-Administered Pension Schemes ('SAPS') mortality base table, S2PxA tables ("Light" tables for members of the Jaguar Executive Pension Plan).

- For the Jaguar Pension Plan, scaling factors of 111 per cent to 117 per cent have been used for male members and scaling factors of 101 per cent to 112 per cent have been used for female members.
- For the Land Rover Pension Scheme, scaling factors of 107 per cent to 111 per cent have been used for male members and scaling factors of 101 per cent to 109 per cent have been used for female members.
- For the Jaguar Executive Pension Plan, an average scaling factor of 94 per cent has been used for male members and an average scaling factor of 84 per cent has been used for female members.

For the valuation at 31 March 2020, the mortality assumptions used were the SAPS mortality base table, S2PxA tables ("Light" tables for members of the Jaguar Executive Pension Plan).

- For the Jaguar Pension Plan, scaling factors of 111 per cent to 117 per cent have been used for male members and scaling factors of 101 per cent to 112 per cent have been used for female members.
- For the Land Rover Pension Scheme, scaling factors of 107 per cent to 111 per cent have been used for male members and scaling factors of 101 per cent to 109 per cent have been used for female members.

As at 31 March (years)
Retiring today:
Males
Females
Retiring in 20 years:
Males
Females

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A past service cost of £9 million has been recognised in the year ended 31 March 2021 following a further High Court ruling, published on 20 November 2020, that provided clarification on the obligations of pension plan trustees to equalise past transfer values allowing for the effect of unequal Guaranteed Minimum Pensions ('GMP') between 17 May 1990 and 5 April 1997 ("GMP equalisation"). The Group had previously recognised a past service cost of £17 million in the year ended 31 March 2019, following the High Court ruling in 2018 in respect of GMP equalisation, and has retained this allowance at 31 March 2021 but adjusted for the passage of time and to reflect the estimated impact of changes in market conditions.

A further past service cost of £7 million was also recognised in the year ended 31 March 2021. This reflects benefit improvements for certain members as part of the Group restructuring programme that commenced in the year ended 31 March 2021.

A past service cost of £4 million was recognised in the year ended 31 March 2020. This reflects benefit improvements for certain members as part of the Group restructuring programme that commenced in the year ended 31 March 2019.

An additional past service cost of £25 million was recognised in the year ended 31 March 2019. This reflects benefit improvements for certain members as part of the Group restructuring programme.

All past service costs are recognised in 'exceptional items' in the consolidated income statement. See note 4 for further information.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated balance sheet.

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 c.£412 million	Decrease/increase by £7 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by c.£228 million	Increase/decrease by £4 million
Mortality	Increase/decrease in life expectancy by 1 year	Increase/decrease by c.£299 million	Increase/decrease by £4 million

The fair value of schemes' assets is represented by the following major c

As at 31 March (£ millions)	2021				202	
	Quoted*	Unquoted	Total	%	Quoted*	Unqu te
Equity instruments						
Information technology	133	-	133	2%	124	
Energy	11	-	11	-	10	
Manufacturing	75	-	75	1%	70	
Financials	48	-	48	1%	45	
Other	267	-	267	3%	249	
	534	**-**	**534**	**7%**	**498**	
Debt instruments						
Government	1,712	-	1,712	22%	1,944	
Corporate bonds (investment grade)	1,377	206	1,583	20%	1,245	34
Corporate bonds (Non investment grade)	94	968	1,062	13%	-	75
	3,183	**1,174**	**4,357**	**55%**	**3,189**	**1,09**
Property funds						
UK	-	303	303	4%	-	27
Other	-	201	201	2%	-	23
	-	**504**	**504**	**6%**	**-**	**51**
Cash and cash equivalents	**265**	**-**	**265**	**3%**	**678**	
Other						
Hedge funds	-	496	496	6%	-	47
Private markets	-	824	824	10%	-	56
Alternatives	57	584	641	8%	-	59
	57	**1,904**	**1,961**	**24%**	**-**	**1,63**
Derivatives						
Foreign exchange contracts	-	15	15	-	-	(3
Interest rate and inflation swaps	-	361	361	4%	-	54
Equity protection derivatives	-	48	48	1%	-	5
	-	**424**	**424**	**5%**	**-**	**56**
Total	**4,039**	**4,006**	**8,045**	**100%**	**4,365**	**3,80**

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

As at 31 March 2021, the schemes held Gilt Repos. The net value of these transactions is included in the value of government bonds in the table above. The value of the funding obligation for the Repo transactions is £2,057 million at 31 March 2021 (2020: £2,639 million, 2019: £1,528 million).

JLR assigns an accounting level (1,2 or 3) to asset holdings in order to reflect the level of judgement involved in the valuation of an

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Custodian accounts where underlying assets are regularly traded or where comparable assets have traded values are designated level 2, for example derivatives (including net value of swaps) and some property holdings. Assets which are not designated as level 1 or 2 are designated as level 3. Level 1 assets are reported as quoted, level 2 and 3 unquoted. Repo obligations are noted separately.

Private Equity holdings have been measured using the most recent valuations, adjusted for cash and currency movements between the last valuation date and 31 March 2021. Given the movements in listed equity markets, the valuation of Private Equity holdings may vary significantly. The value of the Private Equity holdings in the JLR UK Plans included above is £453 million as at 31 March 2021.

Jaguar Land Rover contributes towards the UK defined benefit schemes. The 5 April 2018 statutory funding valuations were completed in December 2018. As a result of these valuations it is intended to eliminate the pension scheme funding deficits over the 10 years to 31 March 2028. Whilst there is currently an additional liability over the projected benefit obligation, based on current legal advice the Group will not be required to recognise an additional obligation in the future. JLR has taken legal advice considering the documentation of the UK schemes and the regulatory environment. This confirmed the recoverability of any surplus in the scheme and JLR has based its accounting judgement on this advice.

In line with the schedule of contributions agreed following the 2018 statutory funding valuations and amended in April 2020, the current ongoing Group contribution rate for defined benefit accrual is c.21 per cent of pensionable salaries in the UK.

Deficit contributions are paid in line with the schedule of contributions at a rate of £60 million per year until 31 March 2024 followed by £25 million per year until 31 March 2028. Contributions previously due for April, May and June 2020 have been re-spread over the year ended 31 March 2022. This agreement is reflected in an updated Schedule of Contributions dated 29 April 2020.

The average duration of the benefit obligations at 31 March 2021 is 19.0 years (2020: 19.0 years, 2019: 19.0 years).

The expected net periodic pension cost for the year ended 31 March 2022 is expected to be £153 million. The Group expects to pay £246 million to its defined benefit schemes, in total, for the year ended 31 March 2022.

Defined contribution schemes

The Group's contribution to defined contribution schemes for the year ended 31 March 2021 was £86 million (2020: £86 million, 2019: £93 million).

34 Commitments and contingencies

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

The following is a description of claims and contingencies where a potential loss is possible, but not probable. Management believes that none of the contingencies described, either individually or in aggregate, would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

As at 31 March (£ millions)	2021	2020	2019
Litigation and product related matters	23	40	17
Other taxes and duties	50	44	41
Commitments:			
• Plant and equipment	862	1,217	1,054
• Intangible assets	16	14	20
• Other	270	376	222
Pledged as collateral/security against the borrowings and commitments:			
• Inventory	138	127	-
• Trade receivables	19	-	114
• Property, plant and equipment	-	-	-
• Other financial assets	13	-	-

Litigation and product related matters

The Group is involved in legal proceedings, both as plaintiff and as defendant. There are claims and potential claims against the Group which management has not recognised, as settlement is not considered probable. These claims and potential claims pertain to motor accident claims, consumer complaints, employment and dealership arrangements, replacement of parts of vehicles and/or compensation for deficiency in the services by the Group or its dealers.

The Group has provided for the estimated cost of repair following the passenger safety airbag issue in the United States, China, Canada, Korea, Taiwan, Australia and Japan. The Group recognises that there is a potential risk of further recalls in the future; however, the Group is unable at this point in time to reliably estimate the amount and timing of any potential future costs associated with this warranty issue.

Other taxes and duties

Contingencies and commitments include tax contingent liabilities which mainly relate to tax audits and tax litigation claims.

Commitments

The Group has entered into various contracts with vendors and contractors for the acquisition of plant and equipment and various civil contracts of capital nature and the acquisition of intangible assets. Commitments and contingencies also includes other contingent liabilities, the timing of any outflow will vary as and when claims are received and settled, which is not known with certainty.

The remaining financial commitments, in particular the purchase commitments and guarantees, are of a magnitude typical for the industry.

As at 31 March (£ millions)
Short-term debt
Long-term debt
Total debt*
Equity attributable to shareholders
Total capital

*Total debt includes lease obligations of £519 million (2020: £541 million, 2019: £31 million)

36 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.

(A) Financial assets and liabilities

The following table shows the carrying amount and fair value of each category of financial assets and liabilities as at 31 March 2021:

(£ millions)	Amortised cost	Fair Value Through Profit and Loss: Financial assets	Fair Value Through Profit and Loss: Derivatives other than in hedging relationship	Fair Value Through Profit and Loss: Derivatives in hedging relations-hip	Total carrying value	Total fair value
Cash and cash equivalents	3,778	-	-	-	3,778	3,778
Short-term deposits and other investments	1,004	-	-	-	1,004	1,004
Trade receivables	863	-	-	-	863	863
Investments	-	22	-	-	22	22
Other financial assets - current	196	-	73	208	477	477
Other financial assets - non-current	92	-	42	207	341	341
Total financial assets	**5,933**	**22**	**115**	**415**	**6,485**	**6,485**
Accounts payable	6,308	-	-	-	6,308	6,308
Short-term borrowings	1,206	-	-	-	1,206	1,217
Long-term borrowings*	4,972	-	-	-	4,972	5,136
Other financial liabilities - current	508	-	67	171	746	746
Other financial liabilities - non-current	456	-	65	104	625	688
Total financial liabilities	**13,450**	**-**	**132**	**275**	**13,857**	**14,095**

* Included in the long-term borrowings shown in other financial liabilities is £784 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £1 million of fair value adjustments as a result of the hedge relationship.

The following table shows the carrying amount and fair value of each category of financial assets and liabilities as at 31 March 2020:

(£ millions)	Amortised cost	Fair Value Through Profit and Loss: Financial assets	Fair Value Through Profit and Loss: Derivatives other than in hedging relationship	Fair Value Through Profit and Loss: Derivatives in hedging relations-hip	Total carrying value	Total fair value
Cash and cash equivalents	2,271	-	-	-	2,271	2,271
Short-term deposits and other investments	1,393	-	-	-	1,393	1,393
Trade receivables	833	-	-	-	833	833
Investments	-	37	-	-	37	37
Other financial assets - current	142	-	153	88	383	383
Other financial assets - non-current	115	-	9	133	257	257
Total financial assets	**4,754**	**37**	**162**	**221**	**5,174**	**5,174**
Accounts payable	6,499	-	-	-	6,499	6,499
Short-term borrowings	526	-	-	-	526	512
Long-term borrowings*	4,817	-	-	-	4,817	3,859
Other financial liabilities - current	620	-	204	249	1,073	1,073
Other financial liabilities - non-current	468	-	48	262	778	778
Total financial liabilities	**12,930**	**-**	**252**	**511**	**13,693**	**12,721**

* Included in the long-term borrowings shown in other financial liabilities is £891 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £45 million of fair value adjustments as a result of the hedge relationship.

The following table shows the carrying amount and fair value of each ca

(£ millions)	Amortised cost	Fair Va: Financial assets
Cash and cash equivalents	2,747	-
Short-term deposits and other investments	1,028	-
Trade receivables	1,362	-
Investmentsw	-	69
Other financial assets - current	181	-
Other financial assets - non-current	116	-
Total financial assets	**5,434**	**69**
Accounts payable	7,083	-
Short-term borrowings*	881	-
Long-term borrowings**	3,599	-
Other financial liabilities - current	519	-
Other financial liabilities - non-current	29	-
Total financial liabilities	**12,111**	**-**

* Included within short-term borrowings shown in other financial liabilities are foreign currency denominated flow hedge against forecast revenue.
**Included in the long-term borrowings shown in other financial liabilities is £813 million that is designated a million of fair value adjustments as a result of the hedge relationship.

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.

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The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2021:

				Amounts subject to a master netting arrangement		
£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Financial instruments	Cash collateral (received) / pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	530	-	530	(362)	-	168
Cash and cash equivalents	3,995	(217)	3,778	-	-	3,778
	4,525	**(217)**	**4,308**	**(362)**	**-**	**3,946**
Financial liabilities						
Derivative financial liabilities	407	-	407	(362)	-	45
Short-term borrowings	1,423	(217)	1,206	-	-	1,206
	1,830	**(217)**	**1,613**	**(362)**	**-**	**1,251**

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2020:

				Amounts subject to a master netting arrangement		
£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Financial instruments	Cash collateral (received) / pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	383	-	383	(377)	-	6
Cash and cash equivalents	2,981	(710)	2,271	-	-	2,271
	3,364	**(710)**	**2,654**	**(377)**	**-**	**2,277**
Financial liabilities						
Derivative financial liabilities	763	-	763	(377)	-	386
Short-term borrowings	1,236	(710)	526	-	-	526
	1,999	**(710)**	**1,289**	**(377)**	**-**	**912**

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2019:

				Amounts subject to a master netting arrangement		
£ millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Financial instruments	Cash collateral (received) / pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	187	-	187	(187)	-	-
Cash and cash equivalents	3,175	(428)	2,747	-	-	2,747
	3,362	**(428)**	**2,934**	**(187)**	**-**	**2,747**
Financial liabilities						
Derivative financial liabilities	804	-	804	(187)	-	617
Short-term borrowings	1,309	(428)	881	-	-	881
	2,113	**(428)**	**1,685**	**(187)**	**-**	**1,498**

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

- Quoted prices in an active market (Level 1): this level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Valuation techniques with observable inputs (Level 2): this level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 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 based on available market data.

Of the financial assets held at 31 March 2021 and classified as Level 3, 94 per cent (2020: 93 per cent, 2019: 91 per cent) were valued using recent transaction values and 6 per cent (2020: 7 per cent, 2019: 9 per cent) were valued using an alternative technique.

Recent transaction values

The pricing of recent investment transactions is the main input of valuations performed by the Group. The Group's policy is to use observable market data where possible for its valuations and, in the absence of portfolio company earnings or revenue to compare, or of relevant comparable businesses' data, recent transaction prices represent the most reliable observable inputs.

Alternative valuation methodologies

Alternative valuation methodologies are used by the Group for reasons specific to individual assets. At 31 March 2021, the alternative technique used was net asset value, representing 100 per cent of alternatively valued assets.

There has been no change in the valuation techniques adopted in either current or prior financial years as presented. There were no transfers between fair value levels in the years ended 31 March 2021 and 2020. In the year ended 31 March 2019, the investment in Lyft, Inc. (note 17) transferred from Level 3 to Level 1 as a result of the Lyft, Inc. initial public offering on 29 March 2019.

The financial instruments that are measured subsequent to 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 the respective dates. The estimated fair value amounts as at 31 March 2021, 2020 and 2019 have been measured as at the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

(B) Financial risk management

The Group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The Group has a risk management framework in place, which monitors all of these risks as discussed below. This framework is approved by the JLR plc Board.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have a potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan and Euro against the functional currency of the Company and its subsidiaries.

Foreign exchange risk on future transactions is mitigated through the use of derivative contracts. The Group is also exposed to fluctuations in exchange rates that impact the valuation of foreign currency denominated assets and liabilities of its National Sales Companies and also foreign currency denominated balances on the Group's consolidated balance sheet at each reporting period end. In addition to the derivatives designated in hedging relationships as detailed in section (C), the Group enters into foreign currency contracts as economic hedges of recognised foreign currency debt.

The following table sets forth information relating to foreign currency exposure as at 31 March 2021:

As at 31 March 2021 (£ millions)	US Dollar	Chinese Yuan	Euro	Others
Financial assets	1,726	342	1,118	311
Financial liabilities	(3,267)	(1,192)	(4,259)	(349)
Net exposure liability	**(1,541)**	**(850)**	**(3,141)**	**(38)**
A10% appreciation/depreciation of the currency would result in additional gain/(loss):				
Impact on net income before tax for financial assets	173/(173)	34/(34)	111/(111)	n/a
Impact on net income before tax for financial liabilities	(327)/327	(119)/119	(426)/426	n/a
Impact on other comprehensive income for financial liabilities	-	-	-	n/a

The following table sets forth information relating to foreign currency exposure as at 31 March 2020:

As at 31 March 2020 (£ millions)	US Dollar	Chinese Yuan	Euro	Others
Financial assets	1,785	484	1,205	409
Financial liabilities	(2,791)	(523)	(4,312)	(412)
Net exposure liability	**(1,006)**	**(39)**	**(3,107)**	**(3)**
A 10% appreciation/depreciation of the currency would result in additional gain/(loss):				
Impact on net income before tax for financial assets	178/(178)	48/(48)	120/(120)	n/a
Impact on net income before tax for financial liabilities	(279)/279	(52)/52	(431)/431	n/a
Impact on other comprehensive income for financial liabilities	-	-	-	n/a

The following table sets forth information relating to foreign currency ex

As at 31 March 2019 (£ millions)
Financial assets
Financial liabilities
Net exposure liability
A 10% appreciation/depreciation of the currency would result in additional gain/(loss):
Impact on net income before tax for financial assets
Impact on net income before tax for financial liabilites
Impact on other comprehensive income for financial liabilities

Commodity price risk

The Group is exposed to commodity price risk arising from the purchase of certain raw materials such as aluminium, copper, platinum and palladium. This risk is mitigated through the use of derivative contracts and fixed-price contracts with suppliers. The derivative contracts are not hedge accounted and are measured at fair value through profit or loss.

The total fair value gain on commodities of £137 million (2020: loss of £74 million, 2019: gain of £9 million) has been recognised in "Foreign exchange gain/(loss) and fair value adjustments" in the consolidated income statement. The amounts reported do not reflect the purchasing benefits received by the Group (which are included within "Material and other cost of sales").

A 10 per cent appreciation/depreciation of all commodity prices underlying such contracts would have resulted in a gain/loss of £41 million (2020: £49 million, 2019: £53 million).

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Group.

In addition to issuing long-term fixed-rate bonds, the Group has other facilities in place that are primarily used to finance working capital and are subject to variable interest rates. When undertaking a new debt issuance, the JLR plc Board will consider the fixed/floating interest rate mix of the Group, the outlook for future interest rates and the appetite for certainty of funding costs.

The Group uses cross-currency interest rate saps to convert

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The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2021 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Accounts payable	6,308	6,308	6,308	-	-	-
Long-term borrowings and interest thereon	4,972	6,075	230	1,265	3,198	1,382
Short-term borrowings and interest thereon	1,206	1,239	1,239	-	-	-
Lease obligations	519	840	103	85	201	451
Other financial liabilities	445	390	383	7	-	-
Derivative financial instruments	407	461	255	115	91	-
Total contractual maturities	**13,857**	**15,313**	**8,518**	**1,472**	**3,490**	**1,833**

As at 31 March 2020 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Accounts payable	6,499	6,499	6,499	-	-	-
Long-term borrowings and interest thereon	4,817	5,828	218	739	3,430	1,441
Short-term borrowings and interest thereon	526	536	536	-	-	-
Lease obligations	541	903	112	90	208	493
Other financial liabilities	547	513	498	11	4	-
Derivative financial instruments	763	894	491	272	131	-
Total contractual maturities	**13,693**	**15,173**	**8,354**	**1,112**	**3,773**	**1,934**

As at 31 March 2019 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Accounts payable	7,083	7,083	7,083	-	-	-
Long-term borrowings and interest thereon	3,599	5,186	946	449	2,232	1,559
Short-term borrowings and interest thereon	881	881	881	-	-	-
Finance lease obligations	31	62	7	7	15	33
Other financial liabilities	517	554	527	12	15	-
Derivative financial instruments	804	1,076	592	313	144	27
Total contractual maturities	**12,915**	**14,842**	**10,036**	**781**	**2,406**	**1,619**

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligation. The majority of the Group's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

The carrying amount of financial assets represents the maximum credit exposure. None of the financial instruments of the Group result in material concentrations of credit risks.

All Group cash is invested according to strict credit criteria and actively monitored by Group Treasury in conjunction with the current market valuation of derivative contracts. To support this, the JLR plc Board has implemented an investment policy that places limits on the maximum cash investment that can be made with any single counterparty depending on their published external credit rating.

To a lesser extent the Group has an exposure to counterparties on trade receivables and other financial assets. The Group seeks to mitigate credit risk on sales to third parties through the use of payment at the point of delivery, credit limits, credit insurance and letters of credit from banks that meet internal rating criteria.

Financial assets

None of the Group's cash equivalents, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2021 (2020 and 2019: no indications) that defaults in payment obligations will occur.

The Group has reviewed trade and other receivables not yet due and not impaired and no material issues have been identified.

As at 31 March (£ millions)	2021 Gross	2021 impairment	2021 Net carrying value	2020 Gross
Not yet due	747	(2)	745	675
Overdue <3 months	88	-	88	141
Overdue 3-6 months	10	-	10	10
Overdue >6 months	25	(5)	20	18
Total	**870**	**(7)**	**863**	**844**

Included within trade receivables is £19 million (2020: £nil, 2019: £114 million) of receivables that are part of a debt factoring arrangement. These assets do not qualify for de-recognition due to the recourse arrangements in place. The related liability of £19 million (2020: £nil, 2019: £114 million) is in short-term borrowings. Both the asset and associated liability are classified as amortised cost.

Off-balance sheet financial arrangements

At the end of FY21, Jaguar Land Rover Limited (a subsidiary of the Company) had sold £278 million equivalent of trade receivables under its debt factoring facility, which was renewed during the year ended 31 March 2021 to a $500 million facility expiring March 2023.

(C) Derivatives and hedge accounting

The Group's operations give rise to revenue, raw material purchases and borrowings in currencies other than the Group's presentation currency of GBP. The Group forecasts these transactions over the medium term and enters into derivative contracts to mitigate the resulting foreign currency exchange risk, interest rate risk and commodity price risk. The Group's risk management strategy allows for hedge accounting when the

Year ended 31 March (£ millions)
Commodity derivative contracts
Foreign currency derivative contracts
Interest rate derivative contracts
Total

In all cases the Group uses a hedge ratio of 1:1. The critical terms of the derivative contracts are aligned with those of the hedged item. The Group allows a maximum hedging term of five years for forecast transactions. The Group's risk management policy allows for decreasing levels of hedging as the forecasting horizon increases.

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As at 31 March (£ millions)	2021	2020	2019
10% depreciation in Sterling against the foreign currency:			
In other comprehensive income	(571)	(547)	(273)
In the consolidated income statement	299	64	109
10% appreciation in Sterling against the foreign currency:			
In other comprehensive income	480	554	244
In the consolidated income statement	(231)	(36)	(75)

The following table sets out the change in the Group's exposure to interest rate risk as a result of hedge accounted cross-currency interest rate swaps:

	Foreign currency receivable average interest rate			Reporting currency payable average interest rate		
	%	%	%	%	%	%
Outstanding contracts	2021	2020	2019	2021	2020	2019
Cross currency interest rate swaps						
< 1 year	-	-	-	-	-	-
Between 1-5 years	-	-	-	-	-	-
>5 years	4.500	4.500	4.500	LIBOR + 3.235	LIBOR + 3.235	LIBOR + 3.235

The following table shows the impact that would result from interest rate derivatives and any related hedging relationships given an increase/decrease of 100 basis points in interest rates at the balance sheet date:

As at 31 March (£ millions)	2021	2020	2019
100 basis points depreciation in interest rates			
In the consolidated income statement	(1)	(7)	(5)
100 basis points appreciation in interest rates			
In the consolidated income statement	1	4	19

Cash Flow Hedges

The Group uses foreign currency options, foreign currency forward contracts and recognised foreign currency borrowings as the hedging instrument in cash flow hedge relationships of hedged sales and purchases. The time value of options and the foreign currency basis spread of foreign exchange forward contracts are excluded from the hedge relationship and are recognised in other comprehensive income as a cost of hedging to the extent they relate to the hedged item (the aligned value). Additionally, the Group uses cross-currency interest rate swaps as the hedging instrument of the foreign exchange risk of recognised foreign currency borrowings.

Changes in the fair value of foreign currency contracts, to the extent determined to be an effective cash flow hedge, are recognised in the consolidated statement of comprehensive income, and the ineffective portion of the fair value change is recognised in the consolidated income statement. There is not generally expected to be significant ineffectiveness from cash flow hedges.

It is anticipated that the hedged sales will take place over the next one to five years, at which time the amount deferred in equity will be reclassified to revenue in the consolidated income statement.

It is anticipated that the hedged purchases will take place over the next one to five years, at which time the amount deferred in equity will be included in the carrying amount of the raw materials. On sale of the finished product, the amount previously deferred in equity and subsequently recognised in inventory will be reclassified to material and other cost of sales in the consolidated income statement.

The foreign currency borrowings designated as the hedged item mature in January 2026 and October 2027, at which time the amount deferred in equity will be reclassified to the consolidated income statement.

The table below sets out the timing profile of the hedge accounted deriv

As at 31 March	Average strike rate			
Outstanding contracts	2021	2020	2019	20
Cash flow hedges of foreign exchange risk on forecast transactions Derivative instruments				
Sell - USD				
<1 year	0.7596	0.7229	0.6756	2,8
Between 1-5 years	0.7654	0.7649	0.6989	3,0
Sell - Chinese Yuan				
<1 year	0.1098	0.1086	0.1054	1,6
Between 1-5 years	0.1088	0.1096	0.1075	6
Buy - Euro				
<1 year	0.9069	0.9109	0.8823	2,6
Between 1-5 years	0.9010	0.9101	0.9192	1,8
Other currencies				
<1 year				1,1
Between 1-5 years				8
Debt instruments denominated in foreign currency				
USD				
< 1 year	-	-	0.7358	
Between 1-5 years	-	-	-	
Total cash flow hedges of foreign exchange risk on forecast transactions				**14,7**
Hedges of foreign exchange risk on recognised debt				
Cross currency interest rate swaps				
USD				
< 1 year	-	-	-	
Between 1-5 years	-	-	-	
>5 years	0.7592	0.7592	0.7592	3
EUR				
< 1 year	-	-	-	
Between 1-5 years	-	-	-	
>5 years	0.8912	0.8912	0.8912	4
Total cash flow hedges of foreign exchange risk on recognised debt				**8**

The USD debt instrument used as a hedging instrument is shown in the less than one year category in the year ended 31 March 2019 above as the instrument itself matured within one year of 31 March 2019. The amounts hedging revenue between one and five years are £nil (2020: £nil, 2019: £359 million).

The line items in the consolidated balance sheet that include the above derivative instruments are “Other financial assets” and “Other financial liabilities”. The USD denominated debt designated as a hedging instrument was included in “Borrowings”.

The following table sets out the effect of the Group’s cash flow hedges on the financial performance of the Group:

Year ended 31 March (£ millions)	2021	2020	2019
Fair value gain/(loss) of foreign currency derivative contracts recognised in hedging reserves	446	(254)	(887)
Fair value loss of foreign currency borrowings recognised in cash flow hedging reserve	-	(7)	(103)
Fair value (loss)/gain of derivatives hedging foreign currency borrowings recognised in hedging reserves	(9)	2	4
Gain/(loss) recognised in other comprehensive income in the year	**437**	**(259)**	**(986)**
Loss reclassified from cash flow hedging reserve and recognised in ‘Revenue’ in the income statement	(112)	(565)	(870)
Gain/(loss) reclassified from cash flow hedging reserve and recognised in Foreign exchange gain/(loss) and fair value adjustments’ in the income statement on account of forecast transactions no longer expected to occur	3	-	(12)
Gain reclassified from cost of hedging reserve and recognised in Foreign exchange gain/(loss) and fair value adjustments’ in the income statement on account of forecast transactions no longer expected to occur	-	2	1
Loss reclassified to profit and loss in the year	**(109)**	**(563)**	**(881)**
Net change in the hedged item used for assessing hedge effectiveness	534	172	(202)
(Loss)/gain on derivatives not hedge accounted, recognised in 'Foreign exchange gain/(loss) and fair value adjustments' in the income statement	(77)	27	(18)

Fair value hedges

The Group uses cross-currency interest rate swaps as the hedging instrument in a fair value hedge of foreign exchange and interest rate risks of foreign currency denominated debt. The derivatives convert foreign currency USD fixed-rate borrowings to GBP floating-rate debt.

Changes in the fair value of foreign currency contracts that are designated in fair value hedging relationships are recognised in the consolidated income statement. Changes in the fair value of the underlying hedged item (long-term borrowings) for the hedged risks are recognised in the same income statement line.

The fair value of the cross-currency interest rate swaps, included in “Der

As at 31 March (£ millions)
Other financial assets - current
Other financial assets - non-current
Total financial assets
Other financial liabilities - current
Other financial liabilities - non-current
Total financial liabilities

The following amounts have been recognised in relation to fair value hed
31 March 2021, 2020 and 2019:

Year ended 31 March (£ millions)
Net gain/(loss) in the hedged item used for assessing hedge effectiveness, taken to the consolidated income statement in ‘Foreign exchange gain/(loss) and fair value adjustments’
Fair value changes in the derivative instruments used in assessing hedge effectiveness, taken to the consolidated income statement in ‘Foreign exchange gain/(loss) and fair value adjustments’
Ineffectiveness recognised in the consolidated income statement in ‘Foreign exchange gain/(loss) and fair value adjustments’

37 Leases

The Group leases a number of buildings, plant and equipment, IT hardware and software assets, certain of which have a renewal and/or purchase options in the normal course of the business. Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group’s operation. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension or termination option. The Group re-assesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control. The Group’s leases mature between 2021 and 2048.

Some of the leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

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Leases as a lessee

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

£ millions	Land and buildings	Computers	Plant and equipment	Vehicles	Fixtures and fittings	Other	Total
Closing balance at 31 March 2021	475	6	45	3	12	2	**543**
Closing balance at 31 March 2020	483	7	56	6	13	3	**568**
Opening balance at 1 April 2019	501	13	57	-	-	4	**575**
Depreciation charge for the year ended 31 March 2021	63	7	17	5	1	1	**94**
Depreciation charge for the year ended 31 March 2020	62	8	17	3	1	1	**92**

Additions to right-of-use assets during the year ended 31 March 2021 was £70 million (2020: £83 million).

Lease liabilities

The maturity analysis of the contractual undiscounted cash flows are as follows:

As at 31 March (£ millions)	2021	2020
Less than one year	103	112
Between one and five years	286	298
More than five years	451	493
Total undiscounted lease liabilities	**840**	**903**

Included in undiscounted lease liability maturities above is £15 million (2020: £nil) in relation to leases committed but not yet commenced at the balance sheet date.

The following amounts are included in the consolidated balance sheet:

As at 31 March (£ millions)	2021	2020
Current lease liabilities	65	73
Non-current lease liabilities	454	468
Total lease liabilities	**519**	**541**

The following amounts are recognised in the consolidated income statement:

Year ended 31 March (£ millions)	2021	2020
Interest expense on lease liabilities	44	45
Expenses related to short-term leases	9	13
Expenses related to low-value assets, excluding short-term leases of low-value assets	7	7
Credit for changes in lease payments arising from COVID-19 rent concessions	(3)	-

The following amounts are recognised in the consolidated cash flow statement:

Year ended 31 March (£ millions)	2021	2020
Cash payments for the principal portion of lease liabilities (within 'payments of lease obligations')	79	72
Cash payment for interest expense related to lease liabilities (within 'finance expenses and fees paid')	44	45

Leases as a lessee under IAS 17

The future minimum non-cancellable finance lease rentals are payable a

As at 31 March (£ millions)
Less than one year
Between one and five years
More than five years
Total lease payments
Less future finance charges
Present value of lease obligations

The above leases relate to amounts payable under the minimum lease pa
assets as at 31 March 2019 was £27 million.

The future minimum non-cancellable operating lease rentals are payabl

As at 31 March (£ millions)
Less than one year
Between one and five years
More than five years
Total lease payments

Leases as a lessor

The majority of the leases where the Group is a lessor are in relation to vehicles. The Group classifies these as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

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date

As at 31 March (£ millions)
Less than one year
Between one and five years
More than five years
Total undiscounted lease payments to be received

38 Segmental reporting

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

The Group operates in the automotive segment. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles including financing thereof, as well as sale of related parts and accessories and services 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 by customer location and non-current assets is as disclosed below:

(£ millions)	UK	US	Rest of Europe	Rest of World	China	Total
31 March 2021						
Revenue	3,790	4,664	3,563	3,153	4,561	19,731
Non-current assets	10,932	53	1,047	218	141	12,391
31 March 2020						
Revenue	4,724	5,614	4,757	4,601	3,288	22,984
Non-current assets	12,028	58	1,196	209	169	13,660
31 March 2019						
Revenue	5,228	5,485	5,355	4,834	3,312	24,214
Non-current assets	10,859	32	1,045	167	16	12,119

39 Notes to the Consolidated Cash Flow Statement

(A) Reconciliation of loss for the year to cash generated from operatin

Year ended 31 March (£ millions)
Loss for the year
Adjustments for:
Depreciation and amortisation
Write-down of tangible assets
Write-down of intangible assets
(Profit)/loss on disposal of assets
Foreign exchange and fair value (gain)/loss on loans
Income tax expense/(credit)
Finance expense (net)
Finance income
Foreign exchange loss/(gain) on economic hedges of loans
Foreign exchange (gain)/loss on derivatives
Foreign exchange (gain)/loss) on balance sheet revaluation
Foreign exchange loss on other restricted deposits
Foreign exchange loss/(gain) on short-term deposits
Foreign exchange loss/(gain) on cash and cash equivalents
Unrealised (gain)/loss on commodities
(Gain)/loss on matured revenue hedges
Share of loss/(profit) of equity accounted investments
Fair value (gain)/loss on equity investments
Exceptional items
Other non-cash adjustments
Cash flows from operating activities before changes in assets and liabilities
Trade receivables
Other financial assets
Other current assets
Inventories
Other non-current assets
Accounts payable
Other current liabilities
Other financial liabilities
Other non-current liabilities and retirement benefit obligation
Provisions
Cash generated from operations

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(B) Reconciliation of movements of liabilities to cash flows arising from financing activities

(£ millions)	Short-term borrowings	Long-term borrowings	Lease obligations	Total
Balance at 1 April 2018	**652**	**3,060**	**19**	**3,731**
Proceeds from issue of financing	649	1,214	-	1,863
Issue of new finance leases	-	-	14	14
Repayment of financing	(1,250)	-	(2)	(1,252)
Reclassification of long-term debt	768	(768)	-	-
Foreign exchange	62	15	-	77
Arrangement fees paid	-	(18)	-	(18)
Fee amortisation	1	7	-	8
Reclassification of long-term debt fees	(1)	1	-	-
Long-term borrowings revaluation in hedge reserve	-	103	-	103
Fair value adjustment on loans	-	(15)	-	(15)
Balance at 31 March 2019	**881**	**3,599**	**31**	**4,511**
Adjustment on initial application of IFRS 16	-	-	499	499
Proceeds from issue of financing	2	1,600	-	1,602
Issue of new leases	-	-	79	79
Repayment of financing	(939)	-	(117)	(1,056)
Interest accrued			45	45
Reclassification of long-term debt	577	(577)	-	-
Foreign exchange	5	143	4	152
Arrangement fees paid	(1)	(8)	-	(9)
Fee amortisation	2	8	-	10
Reclassification of long-term debt fees	(1)	1	-	-
Long-term borrowings revaluation in hedge reserve	-	11	-	11
Fair value adjustment on loans	-	40	-	40
Balance at 31 March 2020	**526**	**4,817**	**541**	**5,884**
Proceeds from issue of financing	919	1,034	-	1,953
Issue of new leases	-	-	71	71
Repayment of financing	(749)	-	(123)	(872)
Interest accrued	-	-	44	44
Reclassification of long-term debt	525	(525)	-	-
Foreign exchange	(15)	(308)	(14)	(337)
Arrangement fees paid	-	(11)	-	(11)
Fee amortisation	-	11	-	11
Fair value adjustment on loans	-	(46)	-	(46)
Balance at 31 March 2021	**1,206**	**4,972**	**519**	**6,697**

40 Related party transactions

Tata Sons Private Limited is a company with significant influence over the Group's ultimate parent company Tata Motors Limited. The Group's related parties therefore include Tata Sons Private Limited, subsidiaries and joint ventures of Tata Sons Private Limited and subsidiaries, joint ventures and associates of Tata Motors Limited. The Group routinely enters into transactions with its related parties in the ordinary course of business, including transactions for the sale and purchase of products with its joint ventures and associates.

All transactions with related parties are conducted under normal terms of business and all amounts outstanding are unsecured and will be settled in cash.

Transactions and balances with the Group's own subsidiaries are eliminated on consolidation.

The table on the next page summarises related party transactions and balances not eliminated in the consolidated financial statements.

(£ millions)	Joint ventures	Associates and their subsidiaries	Li
31 March 2021			
Sale of products	284	-	
Purchase of goods	-	-	
Services received	-	1	
Services rendered	111	-	
Trade and other receivables	48	-	
Accounts payable	-	-	
31 March 2020			
Sale of products	217	-	
Purchase of goods	-	-	
Services received	-	3	
Services rendered	111	-	
Dividends received	67	-	
Investments in the year	67	6	
Trade and other receivables	67	-	
Accounts payable	-	-	
31 March 2019			
Sale of products	321	-	
Purchase of goods	-	-	
Services received	-	2	
Services rendered	83	-	
Trade and other receivables	15	-	
Accounts payable	-	-	

Compensation of key management personnel

Year ended 31 March (£ millions)
Short-term benefits
Post-employment benefits
Other long-term employee benefits
Compensation for loss of office
Total compensation of key management personnel

41 Ultimate parent company and parent company of larger group

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore), which is the parent for the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party is Tata Motors Limited, India, which is the parent of the largest group to consolidate these financial statements.

Copies of the TML Holdings Pte. Ltd. (Singapore) consolidated financial statements can be obtained from the Company Secretary, TML Holdings Pte. Ltd., 9 Battery Road #15-01 MYP Centre, Singapore 049910.

FINANCIAL STATEMENTS

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY BALANCE SHEET

As at 31 March (£ millions)	Note	2021	2020	2019
Non-current assets				
Investments	43	1,655	1,655	1,655
Other financial assets	44	4,964	4,770	3,628
Other non-current assets	45	-	1	2
Total non-current assets		**6,619**	**6,426**	**5,285**
Current assets				
Other financial assets	44	1,074	958	1,270
Other current assets	45	1	1	1
Cash and cash equivalents		-	-	-
Total current assets		**1,075**	**959**	**1,271**
Total assets		**7,694**	**7,385**	**6,556**
Current liabilities				
Other financial liabilities	47	82	65	37
Deferred finance income		1	2	2
Short-term borrowings	48	524	424	767
Current income tax liabilities		5	5	4
Total current liabilities		**612**	**496**	**810**
Non-current liabilities				
Long-term borrowings	48	4,959	4,759	3,594
Deferred finance income		33	34	35
Total non-current liabilities		**4,992**	**4,793**	**3,629**
Total liabilities		**5,604**	**5,289**	**4,439**
Equity attributable to equity holders of the parent				
Ordinary shares	49	1,501	1,501	1,501
Capital redemption reserve	49	167	167	167
Retained earnings		422	428	449
Equity attributable to equity holders of the parent		**2,090**	**2,096**	**2,117**
Total liabilities and equity		**7,694**	**7,385**	**6,556**

The notes on pages 130 to 141 are an integral part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company income statement. The loss for the Company for the year was £6 million (2020: loss of £21 million, 2019: profit of £3 million).

These parent company financial statements were approved by the JLR plc Board and authorised for issue on 28 May 2021.

They were signed on its behalf by:

T. Bolloré

THIERRY BOLLORÉ
CHIEF EXECUTIVE OFFICER
COMPANY REGISTERED NUMBER: 06477691

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary shar capita
Balance at 1 April 2020	**1,50**
Loss for the year	
Total comprehensive expense	
Dividend	
Balance at 31 March 2021	**1,50**
Balance at 1 April 2019	**1,50**
Loss for the year	
Total comprehensive expense	
Dividend	
Balance at 31 March 2020	**1,50**
Balance at 1 April 2018	**1,50**
Profit for the year	
Total comprehensive income	
Dividend	
Balance at 31 March 2019	**1,50**

The notes on pages 130 to 141 are an integral part of these financial statements

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March (£ millions)
Cash flows used in operating activities
(Loss)/profit for the year
Adjustments for:
Income tax expense
Allowances for other financial assets
Finance income
Finance expense
Cash flows (used in)/generated from operating activities before changes in as liabilities
Other financial assets
Other current liabilities
Net cash used in operating activities
Cash flows from investing activities
Finance income received
Net cash generated from investing activities
Cash flows generated from financing activities
Finance expenses and fees paid
Proceeds from issuance of long term borrowings
Repayment of borrowings
Dividends paid
Net cash generated from financing activities
Net decrease in cash and cash equivalents
Cash and cash equivalents at beginning of year
Cash and cash equivalents at end of year

The notes on pages 130 to 141 are an integral part of these financial statements

FINANCIAL STATEMENTS

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

43 Investments

Investments consist of the following:

As at 31 March (£ millions)	2021	2020	2019
Cost of unquoted equity investments at beginning and end of year	1,655	1,655	1,655

The Company has not made any investments or disposals of investments in the year.

The Company has the following 100 per cent direct interest in the ordinary shares of a subsidiary undertaking:

Subsidiary undertaking	Principle place of business and country of incorporation	Registered office address
Jaguar Land Rover Holdings Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England

The shareholding above is recorded at acquisition value in the Company's accounts. Details of the indirect subsidiary undertakings are as follows:

Name of company	Shareholding	Principle place of business and country of incorporation	Registered office address
Jaguar Land Rover Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover North America, LLC.	100%	USA	100 Jaguar Land Rover Way, Mahwah, NJ 07495, USA
Jaguar Land Rover Deutschland GmbH	100%	Germany	Campus Kronberg 7, 61476, Kronberg im Taunus, Germany
Jaguar Land Rover Belux N.V.	100%	Belgium	Generaal Lemanstraat 47, 2018 Antwerpen, Belgium
Jaguar Land Rover Austria GmbH	100%	Austria	Siezenheimer Strasse 39a, 5020 Salzburg, Austria
Jaguar Land Rover Italia SpA	100%	Italy	Via Alessandro Marchetti, 105 - 00148, Roma, Italy
Jaguar Land Rover Australia Pty Ltd	100%	Australia	189 O'Riordan Street, Mascot, 2020, NSW, Australia
Jaguar Land Rover Espana SL	100%	Spain	Torre Picasso, Plaza Pablo Ruiz Picasso, 1 – Planta 42, 28020 Madrid, Spain
Jaguar Land Rover Nederland BV	100%	Holland	PO Box 40, Stationsweg 8, 4153 RD Beesd, Netherlands
Jaguar Land Rover Portugal -Veiculos e Pecas, Lda.	100%	Portugal	Rua. Do Pólo Sul Nº2 - 3ºB-3, Parque das Naçoes, 1990- 273, Lisboa, Portugal
Jaguar Land Rover (China) Investment Co., Ltd (formerly Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd)	100%	China	11F, No.06 (Building D) The New Bund World Trade Center (Phase II), Lane 227 Dongyu Road, Pudong New District, Shanghai 200126, China

Name of company	Shareholding
Shanghai Jaguar Land Rover Automotive Service Co. Ltd	100%
Jaguar Land Rover Japan Limited	100%
Jaguar Land Rover Korea Co. Limited	100%
Jaguar Land Rover Canada ULC	100%
Jaguar Land Rover France SAS	100%
Jaguar e Land Rover Brasil Indústria e Comércio de Veículos LTDA	100%
Jaguar Land Rover Limited Liability Company	100%
Jaguar Land Rover (South Africa) Holdings Limited	100%
Jaguar Land Rover (South Africa) (Pty) Limited	100%
Jaguar Land Rover India Limited	100%
Daimler Transport Vehicles Limited (dormant)	100%
S S Cars Limited (dormant)	100%
The Lanchester Motor Company Limited (dormant)	100%
The Daimler Motor Company Limited (dormant)	100%
Jaguar Land Rover Pension Trustees Limited (dormant)	100%
JLR Nominee Company Limited (non-trading)	100%
Jaguar Cars Limited (dormant)	100%
Land Rover Exports Limited (non-trading)	100%
Land Rover Ireland Limited (non-trading)	100%
Jaguar Cars South Africa (Pty) Ltd (dormant)	100%
Jaguar Land Rover Slovakia s.r.o.	100%
Jaguar Land Rover Singapore Pte. Ltd	100%

Name of company	Shareholding	Principle place of business and country of incorporation	Registered office address
Jaguar Racing Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
In-Car Ventures Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures 2 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures 3 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover Colombia SAS	100%	Colombia	CL 67735 OFE, 1204 Bogotan Cundinamarka 1 3192 900, Colombia
Jaguar Land Rover México, S.A.P.I. de C.V.	100%	Mexico	Av. Javier Barros Sierra No.540 Piso 7 Oficina 703, Col. Santa Fe la Fe Del., Alvaro Obregón, México, D.F. C.P. 01210
Jaguar Land Rover Servicios México, S.A. de C.V.	100%	Mexico	Av. Javier Barros Sierra No.540 Piso 7 Oficina 703, Col. Santa Fe la Fe Del., Alvaro Obregón, México, D.F. C.P. 01210
Jaguar Land Rover Taiwan Company LTD	100%	Taiwan	12F, No. 40, Sec. 1, Chengde Road, Datong Dist., Taipei, City 103, Taiwan (R.O.C.)
Jaguar Land Rover Ireland (Services) Limited	100%	Ireland	C/o LK Shields Solicitors 39/40 Upper Mount Street Dublin 2 Ireland
Jaguar Land Rover Classic USA LLC	100%	USA	251 Little Falls Drive, Wilmington, Delaware, USA
Jaguar Land Rover Classic Deutschland GmbH	100%	Germany	Ringstraße 38, 45219 Essen, Germany
Jaguar Land Rover Hungary KFT	100%	Hungary	Regus Capital Square, Vaci ut 76, 1133, Budapest, Hungary
Jaguar Land Rover (Ningbo) Trading Co., Ltd.	100%	China	Office Building 12, No.1 Meishan Salt, Beilun District, Ningbo, Zhejiang Province, China
Jaguar Land Rover Ventures Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Bowler Motors Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Spark44 (JV) Ltd.	50.50%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Spark44 Limited	50.50%	England and Wales	The White Collar Factory, 1 Old Street Yard, London, EC1Y 8AF, England
Spark44 LLC	50.50%	USA	292 Madison Ave, 3rd Floor New York, NY 10017
Spark44 Canada Inc	50.50%	Canada	10 Alcorn Avenue, Suite 205 Toronto, ON M4V 34, Canada
Spark44 GmbH	50.50%	Germany	Querstrasse 7, 60322 Frankfurt am Main, Germany
Spark44 Communicacions SL	50.50%	Spain	Prim 19, 4th floor, 28004 Madrid, Spain
Spark44 S.r.l	50.50%	Italy	Via Marcella, 4/6- 00153 Rome, Italy
Spark44 Pty Ltd	50.50%	Australia	Level 5, 65 Berry Street, North Sydney, NSW 2060

Name of company	Shareholding
Spark44 DMCC	50.50%
Spark44 Seoul Limited	50.50%
Spark44 Singapore Pte Ltd	50.50%
Spark44 Japan K.K.	50.50%
Spark44 Demand Creation Partners India Limited	50.50%
Spark44 South Africa Pty Limited	50.50%
Spark44 Shanghai Limited	50.50%
Spark44 Taiwan Limited	50.50%
Spark44 Colombia S.A.S	50.50%

Details of the indirect holdings in equity accounted investments are giv

44 Other financial assets

As at 31 March (£ millions)	2021	2020	2019
Non-current			
Receivables from subsidiaries	4,964	4,770	3,628
Current			
Receivables from subsidiaries	1,074	958	1,270

£4,964 million (2020: £4,770 million, 2019: £3,628 million) of non-current receivables from subsidiaries and £599 million (2020: £487 million, 2019: £801 million) of current receivables from subsidiaries comprise loans to indirect subsidiaries under terms matching the external interest-bearing loans and borrowings given in note 48.

45 Other assets

As at 31 March (£ millions)	2021	2020	2019
Non-current			
Prepaid expenses	-	1	2
Current			
Prepaid expenses	1	1	1

46 Deferred tax assets and liabilities

As at 31 March 2021, 2020 and 2019 the Company has recognised no deferred tax assets or liabilities.

47 Other financial liabilities

As at 31 March (£ millions)	2021	2020	2019
Current			
Interest accrued	79	62	33
Other	3	3	4
Total current other financial liabilities	**82**	**65**	**37**

48 Interest-bearing loans and investments

As at 31 March (£ millions)	2021	2020	2019
EURO MTF listed debt	3,922	3,518	2,839
Bank Loans	1,037	1,241	755
Long-term borrowings	**4,959**	**4,759**	**3,594**
Current portion of EURO MTF listed debt	399	299	767
Current portion of long-term bank loans	125	125	-
Short-term borrowings	**524**	**424**	**767**

Euro MTF listed debt

The bonds are listed on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market.

Details of the tranches of the bonds outstanding at 31 March 2021 are as follows:

- \$500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum – issued January 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum – issued January 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum – issued February 2015
- €650 million Senior Notes due 2024 at a coupon of 2.200 per cent per annum – issued January 2017
- \$500 million Senior Notes due 2027 at a coupon of 4.500 per cent per annum – issued October 2017
- €500 million Senior Notes due 2026 at a coupon of 4.500 per cent per annum – issued September 2018
- €500 million Senior Notes due 2024 at a coupon of 5.875 per cent per annum – issued November 2019
- €500 million Senior Notes due 2026 at a coupon of 6.875 per cent per annum – issued November 2019
- \$700 million Senior Notes due 2025 at a coupon of 7.750 per cent per annum – issued October 2020
- \$650 million Senior Notes due 2028 at a coupon of 5.875 per cent per annum – issued December 2020

As at 31 March (£ millions)
Due in
1 year or less
2nd and 3rd years
4th and 5th years
More than 5 years
Total contractual cash flows

49 Capital and reserves

As at 31 March (£ millions)
Authorised, called up and fully paid
1,500,642,163 ordinary shares of £1 each
Total ordinary share capital

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.

50 Dividends

Year ended 31 March (£ millions)	2021	2020	2019
Dividend proposed for the previous year paid during the year of £nil (2020: £nil, 2019: £0.15) per ordinary share	-	-	225
Amounts recognised as distributions to equity holders during the year	**-**	**-**	**225**
Proposed dividend for the year of £nil (2020: £nil, 2019: £nil) per ordinary share	-	-	-

51 Commitments and contingencies

The Company had no commitments or contingencies at 31 March 2021, 2020 or 2019.

52 Capital Management

As at 31 March (£ millions)	2021	2020	2019
Long-term debt	4,959	4,759	3,594
Short-term debt	524	424	767
Total debt	**5,483**	**5,183**	**4,361**
Equity attributable to shareholder	2,090	2,096	2,117
Total capital	**7,573**	**7,279**	**6,478**

53 Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2 to the consolidated financial statements.

(A) Financial assets and liabilities

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2021:

(£ millions)	Amortised cost and other financial liabilities	Total carrying value	Total fair value
Other financial assets - current	1,074	1,074	1,074
Other financial assets - non-current	4,964	4,964	4,964
Total financial assets	**6,038**	**6,038**	**6,038**
Other financial liabilities - current	82	82	82
Short-term borrowings	524	524	535
Long-term borrowings	4,959	4,959	5,122
Total financial liabilities	**5,565**	**5,565**	**5,739**

The following table shows the carrying amounts and fair value of each ca

(£ millions)	Amortised cost and o financial liabil
Other financial assets - current	
Other financial assets - non-current	4
Total financial assets	**5**
Other financial liabilities - current	
Short-term borrowings	
Long-term borrowings	4
Total financial liabilities	**5**

The following table shows the carrying amounts and fair value of each ca

(£ millions)	Amortised cost and o financial liabil
Other financial assets - current	1
Other financial assets - non-current	3
Total financial assets	**4**
Other financial liabilities - current	
Short-term borrowings	
Long-term borrowings	3
Total financial liabilities	**4**

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

• Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;

• Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

• 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 based on available market data.

There has been no change in the valuation techniques adopted or any transfers between fair value levels in either current or prior

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Foreign currency exchange rate risk

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

As at 31 March 2021, 2020 and 2019, there are no designated cash flow hedges.

The Company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in US Dollar and Euro against Sterling as the Company has US Dollar and Euro assets and liabilities and a GBP functional currency.

The following table sets forth information relating to foreign currency exposure as at 31 March 2021:

(£ millions)	US Dollar	Euro
Financial assets	2,480	1,861
Financial liabilities	(2,447)	(1,861)
Net exposure asset	3	-

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

The following table sets forth information relating to foreign currency exposure as at 31 March 2020:

(£ millions)	US Dollar	Euro
Financial assets	2,033	2,180
Financial liabilities	(2,033)	(2,180)
Net exposure asset	-	-

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

The following table sets forth information relating to foreign currency exposure as at 31 March 2019:

(£ millions)	US Dollar	Euro
Financial assets	2,324	999
Financial liabilities	(2,323)	(998)
Net exposure asset	**1**	**1**

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Company.

The Company is presently funded with long-term fixed interest rate borrowings and long-term variable-rate borrowings. The Company is also subject to variable interest rates on certain other debt obligations.

As at 31 March 2021, net financial assets of £436 million (2020: £595 million, 2019: £503 million) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £4 million (2020: £6 million, 2019: £5 million).

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also

As at 31 March 2021 (£ millions)	Carrying amount
Financial liabilities	
Long-term borrowings	4,959
Short-term borrowings	524
Other financial liabilities	82
Total contractual maturities	**5,565**

As at 31 March 2020 (£ millions)	Carrying amount
Financial liabilities	
Long-term borrowings	4,759
Short-term borrowings	424
Other financial liabilities	65
Total contractual maturities	**5,248**

As at 31 March 2019 (£ millions)	Carrying amount
Financial liabilities	
Long-term borrowings	3,594
Short-term borrowings	767
Other financial liabilities	37
Total contractual maturities	**4,398**

Credit risk

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries based in a variety of geographies and markets.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure.

These financial assets are loan receivables from subsidiaries and the Company notes there is no history of default on such arrangements. As there has been no significant increase in credit risk, the Company has assessed these based on a 12-month expected credit loss. The impairment of the loan receivables due to the requirements under IFRS 9 are set out below:

As at 31 March (£ millions)	2021 Gross	2021 Impairment	2021 Net carrying value	2020 Gross	2020 Impairment	2020 Net carrying value	2019 Gross	2019 Impairment	2019 Net carrying value
Receivables from subsidiaries - current	1,077	(3)	1,074	960	(2)	958	1,270	-	1,270
Receivables from subsidiaries – non-current	4,992	(28)	4,964	4,792	(22)	4,770	3,628	-	3,628
Total	**6,069**	**(31)**	**6,038**	**5,752**	**(24)**	**5,728**	**4,898**	**-**	**4,898**

Movement in allowances for expected credit losses of financial assets

Year ended 31 March (£ millions)	2021	2020	2019
At beginning of year	24	-	-
Charged during year	7	24	-
At end of year	**31**	**24**	**-**

54 Reconciliation of movements of liabilities to cash flows arising from financing activities

(£ millions)	Short-term borrowings	Long-term borrowings
Balance at 1 April 2018	**497**	**3,070**
Proceeds from issue of financing	-	1,214
Repayment from issue of financing	(547)	-
Reclassification of long term debt	768	(768)
Foreign exchange	49	88
Arrangement fees paid	-	(18)
Fee amortisation	1	7
Reclassification of long term debt fees	(1)	1
Balance at 31 March 2019	**767**	**3,594**
Proceeds from issue of financing	-	1,486
Repayment of financing	(826)	-
Reclassification of long term debt	477	(477)
Foreign exchange	6	155
Arrangement fees paid	(1)	(8)
Fee amortisation	2	8
Reclassification of long term debt fees	(1)	1
Balance at 31 March 2020	**424**	**4,759**
Proceeds from issue of financing	-	1,034
Repayment of financing	(425)	-
Reclassification of long term debt	525	(525)
Foreign exchange	-	(309)
Arrangement fees paid	-	(11)
Fee amortisation	-	11
Balance at 31 March 2021	**524**	**4,959**

55 Related party transactions

Tata Sons Limited is a company with significant influence over the Company's ultimate parent company Tata Motors Limited. The Company's related parties therefore include Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited

(£ millions)
31 March 2021
Loans to subsidiaries of Tata Motors Limited
Loans from subsidiaries of Tata Motors Limited
31 March 2020
Loans to subsidiaries of Tata Motors Limited
Loans from subsidiaries of Tata Motors Limited
31 March 2019
Loans to subsidiaries of Tata Motors Limited
Loans from subsidiaries of Tata Motors Limited

Compensation of key management personnel

Year ended 31 March (£ millions)
Short-term benefits
Post-employment benefits
Other long-term employee benefits
Total compensation of 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 2021, 2020 and 2019. All directors' costs are fully recharged to Jaguar Land Rover Limited.

56 Auditor's remuneration

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements.

57 Ultimate parent company and parent company of larger group

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore), which is the parent for the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party is Tata Motors Limited, India, which is the parent of the largest group to consolidate these financial statements.

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 Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law, and have elected to prepare the parent company financial statements on the same basis. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU;
- Assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006, the following applies: so far as the directors are aware, there is no relevant audit information of which the Group's auditor is unaware; and the directors have taken necessary actions in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

A resolution to reappoint KPMG LLP as auditor of the Group is to be proposed at the 2020 Tata Motors Limited Annual General Meeting.

Acknowledgement

The directors wish to convey their appreciation to all employees for their continued commitment, effort and contribution in supporting the delivery of the Group’s performance. The directors would also like to extend their thanks to all other key stakeholders for their continued support of the Group and their confidence in its management.

The Directors’ Report was approved by the JLR plc Board and authorised for issue on 2 July 2020 and signed on its behalf by:

PROF SIR RALF D SPETH KBE FRENG FRS
Chief Executive Officer
Jaguar Land Rover Automotive plc
2 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR LAND ROVER AUTOMOTIVE PLC

1 Our opinion is unmodified

We have audited the financial statements of Jaguar Land Rover Automotive plc ("the Company") for the year ended 31 March 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Expense, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, the parent Company Balance Sheet, the parent Company Statement of Changes in Equity, the parent Company Cash Flow Statement, and the related notes, including the parent Company and Group accounting policies in note 2.

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 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

OVERVIEW

Materiality: Group financial statements as a whole		£85.9m (2019: £100m) 0.4% of Group Revenue (2019: 0.4% of Group Revenue)
Coverage		88% (2019:85%) of Group revenue
Key audit matters		vs 2019
Recurring risks	Going concern	^
	The impact of uncertainties due to the UK exiting the European Union on our audit	<>
	Impairment of long-life assets	^
	Capitalisation of product engineering costs	<>
	Valuation of defined benefit plan obligations	<>
Parent Company key audit matter	Recoverability of parent Company investment in subsidiaries and intra- group debtors	<>

2 Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows (unchanged from 2019):

	The risk	Our response
Going Concern Risk vs 2019 ^ Refer to page 53 (accounting policy).	**Disclosure quality:** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and the parent Company's business model, in particular risks associated with the global COVID-19 pandemic, the impact of Brexit and the impact of political uncertainty, and how those risks might affect the Group and parent Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group and parent Company's available financial resources over this period were: • The impact of COVID-19 lockdowns and related potential economic damage on customer demand in the Group's key markets together with the impact on the Group's supply chain and consequent production capability. • The impact of Brexit on the Group's supply chain and on the export of goods by not maintaining free and frictionless trade. The risk for our audit is whether or not those risks are such that they amount	Our procedures included: • **Funding assessment:** Evaluated the Group and parent Company's financing facilities, including the available terms and covenants associated with these facilities. • **Key dependency assessment:** Assessed the key assumptions underpinning the forecast cash flows which the directors have used to support the going concern basis of preparation and to assess whether the Group can meet its financial commitments as they fall due. The cash flow forecasts incorporate a number of key assumptions, including: the impact of COVID-19 on vehicle sales as a result of the temporary shutdowns of the automotive industry worldwide and the anticipated speed of recovery in industry volumes; delivery on the cost savings initiatives; reduction of inventory levels and the delay of non-essential capital expenditure required for the manufacture of new models. • **Historical comparisons:** Evaluated the historical cash flow forecasting accuracy of the Group by comparing historical cash flows to actual results reported, as well as assessing the accuracy of key assumptions previously applied.

The risk	Our response
to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to be disclosed.	• **Benchmarking assumptions:** Assessed the appropriateness of the Group's key assumptions used in the cash flow forecasts by benchmarking them to externally derived data, with particular focus on forecast sales volumes. • **Sensitivity analysis:** Considered sensitivities over the level of available financial resources indicated by the Group's cash flow forecasts, taking account of severe but plausible adverse effects that could arise from risks related to key assumptions, both individually and collectively. These sensitivities included: significantly depressed sales volumes in key markets compared to those reported for the year ended 31 March 2020; partly reducing the level of cost savings incorporated into the forecasts (including selling, administrative and a number of other cost categories); higher than expected inventory levels and increased tariffs as a result of a hard Brexit. • **Our sector experience:** We used our industry specialists to challenge the key assumptions made by the directors in their forecast cash flows. • **Evaluating directors' intent:** We evaluated the achievability of the actions the directors consider they would take to improve the position should the risks to the key assumptions materialise. We considered the controllability, and timing, of the identified mitigating actions, in particular focusing on the deferral of non-essential capital and product development expenditure, further reductions of discretionary marketing spend and warranty goodwill payments.

	The risk	Our response
		• **Assessing transparency:** Assessed the completeness and accuracy of the matters disclosed in the going concern disclosure by considering whether it is consistent with our knowledge of the business.
The impact of uncertainties due to the UK exiting the European Union on our audit Risk vs 2019 <>	**Extreme levels of uncertainty** The UK left the European Union (EU) on 31 January 2020 and entered an implementation period which is due to operate until 31 December 2020. At that point current trade agreements with the European Union terminate. The UK is entering negotiations over future trading relationships with the EU and a number of other countries. Where new trade agreements are not in place World Trade Organisation (WTO) arrangements will be in force, meaning among other things import and export tariffs, quotas and border inspections, which may cause delivery delays. Different potential outcomes of these trade negotiations could have wide ranging impacts on the Group's operations and the future economic environment in the UK and EU. All audits assess and challenge the reasonableness of estimates, in particular as described in the impairment of long-life assets below, and related disclosures; and the appropriateness of the going concern basis of preparation of the financial statements (see above). All of these depend on assessments of the future economic environment and the Group's future prospects and performance. The uncertainty over the UK's future trading relationships with the rest of the world and related economic effects give rise to extreme levels of uncertainty, with the full range of possible effects currently unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from the UK's departure from the EU in planning and performing our audits. Our procedures included: • **Our knowledge of the business** – We considered the directors' assessment of risks arising from different outcomes to the trade negotiations for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. • **Sensitivity analysis** – When addressing the impairment of long-life assets and going concern and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from these uncertainties and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • **Assessing transparency** – As well as assessing individual disclosures as part of our procedures on the long-life assets and going concern we considered all of the disclosures concerning uncertainties related to the UK's future trading relationships together, including those in the strategic report, comparing the overall picture against our understanding of the risks.

	The risk	Our response
		However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to the impact of the UK's departure from the EU.
Impairment of long life assets Risk vs 2019 ^ (Carrying value of long life assets £13,092 million; 2019: £12,119 million) *58, 64 and 67 (accounting policy) and page 86*	**Forecast-based valuation** The Group holds a significant amount of property, plant and equipment and long-life intangible assets on its balance sheet. Property, plant and equipment and long-life intangible assets are at risk of being impaired as the COVID-19 pandemic resulted in the temporary shutdowns of the automotive industry worldwide. The effect of these matters is that, as part of our risk assessment, we determined that the calculation of the value in use of property, plant and equipment and long-life intangible assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements note 18 disclose the sensitivities estimated by the Group.	Our procedures included: • **Historical accuracy** Evaluated historical forecasting accuracy of cash flow forecasts, including key inputs, including cash forecasts, by comparing them to the actual results. • **Historical comparison** Assessed appropriateness of the Group's assumptions used in the cash flow forecasts by comparing those, where appropriate, to historical trends in volumes, variable profit, selling, general and administrative expenses and capital expenditure. • **Benchmarking assumptions:** Assessed the appropriateness of the Group's calculated value in use amount by comparing the implied trading multiples to market multiples of comparative companies with the assistance of our valuation specialists. Assessed appropriateness of the Group's assumptions used in the cash flow projections by comparing the key input of sales volumes to externally derived data. Compared the Group's discount rate and long term growth rate to external benchmark data and comparative companies and re-performed the discount rate calculation using the capital asset pricing model with the assistance of our valuation specialists. • **Sensitivity analysis:** Performed a breakeven analysis on the assumptions noted above.

	The risk	Our response
		• **Comparing valuations:** Assessed the Group’s reconciliation between the estimated market capitalisation of the Group, by reference to the overall market capitalisation of the Tata Motors Limited Group, and compared to the estimated recoverable amount of the cash generating unit. • **Assessing transparency:** Assessed the adequacy of the Group’s disclosures in the financial statements and ensured that the disclosure reflects reasonably possible changes in key assumptions that erode the headroom in the recoverable amount compared to the cash generating unit carrying value to nil.
Capitalisation of product engineering costs Risk vs 2019 <> (£1,426 million; 2019: £1,579 million) *57 and 64 (accounting policy and page 86*	**Subjective judgement** The Group capitalises a high proportion of product development spend and there is a key judgement in determining whether the nature of the product engineering costs satisfy the criteria for capitalisation to ‘Intangible Assets, Product Development in Progress’ and when this capitalisation should commence. The judgement of when capitalisation should commence consists of a number of judgements regarding the satisfaction of IAS 38 capitalisation criteria, and a key judgement is assessing whether development projects will generate probable future economic benefit. The financial statements (note 2) disclose that had the value of central overheads not been classed as directly attributable it would have reduced the amount capitalised by £117 million.	Our procedures included: • **Control operation:** Tested controls over the Group’s retrospective review of historically forecast material production costs at the point capitalisation commenced against actual costs observed in manufacture. This historical accuracy is a key input into the directors’ assessment of whether the future economic benefit of development projects is probable and the control over the Group’s judgements as to whether costs are considered directly attributable. • **Our experience:** Critically assessed whether the directors’ judgements regarding identified directly attributable costs against both the accounting standards and our experience of practical application of these standards in other companies.

	The risk	Our response
		• **Benchmarking assumptions:** For a sample of the volume assumptions contained in capitalised projects, compared the Group's assessment of economic viability to externally derived data. • **Sensitivity analysis:** For a sample of the Group's assessments of economic viability of development projects, assessed the Group's application of appropriate downside sensitivities in establishing whether future economic benefit is considered probable. • **Historical comparison:** Performed a retrospective review to assess previous economic viability assumptions against actual outturn. • **Assessing transparency:** Assessed the adequacy of the Group's disclosures in respect of the key judgements made relating to the nature of the costs capitalised and the point at which capitalisation commences.
Valuation of defined benefit plan obligations Risk vs 2019 <> (£7,788 million; 2019: £8,648 million) *Refer to page 65 Defined benefit obligation estimate (accounting policy) and pages 97 to 103, Defined benefit obligation*	**Subjective valuation** Small changes in the key assumptions and estimates, being the discount rate, inflation rate and mortality/ life expectancy, used to value the Group's pension obligation (before deducting scheme assets) would have a significant effect on the amount of the Groups' net defined benefit plan asset/ (obligation). The risk is that these assumptions are inappropriate resulting in an inappropriate valuation of plan obligations. The effect of these matters is that, as part of our risk assessment, we determined that valuation of the pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 32) disclose the sensitivity estimated by the Group.	Our procedures included: • **Control Operation:** Tested controls over the assumptions applied in the valuation and inspected the Group's annual validation of the assumptions used by its actuarial expert. Tested the Group's controls operating over selection and monitoring of its actuarial expert for competence and objectivity. • **Benchmarking assumptions:** Challenged, with the support of our own actuarial specialists, the key assumptions applied to the valuation of the liabilities, being the discount rate, inflation rate and mortality/ life expectancy against externally derived data. • **Assessing transparency:** Considered the adequacy of the Group's disclosures in respect of the sensitivity of the Groups' net defined benefit plan asset/ (obligation) to these assumptions

	The risk	Our response
Recoverability of parent Company investment in subsidiaries and intra-group debtors Risk vs 2019 Investment (£1,655 million; 2019: £1,655million) Intra-group debtors (£5,728 million; 2019: £4,898 million)	**Low risk, high value** The amount of the parent Company's investment in its subsidiary, which acts as an intermediate holding company for the rest of the parent Company's subsidiaries, represents 22% (2019: 25%) of the parent Company's assets. The carrying amount of the intra-group debtors balance comprises the remaining 78% (2019: 75%). Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality and following the weak trading performance of the Group, in the context of the parent Company financial statements this is considered to be one of the areas that had the greatest effect on our overall parent Company audit.	Our procedures included: • **Tests of detail:** Compared the carrying amount of the parent Company's only investment with the subsidiary's draft balance sheet and assessed 100% of the intra-group debtor balance to identify whether its net assets, being an approximation of its minimum recoverable amount, was in excess of its carrying amount. **Assessing subsidiary audits:** Assessed the work performed as part of the group audit over the subsidiaries' profits and net assets. **Comparing valuations:** Compared the carrying amount of the investment in the subsidiary to the Group's estimated market capitalisation of its ultimate parent, adjusted to exclude the liabilities of the parent Company and net assets of companies outside the Group, being an approximation of the recoverable amount of the investment.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £85.9 million (2019: £100 million), determined with reference to a benchmark of Group revenue of £22,984 million (2019: £24,214 million) of which it represents 0.4% (2019: 0.4%).

We consider Group revenue to be the most appropriate benchmark, as it provides a more stable measure year on year than Group profit or loss before tax.

Materiality for the parent Company financial statements as a whole was set at £37 million (2019: £65 million), determined with reference to a benchmark of the parent Company total assets of £7,385 million (2019: £6,556 million), of which it represents 0.5% (2019: 1.0%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £4.3 million (2019: £5 million) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 38 (2019: 37) reporting components, we subjected 4 (2019: 4) to full scope audits for group purposes and 7 (2019:7) to specified risk-focused risk focused procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes but did present specific individual risks that needed to be addressed.

The 7 (2019: 7) components subjected to specified risk-focused audit procedures are as follows:

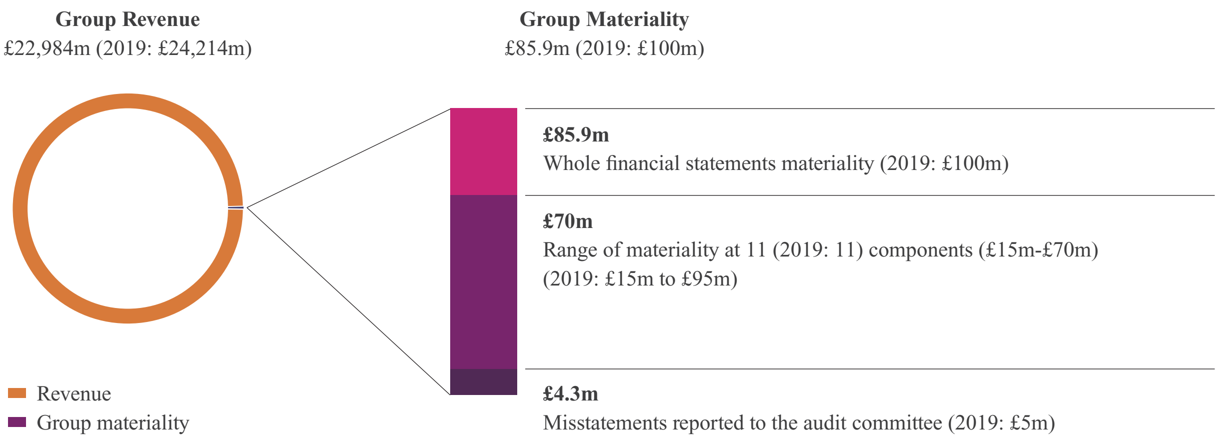
- Revenue—5 components (2019: 5)
- Material & other cost of sales—1 component (2019: 1)
- Other expenses—2 components (2019: 2)
- Property, plant and equipment—1 component (2019: 1)
- Deferred tax assets—2 components (2019: 2)
- Inventories—6 components (2019: 6)
- Accounts payable—2 components (2019: 2)
- Other current liabilities—2 components (2019: 2)
- Other non-current liabilities—2 components (2019: 2)

The components within the scope of our work accounted for the percentages illustrated opposite.

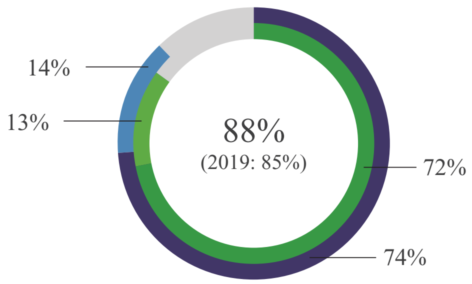
The remaining 12% (2019: 15%) of Group revenue, 3% (2019: 3%) of the total profits and losses that made up Group loss before tax and 5% (2019: 7%) of total Group assets are represented by 27 (2019:26) reporting components, none of which individually represented more than 2% (2019: 3%) of any of Group revenue, total profits and losses that made up Group loss before tax or total Group assets. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £15 million to £70 million (2019: £15 million to £95 million), having regard to the mix of size and risk profile of the Group across the components.

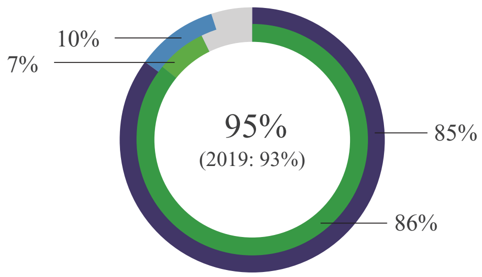
The work on 9 of the 11 (2019: 9 of the 11) components was performed by component auditors and the rest, including the audit of the parent Company, was performed by the Group team. The Group team visited 2 (2019: 3) component locations in the United States of America and China to assess the audit risk and strategy. However, planned visits to review the completed audit work at the year-end in those component locations were prevented by movement restrictions relating to the COVID-19 pandemic. Instead, in-line with our approach to the other component locations, video and telephone conference meetings were held to discuss the findings reported to the Group team in more detail, and any further work required by the Group team was then performed by the component auditor.



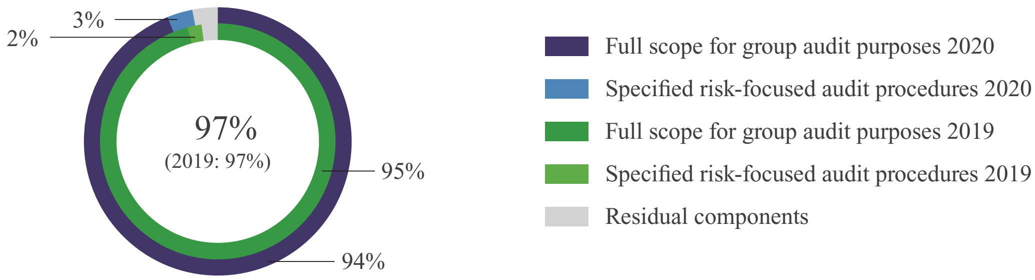
Group Revenue



Group total assets



Total profits and losses that made up Group loss before tax



4 We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the parent Company or the Group or to cease their operations, and as they have concluded that the parent Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the parent Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and the parent Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in this respect.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 38, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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.

Simon Haydn-Jones (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
2 July 2020

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Year ended 31 March (£ millions)	Note	2020	2019	2018
Revenue	5	22,984	24,214	25,786
Material and other cost of sales*	4,6	(14,684)	(15,670)	(16,328)
Employee costs*	4,7	(2,568)	(2,820)	(2,722)
Other expenses*	4,10	(5,238)	(5,567)	(5,846)
Exceptional items	4	(29)	(3,271)	438
Engineering costs capitalised	11	1,369	1,576	1,610
Other income		174	205	420
Depreciation and amortisation		(1,910)	(2,164)	(2,075)
Foreign exchange (loss)/gain and fair value adjustments		(249)	(59)	29
Finance income	12	52	35	33
Finance expense (net)	12	(209)	(111)	(85)
Share of (loss)/profit of equity accounted investments	15	(114)	3	252
(Loss)/profit before tax		**(422)**	**(3,629)**	**1,512**
Income tax (expense)/credit	14	(47)	308	(398)
(Loss)/profit for the year		**(469)**	**(3,321)**	**1,114**
Attributable to:				
Owners of the Company		(471)	(3,325)	1,112
Non-controlling interests		2	4	2

* ‘Material and other cost of sales’, ‘Employee costs’ and ‘Other expenses’ exclude the exceptional items explained in note 4.

The notes on pages 53 to 124 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

Year ended 31 March (£ millions)	Note	2020	2019	2018
(Loss)/profit for the year		**(469)**	**(3,321)**	**1,114**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of net defined benefit obligation	32	983	(270)	546
Gain/(loss) on effective cash flow hedges of inventory		75	(197)	—
Income tax related to items that will not be reclassified	14, 20	(170)	76	(89)
		888	**(391)**	**457**
Items that may be reclassified subsequently to profit or loss:				
Gain on cash flow hedges (net)		229	92	2,442
Currency translation differences		21	(4)	(4)
Income tax related to items that may be reclassified	14, 20	(42)	(19)	(462)
		208	**69**	**1,976**
Other comprehensive income/(expense) net of tax		**1,096**	**(322)**	**2,433**
Total comprehensive income/(expense) attributable to shareholder		**627**	**(3,643)**	**3,547**
Attributable to:				
Owners of the Company		625	(3,647)	3,545
Non-controlling interests		2	4	2

The notes on pages 53 to 124 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at (£ millions)	Note	2020	2019	2018
Non-current assets				
Investments	15	399	546	516
Other financial assets	16	257	170	414
Property, plant and equipment	17	6,814	6,492	7,417
Intangible assets	18	6,278	5,627	6,763
Right-of-use assets	36	568	—	—
Pension asset	32	408	—	—
Other non-current assets	19	23	83	82
Deferred tax assets	20	523	512	413
Total non-current assets		**15,270**	**13,430**	**15,605**
Current assets				
Cash and cash equivalents	21	2,271	2,747	2,626
Short-term deposits and other investments		1,393	1,028	2,031
Trade receivables		833	1,362	1,612
Other financial assets	16	383	314	494
Inventories	23	3,468	3,608	3,767
Other current assets	19	477	570	630
Current tax assets		9	10	10
Total current assets		**8,834**	**9,639**	**11,170**
Total assets		**24,104**	**23,069**	**26,775**
Current liabilities				
Accounts payable	24	6,499	7,083	7,614
Short-term borrowings	25	526	881	652
Other financial liabilities	26	1,073	1,042	1,189
Provisions	27	944	988	758
Other current liabilities	28	716	664	547
Current tax liabilities		100	94	160
Total current liabilities		**9,858**	**10,752**	**10,920**
Non-current liabilities				
Long-term borrowings	25	4,817	3,599	3,060
Other financial liabilities	26	778	310	281
Provisions	27	1,355	1,140	1,055
Retirement benefit obligation	32	28	667	438
Other non-current liabilities	28	533	521	454
Deferred tax liabilities	20	179	101	583
Total non-current liabilities		**7,690**	**6,338**	**5,871**
Total liabilities		**17,548**	**17,090**	**16,791**
Equity attributable to shareholders				
Ordinary shares	29	1,501	1,501	1,501
Capital redemption reserve	29	167	167	167
Other reserves	30	4,880	4,305	8,308
Equity attributable to shareholders		**6,548**	**5,973**	**9,976**
Non-controlling interests		8	6	8
Total equity		**6,556**	**5,979**	**9,984**
Total liabilities and equity		**24,104**	**23,069**	**26,775**

The notes on pages 53 to 124 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the JLR plc Board and authorised for issue on 2 July 2020.

They were signed on its behalf by:

PROF SIR RALF D SPETH KBE FRENG FRS
CHIEF EXECUTIVE OFFICER
COMPANY REGISTERED NUMBER: 06477691

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary shares	Capital redemption reserve	Other reserves	Equity attributable to shareholder	Non-controlling interests	Total equity
Balance at 1 April 2019	**1,501**	**167**	**4,305**	**5,973**	**6**	**5,979**
Adjustment on initial application of IFRS 16 (net of tax)	—	—	(23)	(23)	—	(23)
Adjusted balance at 1 April 2019	**1,501**	**167**	**4,282**	**5,950**	**6**	**5,956**
(Loss)/profit for the year	—	—	(471)	(471)	2	(469)
Other comprehensive income for the year	—	—	1,096	1,096	—	1,096
Total comprehensive income	**—**	**—**	**625**	**625**	**2**	**627**
Amounts removed from hedge reserve and recognised in inventory	—	—	(33)	(33)	—	(33)
Income tax related to amounts removed from hedge reserve and recognised in inventory	—	—	6	6	—	6
Balance at 31 March 2020	**1,501**	**167**	**4,880**	**6,548**	**8**	**6,556**
Balance at 1 April 2018	**1,501**	**167**	**8,308**	**9,976**	**8**	**9,984**
Adjustment on initial application of IFRS 9 and IFRS 15 (net of tax)	—	—	(32)	(32)	—	(32)
Adjusted balance at 1 April 2018	**1,501**	**167**	**8,276**	**9,944**	**8**	**9,952**
(Loss)/profit for the year	—	—	(3,325)	(3,325)	4	(3,321)
Other comprehensive expense for the year	—	—	(322)	(322)	—	(322)
Total comprehensive (expense)/ income	**—**	**—**	**(3,647)**	**(3,647)**	**4**	**(3,643)**
Amounts removed from hedge reserve and recognised in inventory	—	—	(122)	(122)	—	(122)
Income tax related to amounts removed from hedge reserve and recognised in inventory	—	—	23	23	—	23
Dividend	—	—	(225)	(225)	—	(225)
Distribution to non-controlling interest	—	—	—	—	(6)	(6)
Balance at 31 March 2019	**1,501**	**167**	**4,305**	**5,973**	**6**	**5,979**
Balance at 1 April 2017	**1,501**	**167**	**4,913**	**6,581**	**—**	**6,581**
Profit for the year	—	—	1,112	1,112	2	1,114
Other comprehensive income for the year	—	—	2,433	2,433	—	2,433
Total comprehensive income	**—**	**—**	**3,545**	**3,545**	**2**	**3,547**
Dividend	—	—	(150)	(150)	—	(150)
Acquisition of non-controlling interest	—	—	—	—	11	11
Distribution to non-controlling interest	—	—	—	—	(5)	(5)
Balance at 31 March 2018	**1,501**	**167**	**8,308**	**9,976**	**8**	**9,984**

The notes on pages 53 to 124 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March (£ millions)	Note	2020	2019	2018
Cash flows from operating activities				
Cash generated from operations	38	2,399	2,458	3,064
Dividends received	15	67	22	206
Income tax paid		(152)	(227)	(312)
Net cash generated from operating activities		**2,314**	**2,253**	**2,958**
Cash flows used in investing activities				
Investment in equity accounted investments		(67)	—	—
Purchases of other investments		(11)	(14)	(25)
Investment in other restricted deposits		(35)	(35)	(26)
Redemption of other restricted deposits		31	36	16
Movements in other restricted deposits		(4)	1	(10)
Investment in short-term deposits and other investments		(4,010)	(2,437)	(5,493)
Redemption of short-term deposits and other investments		3,659	3,511	6,016
Movements in short-term deposits and other investments		(351)	1,074	523
Purchases of property, plant and equipment		(1,281)	(1,590)	(2,135)
Proceeds from sale of property, plant and equipment		1	2	—
Cash paid for intangible assets		(1,511)	(1,785)	(1,614)
Finance income received		50	34	33
Acquisition of subsidiaries (net of cash acquired)		(3)	—	6
Net cash used in investing activities		**(3,177)**	**(2,278)**	**(3,222)**
Cash flows used in financing activities				
Finance expenses and fees paid		(262)	(210)	(158)
Proceeds from issuance of short-term borrowings		2	649	543
Repayment of short-term borrowings		(115)	(703)	(546)
Proceeds from issuance of long-term borrowings		1,600	1,214	373
Repayment of long-term borrowings		(824)	(547)	—
Payments of lease obligations		(72)	(2)	(4)
Distributions to non-controlling interests		—	(3)	(5)
Dividends paid	31	—	(225)	(150)
Net cash used in financing activities		**329**	**173**	**53**
Net (decrease)/increase in cash and cash equivalents		**(534)**	**148**	**(211)**
Cash and cash equivalents at beginning of year	21	2,747	2,626	2,878
Effect of foreign exchange on cash and cash equivalents		58	(27)	(41)
Cash and cash equivalents at end of year	**21**	**2,271**	**2,747**	**2,626**

The notes on pages 53 to 124 are an integral part of these consolidated financial statements.

NOTES (FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS)

1 BACKGROUND AND OPERATIONS

Jaguar Land Rover Automotive plc ("the Company") and its subsidiaries are collectively referred to as "the Group" or "JLR". The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Abbey Road, Whitley, Coventry CV3 4LF, England, United Kingdom.

The Company is a subsidiary of Tata Motors Limited, India and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high-performance luxury saloons, specialist sports cars and four-wheel-drive off-road vehicles.

These consolidated financial statements have been prepared in Pound Sterling (GBP) and rounded to the nearest million GBP (£ million) unless otherwise stated. Results for the year ended and as at 31 March 2018 have been disclosed solely for the information of the users.

2 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These consolidated and parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the European Union (EU) and the requirements of the United Kingdom Companies Act 2006 applicable to companies reporting under IFRS.

The Company has taken advantage of section 408 of the Companies Act 2006 and, therefore, the separate financial statements of the Company do not include the income statement or the statement of comprehensive income of the Company on a stand-alone basis.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below. The balance sheet and accompanying notes as at 31 March 2018 have been disclosed solely for the information of the users.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The directors have adopted this basis following a rigorous assessment of the financial position and forecasts of the Group though to 30 September 2021. In particular, careful consideration has been given to the impact of COVID-19, in recognition of the impact it has had on the global economy and automotive industry. The impact has been significant, requiring temporary plant and retailer shutdowns, thereby impacting production and sales, and creating substantial uncertainty over the timeframe for economies and the automotive industry to recover.

LIQUIDITY AND FUNDING

The Group ended Fiscal 2019/20 with substantial liquidity of £5.6 billion, including £3.7 billion of cash and other highly liquid investments and a £1.9 billion undrawn revolving credit facility. Net debt was £2.2 billion after £5.9 billion of gross debt and net assets stood at £6.6 billion.

The £5.9 billion of gross debt consists mainly of long-dated bonds (£3.8 billion with various maturities out to 2027, a $1 billion syndicated bank loan (£812 million) with final maturity in 2025, a £625 million amortising UKEF facility with final maturity in 2024 (amortized to £573 million), a £100 million short term secured fleet buy back working capital facility and £540 million of leases. The only contractual debt maturities over the review period are a £300 million bond maturity in January 2021 and the amortisation of £188 million of the UKEF facility as well as the Black Horse fleet buy back facility maturing in Q3 FY21. The undrawn revolving credit facility matures in July 2022. The debt and revolving credit facility have no financial covenant requirements, with the exception of the UKEF facility, which has a £1 billion global liquidity requirement, measured at Quarter ends. This is not projected to be breached in any of the downside scenarios assessed and summarised later in this disclosure. See note 25, Interest Bearing Loans and Borrowings, for additional detail.

Subsequent to the year end, Jaguar Land Rover increased an existing short-term working capital facility from £100 million to £163 million and a wholly-owned Chinese subsidiary completed a £170m equivalent 1-year loan with a Chinese bank. The £170 million equivalent loan was then repaid in June and replaced with a new 3-year £567 million equivalent facility with a syndicate of 5 Chinese banks. The £567 million equivalent syndicated loan is subject to an annual review customary in the Chinese banking market and a profitability covenant and leverage covenant applicable only to Jaguar Land Rover's Chinese subsidiary, which are not expected to be breached in any of the scenarios tested. See note 42, Subsequent Events, for additional detail.

The Group has a strong track record of raising funding in the bond and bank markets and continues to expect it will have opportunities to issue new funding in the future as evidenced by the completion of €1 billion of bonds in November and December 2019 and the Chinese £567 million syndicated loan in June 2020. In addition, Jaguar Land Rover has had discussions to access part of the £330 billion of guarantees announced by the UK government to assist companies with COVID-19 but nothing has been agreed so the going concern analysis does not assume anything for this.

Although Jaguar Land Rover is ultimately owned by Tata Motors Limited, Jaguar Land Rover operates its own Treasury function with its own funding and banking arrangements.

Tata Motors Limited is listed on the New York Stock Exchange and stock exchanges in Mumbai (Bombay Stock Exchange and National Stock Exchange) but is over 42% owned by Tata Sons and other entities in the Tata Group. The Group is not dependent on Tata Motors or other affiliates of Tata Sons for funding and only has insignificant trading balances with these companies. Jaguar Land Rover dividend policy is to pay out 25% of after-tax earnings subject to various considerations. In performing their going concern assessment, the directors have assumed that there are no significant changes in funding arrangements with respect to Tata Motors or affiliates of Tata Sons Ltd (other than Jaguar Land Rover Automotive plc and its subsidiaries) and no dividends are paid by Jaguar Land Rover Automotive plc to shareholders over the assessment period.

JLR generally requires payment from retailers on or shortly after delivery of the vehicle. Most retailers use wholesale financing arrangements in place to pay for vehicles. These facilities do not involve recourse to the Group in general and are not accounted as JLR debt. The directors expect these facilities to continue over the going concern review period in all scenarios. In the event any of these facilities were not to continue and retailers were unable to settle invoices immediately, working capital would be negatively impacted, possibly significantly, but this risk is considered remote. In addition, the Group has in place a $700 million debt factoring facility for selected retailers and distributors without such wholesale financing arrangements in place (£392 million utilised at the end of Fiscal 2019/20). The facility matures in March 2021 and the directors expect this to be renewed at that time. In the event any of these facilities were not to continue, working capital would be negatively impacted, possibly significantly, but this risk is considered remote.

UPDATE ON TRADING PERFORMANCE SINCE YEAR END

The COVID-19 pandemic and resulting lockdowns resulted in a sharp drop in sales, first in China in late January, and then other regions in late March, with a peak sales decrease in April. Jaguar Land Rover responded quickly to the COVID-19 pandemic with temporary plant shutdowns and rigorous cost and investment controls to conserve cash as much as possible. The China joint venture production plant was shut down in late January and reopened in late February. All plants outside of China were shutdown from late March with most plants restarting from mid-May and production is expected to gradually increase as sales recover.

As a result of the impact of COVID-19 on sales and production, the Group had negative free cash in April and May of about £1.5 billion. This includes a £1.2 billion unwind of working capital resulting from the plant shutdowns. The working capital unwind primarily reflects the runoff of payments to suppliers for vehicles built before the plant shutdowns, offset partially by the sale of vehicles in inventory. Cash at the end of May was about £2.4 billion, including about £278 million in international subsidiaries and the revolving credit facility of £1.9 billion remained available and undrawn. A free cash outflow of less than £2 billion is now expected in Q1 of Fiscal 2020/21.

The Group is planning for a gradual recovery in the business as lockdowns are relaxed and economies recover. The pick-up in China has been encouraging with all retailers now open and retail sales of 6,828 vehicles in April 2020 (down 3.1% compared to April 2019) and 8,068 in May 2020 (up 4.2% compared to May 2019). The sales of Range Rover and Range Rover Sport have been particularly encouraging.

Other regions have seen peak lockdowns in April with total worldwide retail sales of 14,709 vehicles in April (down 62.5% year-on-year), improving somewhat in May to 20,024 units (down 43.3%). Sales are expected to gradually recover in other regions following the reopening of retailers. Most recently, over 97% of retailers worldwide are open or partially open.

The Group plans to resume production gradually to meet demand as it recovers. The Solihull and Halewood assembly plants and engine plant in the UK, the Slovakia plant and contract manufacturing line in Graz (Austria) restarted from mid-May. The Castle Bromwich plant will reopen in due course while the joint venture plant in China has been re-open since late February.

Given the present uncertainties, Jaguar Land Rover will continue to manage costs and investment spending rigorously to protect liquidity. The Group has announced the Project Charge (now Charge+) transformation programme achieved a further £600 million of cash improvements in the Q4 of Fiscal 2019/20, increasing lifetime savings under the programme to £3.5 billion since launch in the Q2 of Fiscal 2018/19, including investment saving of £1.9 billion measured relative to original planning targets. (All savings attributed to Project Charge+ are unaudited pro forma analytical estimates.)

The Group has announced a Charge+ saving target for Fiscal 2020/21 of £1.5 billion across investment spending, inventory, and selling and administrative as well as material and warranty costs.

The Group has also implemented enhanced cost and investment reduction processes and controls complementing Project Charge+ in response to COVID-19. This includes reductions in non-product spending and lower margin and non-critical investment spending and numerous other cost control measures.

As discussed, the outlook beyond Q1 this year remains uncertain. However, Jaguar Land Rover presently expects a gradual recovery of sales consistent with external industry estimates and improving cash flow boosted by the recovery of working capital as a result of the resumption of production, lower investment and other Project Charge+ cost reductions.

GOING CONCERN FORECAST SCENARIOS

For the purposes of assessing going concern over the period from the date of signing of the accounts to 30 September 2021, the directors have considered 3 scenarios: 1) base case, 2) severe and 3) extreme severe. These scenarios are summarised below. Additional assumption details are provided in note 41 of the accounts.

As indicated, Jaguar Land Rover had about £2.4 billion of cash and short-term liquid investments at the end of May 2020. This includes the £63 million increase in short term working capital facility and £170 million equivalent 1-year loan with a Chinese Bank which were complete after March 2020 and excludes the £567 million equivalent 3-year loan facility completed in June 2020 which replaced the 1 year China Revolving Facility. As a result, total debt at the date of signing was about £6.5 billion.

SCENARIO 1: BASE CASE

The base case scenario assumes:

- A global industry volume forecast of about 71 million units for calendar year 2020 and 81 million units for 2021 based on external forecasts, representing decreases of about 21% and 10% respectively compared to 2019 industry volumes of about 90 million units.
- A decrease in JLR wholesale volumes somewhat greater for Fiscal 2020/21 and somewhat less for FY22 compared to the industry assumptions referenced.
- Investment, inventory and cost improvements are broadly consistent with the £1.5 billion Project Charge target described above in Fiscal 2020/21. There is not yet a Charge target for Fiscal 2021/22 and so not all of the saving in Fiscal 2020/21 are assumed to continue at the same level in Fiscal 2021/22 for the purposes of this going concern analysis.

Total liquidity including the revolving credit facility is forecast to remain more than adequate with significant headroom in this scenario.

SCENARIO 2: SEVERE SCENARIO

The severe scenario assumes:

- Global industry volumes of about 55 million units for calendar year 2020 and about 65 million units for calendar year 2021, representing decreases of about 39% and 28% respectively compared to calendar year 2019. This represents a more L shaped recovery from COVID-19, based on selected external industry downside forecasts.
- Compared to Fiscal 2019/20, a decline in JLR wholesale volumes for Fiscal 2020/21 and Fiscal 2021/22 broadly similar to the assumed industry decline referenced, with adjustment for the effect of moving from a calendar year to the Group’s 31st March year-end.

Investment, inventory and cost improvements broadly consistent with Project Charge targets indicated above but increased by about 15% in FY21 and about 5% in FY22 to partially mitigate the lower volumes in this scenario.

Total liquidity including the revolving credit facility was forecast to remain adequate in this scenario but with lower headroom than in the base case.

SCENARIO 3: EXTREME SEVERE SCENARIO

An extreme severe scenario was assessed which is the same as Scenario 2 but with the following further sensitivities applied:

- A further volume reduction of about 5% in Fiscal 2020/21 resulting in JLR wholesale volumes down about 35% in Fiscal 2020/21 and about 27% in H1 Fiscal 2021/22, compared to Fiscal 2019/20.

- Partial non-achievement of Fiscal 2020/21 Charge+ targets with respect to inventory and overhead cost savings as well as material, warranty and other costs.

- Modest incremental supply chain cash impacts results from COVID-19.

- A hard Brexit resulting in 10% WTO tariffs on UK vehicle exports to EU countries and increased logistics and other associated costs from 1 January 2021 offset partially by the impact of a weaker pound expected in such a scenario.

- A number of smaller other sensitivities.

In this more severe scenario, the directors have identified a number of "tough choice" mitigating actions within their control that would be implemented to maintain sufficient liquidity in the business to remain a going concern. These actions include:

- Further significant reductions in investment spending;

- Reductions in fixed marketing and other selling and marketing related costs;

- Certain other discretionary costs.

In this more severe scenario, and taking into account these controllable mitigating actions, total liquidity including the revolving credit facility was forecast to remain adequate (without breaching the UKEF quarter–end liquidity covenant) but with more limited headroom.

GOING CONCERN CONCLUSIONS

As described above, the directors have considered going concern in 3 scenarios: 1) base case, 2) severe and 3) extreme severe.

In each of these scenarios, sufficient liquidity is forecast for the Group to operate and discharge its liabilities as they fall due, taking into account only cash generated from operations, controllable mitigating actions and the funding facilities existing on the date of authorisation of these financial statements, including the presently undrawn revolving credit facility. In practice, the directors also expect the Group will be able to raise additional funding facilities over the assessment period to increase available liquidity, considering the strong track record of raising funding in the bond and bank markets.

The directors do not consider more extreme scenarios than the ones assessed to be plausible.

As described above, the directors, after reviewing the Group's operating budgets, investment plans and financing arrangements, consider that the Group has sufficient funding available at the date of approval of these financial statements. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report and Accounts.

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, as well as other contractual arrangements that may influence control. All subsidiaries of the Group given in note 42 to the parent company financial statements are included in the consolidated financial statements. Intercompany transactions and balances including unrealised profits are eliminated in full on consolidation.

Joint ventures and associates (equity accounted investments)

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 Group's returns. 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 the investee.

Joint ventures and associates are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses, other comprehensive income and equity movements of equity accounted investments, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investment, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

When the Group transacts with a joint venture or associate of the Group, profits and losses are eliminated to the extent of the Group's interest in its joint venture or associate.

Dividends received are recognised when the right to receive payment is established.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those that are significant to the Group are discussed separately below.

Notes 17 and 18 provide further details of the exceptional impairment charge recognised in the year ended 31 March 2019, including disclosing additional sensitivities performed.

Impact of COVID-19

The Group has exercised its judgment in evaluating the impact of COVID-19 on the financial statements in response to the rapidly developing environment during the pandemic. A number of areas have been identified as being relevant for consideration, and are discussed below as part of the Group's assessment of accounting estimates and judgments, and where required, referenced further within the specific note:

- Revenue recognition; see note 2
- Taxation, see note 14;
- Impairment of tangible and intangible fixed assets, see notes 17 and 18;
- Variable marketing expense, see note 2;
- Inventory valuation, see note 23;

- Residual value risk, see note 27;
- Product warranty, see note 27;
- Employee benefits, see note 32;
- Recoverability of receivables, see note 35;
- Hedging, see note 35;
- Capitalisation of product engineering costs, see note 2;

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition: Vehicle revenue, as the primary source of income for the Group, is recognised when control of the vehicle passes to the customer, which the Group has assessed is when the vehicle is either despatched or held on behalf of the customer but depends on the underlying terms of the customer contract. Control of an asset refers to having the ability to direct the use of the asset and obtain substantially all of the remaining economic benefit.

The transfer of control depends on the consideration of a number of facts and circumstances surrounding the relevant transaction, such as the transfer of risks and rewards of ownership, transfer of legal title, transfer of physical possession, customer acceptance and whether or not an entity has a present right to payment. The Group determines the transfer of control with reference to those factors, thus ultimately driving revenue recognition.

In some instances, the Group recognises revenue on a bill-and-hold basis where control of the vehicle has been transferred to the customer but physical possession is retained by the Group (for example, within a vehicle holding compound) until a future point in time. Revenue is recognised lon the meeting of bill-and-hold criteria, which are considered to be met as the reason for the bill-and-hold is substantive (as the customer requests JLR to retain possession, usually due to a lack of available space at their own premises), the vehicles are identifiable as separately belonging to the customer (on the basis that each vehicle has a unique Vehicle Identification Number), the vehicle must be ready for physical transfer to the customer (which it is, given that it is fully built and safety-checked off the manufacturing line) and the Group does not have the ability to use the vehicle or direct it elsewhere.

The Group assessed the impact of COVID-19 and the associated regional and national lockdowns across the world in ensuring its revenue recognition judgments continued to be applied appropriately, given logistics challenges across many markets that the Group operates in.

Assessment of cash-generating units: The Group has determined that there is one cash-generating unit. This is on the basis that there are no smaller groups of assets that can be identified with certainty that generate specific cash inflows that are independent of the inflows generated by other assets or groups of assets. Refer to note 18.

Alternative performance measures (APMs): Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive APMs that provide additional useful information on the underlying trends. Refer to note 3.

Capitalisation of product engineering costs: The Group undertakes significant levels of research and development activity, and for each vehicle programme a periodic review is undertaken. The Group applies judgement in determining at what point in a vehicle programme's life cycle the recognition criteria under IAS 38 are satisfied and estimates the proportion of central overhead allocated. If a later point had been used then this would have had the impact of reducing the amounts capitalised as product engineering costs. If central overheads had not been allocated it would have reduced the amount capitalised by £117 million.

The Group reviewed its methodology in line with the applicable accounting standards to ensure it continues to meet the criteria for capitalising such costs in an environment impacted by COVID-19 to assess that the incremental benefits expected continue to exceed the associated costs.

Deferred tax asset recognition: The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ESTIMATES AND ASSUMPTIONS

The areas where assumptions and estimates are significant to the financial statements are as described below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Significant estimates are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year. Other estimates are those that may affect carrying amounts in the longer term.

SIGNIFICANT ESTIMATES

Impairment of intangible and tangible fixed assets: The Group has intangible assets with indefinite lives and therefore tests annually whether intangible and tangible fixed assets have suffered any impairment. The recoverable amount of the cash-generating unit is based on the higher of value in use and the fair value less cost of disposal. Value in use is calculated from cash flow projections generally over five years using data from the Group’s latest internal forecasts and extrapolated beyond five years using estimated long-term growth rates. Key assumptions and sensitivities for impairment are disclosed in note 18.

Retirement benefit obligation: The present value of the post-employment benefit obligations depends on a number of factors, it is determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of post-employment benefit obligations. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in note 32.

OTHER ESTIMATES

Product warranties: The Group provides product warranties on all new vehicle sales. Provisions are generally recognised when vehicles are sold or when new warranty programmes are initiated. Based on historical warranty claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill (representing the Group’s constructive obligation to its customers when managing those warranty claims), as well as on possible recall campaigns. These assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information. Refer to note 27.

The Group also has back-to-back contractual arrangements with its suppliers in the event that a vehicle fault is proven to be a supplier’s fault. Estimates are made of the expected reimbursement claims based upon historical levels of recoveries by supplier, adjusted for inflation and applied to the population of vehicles under warranty at the balance sheet date. Supplier reimbursement claims are presented as separate assets in note 16.

The Group notes that changes in the automotive environment regarding the increasing impact of battery electric vehicles presents its own significant challenges, particularly due to the lack of historical data available at this time to help inform estimates for future warranty claims, as well as any associated recoveries from suppliers due to such claims. The related provisions are therefore made with the Group's best estimate at this time to settle such obligations in the future but will be required to be continually refined as sufficient, real-world data becomes available. Supplier recoveries are recognised only when the Group considers there to be virtual certainty over the reimbursement, which also requires historical evidence to support.

Investment in equity accounted investees: At each balance sheet date or when there are indicators of impairment, the Group assesses whether there is any objective evidence that the carrying value of equity accounted investments may be impaired. Given the economic impact of COVID-19 the Group assessed the carry value of its equity accounted investment.

The recoverable amount is dependent on a wide range of assumptions, including sales volume forecasts, operating margin, capital expenditure and discount rate. Cash flows were prepared based on best available information available to the Group, including historical trends, cycle plans and performance targets. Additionally, given the timing of the COVID-19 lockdown in China, post-lockdown trading information was also used. The Group applied conservative assumptions reducing uncertainty associated with future management actions and initiatives.

Based on the above assessment there was enough evidence to indicate that there was no impairment, however it was noted that any change in key assumptions could result in an erosion of the headroom and trigger an impairment.

The carrying values of equity accounted investments are disclosed in note 15.

Variable marketing expense: The Group offers sales incentives in the form of variable marketing expense to customers, which vary depending on the timing and customer of any subsequent sale of the vehicle. This sales incentive is accounted for as a revenue reduction and is constrained to a level that is highly probable not to reverse the amount of revenue recognised when any associated uncertainty is subsequently resolved. The Group estimates the expected sales incentive by market and considers uncertainties including competitor pricing, ageing of retailer stock and local market conditions. The constraint on variable consideration is estimated with reference to historical accuracy, the current position of market conditions and a future-looking assessment considering relevant geopolitical factors, including the impact of the global stock positions for both the Group and its third party retailer network reflecting the pipeline of vehicle inventory for sale to end customers.

Uncertain tax provisions: Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Group will be required to settle that tax. Measurement is dependent on management's expectations of the outcome of decisions by tax authorities in the various tax jurisdictions in which the Group operates. This is assessed on a case-by-case basis using in-house experts, professional firms and previous experience. Where no provision is required the exposure is disclosed as a contingent liability in note 33 unless the likelihood of an outflow of economic benefits is remote.

No additional current tax risks were identified as a result of COVID-19, with the Group's compliance activity continuing to be operated in accordance with the applicable legislation.

REVENUE RECOGNITION

Revenue comprises the consideration earned by the Group in respect of the output of its ordinary activities. It is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties, and net of settlement discounts, bonuses, rebates and sales incentives. The Group considers its primary customers from the sale of vehicles, parts and accessories (its primary revenue-generating streams) are generally retailers, fleet and corporate customers, and other third-party distributors. The Group recognises revenue when it transfers control of a good or service to a customer, thus evidencing the satisfaction of the associated performance obligation under that contract.

As described in note 37, the Group operates with a single automotive reporting segment, principally generating revenue from the sales of vehicles, parts and accessories.

The sale of vehicles also can include additional services provided to the customer at the point of sale, for which the individual vehicle and services are accounted for as separate performance obligations, as they are considered separately identifiable. The contract transaction price is allocated among the identified performance obligations based on their stand-alone selling prices. Where the stand-alone selling price is not readily available and observable, it is estimated using an appropriate alternative approach.

<table>
<tr><th>Significant revenue areas</th><th>Nature, timing of satisfaction of performance obligations, and significant payment terms</th></tr>
<tr><td>Vehicles, parts, and accessories (and other goods)</td><td>The Group recognises revenue on the sale of vehicles, parts and accessories at the point of “wholesale”, which is determined by the underlying terms and conditions of the contract with the customer as to when control transfers to them. The overall principle of control under IFRS 15 considers which party has the ability to direct the use of an asset and to obtain substantially all of the remaining economic benefits.

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

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

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

In some instances, revenue may be recognised on a bill-and-hold basis where vehicles, for example, are sold to the customer but are retained in the Group’s possession at a vehicle holding compound on behalf of the customer ahead of being physically transferred to them at a future time. Such arrangements meet the criteria for bill-and-hold arrangements under IFRS 15 to ensure that the customer has obtained the ultimate control of the product when revenue is recognised. The reason for the bill-and-hold is substantive (as the customer requests JLR to retain possession, usually due to a lack of available space at their own premises), the vehicles are identifiable as separately belonging to the customer (on the basis that each vehicle has a unique Vehicle Identification Number), the vehicle must be ready for physical transfer to the customer (which it is, given that it is fully built and safety-checked off the manufacturing line) and the Group does not have the ability to use the vehicle or direct it elsewhere.</td></tr>
</table>

Significant revenue areas	Nature, timing of satisfaction of performance obligations, and significant payment terms
	The Group operates with financing partners across the world that provide wholesale financing arrangements to the retail network for vehicle sales, which enables cash settlement to occur immediately (usually within two working days) for purchases from the Group. For the sale of parts and accessories, the Group typically receives payment in line with the invoice payment terms stipulated and agreed with its customers, which are usually 30 days.
Sales incentives	In accordance with IFRS 15, the costs associated with providing sales support and incentives (variable marketing expense) are considered to be variable components of consideration, thus reducing the amount of revenue recognised by the Group. Under IFRS 15, the Group ensures that variable consideration is recognised to the extent of the amount to which it ultimately expects to be entitled. To meet this principle, the Group constrains its estimate of variable consideration to include amounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with such variability is subsequently resolved. The Group considers that the variable consideration received for contracts with multiple performance obligations is allocated to all such obligations only when applicable. In the vast majority of instances, the Group considers that variable components of consideration are allocated only to the relevant and applicable performance obligations. For example, with the sale of a vehicle, the cost of the incentive provided is allocated entirely to the vehicle as its purpose is to incentivise the sale of the vehicle.
Scheduled maintenance contracts	Scheduled maintenance contracts sold with a vehicle provide the end customer with the benefit of bringing their vehicle to a dealership for the routine maintenance required to maintain compliance for warranty purposes. These are considered a separate performance obligation of the Group. The Group typically receives payment relating to the scheduled maintenance contract at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price, which is measured using a cost-plus approach. The Group recognises revenue for scheduled maintenance contracts based on the expected performance of the services over the period from the point of a vehicle being retailed to an end customer and aligning to the expected costs to fulfil those services.
Telematics	Telematics features provide a service to the customer typically aligned to the warranty period of the vehicle, allowing for the ability to connect the vehicle with, and interact via, an end customer's mobile phone. These are considered a separate performance obligation of the Group. The Group typically receives payment relating to telematics features up-front at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price, which for optional features is measured at the applicable purchase price and for standard-fit features is measured using a cost-plus basis.

Significant revenue areas	Nature, timing of satisfaction of performance obligations, and significant payment terms
	The Group recognises revenue on a straight-line basis over the term of the service from the point of the vehicle being retailed to an end customer in line with the expected costs to fulfil those services.
Warranty considerations as a service	Vehicles and parts sold by the Group include a standard warranty to guarantee the vehicle complies with agreed-upon specifications for a defined period of time. Where the warranty offering to the end customer exceeds the standard market expectation for similar products, or is considered to provide a service to the end customer in excess of simply providing assurance that the agreed-upon specification is met, the Group consider the additional warranty to constitute a service to the end customer and therefore a separate performance obligation. Revenue is only recognised in the period to which the warranty service relates, up to which point it is recognised as a contract liability.
Repurchase arrangements	Some contracts with customers include an option or obligation for the Group to repurchase the product sold (including repurchasing a product originally sold as part of an amended product). Such instances are common in the Group's arrangements with third-party fleet customers or in contract manufacturing arrangements that the Group is party to, for example. The Group does not recognise revenue on the original sale, as in such cases it is considered to retain ultimate control of that product. The related inventory therefore continues to be recognised on the Group's consolidated balance sheet and the consideration received from the customer is treated as a liability. Nuances in the accounting treatment occur depending on whether the contractual repurchase price is less than, more than or equal to the original sale price, and this ultimately results in the arrangement being treated as a lease or a financing arrangement. If considered to be a lease arrangement, where the repurchase price is lower than the original sale price, the difference between the proceeds received and the repurchase amount is recognised as income over the contractual term on a straight-line basis. Revenue recognised under such arrangements is outside of the scope of IFRS 15 and instead is recognised in line with IFRS 16 Leases. Revenue is recognised only when the relevant good or product is sold by the Group with no repurchase obligation or option attached.
Returns obligations, refunds and similar obligations	Vehicle sales do not typically include allowances for returns or refunds, although in some markets there is legislative requirement for Jaguar Land Rover as an automotive manufacturer to repurchase or reacquire a vehicle if quality issues arise that have been remedied a number of times and where the owner no longer wishes to own the vehicle as a result. With regards to the sale of other goods, where rights of return may be prevalent, the Group estimates the level of returns based on the historical data for specific products, adjusted as necessary to estimate returns for new products. In line with the requirements of IFRS 15, a sale is not recognised for expected returns, and instead the Group recognises a refund liability and asset where required.

Significant revenue areas	Nature, timing of satisfaction of performance obligations, and significant payment terms
Non-cash consideration	In some instances, the Group engages in transactions that involve non-cash consideration, where a customer provides consideration in a form other than cash. This is most often demonstrated in marketing and sponsorship arrangements that the Group enters into, with an exchange of goods and/or services with its customers. Such non-cash consideration is measured at its fair value, which is determined by assessing the selling price value of the goods or services received as consideration. If this cannot be reasonably estimated, then the Group measures such consideration indirectly with reference to the standalone selling price of the goods or services promised to the customer.

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.

Material and other cost of sales as reported in the consolidated income statement is presented net of the impact of realised foreign exchange relating to derivatives hedging cost exposures.

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, either on a systematic basis when the Group recognises, as expenses, the related costs that the grants are intended to compensate or, immediately, if the costs have already been incurred.

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 that are awarded as incentives with no ongoing performance obligations to the Group are recognised as other income in the period in which the grant is received.

Sales tax incentives received from governments are recognised in the consolidated income statement at the reduced tax rate, and revenue is reported net of these sales tax incentives.

FOREIGN CURRENCY

The Company has a functional currency of GBP. The presentation currency of the consolidated financial statements is GBP. Except where noted below, the directors of the Company have determined that 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 the directors assess control as being in the UK and that GBP is the currency that primarily determines sales prices and is the main currency for the retention of operating income. The functional currency of Chery Jaguar Land Rover Automotive Company Ltd., the Group’s principal joint venture, is Chinese Yuan (CNY). The functional currency of Jaguar Land Rover Slovakia s.r.o, Jaguar Land Rover Classic Deutschland GmbH and Jaguar Land Rover Ireland (Services) Limited is Euro, the functional currency of Jaguar Land Rover India is INR, the functional currency of Jaguar Land Rover Classic USA LLC is USD and the functional currency of Jaguar Land Rover Hungary KFT is HUF.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement as "Foreign exchange (loss)/gain and fair value adjustments".

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (non-GBP functional currency) are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

INCOME TAXES

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the consolidated income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity) or where related to the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination. Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year when the asset is realised or the liability is settled and on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

EXCEPTIONAL ITEMS

Exceptional items are disclosed separately in the consolidated income statement and excluded from adjusted EBIT and adjusted EBITDA measures to enhance the reader's understanding of the performance of the Group by excluding items that would otherwise distort reporting of the Group's performance due to their size or nature.

The following are included in the Group's assessment of exceptional items:

- Restructuring costs of £29 million during the year ended 31 March 2020 relating to the Group restructuring programme that commenced during the year ended 31 March 2019;

- An impairment charge of £3,105 million for the year ended 31 March 2019 following an impairment exercise undertaken in accordance with IAS 36;

- Restructuring costs of £149 million relating to a Group-wide voluntary redundancy programme announced and carried out during the year ended 31 March 2019;

- Past service costs and past service credits arising from amendments to the Group's defined benefit pension plans; and

- The impact of the explosion at the port of Tianjin (China) in August 2015, including reassessments of the provision against the carrying value of inventory and recoveries of taxes, duties and insurance proceeds in subsequent years.

Further details of exceptional items are given in note 4.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Land 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 charged 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, equipment and leased assets	3 to 30
Vehicles	3 to 10
Computers	3 to 6
Fixtures and fittings	3 to 20

The depreciation for property, plant and equipment with finite useful lives is reviewed at least at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Freehold land is measured at cost and is not depreciated. Residual values are reassessed on an annual basis.

Depreciation is not recorded on assets under construction until construction and installation are complete and the asset is ready for its intended use. Assets under construction include capital advances. Depreciation is not recorded on heritage assets as the Group considers their residual value to approximate their cost.

INTANGIBLE ASSETS

Acquired intangible assets

Intangible assets purchased, including those acquired in business combinations, are measured at acquisition cost, which is the fair value on the date of acquisition, where applicable, less accumulated amortisation and accumulated impairment, if any. Intangible assets with indefinite lives are reviewed annually to determine whether an indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. For intangible assets with finite lives, amortisation is charged on a straight-line basis over the estimated useful lives of the acquired intangible assets as per the estimated amortisation periods below:

Class of intangible asset	Estimated amortisation period
	(years)
Software	2 to 8
Patents and technological know-how	2 to 12
Customer related—retailer network	20
Intellectual property rights and other intangibles	3 to indefinite

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

Internally generated intangible assets

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

Product engineering costs incurred on new vehicle platforms, engines, transmission and new products are recognised as intangible assets—when feasibility has been established, the Group has committed technical, financial and other resources to complete the development and it is probable that the asset will generate future economic benefits. The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use. Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. Product engineering cost is amortised over the life of the related product, being a period of between two and ten years. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is not recorded on product engineering in progress until development is complete.

IMPAIRMENT

Property, plant and equipment and intangible assets

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

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

The estimated recoverable amount is the higher of value in use and fair value less costs of disposal. 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 (or cash generating unit) for which the estimates of future cash flows have not been adjusted.

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

An annual review of the carrying value of heritage assets is performed as the assets are held at cost and not depreciated and any write-down in the carrying value is recognised immediately in the consolidated income statement.

Equity accounted investments: Joint ventures and associates

The requirements of IAS 28 Investments in Associates and Joint ventures are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture or an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments with an original maturity of up to three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs of raw materials and consumables are ascertained on a first-in, first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods, determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the Group and are amortised in changes in stocks and work-in-progress to their residual values (i.e. estimated second-hand sale value) over the term of the arrangement.

PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are held for product warranty, legal and product liabilities, residual risks, environmental liabilities, other employee benefit obligations and restructuring as detailed in note 27 to the consolidated financial statements.

Supplier reimbursements are recognised as separate assets within "Other financial assets". See note 16.

LONG-TERM INCENTIVE PLAN (" LTIP")

The Group operated a share-based payment 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 the Black-Scholes model. At each balance sheet date, until the liability is settled, the fair value of the liability is remeasured, with any corresponding changes in fair value recognised in the consolidated income statement.

EMPLOYEE BENEFITS

Pension schemes

The Group operates several defined benefit ('DB') pension plans; these include two large and one smaller defined benefit plan in the UK. The UK DB plans are administered by a separate trustee, the assets of the plans are generally held in separate funds selected and overseen by the trustee. These plans were contracted out of the state second pension (S2P) scheme until 5 April 2016. The plans provide benefits for members including a monthly pension after retirement based on salary and service as set out in the rules of each plan.

Contributions to the plans by the Group take into consideration the results of actuarial valuations.

The UK defined benefit plans were closed to new joiners in April 2010. The Group also operate a number of small benefit arrangements worldwide (the liabilities for these amount to around 0.5% of the Group total), these schemes are included in the disclosures below.

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

Defined benefit costs are split into four categories:

- Current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest cost;
- Administrative expenses; and
- Remeasurements.

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

Past service cost, including curtailment gains and losses, is generally recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability, adjusted for expected cashflows during the period. From FY20, at the point a past service cost is incurred re-measurement of the P&L cost is considered and will be re-calculated if there is a material change.

The Group presents these defined benefit costs within "Employee costs" in the consolidated income statement (see note 7). Separate defined contribution plans are available to all other employees of the Group. Costs in respect of these plans are charged to the consolidated income statement as incurred.

Post-retirement Medicare scheme

Under these unfunded schemes, 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, may also be covered under the scheme. The applicable subsidiaries (and therefore, the Group) account for the liability for the post-retirement medical scheme based on an annual actuarial valuation where appropriate.

Actuarial gains and losses

Actuarial gains and losses relating to retirement benefit plans are recognised in the consolidated statement of comprehensive income in the year in which they arise.

Measurement date

The measurement date of all retirement plans is 31 March.

FINANCIAL INSTRUMENTS

Recognition and derecognition

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 instruments are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire 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. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings.

Financial assets are written off when there is no reasonable expectation of recovery. The Group reviews the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities.

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

Initial measurement

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. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequently, financial instruments are measured according to the category in which they are classified.

Classification and measurement—financial assets

Classification of financial assets is based on the business model in which the instruments are held as well as the characteristics of their contractual cash flows. The business model is based on management's intentions and past pattern of transactions. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets are classified into three categories:

Financial assets at amortised cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows. Subsequently, these are measured at amortised cost using the effective interest method less impairment losses, if any. These include cash and cash equivalents, contract assets, finance receivables and other financial assets.

Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows as well as to sell the financial asset. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income apart from any expected credit losses or foreign exchange gains or losses, which are recognised in profit or loss. This category can also include financial assets that are equity instruments which have been irrevocably designated at initial recognition as fair value through other comprehensive income. For these assets, there is no expected credit loss recognised in profit or loss.

Financial assets at fair value through profit or loss are financial assets with contractual cash flows that do not consist solely of payments of principal and interest. This category includes derivatives, embedded derivatives separated from the host contract and investments in certain convertible loan notes. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in profit or loss, with the exception of derivative instruments designated in a hedging relationship, for which hedge accounting is applied.

Classification and measurement—financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost unless they meet the specific criteria to be recognised at fair value through profit or loss.

Other financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss include derivatives and embedded derivatives separated from the host contract as well as financial liabilities held for trading. Subsequent to initial recognition, these are measured at fair value with gains or losses being recognised in profit or loss. 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 either the amortised cost of the senior notes or the present value of the lost interest for the remaining term of the senior notes.

Impairment

The Group recognises a loss allowance in profit or loss for expected credit losses on financial assets held at amortised cost or at fair value through other comprehensive income. Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability-weighted amount, takes into account the time value of money (values are discounted using the applicable effective interest rate) and uses reasonable and supportable information.

Lifetime expected credit losses are calculated for assets that were deemed credit impaired at initial recognition or have subsequently become credit impaired as well as those where credit risk has increased significantly since initial recognition.

The Group adopts the simplified approach permitted in IFRS 9 to apply lifetime expected credit losses to trade receivables and contract assets. Where credit risk is deemed low at the reporting date or to have not increased significantly, credit losses for the next 12 months are calculated.

Credit risk has increased significantly when the probability of default has increased significantly. Such increases are relative and assessment may include external ratings (where available) or other information such as past due payments. Historic data and forward-looking information are both considered. Objective evidence for a significant increase in credit risk may include where payment is overdue by 90 or more days as well as other information about significant financial difficulties of the borrower.

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.

Investments in equity instruments are measured at fair value; however, where a quoted market price in an active market is not available, equity instruments are measured at cost (investments in equity instruments that are not held for trading). The Group has not elected to account for these investments at fair value through other comprehensive income.

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 the discounted cash flow method and other valuation models.

Hedge accounting

The Group uses foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates these foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency in a cash flow hedging relationship by applying hedge accounting principles under IFRS 9.

The Group uses cross-currency interest rate swaps to convert some of its foreign currency denominated fixed-rate borrowings to GBP floating-rate borrowings. Hedge accounting is applied using both fair value and cash flow hedging relationships. The designated risks are foreign currency and interest rate risks.

Derivative contracts are stated at fair value on the consolidated balance sheet at each reporting date.

At inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of the hedged item. The Group documents its risk management objective and strategy for undertaking its hedging transactions. The Group designates only the intrinsic value of foreign exchange options in the hedging relationship. The Group designates amounts excluding foreign currency basis spread in the hedging relationship for both foreign exchange forward contracts and cross-currency interest rate swaps. Changes in the fair value of the derivative contracts that are designated and effective as hedges of future cash flows are recognised in the cash flow hedge reserve within other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the consolidated income statement.

Changes in both the time value of foreign exchange options and foreign currency basis spread of foreign exchange forwards and cross-currency interest rate swaps are recognised in other comprehensive income (net of tax) in the cost of hedging reserve to the extent that they relate to the hedged item (the "aligned" value).

Changes in the fair value of contracts that are designated in a fair value hedge are taken to the consolidated income statement. They offset the change in fair value, attributable to the hedged risks, of the borrowings designated as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Amounts accumulated in equity are reclassified to the consolidated income statement in the periods in which the forecast transactions affect profit or loss or as an adjustment to a non-financial item (e.g. inventory) when that item is recognised on the balance sheet. These deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of goods sold).

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss in equity, including deferred costs of hedging, is immediately transferred and recognised in the consolidated income statement.

Accounting policies applied until 31 March 2018

The Group has applied IFRS 9 from 1 April 2018. The Group has noted that there is no material impact on the financial statements for the classification and measurement of financial instruments. As a result, the comparative information provided as at and for the year ended 31 March 2018 continues to be accounted for in accordance with the Group's previous accounting policy for classification and measurement of financial instruments.

LEASES

At inception of a contract, the Group assesses whether a contract is, or contain a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substation right, then the asset is not identified;
- The Group has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purposes it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is allocated, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as a discount rate. The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group associates the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The comparative information for the years ending 31 March 2019 and 31 March 2018 is accounted for under Group's previous lease accounting policies in accordance with IAS 17 Leases. The related policies are set out below.

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the contractual terms and substance of the lease arrangement.

Assets taken on finance lease

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

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Group's consolidated balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease in "Other expenses".

NEW ACCOUNTING POLICY PRONOUNCEMENTS

(a) Standards, revisions and amendments to standards and interpretations significant to the Jaguar Land Rover Group and applied for the first time in the fiscal year ending 31 March 2020

IFRS 16 Leases is effective for the year beginning 1 April 2019 for the Group. This standard replaces IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a lease, SIC 15 Operating Leases—incentives and SIC 27 evaluating the Substance of the transactions involving the legal form of a lease interpretations. Under IFRS 16, lessee accounting is based on a single model, resulting from the elimination of the distinction between operating and finance leases. All leases will be recognised on the balance sheet with a right-of-use asset capitalised and depreciated over the estimated lease term together with a corresponding liability that will reduce over the same period with an appropriate interest charge recognised.

The Group has elected to apply the exemptions for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term or another systematic basis.

The Group is applying the modified retrospective approach on transition under which the comparative financial statements will not be restated. The cumulative impact of the first-time application of IFRS 16 is recognised as an adjustment to opening equity as at 1 April 2019. The details of the changes in accounting policies are disclosed below.

The Company has elected to use the following practical expedients at transition permitted by the Standard:

- On initial application, IFRS 16 has only been applied to contracts that were previously classified as leases under IFRIC 4;
- Regardless of the original lease term, lease arrangements with a remaining duration of less than 12 months will continue to be expensed to the Income Statement on a straight line basis over the lease term;
- Short-term and low value leases will be exempt;
- The lease term has been determined with the use of hindsight where the contract contains options to extend or terminate the lease;
- The discount rate applied as at transition date is the incremental borrowing rate corresponding to the remaining lease term;
- The measurement of a right-of-use asset excludes the initial direct costs at the date of initial application.

The impact of the first-time application of IFRS 16 as at 1 April 2019 is the recognition of right-of-use assets of £548 million and lease liabilities of £499 million. In addition, £27 million has been reclassified from property, plant and equipment to right-of-use assets in respect of assets previously held under finance leases. As at the date of initial application, there is a £23 million reduction in net assets (net of tax).

When measuring lease liability, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 7.9%.

	(£ millions)
Financial obligations for operating leases at 31 March 2019	626
Application exemption for short-term leases	(9)
Application exemption for leases of low-value assets	(14)
Future lease commitments—contracts signed on or before 31 March 2019	(28)
Extension and termination options reasonably certain to be exercised	288
Variable lease payments based on an index or a rate	—
Gross lease liabilities for former operating leases at 1 April 2019	**863**
Discounting impact	(364)
Lease liabilities for former operating leases at 1 April 2019	**499**
Present value of finance lease liabilities as 31 March 2019	31
Total lease liabilities at 1 April 2019	**530**

The opening right-of-use asset by class of underlying assets is disclosed in Note 36.

(b) Standards, revisions and amendments to standards and interpretations not significant to the Jaguar Land Rover Group and applied for the first time in the year ending 31 March 2020

The following amendments and interpretations have been adopted by the Group in the year ending 31 March 2020.

- IFRIC 23 Uncertainty over income tax treatments;
- Amendments to IFRS 9 Financial Instruments—Prepayment features with negative compensation;
- Amendments to IAS 19 Employee Benefits—Plan amendment, curtailment or settlement;
- Amendments to IAS 28 Investments in Associates and Joint Ventures—Long-term interests in associates and joint ventures; and
- Annual improvements to IFRS standards 2015-2017 cycle.

The adoption of these amendments and interpretations has not had a significant impact on the consolidated financial statements.

(c) Standards, revisions and amendments to standards and interpretations not yet effective and not yet adopted by the Group

The following pronouncements, issued by the IASB and endorsed by the EU, are not yet effective and have not yet been adopted by the Group. These amendments are effective for annual reporting periods beginning on or after 1 January 2020.

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures—Interest rate benchmark reform;
- Amendments to IFRS 3 Business Combinations—Definition of a business;
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of material; and
- Amendments to references to the conceptual framework in IFRS standards.

The Group is currently assessing the impact of these pronouncements on the consolidated financial statements.

(d) Standards, revisions and amendments to standards and interpretations not yet endorsed by the EU and not yet adopted by the Group

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.

- IFRS 17 Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements—Classification of liabilities as current or non-current;
- Amendments to IFRS 3 Business Combinations—Reference to the conceptual framework;

- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before intended use;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous contracts—cost of fulfilling a contract;
- Amendments to IFRS 16 Leases—COVID-19-related rent concessions; and
- Annual improvements to IFRS standards 2018-2020 cycle.

The Group is currently assessing the impact of these pronouncements on the consolidated financial statements.

3 ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Group presents alternative performance measures ("APMs") that are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

The APMs used within this Annual Report are defined below.

Alternative performance measure	Definition
Adjusted EBITDA	Adjusted EBITDA is defined as profit before income tax expense, exceptional items, finance expense (net of capitalised interest), finance income, gains/losses on unrealised derivatives and debt, gains/losses on realised derivatives entered into for the purpose of hedging debt, unrealised fair value gains/losses on equity investments, share of profit/loss from equity accounted investments, depreciation and amortisation.
Adjusted EBIT	Adjusted EBIT is defined as for adjusted EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortisation.
Loss/profit before tax and exceptional items	Loss/profit before tax excluding exceptional items.
Free cash flow	Net cash generated from operating activities less net cash used in investing activities (excluding movements in short-term deposits) and after finance expenses and fees paid. Free cash flow also includes foreign exchange gains/losses on short-term deposits and cash and cash equivalents.
Total product and other investment	Cash used in the purchase of property, plant and equipment, intangible assets, investments in equity accounted investments and other trading investments, acquisition of subsidiaries and expensed research and development costs.
Operating cash flow before investment	Free cash flow before financing excluding total product and other investment.
Working capital	Changes in assets and liabilities as presented in note 38. This comprises movements in assets and liabilities excluding movements relating to financing or investing cash flows or non-cash items that are not included in adjusted EBIT or adjusted EBITDA.

Alternative performance measure	Definition
Total cash and cash equivalents, deposits and investments	Defined as cash and cash equivalents, short-term deposits and other investments, marketable securities and any other items defined as cash and cash equivalents in accordance with IFRS.
Available liquidity	Defined as total cash and cash equivalents, deposits and investments plus committed undrawn credit facilities.
Retail sales	Jaguar Land Rover retail sales represent vehicle sales made by retailers to end customers and include the sale of vehicles produced by our Chinese joint venture, Chery Jaguar Land Rover Automotive Company Ltd.
Wholesales	Wholesales represent vehicle sales made to retailers or other external customers. The Group recognises revenue on wholesales.

The Group uses adjusted EBITDA as an APM to review and measure the underlying profitability of the Group on an ongoing basis for comparability as it recognises that increased capital expenditure year on year will lead to a corresponding increase in depreciation and amortisation expense recognised within the consolidated income statement.

The Group uses adjusted EBIT as an APM to review and measure the underlying profitability of the Group on an ongoing basis as this excludes volatility on unrealised foreign exchange transactions. Due to the significant level of debt and currency derivatives held, unrealised foreign exchange can distort the financial performance of the Group from one period to another.

Free cash flow is considered by the Group to be a key measure in assessing and understanding the total operating performance of the Group and to identify underlying trends.

During the year ended 31 March 2020, the definition of 'Free cash flow' was amended to exclude capital payments in relation to lease obligations. Following the adoption of IFRS 16, the Group considers that the amended APM better reflects the cash that is freely available for the Group by excluding committed debt payments. Free cash flow for the year ended 31 March 2019 prior to the change was £(1,267) million, and for the year ended 31 March 2018 was £(1,045) million.

Operating cash flow before investment is used as a measure of the operating performance and cash available to the Group before the direct cash impact of investment decisions.

Working capital is considered by the Group to be a key measure in assessing short-term assets and liabilities that are expected to be converted into cash within the next 12-month period.

Total cash and cash equivalents, deposits and investments and available liquidity are measures used by the Group to assess liquidity and the availability of funds for future spend and investment.

Exceptional items are defined in note 4.

Adjusted EBIT, adjusted EBITDA and Free cash flow have been impacted by the adoption of IFRS 16 in the year ended 31 March 2020. The corresponding measures for the years ended 31 March 2019 and 2018 are presented on an IAS 17 basis. The application of IFRS 16 has improved adjusted EBIT, adjusted EBITDA and Free cash flow compared to these measures prepared under IAS 17.

Reconciliations between these alternative performance measures and statutory reported measures are shown on the next pages.

ADJUSTED EBIT AND ADJUSTED EBITDA

Year ended 31 March (£ millions)	Note	2020	2019	2018
Adjusted EBITDA		**2,000**	**1,981**	**2,794**
Depreciation and amortisation		(1,910)	(2,164)	(2,075)
Share of (loss)/profit of equity accounted investments	15	(114)	3	252
Adjusted EBIT		**(24)**	**(180)**	**971**
Foreign exchange gain/(loss) on derivatives	13	15	(31)	74
Unrealised loss on commodities	13	(78)	(34)	(2)
Foreign exchange (loss)/gain and fair value adjustments on loans	13	(135)	(45)	69
Foreign exchange gain/(loss) on economic hedges of loans	13	29	(18)	11
Finance income	12	52	35	33
Finance expense (net)	12	(209)	(111)	(85)
Fair value (loss)/gain on equity investment	13	(43)	26	3
(Loss)/profit before tax and exceptional items		**(393)**	**(358)**	**1,074**
Exceptional items	4	(29)	(3,271)	438
(Loss)/profit before tax		**(422)**	**(3,629)**	**1,512**

RETAIL AND WHOLESALES

Units	2020	2019	2018
Retail sales	508,659	578,915	614,309
Wholesales	475,952	507,895	545,298

FREE CASH FLOW

Year ended 31 March (£ millions)	Note	2020	2019 restated*	2018 restated*
Net cash generated from operating activities		2,314	2,253	2,958
Net cash used in investing activities		(3,177)	(2,278)	(3,222)
Net cash used in operating and investing activities		**(863)**	**(25)**	**(264)**
Finance expenses and fees paid		(262)	(210)	(158)
Adjustments for:				
Movements in short-term deposits		351	(1,074)	(523)
Foreign exchange gain/(loss) on short-term deposits	38	14	71	(55)
Foreign exchange gain/(loss) on cash and cash equivalents		58	(27)	(41)
Free cash flow		**(702)**	**(1,265)**	**(1,041)**

* Comparative information has been restated for the change in definition explained on the previous page.

TOTAL PRODUCT AND OTHER INVESTMENT

Year ended 31 March (£ millions)	Note	2020	2019	2018
Purchases of property, plant and equipment		1,281	1,590	2,135
Net cash outflow relating to intangible asset expenditure		1,511	1,785	1,614
Research and development expensed	11	421	421	406
Investment in equity accounted investees		67	—	—
Purchases of other investments		11	14	25
Acquisition of subsidiary		3	—	6
Total product and other investment		**3,294**	**3,810**	**4,186**

TOTAL CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

As at (£ millions)	2020	2019	2018
Cash and cash equivalents	2,271	2,747	2,626
Short-term deposits and other investments	1,393	1,028	2,031
Total cash and cash equivalents, deposits and investments	**3,664**	**3,775**	**4,657**

AVAILABLE LIQUIDITY

As at 31 March (£ millions)	Note	2020	2019	2018
Cash and cash equivalents		2,271	2,747	2,626
Short-term deposits and other investments		1,393	1,028	2,031
Committed undrawn credit facilities	25	1,935	1,935	1,935
Available liquidity		**5,599**	**5,710**	**6,592**

4 EXCEPTIONAL ITEMS

The exceptional item recognised in the year ended 31 March 2020 comprises restructuring costs of £29 million relating to the Group restructuring programme that commenced during the year ended 31 March 2019. This included a past service pension cost of £4 million.

The exceptional items recognised in the year ended 31 March 2019 comprise:

- An impairment charge of £3,105 million for the year ended 31 March 2019 following an impairment exercise undertaken in accordance with IAS 36. Further details are given in note 18;

- Restructuring costs of £149 million relating to a Group restructuring programme announced and carried out during the year ended 31 March 2019, this included a past service pension cost of £25m; and

- A past service cost of £17 million following a High Court ruling in October 2018 that pension schemes are required to equalise male and female members’ benefits for the inequalities within guaranteed minimum pension (“GMP”) earned between 17 May 1990 and 5 April 1997. The Group historically made no allowance for GMP and therefore considered the change to be a plan amendment. Further details are given in note 32.

The exceptional items recognised in the year ended 31 March 2018 comprise:

- £1 million of import duties recovered in relation to vehicles damaged in the Tianjin explosion; and

- A past service credit of £437 million following an amendment to the defined benefit pension schemes’ rules that, among other changes, meant that future retirement benefits would be calculated each year and revalued until retirement in line with a prescribed rate rather than based upon a member’s final salary at retirement. Further details are given in note 32.

The tables below set out the exceptional items recorded in the years ended 31 March 2020, 2019 and 2018 and the impact on the consolidated income statement if these items were not disclosed separately as exceptional items.

Year ended 31 March 2020 (£ millions)	Note	Other expenses	Employee costs
Excluding exceptional items		**5,238**	**2,568**
Restructuring costs	27	(3)	32
Including exceptional items		**5,235**	**2,600**

Year ended 31 March 2019 (£ millions)	Note	Other expenses	Employee costs
Excluding exceptional items		**5,567**	**2,820**
Impairment	17,18	3,105	—
Restructuring costs		5	144
Pension past service cost	32	—	17
Including exceptional items		**8,677**	**2,981**

Year ended 31 March 2018 (£ millions)	Note	Material and other cost of sales	Employee costs
Excluding exceptional items		**16,328**	**2,722**
Pension past service credit	32	—	(437)
Tianjin		(1)	—
Including exceptional items		**16,327**	**2,285**

Included in "Income tax (expense)/credit" in the consolidated income statement for the year ended 31 March 2020 is a credit in respect of exceptional items of £6 million (2019: credit of £278 million 2018: charge of £78 million).

5 REVENUE

The Group's revenues are summarised as follows:

Year ended 31 March (£ millions)	2020	2019	2018
Revenue recognised for sales of vehicles, parts and accessories	22,436	23,885	25,985
Revenue recognised for services transferred	306	249	168
Revenue—other	807	950	1,022
Total revenue excluding realised revenue hedges	**23,549**	**25,084**	**27,175**
Realised revenue hedges	(565)	(870)	(1,389)
Total revenue	**22,984**	**24,214**	**25,786**

"Revenue—other" includes sales of goods other than vehicles, parts and accessories as well as revenue recognised outside the scope of IFRS 15, primarily being lease instalments recognised from assets sold with a repurchase commitment.

REVENUE DISAGGREGATION

The following table presents the Group's revenue, disaggregated by primary geographical market, timing of revenue recognition and major product categories. All revenue is generated from the Group's single automotive operating segment.

Year ended 31 March 2020 (£ millions)	UK	US	China	Rest of Europe	Rest of World	Total Revenue
Revenue recognised for sales of vehicles, parts and accessories	3,875	5,889	3,374	4,745	4,553	22,436
Revenue recognised for services transferred	63	91	75	11	66	306
Revenue—other	786	4	5	1	11	807
Total revenue excluding realised revenue hedges	**4,724**	**5,984**	**3,454**	**4,757**	**4,630**	**23,549**
Realised revenue hedges	—	(370)	(166)	—	(29)	(565)
Total revenue	**4,724**	**5,614**	**3,288**	**4,757**	**4,601**	**22,984**

Year ended 31 March 2019 (£ millions)	UK	US	China	Rest of Europe	Rest of World	Total Revenue
Revenue recognised for sales of vehicles, parts and accessories	4,293	5,826	3,557	5,359	4,850	23,885
Revenue recognised for services transferred	23	67	97	8	54	249
Revenue—other	912	29	10	(12)	11	950
Total revenue from contracts with customers	**5,228**	**5,922**	**3,664**	**5,355**	**4,915**	**25,084**
Realised revenue hedges	—	(437)	(352)	—	(81)	(870)
Total revenue	**5,228**	**5,485**	**3,312**	**5,355**	**4,834**	**24,214**

Contract liabilities

Year ended 31 March (£ millions)	2020	2019
Ongoing service obligations	846	805
Liabilities for advances received	50	86
Total contract liabilities	**896**	**891**

Revenue that is expected to be recognised within five years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to £896 million at 31 March 2020.

"Ongoing service obligations" mainly relate to long-term service and maintenance contracts, extended warranties and telematics services. "Liabilities for advances received" primarily relate to consideration received in advance from customers for products not yet wholesaled, at which point the revenue will be recognised. "Ongoing service obligations" and "Liabilities for advances received" are both presented within "Other liabilities" in the consolidated balance sheet.

The Group applies the practical expedient in IFRS 15.121 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less. This is because revenue resulting from those sales will be recognised in a short-term period. The services included with the vehicle sale are to be recognised as revenues in subsequent years but represent an insignificant portion of expected revenues in comparison.

The movement in contract liabilities relates solely to revenue recognised from balances held at the beginning of the year of £392 million and increases due to cash received for performance

6 MATERIAL AND OTHER COST OF SALES

Year ended 31 March (£ millions)	2020	2019	2018
Changes in inventories of finished goods and work-in-progress	121	188	(327)
Purchase of products for sale	1,105	1,181	1,237
Raw materials and consumables used	13,498	14,448	15,600
Realised purchase hedges	(40)	(147)	(182)
Total material and other cost of sales	**14,684**	**15,670**	**16,328**

7 EMPLOYEE NUMBERS AND COSTS

Year ended 31 March (£ millions)	2020	2019	2018
Wages and salaries—employee costs	1,833	1,909	1,798
Wages and salaries—agency costs	175	286	270
Total wages and salaries	**2,008**	**2,195**	**2,068**
Social security costs and benefits	312	354	328
Pension costs	248	271	326
Total employee costs	**2,568**	**2,820**	**2,722**

Average employee numbers for the year ended 31 March 2020	Non-agency	Agency	Total
Manufacturing	18,833	1,219	20,052
Research and development	7,965	1,411	9,376
Other	9,733	626	10,359
Total employee numbers	**36,531**	**3,256**	**39,787**

Average employee numbers for the year ended 31 March 2019	Non-agency	Agency	Total
Manufacturing	19,213	1,998	21,211
Research and development	8,307	2,414	10,721
Other	11,063	1,106	12,169
Total employee numbers	**38,583**	**5,518**	**44,101**

Average employee numbers for the year ended 31 March 2018	Non-agency	Agency	Total
Manufacturing	18,628	2,909	21,537
Research and development	7,216	2,934	10,150
Other	8,689	1,411	10,100
Total employee numbers	**34,533**	**7,254**	**41,787**

8 DIRECTORS' EMOLUMENTS

Year ended 31 March (£)	2020	2019	2018
Directors' emoluments	3,459,163	3,187,356	3,825,382
Increase/(decrease) of long-term incentive scheme amounts receivable	803,472	(98,010)	(14,128)
Post-employment benefits	349,442	520,763	393,673

The aggregate of emoluments received in the year and amounts accrued under the long-term incentive plan ("LTIP") of the highest-paid director was £4,099,544 (2019: £2,946,676, 2018: £3,709,532), together with a cash allowance in lieu of pension benefits of £349,442 (2019: £520,763, 2018: £393,673). During the year, the value of LTIP awards accrued has increased by £803,472 (2019: decrease of £98,010, 2018: decrease of £14,128), which will become payable in future periods.

There were no directors who were members of a defined benefit pension scheme or a defined contribution scheme during the years ended 31 March 2020, 2019 and 2018.

LTIP cash payments received by directors during the year ended 31 March 2020 were £nil (2019: £623,090, 2018: £nil).

9 LONG-TERM INCENTIVE PLAN ("LTIP")

During the year ended 31 March 2016, the Group issued the final share-based payment LTIP arrangement based on the share price of Tata Motors Limited. The final cash payment in respect of the share-based payment LTIP was made during the year ended 31 March 2019.

During the year ended 31 March 2017, the Group announced a new LTIP to replace the previous share-based payment LTIP. The new LTIP, effective from June 2016, provides a cash payment to certain employees based on the Group's performance against long-term business metrics related to performance and strategic priorities (over a period of three years). This new LTIP benefit scheme has been accounted for in accordance with IAS 19 Employee Benefits.

COMPARATIVE INFORMATION

The information in this section gives details of the previous share-based payment LTIP arrangement that is reflected in the comparative information for the years ended 31 March 2019 and 2018.

The scheme provided a cash payment to the employee based on a specific number of phantom shares at the grant date and the share price of Tata Motors Limited at the vesting date. The cash payment was dependent upon continued employment for the duration of the three-year vesting period.

Year ended 31 March (number)	2019	2018
Outstanding at the beginning of the year	1,929,391	4,115,221
Vested in the year	(1,764,566)	(1,918,331)
Forfeited in the year	(164,825)	(267,499)
Outstanding at the end of the year	**—**	**1,929,391**

The weighted average share price of the phantom shares vested in the years ended 31 March 2019 and 31 March 2018 was £3.20 and £4.33 respectively.

The weighted average remaining contractual life of the outstanding phantom shares as at 31 March 2019 was nil years (2018: 0.3 years).

No phantom shares were exercisable as at 31 March 2019 or 31 March 2018.

During the year ended 31 March 2019, £1 million was recognised as a credit in "Employee costs" in relation to the share-based payment LTIP (2018: credit of £1 million).

The fair value of the balance sheet liability in respect of phantom stock awards outstanding at 31 March 2019 was £nil (2018: £7 million) and is included in "Provisions".

The fair value of the awards was calculated using the Black-Scholes model at the grant date. The fair value was 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 Tata Motors Limited historical data and the risk-free rate is calculated using government bond rates. The significant inputs used are as follows:

As at 31 March	2019	2018
Risk-free rate	n/a	0.87%
Dividend yield	n/a	—%
Weighted average fair value per phantom share	n/a	£ 3.32

10 OTHER EXPENSES

Year ended 31 March (£ millions)	Note	2020	2019	2018
Stores, spare parts and tools		112	193	177
Freight cost		611	653	1,037
Works, operations and other costs		2,471	2,577	2,676
Repairs		38	38	48
Power and fuel		87	101	81
Rent, rates and other taxes		32	90	87
Insurance		23	25	27
Write-down of property, plant and equipment	17	—	18	18
Write-down of intangible assets	18	—	—	46
Product warranty		1,131	1,016	698
Publicity		733	856	951
Total other expenses		**5,238**	**5,567**	**5,846**

11 RESEARCH AND DEVELOPMENT

Year ended 31 March (£ millions)	2020	2019	2018
Total research and development costs incurred	1,790	1,997	2,016
Research and development expensed	(421)	(421)	(406)
Engineering costs capitalised	**1,369**	**1,576**	**1,610**
Interest capitalised in engineering costs capitalised	105	99	88
Research and development grants capitalised	(48)	(96)	(105)
Total internally developed intangible additions	**1,426**	**1,579**	**1,593**

Engineering costs capitalised of £1,369 million (2019: £1,576 million, 2018: £1,610 million) comprises £471 million (2019: £672 million, 2018: £556 million) included in "Employee costs" and £898 million (2019: £904 million, 2018: £1,054 million) included in "Other expenses" in the consolidated income statement.

During the year ended 31 March 2020, £102 million (2019: £135 million, 2018: £147 million) was recognised by a UK subsidiary as a Research and Development Expenditure Credit ("RDEC") incentive on qualifying expenditure. During the year ended 31 March 2020, £47 million (2019: £91 million, 2018: £102 million) of the RDEC—the proportion relating to capitalised product development expenditure and other intangible assets—has been offset against the cost of the respective assets. The remaining £55 million (2019: £44 million, 2018: £45 million) of the RDEC has been recognised as "Other income".

12 FINANCE INCOME AND EXPENSE

Year ended 31 March (£ millions)	2020	2019	2018
Finance income	52	35	33
Total finance income	**52**	**35**	**33**
Total interest expense on financial liabilities measured at amortised cost	(295)	(206)	(172)
Interest income on derivatives designated as a fair value hedge of financial liabilities	3	4	3
Unwind of discount on provisions	(31)	(26)	(20)
Interest capitalised	114	117	104
Total finance expense (net)	**(209)**	**(111)**	**(85)**

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 4.2 per cent (2019: 4.1 per cent, 2018: 4.1 per cent).

During the year ended 31 March 2020, the Group repaid two tranches of debt and during the year ended 31 March 2019, the Group repaid one tranche of debt (see note 25). No redemption premium was incurred.

During the year ended 31 March 2020 the Group issued debt at a premium of £9 million (2019, 2018: no debt issued at a premium).

13 (LOSS)/PROFIT BEFORE TAX

Expense/(income) in (loss)/profit before tax includes the following:

Year ended 31 March (£ millions)	2020	2019	2018
Foreign exchange loss/(gain) and fair value adjustments on loans	135	45	(69)
Foreign exchange (gain)/loss on economic hedges of loans	(29)	18	(11)
Foreign exchange (gain)/loss on derivatives	(15)	31	(74)
Unrealised loss on commodities	78	34	2
Fair value loss/(gain) on equity investments	43	(26)	(3)
Depreciation of right-of-use assets	92	—	—
Depreciation of property, plant and equipment	929	1,078	1,011
Amortisation of intangible assets (excluding internally generated development costs)	101	119	122
Amortisation of internally generated development costs	788	967	942
Operating lease rentals in respect of plant, property and equipment	—	92	92
Expenses related to short-term leases	13	—	—
Expenses related to low-value assets, excluding short-term leases of low-value assets	7	—	—
Loss on disposal of property, plant, equipment and software	20	59	22
Exceptional items	29	3,271	(438)
Auditor remuneration (see below)	7	5	4

During the year ended 31 March 2020, £12 million (2019: £12 million, 2018: £56 million) was received by a foreign subsidiary as an indirect tax incentive that requires the subsidiary to meet certain criteria relating to vehicle efficiency and investment in engineering and research and development. The incentive is provided as a partial offset to the higher sales taxes payable following implementation of new legislation in the year ended 31 March 2014. During the year ended 31 March 2020, £12 million (2019: £12 million, 2018: £56 million) has been recognised in "Revenue".

During the year ended 31 March 2020, £12 million (2019: £10 million, 2018: £87 million) was recognised in "Other income" by a foreign subsidiary as an incentive for continuing trading in that country for the foreseeable future. This includes amounts received as cash in the year and amounts that the subsidiary is due to receive and for which there are no ongoing financial or operating conditions attached.

Year ended 31 March (£ millions)	2020	2019	2018
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	0.1	0.1	0.1
Fees payable to the Company's auditor and its associates for other services:			
—Audit of the Company's subsidiaries (included in 2018: £0.1m payable to Deloitte)	5.6	4.4	3.4
Total audit fees	**5.7**	**4.5**	**3.5**
Audit-related assurance services (included in 2018: £0.3m payable to Deloitte)	0.8	0.8	0.8
Other assurance services	0.3	0.1	—
Total non-audit fees	**1.1**	**0.9**	**0.8**
Total audit and related fees	**6.8**	**5.4**	**4.3**

14 TAXATION

Amounts recognised in the Consolidated Income Statement

Year ended 31 March (£ millions)	2020	2019	2018
Current tax expense			
Current year	178	141	295
Adjustments for prior years	3	40	52
Current tax expense	**181**	**181**	**347**
Deferred tax (credit)/expense			
Origination and reversal of temporary differences	(164)	(246)	64
Adjustments for prior years	(11)	(48)	(76)
Write-down of deferred tax assets	(8)	(245)	—
Rate changes	49	50	63
Deferred tax (credit)/expense	**(134)**	**(489)**	**51**
Total income tax expense/(credit)	**47**	**(308)**	**398**

Amounts recognised in the Consolidated Statement of Other Comprehensive Income

Year ended 31 March (£ millions)	2020	2019	2018
Deferred tax expense/(credit) on actuarial gains on retirement benefits	186	(52)	104
Deferred tax expense/(credit) on change in fair value of cash flow hedges	58	(19)	464
Deferred tax (credit)/expense on rate changes	(32)	14	(17)
	212	**(57)**	**551**
Total tax expense/(credit)	**259**	**(365)**	**949**

Reconciliation of Effective Tax Rate

Year ended 31 March (£ millions)	2020	2019	2018
(Loss)/profit for the year	(469)	(3,321)	1,114
Total income tax expense/(credit)	47	(308)	398
(Loss)/profit before tax	**(422)**	**(3,629)**	**1,512**
Income tax (credit)/expense using the tax rates applicable to individual entities of 14.0% (2019: 18.3%, 2018: 23.1%)	(59)	(664)	350
Non-deductible expenses	28	62	22
Unrecognised or written-down deferred tax assets	9	245	5
Changes in tax rates	49	50	63
Overseas unremitted earnings	6	8	30
Tax on share of profit of equity accounted investments	22	(1)	(48)
Over provided in prior years	(8)	(8)	(24)
Total income tax expense/(credit)	**47**	**(308)**	**398**

Included within "Over provided in prior years" for the year ended 31 March 2020 is £7 million credit relating to revisions of prior year estimates of tax positions in various jurisdictions, principally the UK, to bring them into line with the latest estimates and currently filed tax positions. Included within "Changes in tax rates" is a £49 million charge for the impact of the change in the UK Statutory rate from 17 per cent to 19 per cent on deferred tax assets and liabilities.

Included within "Non-deductible expenses" for the year ended 31 March 2019 is a £53 million charge for the impact of the impairment recorded in the year on non-tax-deductible property, plant and equipment and intangible assets.

Included within "Over provided in prior years" for the year ended 31 March 2018 is £24 million credit relating to revisions of prior year estimates of tax positions to bring them into line with the currently filed tax positions. Included within "Changes in tax rates" is a £54 million charge for the impact of the change in the US Federal rate from 35 per cent to 21 per cent on deferred tax assets.

IMPACT OF FUTURE RATE CHANGES

The UK Finance Act 2016 was enacted during the year ended 31 March 2017, which included provisions for a reduction in the UK corporation tax rate to 17 per cent with effect from 1 April 2020.

Subsequently a change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 per cent, rather than the previously enacted reduction to 17 per cent.

Accordingly, UK deferred tax has been provided at a rate of 19 per cent on assets (2019: 17.6 per cent, 2018: 17.8 per cent) and 19 per cent on liabilities (2019: 17.4 per cent, 2018: 17.6 per cent), recognising the applicable tax rate at the point when the timing difference is expected to reverse.

15 INVESTMENTS

Investments consist of the following:

As at 31 March (£ millions)	2020	2019	2018
Equity accounted investments	362	477	488
Other investments	37	69	28
Total investments	**399**	**546**	**516**

The group has the following equity accounted investments as at 31 March 2020:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity	Registered office address
Chery Jaguar Land Rover Automotive Company Ltd.	50.0%	China	Manufacture and assembly of vehicles	Room 1102, Binjiang International Plaza, No 88 Tonggang Road, Changshu Economic and Technical Development Zone, Suzhou City, Jiangsu Province, China
Jaguar Cars Finance Limited	49.9%	England & Wales	Non-trading	280 Bishopsgate, London, EC2M 4RB, England
Synaptiv Limited	33.3%	England & Wales	Business and domestic software development	84 Kirkland Avenue, Ilford, Essex, England, IG5 0TN
CloudCar Inc.	33.3%	USA	Automotive software development	2191 E Bayshore Rd 200 Palo Alto, CA 94303 USA
Driveclubservice Pte. Limited	25.1%	Singapore	Holding company and mobility application owner/licensor	22 Sin Ming Lane, #06-76, Midview City, Singapore 573969
Driveclub Limited	25.8%	Hong Kong	Vehicle leasing	Unit A, 9/F, D2 Place ONE, 9 Cheung Yee Street, Lai Chi Kok, Kowloon, Hong Kong
ARC Vehicle Limited	29.2%	England & Wales	Manufacture and development of electrified vehicle technology	The Priory Barn Priory Road, Wolston, Coventry, United Kingdom, CV8 3FX

Except for CloudCar Inc. and Driveclub Limited, the proportion of voting rights disclosed in the table above is the same as the Group's interest in the ordinary share capital of each undertaking.

INDIVIDUALLY MATERIAL JOINT VENTURES

Chery Jaguar Land Rover Automotive Company Ltd. is a limited liability company whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint control of the arrangement have rights to the assets or obligations for the liabilities relating to the arrangement. Accordingly, Chery Jaguar Land Rover Automotive Company Ltd. is classified as a joint venture. Chery Jaguar Land Rover Automotive Company Ltd. is not publicly listed.

During the year ended 31 March 2020, a dividend of £67 million was received from Chery Jaguar Land Rover Automotive Company Ltd. (2019: £22 million, 2018: £206 million).

During the year ended 31 March 2020, the Group has increased its investment in Chery Jaguar Land Rover Automotive Company Ltd. by £67 million (2019,2018: £nil).

The following tables sets out the summarised financial information of the Group's individually material joint venture, Chery Jaguar Land Rover Automotive Company Ltd., after adjusting for material differences in accounting policies:

As at 31 March (£ millions)	2020	2019	2018
Current assets	599	748	892
Current liabilities	(1,348)	(1,103)	(1,076)
Non-current assets	1,570	1,439	1,324
Non-current liabilities	(82)	(122)	(154)
Equity attributable to shareholders	**739**	**962**	**986**
Revenue	**1,295**	**1,697**	**2,773**
(Loss)/profit for the year	(224)	13	504
Total comprehensive (expense)/income	**(224)**	**13**	**504**

Included within the summarised financial information above are the following amounts:

As at 31 March (£ millions)	2020	2019	2018
Cash and cash equivalents	278	316	439
Other current assets	321	432	453
Current financial liabilities (excluding trade and other payables and provisions)	(584)	(279)	(42)
Non-current financial liabilities (excluding trade and other payables and provisions)	(82)	(123)	(152)
Depreciation and amortisation	(201)	(206)	(139)
Interest income	14	12	27
Interest expense	(25)	(14)	(7)
Income tax credit/(expense)	56	(6)	(136)

ASSOCIATES

The Group has no additional rights or influence over Jaguar Cars Finance Limited other than the voting rights attached to the ordinary share capital.

During the year ended 31 March 2018, the Group purchased 25.08 per cent of the share capital of Driveclubservice Pte. Ltd. for £0.2 million. In addition, the Group also purchased 1 per cent of the share capital of Driveclub Limited, the wholly owned subsidiary of Driveclubservice Pte. Ltd. However, the Group has 26 per cent of the voting rights, being the 1 per cent of share capital held and the indirect shareholding held through Driveclubservice Pte. Ltd. Both Driveclubservice Pte. Ltd. and Driveclub Limited are therefore accounted for as equity accounted investments as the Group has significant influence over the companies.

During the year ended 31 March 2018, the Group's proportion of the ordinary share capital in Cloudcar Inc. was diluted to 26 per cent of the ordinary share capital. However, the Group has 33 per cent of the voting rights since a number of ordinary shares are in the form of options either available for issue or assigned to the employees of CloudCar Inc.

No dividend was received in the year ended 31 March 2020 (2019, 2018: no dividend) from any of the individually immaterial equity accounted investments.

The following reconciles the carrying amount of the Group's interests in equity accounted investments:

As at 31 March (£ millions)	2020	2019	2018
Net assets of material joint venture	**739**	**962**	**986**
Share of net assets of:			
Material joint venture	370	481	493
Individually immaterial equity accounted investments	—	2	6
Other	(8)	(6)	(11)
Carrying amount of the Group's interests in equity accounted investments	**362**	**477**	**488**

As at 31 March 2020, an adjustment of £8 million (2019: £6 million, 2018: £11 million) has been made to derecognise profit that has not yet been realised on goods sold by the Group to Chery Jaguar Land Rover Automotive Company Ltd.

The following reconciles the Group's share of total comprehensive (expense)/income of equity accounted investments:

Year ended 31 March (£ millions)	2020	2019	2018
(Loss)/profit of material joint venture	**(224)**	**13**	**504**
Share of (loss)/profit of:			
Material joint venture	(112)	7	252
Individually immaterial equity accounted investments	(2)	(4)	—
Share of (loss)/profit of equity accounted investments	**(114)**	**3**	**252**
Currency translation differences	1	(3)	14
Total comprehensive (expense)/income related to equity accounted investments	**(113)**	**—**	**266**

The information above reflects the amounts presented in the financial statements of the equity accounted investments adjusted for differences in accounting policies between the Group and its equity accounted investments. All joint ventures are accounted for using the equity method and are private companies and there are no quoted market prices available for their shares.

OTHER INVESTMENTS

The Group's other investments comprise equity investments of 10 per cent or less of the ordinary share capital of the investee companies and are designated as fair value through profit and loss financial instruments.

Year ended 31 March (£ millions)	2020	2019	2018
Investment in Lyft, Inc.	17	46	22
Other immaterial investments	20	23	6
Total	**37**	**69**	**28**

During the year ended 31 March 2020, the Group invested £11 million (2019: £14 million, 2018: £5 million) in other investments. During the year ended 31 March 2018, the Group purchased 0.3 per cent of the ordinary share capital of Lyft, Inc. for £20 million.

The Group has no additional rights or influence over any of its other equity investments other than the voting rights attached to the ordinary share capital, and during the year ended 31 March 2020 no dividends were received (2019: £nil, 2018: £nil).

Disclosure of the valuation techniques applied in calculating the fair value of these other non-equity accounted investments is included in note 35(A).

16 OTHER FINANCIAL ASSETS

As at 31 March (£ millions)	2020	2019	2018
Non-current			
Restricted cash	7	6	6
Derivative financial instruments	142	54	286
Warranty reimbursement and other receivables	102	104	116
Other	6	6	6
Total non-current other financial assets	**257**	**170**	**414**
Current			
Restricted cash	12	11	12
Derivative financial instruments	241	133	264
Warranty reimbursement and other receivables	87	88	98
Accrued income	14	44	35
Other	29	38	85
Total current other financial assets	**383**	**314**	**494**

17 PROPERTY, PLANT AND EQUIPMENT

(£ millions)	Land and buildings	Plant and equipment	Vehicles	Computers	Fixtures & fittings	Leased assets	Heritage vehicles	Under construction	Total
Cost									
Balance at 1 April 2017	1,164	6,492	9	104	94	46	52	1,020	8,981
Additions*	21	—	1	22	13	16	—	2,502	2,575
Assets acquired on acquisition	—	—	—	2	5	—	—	—	7
Transfers	364	1,558	—	—	—	—	—	(1,922)	—
Disposals	—	(288)	(1)	(4)	(5)	(35)	(1)	—	(334)
Asset write-downs	—	—	—	—	—	—	—	(5)	(5)
Foreign currency translation	—	—	—	—	—	—	—	1	1
Balance at 31 March 2018	**1,549**	**7,762**	**9**	**124**	**107**	**27**	**51**	**1,596**	**11,225**
Additions*	9	—	1	48	21	5	3	1,550	1,637
Transfers	723	1,545	—	—	—	—	—	(2,268)	—
Disposals	(3)	(528)	(1)	(8)	(3)	—	—	—	(543)
Impairment	—	—	—	—	—	—	—	(185)	(185)
Foreign currency translation	(17)	(14)	—	—	—	—	—	13	(18)
Balance at 31 March 2019	**2,261**	**8,765**	**9**	**164**	**125**	**32**	**54**	**706**	**12,116**
Adjustment on initial application of IFRS 16	(9)	—	—	—	—	(32)	—	—	(41)
Adjusted opening balance	**2,252**	**8,765**	**9**	**164**	**125**	**—**	**54**	**706**	**12,075**
Additions*	—	—	8	26	12	—	—	1,218	1,264
Assets acquired on acquisition	1	—	—	—	—	—	—	—	1
Transfers	285	895	—	—	—	—	—	(1,180)	—
Disposals	—	(20)	(1)	(2)	(2)	—	(1)	(11)	(37)
Foreign currency translation	18	19	—	1	—	—	—	(1)	37
Balance at 31 March 2020	**2,556**	**9,659**	**16**	**189**	**135**	**—**	**53**	**732**	**13,340**
Depreciation and impairment									
Balance at 1 April 2017	147	2,836	4	31	39	39	—	—	3,096
Depreciation charge for the period	60	920	1	16	12	2	—	—	1,011
Disposals	—	(268)	(1)	(4)	(4)	(35)	—	—	(312)
Asset write-downs	—	—	—	—	—	—	13	—	13
Balance at 31 March 2018	**207**	**3,488**	**4**	**43**	**47**	**6**	**13**	**—**	**3,808**
Depreciation charge for the period	82	965	1	18	10	2	—	—	1,078
Disposals	(2)	(480)	(1)	(6)	(2)	—	—	—	(491)
Impairment	—	1,162	1	26	16	6	—	—	1,211
Asset write-downs	—	—	—	—	—	—	18	—	18
Balance at 31 March 2019	**287**	**5,135**	**5**	**81**	**71**	**14**	**31**	**—**	**5,624**
Adjustment on initial application of IFRS 16	—	—	—	—	—	(14)	—	—	(14)
Adjusted opening balance	**287**	**5,135**	**5**	**81**	**71**	**—**	**31**	**—**	**5,610**
Depreciation charge for the period	112	792	2	14	9	—	—	—	929
Disposals	—	(14)	—	(1)	(1)	—	—	—	(16)
Translation	2	1	—	—	—	—	—	—	3
Balance at 31 March 2020	**401**	**5,914**	**7**	**94**	**79**	**—**	**31**	**—**	**6,526**
Net book value									
At 31 March 2018	1,342	4,274	5	81	60	21	38	1,596	7,417
At 31 March 2019	1,974	3,630	4	83	54	18	23	706	6,492
At 31 March 2020	**2,155**	**3,745**	**9**	**95**	**56**	**—**	**22**	**732**	**6,814**

As part of the Group's review of the carrying value of property, plant and equipment, £nil (2019: £18 million, 2018: £18 million) of heritage vehicles and assets under construction have been written down and recognised as an expense within "Other expenses".

18 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 2017	595	147	61	633	2,156	5,196	8,788
Other additions—externally purchased	99	—	—	9	—	—	108
Other additions—internally developed	—	—	—	—	1,593	—	1,593
Other additions—on acquisition	1	—	—	4	—	—	5
Capitalised product development—internally developed	—	—	—	—	(1,668)	1,668	—
Disposals	(25)	—	—	—	—	(131)	(156)
Asset write-downs	(9)	—	—	—	(24)	—	(33)
Balance at 31 March 2018	**661**	**147**	**61**	**646**	**2,057**	**6,733**	**10,305**
Other additions—externally purchased	85	—	—	5	—	—	90
Other additions—internally developed	—	—	—	—	1,579	—	1,579
Capitalised product development—internally developed	—	—	—	—	(1,084)	1,084	—
Disposals	(44)	—	—	—	—	(844)	(888)
Impairment	(10)	—	—	—	(562)	—	(572)
Foreign exchange	(1)	—	—	—	—	—	(1)
Balance at 31 March 2019	**691**	**147**	**61**	**651**	**1,990**	**6,973**	**10,513**
Other additions—externally purchased	111	—	—	—	—	—	111
Other additions—internally developed	—	—	—	—	1,426	—	1,426
Other additions—on acquisition	—	—	—	2	—	—	2
Capitalised product development—internally developed	—	—	—	—	(944)	944	—
Disposals	(2)	—	—	—	—	(345)	(347)
Foreign exchange	2	—	—	(1)	—	—	1
Balance at 31 March 2020	**802**	**147**	**61**	**652**	**2,472**	**7,572**	**11,706**
Amortisation and impairment							
Balance at 1 April 2017	201	127	27	—	—	2,266	2,621
Amortisation for the year	99	14	3	6	—	942	1,064
Disposals	(25)	—	—	—	—	(131)	(156)
Asset write-downs	13	—	—	—	—	—	13
Balance at 31 March 2018	**288**	**141**	**30**	**6**	**—**	**3,077**	**3,542**
Amortisation for the year	106	6	3	4	—	967	1,086
Disposals	(36)	—	—	—	—	(843)	(879)
Impairment	75	—	7	152	—	903	1,137
Balance at 31 March 2019	**433**	**147**	**40**	**162**	**—**	**4,104**	**4,886**
Amortisation for the year	96	—	2	3	—	788	889
Disposals	(2)	—	—	—	—	(345)	(347)
Balance at 31 March 2020	**527**	**147**	**42**	**165**	**—**	**4,547**	**5,428**
Net book value							
At 31 March 2018	373	6	31	640	2,057	3,656	6,763
At 31 March 2019	258	—	21	489	1,990	2,869	5,627
At 31 March 2020	**275**	**—**	**19**	**487**	**2,472**	**3,025**	**6,278**

During the year ended 31 March 2020 £nil (2019: £nil, 2018: £46 million) costs were identified as being written down and recognised as an expense within “Other expenses”.

IMPAIRMENT TESTING

The directors are of the view that the operations of the Group, excluding equity accounted investments, represent a single cash-generating unit ("CGU"). This is because of the closely connected nature of the cash flows and the degree of integrated development and manufacturing activities.

In response to the annual requirement of IAS 36, and the economic impact of COVID-19 (see note 2 for more details on the immediate impact on JLR), management performed an impairment assessment as at 31 March 2020.

In the year ending 31 March 2019 an impairment loss was recorded and therefore the recoverable amount of the CGU was equal to its carrying amount. However, as seen in the Group's Q2 and Q3 results, prior to the impact of COVID-19, the business was performing well, hitting growth and profitability targets through both sales growth and strong cost control. Performance improvements included continued growth in one of the Group's key markets, China.

Similar to the prior year, a significant amount of the value in the VIU assessment is in the terminal value. Management are forecasting volumes to be returning to comparable pre-COVID-19 levels by 2023 and therefore the impact of COVID-19 on the VIU is offset by the long-term view of the business supported by the observed pre-COVID-19 trading. The forecast data has been supported by external industry sources.

For the current year assessment, the recoverable value was determined using the value in use ("VIU") approach outlined in IAS 36. No impairment was identified as the CGU recoverable amount exceeded its carrying amount by £380m. The impairment loss recorded in the previous year was not reversed because it was considered that there was no significant change in the headroom associated with the CGU.

The Group has considered it appropriate to undertake the impairment assessment with reference to the latest business plan that was in effect as at the reporting date. This plan has been updated to reflect management's best estimate of the impact of all relevant adjusting post balance sheet events, with consideration given to those arising due to the economic impact of COVID-19. The business plan includes a five-year cash flow forecast and contains growth rates that are primarily a function of the Group's Cycle Plan assumptions, historic performance and management's expectation of future market developments through to 2024/25. In forecasting the future cash flows management have given due consideration to the risks that have arisen due to the current economic uncertainty.

The Group has assessed the impact of COVID-19 and updated the cash flow forecast to reflect the latest Cycle Plan changes, including investment spend and new vehicle volume forecast. Additionally, the Group has assessed the potential risk of a more severe impact due to COVID-19 on volume in the short term (consistent with Going Concern basis of preparation, see page 53. The potential impact of this reasonably possible outcome of a short-term volume reduction and slower recovery has been included in the VIU calculations through an adjustment in the discount rate.

The directors' approach and key assumptions used to determine the Group's CGU VIU were as follows:

- **Growth rate applied beyond approved forecast period**—calculated based on the weighted average long term GDP forecasts based on JLRs geographical sales footprint;

- **Discount rate**—the discount rate is calculated with reference to a weighted average cost of capital (WACC) calculated by reference to an industry peer group. Inputs include risk-free rate, equity risk premium and risk adjustments based on company-specific risk factors including risks associated with uncertainty in relation to the short-term impact of COVID-19, Brexit and possible US tariffs;

- **Forecast vehicles volumes**—the 5-year volumes have been validated against industry standard external data for market segment and geography and adjusted to reflect historical experience and latest Cycle Plan assumptions;

- **Terminal value variable profit**—the 5-year variable profit forecasts are comprised of revenue, variable marketing, warranty costs, material costs and other variable costs. These values have been validated against historical performance rather than internal targets and adjusted for execution risk by further constraining cash flow estimates. The business has a range of vehicles and models at different stages in their product lifecycle. This variability drives different contribution levels for each product throughout the assessment period. When considering the cash flows to model into perpetuity, it is therefore necessary to derive a steady-state variable profit value based on the 5-year volume set and associated implied variable profit levels;

- **Terminal value SG&A expenses**—SG&A expenses comprise a combination of fixed and variable costs and are subject to ambitious current business plans. For the 5-year cash flow forecasts the ambition has been constrained by adjusting cashflows to reflect historical levels i.e. not including all of management's planned actions for continued cost control. The terminal value assumption is held at similar levels to the 5-year forecast period;

- **Terminal value capital expenditure**—the 5-year cash flows timing and amount are prepared based on the latest Cycle Plan. The terminal value has been derived based the directors best estimate of a maintenance levels of capital expenditure which has been derived from depreciation and amortisation expectations and longer-term trends which are included in the VIU calculation. Expenditure on new models is excluded as "expansionary capital" unless expenditure is committed and substantively incurred as at the reporting date.

SENSITIVITY TO KEY ASSUMPTIONS

The key assumptions that impact the value in use are those that (i) involve a significant amount of judgement and estimation and (ii) drive significant changes to the recoverable amount when flexed under reasonably possible outcomes. As noted above, with a small level of headroom the VIU is sensitive to many reasonably possible changes, however, as a significant portion of the recoverable amount lies in the VIU terminal value, management have focussed disclosures on reasonably possible changes that impact the terminal value.

Given the inherent uncertainty about how risk may arise, and the interaction of volumes and cost management, management consider a net impact on terminal period cash flows to be the best means of indicating the sensitivity of the model to such changes in the terminal period.

The value of key assumptions used to calculate the recoverable amount are as follows:

As at 31 March	2020	2019	2018
Growth rate applied beyond approved forecast period	1.9%	1.9%	2.0%
Pre-tax discount rate	12.5%	11.8%	8.7%
Terminal value variable profit (%GVR)	19.7%	22.6%	23.6%
Terminal value capital expenditure (%GVR)	9.1%	11.0%	14.5%

The table below shows the amount by which the value assigned to the key assumptions must change for the recoverable amount of the CGU to be equal to its carrying amount:

As at 31 March 2020(1)	% Change	Revised Assumption
Growth rate applied beyond approved forecast period	-17.80%	1.6%
Pre-tax discount rate	+2.80%	12.9%
Terminal value variable profit (%GVR)	-0.90%	19.5%
Terminal value capital expenditures (%GVR)	+1.94%	9.3%

(1) For the year ended 31 March 2019, the recoverable amount of the CGU was equal to its carrying amount, therefore the above disclosure is not applicable. For the year ended 31 March 2018, the recoverable amount of the CGU was higher than its carrying amount by £11,371m and it was not identified any reasonably possible change in the key assumptions that would cause the recoverable amount of the CGU to be equal to its carrying amount.

FY19 DISCLOSURES WITH NO FY20 EQUIVALENT

In the impairment assessment performed by Management as at 31 March 2019, the recoverable value was determined based on value in use ("VIU"), which was marginally higher than the fair value less cost of disposal ("FVLCD") of the relevant assets of the CGU. The recoverable amount was lower than the carrying value of the CGU, and this resulted in an exceptional impairment charge of £3,105 million being recognised within "Other expenses" as at 31 March 2019.

The impairment loss of £3,105 million has been allocated initially against goodwill of £1 million and the relevant assets, and thereafter the residual amount has been allocated on a prorated basis. This has resulted in £1,396 million allocated against tangible assets and £1,709 million allocated against intangible assets.

19 OTHER ASSETS

As at 31 March (£ millions)	2020	2019	2018
Non-current			
Prepaid expenses	8	83	82
Other	15	—	—
Total non-current other assets	**23**	**83**	**82**
Current			
Recoverable VAT	228	301	329
Prepaid expenses	139	156	177
Research and development credit	85	113	114
Other	25	—	10
Total current other assets	**477**	**570**	**630**

20 DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities for the year ended 31 March 2020 are as follows:

(£ millions)	Opening balance	Adjustment on initial application of IFRS 16	Adjusted opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Foreign exchange	Closing balance
Deferred tax assets								
Property, plant & equipment	544	3	547	87	—	—	1	635
Expenses deductible in future periods	325	—	325	51	—	—	1	377
Derivative financial instruments	134	—	134	(14)	(56)	6	—	70
Retirement benefits	113	—	113	(32)	(155)	—	—	(74)
Unrealised profit in inventory	120	—	120	6	(1)	—	—	125
Tax loss	78	—	78	141	—	—	—	219
Other	126	—	126	19	—	—	—	145
Total deferred tax asset	**1,440**	**3**	**1,443**	**258**	**(212)**	**6**	**2**	**1,497**
Deferred tax liabilities								
Intangible assets	928	—	928	115	—	—	—	1,043
Overseas unremitted earnings	101	—	101	9	—	—	—	110
Total deferred tax liability	**1,029**	**—**	**1,029**	**124**	**—**	**—**	**—**	**1,153**
Presented as deferred tax asset*	512							523
Presented as deferred tax liability*	(101)							(179)

* For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

At 31 March 2020, deferred tax assets of £523 million (2019: £512 million, 2018: £413 million) have been recognised in relation to deductible temporary differences, including unused tax losses, on the basis that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised.

At 31 March 2020, the Group had unused tax losses and other temporary differences amounting to £1,660 million (2019: £1,599 million, 2018: £117 million), for which no deferred tax asset has been recognised on the basis of forecast profitability of the companies in which the deferred tax assets arise. £15 million (2019: £3 million, 2018: £3 million) of those tax losses are subject to expire between FY27 and FY32. The remaining balance is not expected to expire.

All deferred tax assets and deferred tax liabilities at 31 March 2020, 2019 and 2018 are presented as non-current.

Significant components of deferred tax assets and liabilities for the year ended 31 March 2019 are as follows:

(£ millions)	Opening balance	Adjustment on initial application of IFRS 9	Adjusted Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Foreign exchange	Closing balance
Deferred tax assets								
Property, plant & equipment	9	—	9	535	—	—	—	544
Expenses deductible in future periods	239	—	239	80	—	—	6	325
Derivative financial instruments	80	6	86	7	18	23	—	134
Retirement benefits	77	—	77	(2)	38	—	—	113
Unrealised profit in inventory	157	—	157	(38)	1	—	—	120
Tax loss	367	—	367	(289)	—	—	—	78
Other	100	—	100	26	—	—	—	126
Total deferred tax asset	**1,029**	**6**	**1,035**	**319**	**57**	**23**	**6**	**1,440**
Deferred tax liabilities								
Intangible assets	1,100	—	1,100	(172)	—	—	—	928
Overseas unremitted earnings	99	—	99	2*	—	—	—	101
Total deferred tax liability	**1,199**	**—**	**1,199**	**(170)**	**—**	**—**	**—**	**1,029**
Presented as deferred tax asset**	413							512
Presented as deferred tax liability**	(583)							(101)

* Included within £2 million is a reversal of £5 million relating to withholding tax incurred on intercompany dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

Significant components of deferred tax assets and liabilities for the year ended 31 March 2018 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	12	(3)	—	—	9
Expenses deductible in future periods	222	35	—	(18)	239
Derivative financial instruments	547	(5)	(462)	—	80
Retirement benefits	252	(86)	(89)	—	77
Unrealised profit in inventory	192	(35)	—	—	157
Tax loss	209	159	—	(1)	367
Other	72	28	—	—	100
Total deferred tax asset	**1,506**	**93**	**(551)**	**(19)**	**1,029**
Deferred tax liabilities					
Intangible assets	995	105	—	—	1,100
Overseas unremitted earnings	60	39*	—	—	99
Total deferred tax liability	**1,055**	**144**	**—**	**—**	**1,199**
Presented as deferred tax asset**	511				413
Presented as deferred tax liability**	(60)				(583)

* Included within £39 million is a reversal of £6 million relating to withholding tax incurred on intercompany dividends paid in the year and an additional provision for £15 million relating to prior year earnings.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

21 CASH AND CASH EQUIVALENTS

As at 31 March (£ millions)	2020	2019	2018
Cash and cash equivalents	2,271	2,747	2,626

22 ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

Year ended 31 March (£ millions)	2020	2019	2018
At beginning of year	12	50	60
Charged during the year	11	4	3
Receivables written off during the year as uncollectable	(4)	(41)	(4)
Unused amounts reversed	(8)	2	(1)
Foreign currency translation	—	(3)	(8)
At end of year	**11**	**12**	**50**

Trade receivables with a contractual amount of £2 million (2019 £38 million, 2018: £nil) that were written off during the year are still subject to enforcement activity.

23 INVENTORIES

As at 31 March (£ millions)	2020	2019	2018
Raw materials and consumables	104	130	93
Work-in-progress	388	369	335
Finished goods	2,977	3,117	3,339
Inventory basis adjustment	(1)	(8)	—
Total inventories	**3,468**	**3,608**	**3,767**

Inventories of finished goods include £466 million (2019: £484 million, 2018: £436 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 £16,902 million (2019: £18,086 million, 2018: £19,152 million).

During the year, the Group recorded an inventory write-down expense of £28 million (2019: £52 million, 2018: £55 million), excluding a reversal of a write-down recorded in a previous period in relation to the Tianjin incident of £nil (2019: £nil, 2018: £1 million). This included the impact of COVID-19 as part of the Group’s inventory provisioning methodology. The write-down excluding the reversal is included in “Material and other cost of sales”.

24 ACCOUNTS PAYABLE

As at 31 March (£ millions)	2020	2019	2018
Trade payables	3,723	4,444	4,800
Liabilities to employees	143	114	139
Liabilities for expenses	1,950	1,757	1,796
Capital creditors	683	768	879
Total accounts payable	**6,499**	**7,083**	**7,614**

25 INTEREST-BEARING LOANS AND BORROWINGS

As at 31 March (£ millions)	2020	2019	2018
Short-term borrowings			
Bank loans	—	114	155
Current portion of long-term EURO MTF listed debt	299	767	497
Current portion of long-term loans	225	—	—
Other secured	2	—	—
Short-term borrowings	**526**	**881**	**652**
Long-term borrowings			
EURO MTF listed debt	3,562	2,844	3,060
Bank loans	1,241	755	—
Other unsecured	14	—	—
Long-term borrowings	**4,817**	**3,599**	**3,060**
Lease obligations	541	31	19
Total debt	**5,884**	**4,511**	**3,731**

EURO MTF LISTED DEBT

The bonds are listed on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market. Details of the tranches of the bonds outstanding at 31 March 2020 are as follows:

- $500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum—issued January 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum—issued January 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum—issued February 2015
- €650 million Senior Notes due 2024 at a coupon of 2.200 per cent per annum—issued January 2017
- £300 million Senior Notes due 2021 at a coupon of 2.750 per cent per annum—issued January 2017
- $500 million Senior Notes due 2027 at a coupon of 4.500 per cent per annum—issued October 2017
- €500 million Senior Notes due 2026 at a coupon of 4.500 per cent per annum—issued September 2018
- €500 million Senior Notes due 2024 at a coupon of 5.875 per cent per annum—issued November 2019
- €500 million Senior Notes due 2026 at a coupon of 6.875 per cent per annum—issued November 2019

Details of the tranches of the bond repaid in the year ended 31 March 2020 are as follows:

- $500 million Senior Notes due 2019 at a coupon of 4.250 per cent per annum—issued October 2014
- $500 million Senior Notes due 2020 at a coupon of 3.500 per cent per annum—issued March 2015

Details of the tranches of the bond repaid in the year ended 31 March 2019 are as follows:

- $700 million Senior Notes due 2018 at a coupon of 4.125 per cent per annum—issued December 2013

No tranches of bonds were repaid in the year ended 31 March 2018.

SYNDICATED LOAN

In October 2018, a $1 billion syndicate loan was issued with a coupon rate of LIBOR + 1.900 per cent per annum, due in the following tranches:

- $200 million due October 2022
- $800 million due January 2025

The contractual cash flows of interest-bearing debt (excluding leases) are set out on the next page, including estimated interest payments and assuming the debt will be repaid at the maturity date.

As at 31 March (£ millions)	2020	2019	2018
Due in			
1 year or less	765	1,071	794
2nd and 3rd years	2,039	1,011	1,228
4th and 5th years	2,145	1,696	1,305
More than 5 years	1,441	1,559	1,008
Total contractual cash flows	**6,390**	**5,337**	**4,335**

During the year ended 31 March 2019, the Group entered into a $700 million factored receivables facility that expires in 2021. Under the terms of the facility, the Group de-recognises factored receivables in accordance with IFRS 9 as there are no recourse arrangements.

UK EXPORT FINANCE FACILITY

During the year ended 31 March 2020, the Group entered and drew down in full a £625 million five-year amortising loan facility backed by a £500 million guarantee from UK Export Finance.

UK FLEET FINANCING FACILITY

During the year ended 31 March 2020, the Group entered into a secured revolving loan facility letter dated 25 October 2019 with Black Horse Limited, with an aggregate principal amount of £100 million. The facility is secured by a floating charge over inactive own-use (OUVs) vehicles.

UNDRAWN FACILITIES

As at 31 March 2020, the Group has a fully undrawn revolving credit facility of £1,935 million (2019: £1,935 million, 2018: £1,935 million). This facility is available in full until 2022.

26 OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2020	2019	2018
Current			
Lease obligations	73	3	3
Interest accrued	65	33	32
Derivative financial instruments	453	523	668
Liability for vehicles sold under a repurchase arrangement	479	469	479
Other	3	14	7
Total current other financial liabilities	**1,073**	**1,042**	**1,189**
Non-current			
Lease obligations	468	28	16
Derivative financial instruments	310	281	257
Other	—	1	8
Total non-current other financial liabilities	**778**	**310**	**281**

27 PROVISIONS

As at 31 March (£ millions)	2020	2019	2018
Current			
Product warranty	731	694	613
Legal and product liability	124	154	119
Provisions for residual risk	61	9	7
Provision for environmental liability	6	14	11
Other employee benefits obligations	7	13	8
Restructuring	15	104	—
Total current provisions	**944**	**988**	**758**
Non-current			
Product warranty	1,155	1,048	980
Legal and product liability	54	43	24
Provision for residual risk	114	31	28
Provision for environmental liability	17	15	16
Other employee benefits obligations	15	3	7
Total non-current provisions	**1,355**	**1,140**	**1,055**

Year ended 31 March 2020 (£ millions)	Product warranty	Legal and product liability	Residual risk	Environmental liability	Other employee benefits obligations	Restructuring	Total
Opening balance	1,742	197	40	29	16	104	2,128
Provisions made during the year	1,127	136	153	14	39	32	1,501
Provisions used during the year	(1,014)	(85)	(9)	(12)	(32)	(120)	(1,272)
Unused amounts reversed in the period	—	(71)	(13)	(8)	(1)	(1)	(94)
Impact of unwind of discounting	31	—	—	—	—	—	31
Foreign currency translation	—	1	4	—	—	—	5
Closing balance	**1,886**	**178**	**175**	**23**	**22**	**15**	**2,299**

PRODUCT WARRANTY PROVISION

The Group offers warranty cover in respect of manufacturing defects, which become apparent one to five years after purchase, dependent on the market in which the purchase occurred and the vehicle purchased. The group offers warranties of up to eight years on batteries in electric vehicles. The estimated liability for product warranty is recognised when products are sold or when new warranty programmes are initiated. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future warranty claims, customer goodwill and recall complaints. 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 eight years.

The Group considered the impact of the COVID-19 pandemic on its product warranty offerings and associated provisions, and determined that its existing methodology remained applicable for the year ended 31 March 2020.

LEGAL AND PRODUCT LIABILITY PROVISION

A legal and product liability provision is maintained in respect of compliance with regulations and known litigations that impact the Group. The provision primarily relates to motor accident claims, consumer complaints, retailer terminations, employment cases, personal injury claims and compliance with emission and battery disposal regulations. The timing of outflows will vary as and when claims are received and settled, which is not known with certainty.

RESIDUAL RISK PROVISION

In certain markets, the Group is responsible for the residual risk arising on vehicles sold by retailers 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.

The potential effects of the COVID-19 pandemic, particularly the estimated decline and subsequent recovery in the used vehicle market, were included in the Group's methodology applied in estimating the residual value exposure for the year ended 31 March 2020. These assessments were performed with reference to both internal and external market inputs.

ENVIRONMENTAL LIABILITY PROVISION

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

OTHER EMPLOYEE BENEFIT OBLIGATIONS

This provision relates to the LTIP scheme for certain employees (see note 9) and other amounts payable to employees.

RESTRUCTURING PROVISION

This provision relates to amounts payable to employees under the Group restructuring programme announced and carried out during the years ended 31 March 2020 and 31 March 2019 (note 4).

28 OTHER LIABILITIES

As at 31 March (£ millions)	2020	2019	2018
Current			
Liabilities for advances received	50	86	40
Ongoing service obligations	324	301	244
VAT	169	199	195
Other taxes payable	148	53	43
Other	25	25	25
Total current other liabilities	**716**	**664**	**547**
Non-current			
Ongoing service obligations	522	504	438
Other	11	17	16
Total non-current other liabilities	**533**	**521**	**454**

29 CAPITAL AND RESERVES

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.

As at 31 March (£ millions)	2020	2019	2018
Authorised, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total ordinary share capital	**1,501**	**1,501**	**1,501**

The capital redemption reserve of £167 million (2019, 2018: £167 million) was created in March 2011 on the cancellation of share capital.

30 OTHER RESERVES

The movement of reserves is as follows:

(£ millions)	Translation reserve	Hedging reserve	Cost of hedging reserve	Retained earnings	Total other reserves
Balance at 1 April 2019	**(337)**	**(506)**	**(33)**	**5,181**	**4,305**
Adjustment on initial application of IFRS 16 (net of tax)	—	—	—	(23)	(23)
Adjusted balance at 1 April 2019	**(337)**	**(506)**	**(33)**	**5,158**	**4,282**
Loss for the year	—	—	—	(471)	(471)
Remeasurement of defined benefit obligation	—	—	—	983	983
Loss on effective cash flow hedges	—	(334)	—	—	(334)
Gain/(loss) on effective cash flow hedges of inventory	—	82	(7)	—	75
Income tax related to items recognised in other comprehensive income	—	49	1	(155)	(105)
Cash flow hedges reclassified to profit and loss	—	571	(8)	—	563
Income tax related to items reclassified to profit or loss	—	(109)	2	—	(107)
Amounts removed from hedge reserve and recognised in inventory	—	(48)	15	—	(33)
Income tax related to amounts removed from hedge reserve and recognised in inventory	—	9	(3)	—	6
Currency translation differences	21	—	—	—	21
Balance at 31 March 2020	**(316)**	**(286)**	**(33)**	**5,515**	**4,880**
Of which:					
Amounts related to continuing hedges	n/a	(249)	(32)	n/a	(281)
Amounts related to discontinued hedges	n/a	(37)	(1)	n/a	(38)

(£ millions)	Translation reserve	Hedging reserve	Cost of hedging reserve	Retained earnings	Total other reserves
Balance at 1 April 2018	**(333)**	**(281)**	**(46)**	**8,968**	**8,308**
Adjustment on initial application of IFRS 9 and IFRS 15 (net of tax)	—	(29)	2	(5)	(32)
Adjusted balance at 1 April 2018	**(333)**	**(310)**	**(44)**	**8,963**	**8,276**
Loss for the year	—	—	—	(3,325)	(3,325)
Remeasurement of defined benefit obligation	—	—	—	(270)	(270)
(Loss)/gain on effective cash flow hedges	—	(813)	24	—	(789)
Loss on effective cash flow hedges of inventory		(161)	(36)	—	(197)
Income tax related to items recognised in other comprehensive income	—	184	2	38	224
Cash flow hedges reclassified to profit and loss	—	874	7	—	881
Income tax related to items reclassified to profit or loss	—	(166)	(1)	—	(167)
Amounts removed from hedge reserve and recognised in inventory	—	(141)	19	—	(122)
Income tax related to amounts removed from hedge reserve and recognised in inventory	—	27	(4)	—	23
Currency translation differences	(4)	—	—	—	(4)
Dividend paid	—	—	—	(225)	(225)
Balance at 31 March 2019	**(337)**	**(506)**	**(33)**	**5,181**	**4,305**
Of which:					
Amounts related to continuing hedges	n/a	(466)	(33)	n/a	(499)
Amounts related to discontinued hedges	n/a	(40)	—	n/a	(40)
Balance at 1 April 2017	**(329)**	**(2,232)**	**(75)**	**7,549**	**4,913**
Profit for the year	—	—	—	1,112	1,112
Remeasurement of defined benefit obligation	—	—	—	546	546
Gain on effective cash flow hedges	—	1,216	25	—	1,241
Income tax related to items recognised in other comprehensive income	—	(229)	(5)	(89)	(323)
Cash flow hedges reclassified to profit and loss	—	1,190	11	—	1,201
Income tax related to items reclassified to profit or loss	—	(226)	(2)	—	(228)
Currency translation differences	(4)	—	—	—	(4)
Dividend paid	—	—	—	(150)	(150)
Balance at 31 March 2018	**(333)**	**(281)**	**(46)**	**8,968**	**8,308**
Of which:					
Amounts related to continuing hedges	n/a	(250)	(43)	n/a	(293)
Amounts related to discontinued hedges	n/a	(31)	(3)	n/a	(34)

31 DIVIDENDS

Year ended 31 March (£ millions)	2020	2019	2018
Dividend proposed for the previous year paid during the year of £nil (2019: £0.15, 2018: £0.10) per ordinary share	—	225	150
Amounts recognised as distributions to equity holders during the year	**—**	**225**	**150**
Proposed dividend for the year of £nil (2019: £nil, 2018: £0.15) per ordinary share	—	—	225

32 EMPLOYEE BENEFITS

The Group operates DB pension schemes for qualifying employees of certain subsidiaries. The UK defined benefit schemes are administered by a trustee with assets held in trusts that are legally separate from the Group. The trustee of the pension schemes is required by law to act in the interest of the members and of all relevant stakeholders in the schemes and is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of the trustee must be composed of representatives of the Group and scheme participants in accordance with each scheme's regulations.

Under the schemes, the employees are entitled to post-retirement benefits based on their length of service and salary.

Through its defined benefit pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below.

ASSET VOLATILITY

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if the schemes' assets underperform against these corporate bonds, this will create or increase a deficit. The defined benefit schemes hold a significant proportion of equity-type assets, which are expected to outperform corporate bonds in the long-term although introduce volatility and risk in the short-term.

The UK schemes hold a substantial level of index-linked gilts and other inflation and interest rate hedging instruments in order to reduce the volatility of assets compared to the liability value, although these will lead to asset value volatility.

As the schemes mature, the Group intends to reduce the level of investment risk by investing more in assets for which expected income is a better match for the expected benefit outgo.

However, the Group believes that due to the long-term nature of the schemes' liabilities and the strength of the supporting group, a level of continuing equity-type investments is currently an appropriate element of the Group's long-term strategy to manage the schemes efficiently.

CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase the schemes' liabilities, although this is expected to be partially offset by an increase in the value of the schemes' assets, specifically the bond holdings and interest rate hedging instruments.

INFLATION RISK

Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the schemes against high inflation). As noted above, the schemes hold a significant proportion of assets in index-linked gilts, together with other inflation hedging instruments and also assets that are more closely correlated with inflation. However, an increase in inflation may still create a deficit or increase an existing deficit to some degree.

LIFE EXPECTANCY

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant in the UK defined benefit schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.

The tables on the following pages set out the disclosures pertaining to the retirement benefit amounts recognised in the consolidated financial statements prepared in accordance with IAS 19:

CHANGE IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Year ended 31 March (£ millions)	2020	2019	2018
Defined benefit obligation at beginning of year	8,648	8,320	9,969
Current service cost	133	158	217
Past service cost/(credit)	4	42	(437)
Interest expense	203	216	241
Actuarial / losses(gains) arising from:			
Changes in demographic assumptions	7	(49)	(210)
Changes in financial assumptions	(526)	544	(353)
Experience adjustments	(139)	32	(99)
Exchange differences on foreign schemes	1	—	(3)
Member contributions	2	2	4
Benefits paid	(545)	(617)	(988)
Plan settlement	—	—	(21)
Defined benefit obligation at end of year	**7,788**	**8,648**	**8,320**

CHANGE IN PRESENT VALUE OF SCHEME ASSETS

Year ended 31 March (£ millions)	2020	2019	2018
Fair value of schemes' assets at beginning of year	7,981	7,882	8,508
Interest income	190	208	218
Remeasurement gain/(loss) on the return of plan assets, excluding amounts included in interest income	325	257	(116)
Administrative expenses	(16)	(13)	(9)
Exchange differences on foreign schemes	—	—	(1)
Employer contributions	231	262	287
Member contributions	2	2	4
Benefits paid	(545)	(617)	(988)
Plan settlement	—	—	(21)
Fair value of schemes' assets at end of year	**8,168**	**7,981**	**7,882**

The actual return on the schemes' assets for the year ended 31 March 2020 was £515 million (2019: £465 million, 2018: £102 million).

Amounts recognised in the consolidated income statement consist of:

Year ended 31 March (£ millions)	2020	2019	2018
Current service cost	133	158	217
Past service cost/(credit)	4	42	(437)
Administrative expenses	16	13	9
Net interest cost (including onerous obligations)	13	8	23
Components of defined benefit cost/(income) recognised in the consolidated income statement	**166**	**221**	**(188)**

Amounts recognised in the consolidated statement of comprehensive income consist of:

Year ended 31 March (£ millions)	2020	2019	2018
Actuarial (losses)/gains arising from:			
Changes in demographic assumptions	(7)	49	210
Changes in financial assumptions	526	(544)	353
Experience adjustments	139	(32)	99
Remeasurement gain/(loss) on the return of schemes' assets, excluding amounts included in interest income	325	257	(116)
Remeasurement gain/(loss) on net defined benefit obligation	**983**	**(270)**	**546**

Amounts recognised in the consolidated balance sheet consist of:

As at 31 March (£ millions)	2020	2019	2018
Present value of unfunded defined benefit obligations	(2)	(2)	(1)
Present value of funded defined benefit obligations	(7,786)	(8,646)	(8,319)
Fair value of schemes' assets	8,168	7,981	7,882
Net retirement benefit obligation	**380**	**(667)**	**(438)**
Presented as non-current asset	408	—	—
Presented as non-current liability	(28)	(667)	(438)

The most recent valuations of the defined benefit schemes for accounting purposes were carried out at 31 March 2020 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 asset valuations are taken from the asset custodian for each scheme together with the balance of the Trustee bank accounts.

Benefits accruing for active members of the UK DB schemes are revalued each year whilst in service in line with CPI inflation plus 0.5% per annum, but capped at 2.5%—this level of increase is referred to as "CARE revaluation". As at 31 March 2020, based on advice from the Group's actuarial advisor, Mercer, the Group modified its approach to deriving the CARE revaluation rate to better incorporate the interaction between inflation volatility and the level of the cap. The revised model is in line with the existing model used for increases to pensions in payment.

In addition, in order to reflect potential changes in future RPI (related to the Government's consultation on RPI Reform), the assumed difference between RPI and CPI inflation was reduced from 1% p.a. to 0.75% p.a.

The combined impact of the two inflation related changes noted above was to reduce the UK pension liability by £91 million.

The principal assumptions used in accounting for the pension schemes are set out below:

Year ended 31 March (%)	2020	2019	2018
Discount rate	2.4%	2.4%	2.7%
Expected rate of increase in benefit revaluation of covered employees	2.0%	2.4%	2.3%
RPI inflation rate	2.6%	3.2%	3.1%

Whilst salary inflation is no longer used in the calculation of the Projected Benefit Obligation or Service Cost the Group's assumption for this, on average over the medium term, has reduced from CPI +0.5% to CPI as at 31 March 2020.

For the valuation at 31 March 2020, the mortality assumptions used are the Self-Administered Pension Schemes ('SAPS') mortality base table, in particular S2PxA tables ("Light" tables for members of the Jaguar Executive Pension Plan).

- For the Jaguar Pension Plan, scaling factors of 111 per cent to 117 per cent have been used for male members and scaling factors of 101 per cent to 112 per cent have been used for female members.

- For the Land Rover Pension Scheme, scaling factors of 107 per cent to 111 per cent have been used for male members and scaling factors of 101 per cent to 109 per cent have been used for female members.

- For the Jaguar Executive Pension Plan, an average scaling factor of 94 per cent has been used for male members and an average scaling factor of 84 per cent has been used for female members.

For the valuation at 31 March 2019, the mortality assumptions used were the SAPS mortality base table, in particular S2PxA tables ("Light" tables for members of the Jaguar Executive Pension Plan).

- For the Jaguar Pension Plan, scaling factors of 112 per cent to 118 per cent have been used for male members and scaling factors of 101 per cent to 112 per cent have been used for female members.

- For the Land Rover Pension Scheme, scaling factors of 107 per cent to 112 per cent have been used for male members and scaling factors of 101 per cent to 109 per cent have been used for female members.

- For the Jaguar Executive Pension Plan, an average scaling factor of 94 per cent has been used for male members and an average scaling factor of 84 per cent has been used for female members.

For the valuation at 31 March 2018, the mortality assumptions used were the SAPS mortality base table, in particular S2PxA tables ("Light" tables for members of the Jaguar Executive Pension Plan).

- For the Jaguar Pension Plan, scaling factors of 113 per cent to 119 per cent have been used for male members and scaling factors of 102 per cent to 114 per cent have been used for female members.

- For the Land Rover Pension Scheme, scaling factors of 108 per cent to 113 per cent have been used for male members and scaling factors of 102 per cent to 111 per cent have been used for female members.

- For the Jaguar Executive Pension Plan, an average scaling factor of 95 per cent has been used for male members and an average scaling factor of 85 per cent has been used for female members.

For the 2020 year end calculations there is an allowance for future improvements in line with the CMI (2019) projections and an allowance for long-term improvements of 1.25 per cent per annum and a smoothing parameter of 7.5, (2019: CMI (2018) projections with 1.25 per cent per annum improvements and a smoothing parameter of 7.5, 2018: CMI (2017) projections with 1.25 per cent per annum improvements).

The assumed life expectations on retirement at age 65 are:

As at 31 March (years)	2020	2019	2018
Retiring today:			
Males	21.0	21.0	21.3
Females	23.2	23.2	23.4
Retiring in 20 years:			
Males	22.5	22.4	22.5
Females	25.2	25.1	25.1

A past service cost of £4 million has been recognised in the year ended 31 March 2020. This reflects benefit improvements for certain members as part of the Group restructuring programme.

A past service cost of £42 million was recognised in the year ended 31 March 2019. This reflects benefit improvements for certain members as part of the Group restructuring programme and a past service cost following a High Court ruling in October 2018. As a result of the ruling, pension schemes are required to equalise male and female members' benefits for the inequalities within guaranteed minimum pension ('GMP') earned between 17 May 1990 and 5 April 1997. The Group historically made no assumptions for the equalisation of GMP and therefore considered the change to be a plan amendment.

A past service credit of £437 million was recognised in the year ended 31 March 2018 after the Group approved and communicated to its defined benefit schemes' members that the defined benefit schemes' rules were to be amended with effect from 6 April 2017. As a result, among other changes, future retirement benefits would be calculated each year and revalued until retirement in line with a prescribed rate rather than based upon a member's final salary at retirement.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated balance sheet.

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 c.£390 million	Decrease/increase by £7 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by c.£230 million	Increase/decrease by £3 million
Mortality	Increase/decrease by 1 year	Increase/decrease by c.£280 million	Increase/decrease by £4 million

The fair value of schemes' assets is represented by the following major categories

As at 31 March (£ millions)	**2020**				**2019**				**2018**			
	Quoted*	**Unquoted**	**Total**	**%**	**Quoted***	**Unquoted**	**Total**	**%**	**Quoted***	**Unquoted**	**Total**	**%**
Equity instruments												
Information technology	124	—	124	1%	79	—	79	1%	132	—	132	2%
Energy	10	—	10	—	34	—	34	1%	56	—	56	1%
Manufacturing	70	—	70	1%	58	—	58	1%	96	—	96	1%
Financials	45	—	45	1%	91	—	91	1%	151	—	151	2%
Other	249	—	249	3%	251	—	251	3%	417	—	417	5%
	498	**—**	**498**	**6%**	**513**	**—**	**513**	**7%**	**852**	**—**	**852**	**11%**
Debt instruments												
Government	1,944	—	1,944	24%	2,509	—	2,509	31%	2,524	—	2,524	32%
Corporate bonds (investment grade)	1,245	348	1,593	19%	149	1,694	1,843	23%	20	1,836	1,856	24%
Corporate bonds (Non investment grade)	—	750	750	9%	—	613	613	8%	—	584	584	7%
	3,189	**1,098**	**4,287**	**52%**	**2,658**	**2,307**	**4,965**	**62%**	**2,544**	**2,420**	**4,964**	**63%**
Property funds												
UK	—	273	273	3%	—	244	244	3%	—	165	165	2%
Other	—	239	239	3%	—	229	229	3%	—	160	160	2%
	—	**512**	**512**	**6%**	**—**	**473**	**473**	**6%**	**—**	**325**	**325**	**4%**
Cash and cash equivalents	**678**	**—**	**678**	**8%**	**210**	**—**	**210**	**3%**	**218**	**—**	**218**	**3%**
Other												
Hedge funds	—	475	475	6%	—	310	310	4%	—	356	356	4%
Private markets	—	562	562	7%	4	336	340	4%	2	252	254	3%
Alternatives	—	594	594	7%	16	810	826	10%	470	214	684	9%
	—	**1,631**	**1,631**	**20%**	**20**	**1,456**	**1,476**	**18%**	**472**	**822**	**1,294**	**16%**
Derivatives												
Foreign exchange contracts	—	(35)	(35)	—	—	16	16	—	—	1	1	—
Interest rate and inflation swaps	—	545	545	7%	—	328	328	4%	—	228	228	3%
Equity protection derivatives	—	52	52	1%	—	—	—	—	—	—	—	—
	—	**562**	**562**	**8%**	**—**	**344**	**344**	**4%**	**—**	**229**	**229**	**3%**
Total	**4,365**	**3,803**	**8,168**	**100%**	**3,401**	**4,580**	**7,981**	**100%**	**4,086**	**3,796**	**7,882**	**100%**

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

As at 31 March 2020, the schemes held Gilt Repos. The net value of these transactions is included in the value of government bonds in the table ablove. The value of the funding obligation for the Repo transactions is £2,639 million at 31 March 2020 (2019: £1,528 million, 2018: £1,287 million).

Due to the economic effects of actions taken in response to the COVID-19 disease there is a higher degree of uncertainty in the valuations placed on some of the "unquoted" assets including property assets. In some cases the additional uncertainty will be small, however some managers have reported material uncertainty in their valuations. The directors consider these valuations to be the best estimate of the valuation of these investments, but there is a higher degree of uncertainty compared to previous years.

Private Equity holdings have been measured using the most recent valuations, adjusted for cash and currency movements between the last valuation date and 31 March 2020. The latest valuations for these assets precede the negative impact of the COVID-19 pandemic on financial markets. Given the movements in listed equity markets, the valuation of Private Equity holdings may vary significantly. The value of the Private Equity holdings in the JLR UK Plans included above is £342 million as at 31 March 2020.

Jaguar Land Rover contributes towards the UK defined benefit schemes. The 5 April 2018 statutory funding valuations were completed in December 2018. As a result of these valuations it is intended to eliminate the pension scheme funding deficits over the 10 years to 31 March 2028. There is currently no additional liability over the projected benefit obligation (based on current legal advice the Group will not be required to recognise an additional obligation in the future), and no restrictions on the Group's ability to realise any surplus in the scheme. JLR has taken legal advice considering the documentation of the UK schemes and the regulatory environment. This confirmed the recoverability of any surplus in the scheme and JLR has based its accounting judgement on this advice.

In line with the schedule of contributions agreed following the 2018 statutory funding valuations, the current ongoing Group contribution rate for defined benefit accrual has reduced to c.21 per cent of pensionable salaries in the UK, reflecting the 2017 benefit restructure.

Deficit contributions are paid in line with the schedule of contributions at a rate of £60 million per year until 31 March 2024 followed by £25 million per year until 31 March 2028, although as part of JLR's response to the COVID-19 disease JLR has agreed to defer all of its contributions payable for April, May and June 2020 until the year ending 31 March 2022. This agreement is reflected in an updated Schedule of Contributions dated 29 April 2020.

The average duration of the benefit obligations at 31 March 2020 is 19.0 years (2019: 19.0 years, 2018: 20.4 years).

The expected net periodic pension cost for the year ended 31 March 2021 is expected to be £140 million. The Group expects to pay £160 million to its defined benefit schemes, in total, for the year ended 31 March 2021 (allowing for the deferral).

DEFINED CONTRIBUTION SCHEMES

The Group's contribution to defined contribution schemes for the year ended 31 March 2020 was £86 million (2019: £93 million, 2018: £77 million).

33 COMMITMENTS AND CONTINGENCIES

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

The following is a description of claims and contingencies where a potential loss is possible, but not probable. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

LITIGATION AND PRODUCT RELATED MATTERS

The Group is involved in legal proceedings, both as plaintiff and as defendant. There are claims and potential claims of £40 million (2019: £17 million, 2018: £17 million) against the Group which management has not recognised, as settlement is not considered probable. These claims and potential claims pertain to motor accident claims, consumer complaints, employment and dealership arrangements, replacement of parts of vehicles and/or compensation for deficiency in the services by the Group or its retailers.

The Group has provided for the estimated cost of repair following the passenger safety airbag issue in the United States, China, Canada, Korea, Taiwan, Australia and Japan. The Group recognises that there is a potential risk of further recalls in the future; however, the Group is unable at this point in time to reliably estimate the amount and timing of any potential future costs associated with this warranty issue.

OTHER TAXES AND DUTIES

Contingencies and commitments include tax contingent liabilities of £44 million (2019: £41 million, 2018: £42 million). These mainly relate to tax audits and tax litigation claims.

COMMITMENTS

The Group has entered into various contracts with vendors and contractors for the acquisition of plant and equipment and various civil contracts of capital nature aggregating to £1,217 million (2019: £1,054 million, 2018: £853 million) and £14 million (2019: £20 million, 2018: £15 million) relating to the acquisition of intangible assets.

Commitments and contingencies also includes £376 million (2019: £222 million, 2018: £149 million) relating to contractual claims and commitments. The timing of any outflow will vary as and when claims are received and settled, which is not known with certainty.

The remaining financial commitments, in particular the purchase commitments and guarantees, are of a magnitude typical for the industry.

Inventory of £127 million (2019, 2018: £nil), trade receivables with a carrying amount of £nil (2019: £114 million, 2018: £155 million), property, plant and equipment with a carrying amount of £nil (2019, 2018: £nil) and restricted cash with a carrying amount of £nil (2019, 2018: £nil) are pledged as collateral/ security against the borrowings and commitments.

Stipulated within the joint venture agreement for Chery Jaguar Land Rover Automotive Co. Ltd, and subsequently amended by a change to the Articles of Association of Chery Jaguar Land Rover Automotive Co. Ltd. is a commitment for the Group to contribute a total of CNY 5,000 million of capital. Of this amount, CNY 3,475 million has been contributed as at 31 March 2020. The outstanding commitment of CNY 1,525 million translates to £174 million at the 31 March 2020 exchange rate.

At each of 31 March 2019 and 31 March 2018, the outstanding commitment was CNY 2,125 million (£243 million and £241 million at the respective period end exchange rates) restated to reflect an additional CNY 1,500 million that was committed during the year ended 31 March 2017.

The Group's share of capital commitments of its joint venture at 31 March 2020 is £69 million (2019: £151 million, 2018: £159 million) and contingent liabilities of its joint venture at 31 March 2020 is nil (2019: nil, 2018: £1 million).

34 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to ensure the going concern operation of all subsidiary companies within the Group and to maintain an efficient capital structure to support ongoing and future operations of the Group and to meet shareholder expectations.

The Group issues debt, primarily in the form of bonds, 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 and funding requirements are regularly monitored by the JLR plc Board to ensure sufficient liquidity is maintained by the Group. All debt issuance and capital distributions are approved by the JLR plc Board.

As at 31 March (£ millions)	2020	2019	2018
Short-term debt	599	884	655
Long-term debt	5,285	3,627	3,076
Total debt*	**5,884**	**4,511**	**3,731**
Equity attributable to shareholders	6,548	5,973	9,976
Total capital	**12,432**	**10,484**	**13,707**

* Total debt includes lease obgliations of £541 million (2019: £31 million, 2018: £19 million)

35 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.

(A) FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amount and fair value of each category of financial assets and liabilities as at 31 March 2020:

		Fair Value Through Profit and Loss				
(£ millions)	Amortised cost	Financial assets	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Cash and cash equivalents	2,271	—	—	—	2,271	2,271
Short-term deposits and other investments	1,393	—	—	—	1,393	1,393
Trade receivables	833	—	—	—	833	833
Investments	—	37	—	—	37	37
Other financial assets—current	142	—	153	88	383	383
Other financial assets—non-current	115	—	9	133	257	257
Total financial assets	**4,754**	**37**	**162**	**221**	**5,174**	**5,174**
Accounts payable	6,499	—	—	—	6,499	6,499
Short-term borrowings	526	—	—	—	526	512
Long-term borrowings*	4,817	—	—	—	4,817	3,859
Other financial liabilities—current	620	—	204	249	1,073	1,073
Other financial liabilities—non-current	468	—	48	262	778	778
Total financial liabilities	**12,930**	**—**	**252**	**511**	**13,693**	**12,721**

* Included in the long-term borrowings shown in other financial liabilities is £891 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £45 million of fair value adjustments as a result of the hedge relationship.

The following table shows the carrying amount and fair value of each category of financial assets and liabilities as at 31 March 2019:

		Fair Value Through Profit and Loss				
(£ millions)	Amortised cost and other financial liabilities	Financial assets	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Cash and cash equivalents	2,747	—	—	—	2,747	2,747
Short-term deposits and other investments	1,028	—	—	—	1,028	1,028
Trade receivables	1,362	—	—	—	1,362	1,362
Investments	—	69	—	—	69	69
Other financial assets—current	181	—	31	102	314	314
Other financial assets—non-current	116	—	11	43	170	170
Total financial assets	**5,434**	**69**	**42**	**145**	**5,690**	**5,690**
Accounts payable	7,083	—	—	—	7,083	7,083
Short-term borrowings*	881	—	—	—	881	877
Long-term borrowings**	3,599	—	—	—	3,599	3,245
Other financial liabilities—current	519	—	97	426	1,042	1,042
Other financial liabilities—non-current	29	—	15	266	310	310
Total financial liabilities	**12,111**	**—**	**112**	**692**	**12,915**	**12,557**

* Included within short-term borrowings shown in other financial liabilities are foreign currency denominated borrowings totalling £768 million designated as the hedging instrument in a cash flow hedge against forecast revenue.

** Included in the long-term borrowings shown in other financial liabilities is £813 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £5 million of fair value adjustments as a result of the hedge relationship.

The following table shows the carrying amount and fair value of each category of financial assets and liabilities as at 31 March 2018 under IAS 39:

(£ millions)	Held to maturity	Loans and receivables and other financial liabilities	Derivatives in hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Short-term deposits and other investments	36	1,995	—	—	2,031	2,031
Other financial assets—current	—	230	185	79	494	494
Other financial assets—non-current	—	128	266	20	414	414
Total financial assets	**36**	**2,353**	**451**	**99**	**2,939**	**2,939**
Short-term borrowings*		652	—	—	652	655
Long-term borrowings**		3,060	—	—	3,060	3,090
Other financial liabilities—current		521	585	83	1,189	1,189
Other financial liabilities—non-current		24	250	7	281	281
Total financial liabilities		**4,257**	**835**	**90**	**5,182**	**5,215**

* Included within short-term borrowings shown in other financial liabilities are foreign currency denominated borrowings totalling £498 million designated as the hedging instrument in a cash flow hedge against forecast revenue. The 2018 comparative balances have been represented, in order to fully reflect the split between short-term and long-term borrowings.

** Included in the long-term borrowings shown in other financial liabilities is £342 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £10 million of fair value adjustments as a result of the hedge relationship. Also included are foreign currency denominated borrowings totalling £712 million designated as the hedging instrument in a cash flow hedge against forecast revenue. The 2018 comparative balances have been represented, in order to fully reflect the split between short-term and long-term borrowings.

Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the Group intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial assets and financial liabilities are subject to master netting arrangements whereby in the case of insolvency, derivative financial assets and financial liabilities can be settled on a net basis.

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2020:

	Amounts subject to a master netting arrangement					
£ millions	**Gross amount recognised**	**Gross amount of recognised set off in the balance sheet**	**Net amount presented in the balance sheet**	**Financial instruments**	**Cash collateral (received)/ pledged**	**Net amount after offsetting**
Financial assets						
Derivative financial assets	383	—	383	(377)	—	6
Cash and cash equivalents	2,981	(710)	2,271	—	—	2,271
	3,364	**(710)**	**2,654**	**(377)**	**—**	**2,277**
Financial liabilities						
Derivative financial liabilities	763	—	763	(377)	—	386
Short-term borrowings	1,236	(710)	526	—	—	526
	1,999	**(710)**	**1,289**	**(377)**	**—**	**912**

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2019:

	Amounts subject to a master netting arrangement					
£ millions	**Gross amount recognised**	**Gross amount of recognised set off in the balance sheet**	**Net amount presented in the balance sheet**	**Financial instruments**	**Cash collateral (received)/ pledged**	**Net amount after offsetting**
Financial assets						
Derivative financial assets	187	—	187	(187)	—	—
Cash and cash equivalents	3,175	(428)	2,747	—	—	2,747
	3,362	**(428)**	**2,934**	**(187)**	**—**	**2,747**
Financial liabilities						
Derivative financial liabilities	804	—	804	(187)	—	617
Short-term borrowings	1,309	(428)	881	—	—	881
	2,113	**(428)**	**1,685**	**(187)**	**—**	**1,498**

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2018:

	Amounts subject to a master netting arrangement					
£ millions	**Gross amount recognised**	**Gross amount of recognised set off in the balance sheet**	**Net amount presented in the balance sheet**	**Financial instruments**	**Cash collateral (received)/ pledged**	**Net amount after offsetting**
Financial assets						
Derivative financial assets	550	—	550	(531)	—	19
Cash and cash equivalents	2,806	(180)	2,626	—	—	2,626
	3,356	**(180)**	**3,176**	**(531)**	**—**	**2,645**
Financial liabilities						
Derivative financial liabilities	925	—	925	(531)	—	394
Short-term borrowings	832	(180)	652	—	—	652
	1,757	**(180)**	**1,577**	**(531)**	**—**	**1,046**

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

- Quoted prices in an active market (Level 1): this level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Valuation techniques with observable inputs (Level 2): this level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- 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 based on available market data.

Of the financial assets held at 31 March 2020 and classified as Level 3, 93 per cent (2019: 91 per cent, 2018: 97 per cent) were valued using recent transaction values and 7 per cent (2019: 9 per cent, 2018: 3 per cent) were valued using an alternative technique.

Recent transaction values

The pricing of recent investment transactions is the main input of valuations performed by the Group. The Group's policy is to use observable market data where possible for its valuations and, in the absence of portfolio company earnings or revenue to compare, or of relevant comparable businesses' data, recent transaction prices represent the most reliable observable inputs.

Alternative valuation methodologies

Alternative valuation methodologies are used by the Group for reasons specific to individual assets. At 31 March 2020, the alternative technique used was net asset value, representing 100 per cent of alternatively valued assets.

There has been no change in the valuation techniques adopted in either current or prior financial years as presented. There were no transfers between fair value levels in the current financial year. In the previous financial year ended 31 March 2019, the investment in Lyft, Inc. (note 15) transferred from Level 3 to Level 1 as a result of the Lyft, Inc. initial public offering on 29 March 2019.

There were no transfers in the year ended 31 March 2018.

The financial instruments that are measured subsequent to initial recognition at fair value are classified as Level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. Fair values of forward derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves from Reuters. Commodity swap contracts are similarly fair valued by discounting expected future contractual cash flows. Option contracts on foreign currency are entered into on a zero cost collar basis and fair value estimates are calculated from standard Black-Scholes options pricing methodology, using prevailing market interest rates and volatilities. The estimate of fair values for cross-currency swaps is calculated using discounted estimated future cash flows. Estimates of the future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates ("LIBOR").

Additionally, a credit valuation adjustment/debit value adjustment is taken on derivative financial assets and liabilities and is calculated by discounting the fair value gain or loss on the financial derivative using credit default swap ("CDS") prices quoted for the counterparty or Jaguar Land Rover respectively. CDS prices are obtained from Reuters.

The long-term borrowings are held at amortised cost. The fair value of the listed debt for disclosure purposes is determined using Level 1 valuation techniques, based on the closing price as at 31 March 2020 on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market, for unsecured listed bonds. For bank loans, Level 2 valuation techniques are used.

Fair values of cash and cash equivalents, short-term deposits, trade receivables and payables, unsecured listed bonds and other financial assets and liabilities (current and non-current excluding derivatives) are assumed to approximate to cost due to the short term maturing of the instruments and as the impact of discounting is not significant.

Other investments that are not equity accounted for are recognised at fair value. Where there is an active quoted market, the fair value is determined using Level 1 valuation techniques, based on the closing price at year end. The valuation as at 31 March 2020 is £17 million (2019: £46 million, 2018: £nil). Where there is no active quoted market, the fair values have been determined using Level 3 valuation techniques and the closing valuation as at 31 March 2020 is £20 million (2019: £23 million, 2018: £28 million). The fair value loss recognised in the consolidated income statement for Level 3 investments for the year ended 31 March 2020 is £1 million (2019: gain of £2 million, 2018: gain of £2 million).

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 the respective dates. The estimated fair value amounts as at

31 March 2020, 2019 and 2018 have been measured as at the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

(B) FINANCIAL RISK MANAGEMENT

The Group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The Group has a risk management framework in place, which monitors all of these risks as discussed below. This framework is approved by the JLR plc Board.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have a potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan and Euro against the functional currency of the Company and its subsidiaries.

Foreign exchange risk on future transactions is mitigated through the use of derivative contracts. The Group is also exposed to fluctuations in exchange rates that impact the valuation of foreign currency denominated assets and liabilities of its National Sales Companies and also foreign currency denominated balances on the Group's consolidated balance sheet at each reporting period end. In addition to the derivatives designated in hedging relationships as detailed in section (C), the Group enters into foreign currency contracts as economic hedges of recognised foreign currency debt.

The following table sets forth information relating to foreign currency exposure as at 31 March 2020:

As at 31 March 2020 (£ millions)	US Dollar	Chinese Yuan	Euro	Others
Financial assets	1,785	484	1,205	409
Financial liabilities	(2,791)	(523)	(4,312)	(412)
Net exposure liability	**(1,006)**	**(39)**	**(3,107)**	**(3)**
10% appreciation/depreciation of the currency would result in additional (loss)/gain:				
In other comprehensive income	—	—	—	n/a
In the consolidated income statement	(101)/101	(4)/4	(311)/311	n/a

The following table sets forth information relating to foreign currency exposure as at 31 March 2019:

As at 31 March 2019 (£ millions)	US Dollar	Chinese Yuan	Euro	Others
Financial assets	2,383	219	1,377	327
Financial liabilities	(3,349)	(424)	(3,524)	(385)
Net exposure liability	**(966)**	**(205)**	**(2,147)**	**(58)**
10% appreciation/depreciation of the currency would result in additional (loss)/gain:				
In other comprehensive income	(76)/76	—	—	n/a
In the consolidated income statement	(21)/21	(21)/21	(215)/215	n/a

The following table sets forth information relating to foreign currency exposure as at 31 March 2018:

As at 31 March 2018 (£ millions)	US Dollar	Chinese Yuan	Euro	Others
Financial assets	1,315	540	1,372	478
Financial liabilities	(3,044)	(580)	(3,344)	(421)
Net exposure (liability)/asset	**(1,729)**	**(40)**	**(1,972)**	**57**
10% appreciation/depreciation of the currency would result in additional (loss)/gain:				
In other comprehensive income	(117)/117	—	—	n/a
In the consolidated income statement	(52)/52	(4)/4	(197)/197	n/a

Commodity price risk

The Group is exposed to commodity price risk arising from the purchase of certain raw materials such as aluminium, copper, platinum and palladium. This risk is mitigated through the use of derivative contracts and fixed-price contracts with suppliers. The derivative contracts are not hedge accounted under IFRS 9 but are instead measured at fair value through profit or loss.

The total fair value loss on commodities of £74 million (2019: £9 million gain, 2018: £28 million gain) has been recognised in "Foreign exchange (loss)/gain and fair value adjustment" in the consolidated income statement. The amounts reported do not reflect the purchasing benefits received by the Group (which are included within "Material and other cost of sales").

A 10 per cent appreciation/depreciation of all commodity prices underlying such contracts would have resulted in a gain/loss of £49 million (2019: £53 million, 2018: £50 million).

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Group.

In addition to issuing long-term fixed-rate bonds, the Group has other facilities in place that are primarily used to finance working capital and are subject to variable interest rates. When undertaking a new debt issuance, the JLR plc Board will consider the fixed/floating interest rate mix of the Group, the outlook for future interest rates and the appetite for certainty of funding costs.

The Group uses cross-currency interest rate swaps to convert some of its issued debt from foreign denominated fixed rate debt to GBP floating-rate debt. The derivative instruments and the foreign currency fixed-rate debt are designated in fair value and cash flow hedging relationships. Further detail is given in section (C) below.

The risk estimates provided assume a parallel shift of 100 basis points in interest rates 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 at 31 March 2020, short-term borrowings of £225 million (2019: £114 million, 2018: £155 million) and long-term borrowings of £1,260 million (2019: £768 million, 2018: £nil) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £15 million (2019: £9 million, 2018: £2 million) in the consolidated income statement and £nil (2019 and 2018: £nil) in other comprehensive income.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate debt instruments.

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 2020 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Accounts payable	6,499	6,499	6,499	—	—	—
Long-term borrowings and interest thereon	4,817	5,828	218	739	3,430	1,441
Short-term borrowings and interest thereon	526	536	536	—	—	—
Lease obligations	541	903	112	90	208	493
Other financial liabilities	547	513	498	11	4	—
Derivative financial instruments	763	894	491	272	131	—
Total contractual maturities	**13,693**	**15,173**	**8,354**	**1,112**	**3,773**	**1,934**

As at 31 March 2019 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Accounts payable	7,083	7,083	7,083	—	—	—
Long-term borrowings and interest thereon	3,599	5,186	946	449	2,232	1,559
Short-term borrowings and interest thereon	881	881	881	—	—	—
Finance lease obligations	31	62	7	7	15	33
Other financial liabilities	517	554	527	12	15	—
Derivative financial instruments	804	1,076	592	313	144	27
Total contractual maturities	**12,915**	**14,842**	**10,036**	**781**	**2,406**	**1,619**

As at 31 March 2018 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Accounts payable	7,614	7,614	7,614	—	—	—
Long-term borrowings and interest thereon	3,060	3,638	120	824	1,686	1,008
Short-term borrowings and interest thereon	652	668	668	—	—	—
Finance lease obligations	19	32	6	4	11	11
Other financial liabilities	526	555	525	15	15	—
Derivative financial instruments	925	1,207	748	322	124	13
Total contractual maturities	**12,796**	**13,714**	**9,681**	**1,165**	**1,836**	**1,032**

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligation. The majority of the Group's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

The carrying amount of financial assets represents the maximum credit exposure. None of the financial instruments of the Group result in material concentrations of credit risks.

All Group cash is invested according to strict credit criteria and actively monitored by Group Treasury in conjunction with the current market valuation of derivative contracts. To support this, the JLR plc Board has implemented an investment policy that places limits on the maximum cash investment that can be made with any single counterparty depending on their published external credit rating.

To a lesser extent the Group has an exposure to counterparties on trade receivables and other financial assets. The Group seeks to mitigate credit risk on sales to third parties through the use of payment at the point of delivery, credit limits, credit insurance and letters of credit from banks that meet internal rating criteria.

Further, the Group considers the relevance of the COVID-19 pandemic to the recoverability of receivables from third parties.

Financial assets

None of the Group's cash equivalents, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2020 (2019 and 2018: no indications) that defaults in payment obligations will occur.

The Group has reviewed trade and other receivables not yet due and not impaired and no material issues have been identified.

Trade and other receivables past due and impaired are set out below:

As at 31 March (£ millions)	2020 Gross	2020 Impairment	2020 Expected Loss Rate	2019 Gross	2019 Impairment	2019 Expected Loss Rate	2018 Gross	2018 Impairment	2018 Expected Loss Rate
Not yet due	675	2	—%	1,190	1	—%	1,413	2	—%
Overdue < 3 months	141	1	1%	173	—	—%	216	—	—%
Overdue >3<6 months	10	1	10%	3	—	—%	1	1	100%
Overdue >6 months	18	7	39%	14	11	79%	48	47	98%
Total	**844**	**11**		**1,380**	**12**		**1,678**	**50**	

Included within trade receivables is £nil (2019: £114 million, 2018: £155 million) of receivables that are part of a debt factoring arrangement. These assets do not qualify for de-recognition due to the recourse arrangements in place. The related liability of £nil (2019: £114 million, 2018: £155 million) is in short-term borrowings. Both the asset and associated liability are classified in amortised cost and other financial liabilities respectively.

Off-balance sheet financial arrangements

At the end of FY20, Jaguar Land Rover Limited (a subsidiary of the Company) had sold £392 million equivalent of receivables under a $700 million factored receivables facility signed in March 2019.

(C) DERIVATIVES AND HEDGE ACCOUNTING

The Group's operations give rise to revenue, raw material purchases and borrowings in currencies other than the Group's presentation currency of GBP. The Group forecasts these transactions over the medium term and enters into derivative contracts to mitigate the resulting foreign currency exchange risk, interest rate risk and commodity price risk. The Group's risk management strategy allows for hedge accounting when the derivatives meet the hedge accounting criteria as set out in IFRS 9 as well as the Group's risk management objectives.

Commodity derivatives are not hedge accounted. Foreign currency forward contracts, foreign currency options and foreign currency denominated borrowings may be designated as hedging instruments in a cash flow hedge relationship against forecast foreign currency transactions to mitigate foreign currency exchange risk associated with those transactions. In addition, the Group uses cross-currency interest rate swaps to hedge its foreign currency exchange risk associated with recognised long-term borrowings. These instruments are designated in both cash flow and fair value hedging relationships.

In all cases the Group uses a hedge ratio of 1:1. The critical terms of the derivative contracts are aligned with those of the hedged item. The Group allows a maximum hedging term of five years for forecast transactions. The Group's risk management policy allows for decreasing levels of hedging as the forecasting horizon increases.

A 10 per cent depreciation/appreciation in Sterling against the foreign currency underlying contracts within the Group's derivative portfolio that are sensitive to changes in foreign exchange rates (including the impact to the fair value adjustment of foreign currency borrowings designated as the hedged item in a fair value hedge relationship) would have resulted in the approximate additional (loss)/gain shown in the following table:

As at 31 March (£ millions)	2020	2019	2018
10% depreciation in Sterling against the foreign currency:			
In other comprehensive income	(547)	(273)	(908)
In the consolidated income statement	64	109	116
10% appreciation in Sterling against the foreign currency:			
In other comprehensive income	554	244	773
In the consolidated income statement	(36)	(75)	(95)

The following table sets out the change in the Group's exposure to interest rate risk as a result of cross-currency interest rate swaps:

Outstanding contracts	Foreign currency receivable average interest rate			Reporting currency payable average interest rate		
	% 2020	% 2019	% 2018	% 2020	% 2019	% 2018
Cross currency interest rate swaps						
< 1 year	—	—	—	—	—	—
Between 1-5 years	—	—	—	—	—	—
>5 years	4.500	4.500	4.500	LIBOR + 3.235	LIBOR + 3.235	LIBOR + 2.033

The following table shows the impact that would result from derivatives in fair value hedging relationships given an increase/decrease of 100 basis points in interest rates at the balance sheet date:

As at 31 March (£ millions)	2020	2019	2018
100 basis points depreciation in interest rates			
In the consolidated income statement	(7)	(5)	—
100 basis points appreciation in interest rates			
In the consolidated income statement	4	19	1

Cash flow hedges

The Group uses foreign currency options, foreign currency forward contracts and recognised foreign currency borrowings as the hedging instrument in cash flow hedge relationships of hedged sales and purchases. The time value of options and the foreign currency basis spread of foreign exchange forward contracts are excluded from the hedge relationship and are recognised in other comprehensive income as a cost of hedging to the extent they relate to the hedged item (the aligned value). Additionally, the Group uses cross-currency interest rate swaps as the hedging instrument of the foreign exchange risk of recognised foreign currency borrowings.

Changes in the fair value of foreign currency contracts, to the extent determined to be an effective cash flow hedge, are recognised in the consolidated statement of comprehensive income, and the ineffective portion of the fair value change is recognised in the consolidated income statement. There is not generally expected to be significant ineffectiveness from cash flow hedges.

It is anticipated that the hedged sales will take place over the next one to five years, at which time the amount deferred in equity will be reclassified to revenue in the consolidated income statement.

It is anticipated that the hedged purchases will take place over the next one to five years, at which time the amount deferred in equity will be included in the carrying amount of the raw materials. On sale of the finished product, the amount previously deferred in equity and subsequently recognised in inventory will be reclassified to material and other cost of sales in the consolidated income statement.

The foreign currency borrowings designated as the hedged item mature in January 2026 and October 2027, at which time the amount deferred in equity will be reclassified to the consolidated income statement.

The foreign currency borrowings designated as the hedged item mature in January 2026 and October 2027, at which time the amount deferred in equity will be reclassified to the consolidated income statement.

In light of the impact of COVID-19 on forecast exposures (see note 18 for further details), the Group reassessed existing hedging relationships and released amounts deferred in equity to profit and loss where appropriate.

The table below sets out the timing profile of the hedge accounted derivatives:

Outstanding contracts	Average strike rate			Nominal amounts			Carrying value assets / (liabilities)		
	2020	2019	2018	£m 2020	£m 2019	£m 2018	£m 2020	£m 2019	£m 2018
Cash flow hedges of foreign exchange risk on forecast transactions									
Derivative instruments									
Sell – USD									
<1 year	0.7229	0.6756	0.6483	1,766	1,584	2,257	(157)	(187)	(178)
Between 1-5 years	0.7649	0.6989	0.6771	5,098	1,945	2,988	(190)	(114)	(55)
Sell – Chinese Yuan									
<1 year	0.1086	0.1054	0.1018	1,601	2,132	2,984	(59)	(153)	(300)
Between 1-5 years	0.1096	0.1075	0.1051	1,189	1,299	2,582	(20)	(43)	(83)
Buy – Euro									
<1 year	0.9109	0.8823	0.8521	2,635	3,609	2,568	1	14	140
Between 1-5 years	0.9101	0.9192	0.8994	3,384	4,030	4,490	(17)	(73)	143
Other currencies									
<1 year				905	1,800	1,748	55	2	(62)
Between 1-5 years				1,238	882	1,560	39	11	40
				17,816	**17,281**	**21,177**	**(348)**	**(543)**	**(355)**
Debt instruments denominated in foreign currency									
USD									
< 1 year	—	0.7358	0.6727	—	736	471	—	(768)	(498)
Between 1-5 years	—	—	0.7358	—	—	736	—	—	(712)
				—	**736**	**1,207**	**—**	**(768)**	**(1,210)**
Total cash flow hedges of foreign exchange risk on forecast transactions				**17,816**	**18,017**	**22,384**	**(348)**	**(1,311)**	**(1,565)**
Hedges of foreign exchange risk on recognised debt									
Cross currency interest rate swaps									
USD									
< 1 year	—	—	—	—	—	—	—	—	—
Between 1-5 years	—	—	—	—	—	—	—	—	—
>5 years	0.7592	0.7592	0.7592	380	380	380	57	11	(29)
EUR									
< 1 year	—	—	—	—	—	—	—	—	—
Between 1-5 years	—	—	—	—	—	—	—	—	—
>5 years	0.8912	0.8912	—	446	446	—	3	(15)	—
Total cash flow hedges of foreign exchange risk on recognised debt				**826**	**826**	**380**	**60**	**(4)**	**(29)**

The USD debt instrument used as a hedging instrument is shown in the less than year category above as the instrument itself matures within one year. The amounts hedging revenue between one and five years are £nil (2019: £359 million, 2018: £204 million).

The line items in the consolidated balance sheet that include the above derivative instruments are "Other financial assets" and "Other financial liabilities". The USD denominated debt designated as a hedging instrument was included in "Borrowings".

The following table sets out the effect of the Group's cash flow hedges on the financial performance of the Group:

Year ended 31 March (£ millions)	2020	2019	2018
Fair value gain/(loss) of foreign currency derivative contracts recognised in hedging reserves	254	(887)	1,097
Fair value gain/(loss) of foreign currency borrowings recognised in cash flow hedging reserve	7	(103)	145
Fair value (loss)/gain of derivatives hedging foreign currency borrowings recognised in hedging reserves	(2)	4	(1)
Gain/(loss) recognised in other comprehensive income in the year	**259**	**(986)**	**1,241**
Loss reclassified from cash flow hedging reserve and recognised in 'Revenue' in the income statement	(565)	(870)	(1,389)
Gain reclassified from of cash flow hedging reserve and recognised in 'Material and other cost of sales' in the income statement	—	—	182
(Loss)/gain reclassified from cash flow hedging reserve and recognised in Foreign exchange (loss)/gain and fair value adjustments' in the income statement on account of forecast transactions no longer expected to occur	—	(12)	7
Gain/(loss) reclassified from cost of hedging reserve and recognised in Foreign exchange (loss)/gain and fair value adjustments' in the income statement on account of forecast transactions no longer expected to occur	2	1	(1)
Loss reclassified to profit and loss in the year	**(563)**	**(881)**	**(1,201)**
Net change in the hedged item used for assessing hedge effectiveness	172	(202)	2,195
Gain/(loss) on derivatives not hedge accounted, recognised in 'Foreign exchange loss/(gain) and fair value adjustments' in the income statement	27	(18)	(4)

Fair value hedges

The Group uses cross-currency interest rate swaps as the hedging instrument in a fair value hedge of foreign exchange and interest rate risks of foreign currency denominated debt. The derivatives convert foreign currency USD fixed-rate borrowings to GBP floating-rate debt.

Changes in the fair value of foreign currency contracts that are designated in fair value hedging relationships are recognised in the consolidated income statement. Changes in the fair value of the underlying hedged item (long term borrowings) for the hedged risks are recognised in the same income statement line.

The fair value of the cross-currency interest rate swaps included in "Derivatives in hedging relationship" in section (A) are as follows:

As at 31 March (£ millions)	2020	2019	2018
Other financial assets—current	—	—	—
Other financial assets—non-current	60	11	—
Total financial assets	**60**	**11**	**—**
Other financial liabilities—current	—	—	—
Other financial liabilities—non-current	—	(15)	(29)
Total financial liabilities	**—**	**(15)**	**(29)**

The following amounts have been recognised in the consolidated income statement in the years ended 31 March 2020, 2019 and 2018:

Year ended 31 March (£ millions)	2020	2019	2018
Net (loss)/gain in the hedged item used for assessing hedge effectiveness, taken to the consolidated income statement in 'Foreign exchange (loss)/gain and fair value adjustments'	(78)	(29)	34
Fair value changes in the derivative instruments used in assessing hedge effectiveness, taken to the consolidated income statement in 'Foreign exchange (loss)/gain and fair value adjustments'	61	22	(27)
Ineffectiveness recognised in the consolidated income statement in 'Foreign exchange (loss)/gain and fair value adjustments'	**(17)**	**(7)**	**7**

36 LEASES

The Group leases a number of buildings, plant and equipment, IT hardware and software assets, certain of which have a renewal and/or purchase option in the normal course of the business. Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operation. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension or termination option. The Group re-assesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control. It is recognised that there is potential for lease term assumptions to change in the future due to the effects of the COVID-19 pandemic, and this will continue to be monitored by the Group where relevant. The Group's leases mature between 2020 and 2048.

Some of the leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

There are no leases with residual value guarantees or leases not yet commenced to which the Group is committed.

The Group has applied IFRS 16 from 1 April 2019 using the modified retrospective method, meaning the comparative information for the years ending 31 March 2019 and 31 March 2018 has not been restated. As a result, the comparative information provided for those fiscal periods below continues to be accounted for in accordance with the Group's previous lease accounting policy under IAS 17 Leases.

LEASE AS A LESSEE

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

£ millions	Land and buildings	Computers	Plant and equipment	Vehicles	Fixtures and fittings	Other	Total
Opening balance at 1 April 2019	501	13	57	—	—	4	**575**
Closing balance at 31 March 2020	483	7	56	6	13	3	**568**
Depreciation charge for the year	62	8	17	3	1	1	92

Additions to right-of-use assets during the year ended 31 March 2020 was £83 million.

Lease liabilities

The maturity analysis of the contractual undiscounted cash flows are as follows:

As at 31 March (£ millions)	2020
Less than one year	112
Between one and five years	298
More than five years	493
Total undiscounted lease liabilities	**903**

The following amounts are included in the consolidated balance sheet as at 31 March 2020:

As at 31 March (£ millions)	2020
Current lease liabilities	73
Non-current lease liabilities	468
Total lease liabilities	**541**

The following amounts are recognised in the consolidated income statement for the year ended 31 March 2020:

Year ended 31 March (£ millions)	2020
Interest expense on lease liabilities	45
Expenses related to short-term leases	13
Expenses related to low-value assets, excluding short-term leases of low-value assets	7

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

Year ended 31 March (£ millions)	2020
Cash payments for the principal portion of lease liabilities (within 'payments of lease obligations')	72
Cash payment for interest expense related to lease liabilities (within 'finance expenses and fees paid')	45
Total cash outflow for leases	**117**

Leases as a lessee under IAS 17

The future minimum non-cancellable finance lease rentals are payable as follows:

As at 31 March (£ millions)	2019	2018
Less than one year	7	6
Between one and five years	22	15
More than five years	33	11
Total lease payments	**62**	**32**
Less future finance charges	(31)	(13)
Present value of lease obligations	**31**	**19**

The above leases relate to amounts payable under the minimum lease payments on plant and equipment. The carrying value of these assets as at 31 March 2019 was £27 million (2018: £21 million). The future minimum non-cancellable operating lease rentals are payable as follows:

As at 31 March (£ millions)	2019	2018
Less than one year	115	91
Between one and five years	272	224
More than five years	239	238
Total lease payments	**626**	**553**

The Group leases a number of buildings, plant and equipment and IT hardware and software under operating leases, certain of which have a renewal and/or purchase option in the normal course of business.

LEASE AS A LESSOR

The majority of the leases where the Group is a lessor are in relation to vehicles. The Group classifies these as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, are as follows:

As at 31 March (£ millions)	2020	2019	2018
Less than one year	5	5	5
Between one and five years	2	2	2
More than five years	11	9	9
Total undiscounted lease payments to be received	**18**	**16**	**16**

37 SEGMENTAL REPORTING

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

The Group operates in the automotive segment. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles including financing thereof, as well as sale of related parts and accessories and services 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 by customer location and non-current assets is as disclosed below:

(£ millions)	UK	US	Rest of Europe	Rest of World	China	Total
31 March 2020						
Revenue	4,724	5,614	4,757	4,601	3,288	22,984
Non-current assets	12,028	58	1,196	209	169	13,660
31 March 2019						
Revenue	5,228	5,485	5,355	4,834	3,312	24,214
Non-current assets	10,859	32	1,045	167	16	12,119
31 March 2018						
Revenue	5,096	4,974	5,318	4,844	5,554	25,786
Non-current assets	13,146	32	819	165	18	14,180

38 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(A) RECONCILIATION OF (LOSS)/PROFIT FOR THE YEAR TO CASH GENERATED FROM OPERATING ACTIVITIES

Year ended 31 March (£ millions)	Note	2020	2019	2018
(Loss)/profit for the year		**(469)**	**(3,321)**	**1,114**
Adjustments for:				
Depreciation and amortisation		1,910	2,164	2,075
Write-down of tangible assets	10	—	18	18
Write-down of intangible assets	10	—	—	46
Loss on disposal of assets		20	59	22
Foreign exchange and fair value loss/(gain) on loans	13	135	45	(69)
Income tax expense/(credit)	14	47	(308)	398
Finance expense (net)	12	209	111	85
Finance income	12	(52)	(35)	(33)
Foreign exchange (gain)/loss on economic hedges of loans	13	(29)	18	(11)
Foreign exchange (gain)/loss on derivatives	13	(15)	31	(74)
Foreign exchange (gain)/loss on short-term deposits		(14)	(71)	55
Foreign exchange loss on other restricted deposits		2	—	1
Foreign exchange (gain)/loss on cash and cash equivalents		(58)	27	41
Unrealised loss on commodities	13	78	34	2
Loss on matured revenue hedges		81	43	—
Share of loss/(profit) of equity accounted investments	15	114	(3)	(252)
Fair value loss/(gain) on equity investments	13	43	(26)	(3)
Exceptional items	4	29	3,271	(438)
Other non-cash adjustments		2	(4)	6
Cash flows from operating activities before changes in assets and liabilities		**2,033**	**2,053**	**2,983**
Trade receivables		531	249	(317)
Other financial assets		44	61	(267)
Other current assets		112	127	(27)
Inventories		147	152	(296)
Other non-current assets		(420)	(3)	(5)
Accounts payable		(548)	(419)	600
Other current liabilities		52	115	46
Other financial liabilities		(19)	(24)	134
Other non-current liabilities and retirement benefit obligation		355	(23)	52
Provisions		112	170	161
Cash generated from operations		**2,399**	**2,458**	**3,064**

(B) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(£ millions)	Short-term borrowings	Long-term borrowings	Lease obligations	Total
Balance at 1 April 2017	**179**	**3,395**	**7**	**3,581**
Proceeds from issue of financing	543	373	—	916
Issue of new finance leases	—	—	16	16
Repayment of financing	(546)	—	(4)	(550)
Reclassification of long-term debt	518	(518)	—	—
Foreign exchange	(40)	(39)	—	(79)
Arrangement fees paid	—	(4)	—	(4)
Fee amortisation	—	6	—	6
Reclassification of long-term debt fees	(2)	2	—	—
Long-term borrowings revaluation in hedge reserve	—	(145)	—	(145)
Fair value adjustment on loans	—	(10)	—	(10)
Balance at 31 March 2018	**652**	**3,060**	**19**	**3,731**
Proceeds from issue of financing	649	1,214	—	1,863
Issue of new finance leases	—	—	14	14
Repayment of financing	(1,250)	—	(2)	(1,252)
Reclassification of long-term debt	768	(768)	—	—
Foreign exchange	62	15	—	77
Arrangement fees paid	—	(18)	—	(18)
Fee amortisation	1	7	—	8
Reclassification of long-term debt fees	(1)	1	—	—
Long-term borrowings revaluation in hedge reserve	—	103	—	103
Fair value adjustment on loans	—	(15)	—	(15)
Balance at 31 March 2019	**881**	**3,599**	**31**	**4,511**
Adjustment on initial application of IFRS 16	—	—	499	499
Proceeds from issue of financing	2	1,600	—	1,602
Issue of new leases	—	—	79	79
Repayment of financing	(939)	—	(117)	(1,056)
Interest accrued	—	—	45	45
Reclassification of long-term debt	577	(577)	—	—
Foreign exchange	5	143	4	152
Arrangement fees paid	(1)	(8)	—	(9)
Fee amortisation	2	8	—	10
Reclassification of long-term debt fees	(1)	1	—	—
Long-term borrowings revaluation in hedge reserve	—	11	—	11
Fair value adjustment on loans	—	40	—	40
Balance at 31 March 2020	**526**	**4,817**	**541**	**5,884**

39 RELATED PARTY TRANSACTIONS

Tata Sons Limited is a company with significant influence over the Group's ultimate parent company Tata Motors Limited. The Group's related parties therefore include Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited and subsidiaries, joint ventures and associates of Tata Motors Limited. The Group routinely enters into transactions with its related parties in the ordinary course of business, including transactions for the sale and purchase of products with its joint ventures and associates.

All transactions with related parties are conducted under normal terms of business and all amounts outstanding are unsecured and will be settled in cash.

Transactions and balances with the Group's own subsidiaries are eliminated on consolidation.

The table on the next page summarises related party transactions and balances not eliminated in the consolidated financial statements. All related party transactions are conducted under normal terms of business. The amounts outstanding are unsecured and will be settled in cash.

(£ millions)	With joint ventures of the Group	With associates of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries, joint ventures and associates
31 March 2020				
Sale of products	217	—	2	54
Purchase of goods	—	—	1	120
Services received	—	3	150	91
Services rendered	111	—	—	1
Dividends received	67	—	—	—
Investments in the year	67	6	—	—
Trade and other receivables	67	—	1	20
Accounts payable	—	—	11	48
31 March 2019				
Sale of products	321	—	3	76
Purchase of goods	—	—	—	214
Services received	—	2	170	97
Services rendered	83	—	—	1
Trade and other receivables	15	—	1	15
Accounts payable	—	—	35	52
31 March 2018				
Sale of products	703	—	4	77
Purchase of goods	—	—	—	161
Services received	64	—	162	100
Services rendered	142	1	—	2
Trade and other receivables	112	—	2	48
Accounts payable	—	—	28	59

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Year ended 31 March (£ millions)	2020	2019	2018
Short-term benefits	10	10	12
Post-employment benefits	—	1	1
Other long-term employee benefits	3	—	—
Compensation for loss of office	1	—	1
Total compensation of key management personnel	**14**	**11**	**14**

40 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore), which is the parent for the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party is Tata Motors Limited, India, which is the parent of the largest group to consolidate these financial statements.

Copies of the TML Holdings Pte. Ltd. (Singapore) consolidated financial statements can be obtained from the Company Secretary, TML Holdings Pte. Ltd., 9 Battery Road #15-01 MYP Centre, Singapore 049910.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Company Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai-400001, India.

41 ADDITIONAL DETAILS ON GOING CONCERN ASSUMPTIONS

The going concern analysis is based on detailed assumptions on how the business normally operates and how COVID-19 might impact the business. The assumptions include but are not limited to the following additional assumption details. Except where stated otherwise, these assumption details are the same for all scenarios.

RETAILER NETWORK

Currently, over 97% of retailers worldwide are open or partially open although this varies by region and some retailers are open on a constrained basis. The shutdown of retailers during the pandemic has undoubtedly decreased the financial strength of the retailer network with announcements of layoffs and other actions to reduce costs. Jaguar Land Rover is continuously engaging with its retailers and at present is not assuming material risks associated with retailer distress in any of the scenarios.

SUPPLIER BASE

The business is carefully monitoring the impact of the COVID-19 shutdown on the supply base and readiness of suppliers to support the gradual resumption of production underway. Many of our suppliers are large well-capitalized companies, with others being smaller and medium sized suppliers who tend to have less financial flexibility. At present there are a limited number of known supplier issues, which at this point are not materially different to historically experienced levels. JLR is therefore not presently assuming these represent a material risk compared to historically experienced levels in the Base Case and Severe Scenarios—supplier claims in May 2020 are below prior year levels in terms of number and value. The Extreme Severe Scenario assumes a modest increase in supply chain cash costs related to COVID-19.

Suppliers are on payment terms ranging from 7 to 64 days, with the standard terms being 60 days and the average 58 days. No change in supplier terms is assumed in the going concern analysis compared to historical experience.

COVID-19 AND PRODUCTION RESTART CONSIDERATIONS

The Group's production facilities have been modified to protect the safety of our employees and to comply with social distancing legislation. Production ramp up post lockdown has been managed to ensure that these changes within the facilities are embedded quickly and we don't expect them to have a lasting impact of the variable costs of production in any of the going concern scenarios. Restart plans have been coordinated with our supply base to ensure that all our suppliers can support the production schedule effectively.

Production facility restarts have been demand led in order to ensure that we manage the impact on variable profit margins. Given the high level of uncertainty the Group has ensured that we remain flexible and react to changes swiftly.

EMPLOYEES

For the purposes of this going concern analysis, no structural changes are assumed to the permanent employee base in any of the scenarios. The Group has participated in the UK job retention scheme whereby the government partially reimburses the wage and salary costs of furloughed workers. At its peak about 20,000 employees were furloughed providing about £50m of monthly subsidy. However participation is now decreasing with plants reopening and it is assumed the programme will not continue after October.

WORKING CAPITAL

Working capital movements in cash flow are significantly driven by volume levels and changes. This is because supplier payment terms are about 58 days on average although payment terms for individual suppliers can be longer or shorter, while payments for vehicles are received in most countries within a few days of retailers being invoiced. Inventories can also vary to the extent wholesale volumes deviate from forecast before production can be adjusted but in general the Group has set a Charge+ inventory target of £3 billion or lower.

The Group had negative free flow in April and May of about £1.5 billion. This includes a £1.2 billion unwind of working capital resulting from the plant shutdowns. The working capital unwind primarily reflects the runoff of payments to suppliers for vehicles built before the plant shutdowns, offset partially by the sale of vehicles in inventory. Cash at the end of May was about £2.4 billion, including about £278 million in international subsidiaries and the revolving credit facility of £1.9 billion remained available and undrawn. A free cash outflow of less than £2 billion is expected in Q1 of Fiscal 2020/21.

As production volumes resume, this effect is assumed to reverse and wholesale revenues are assumed to increase while payments to suppliers will lag because of the difference between supplier and retailer payment terms described.

INTRA-PERIOD VOLATILITY

There is a certain degree of volatility in cashflows by month and within months. Historically this has averaged about £188 million intra-month with only a very limited number of exceptions over £400 million. It is assumed this level of volatility varies with sales and production volumes and so would be smaller in lower volume scenarios. While not assumed, this could be reduced through more active day to day management of receipts and payments.

BREXIT

The Scenario 1 and Scenario 2 assumption for Brexit is that a deal is agreed to avoid a hard Brexit. Scenario 3 assumes a hard Brexit. A hard Brexit is assumed to result in 10% WTO tariffs on UK vehicle exports to EU countries and increased logistics and other associated costs from 1 January 2021, offset partially by the impact of a weaker pound expected in such a scenario.

42 SUBSEQUENT EVENTS

On 5 June 2020 Jaguar Land Rover's China subsidiary signed a CNY 5 billion (£567 million) 3 year syndicated revolving loan facility. This facility was fully drawn on 12 June 2020 and is subject to annual review. In addition in Q1 FY21 the Group increased its fleet buyback facility by £63 million.

After the balance sheet, the following factories have resumed production:

Solihull, UK – 18 May 2020
Engine Manufacturing Centre, UK – 18 May 2020
Nitra, Slovakia – 18 May 2020
Graz, Austria – 18 May 2020
Halewood, UK – 8 June 2020
Pune, India – 15 June 2020
Itatiaia, Brazil – 15 June 2020

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY BALANCE SHEET

As at 31 March (£ millions)	Note	2020	2019	2018
Non-current assets				
Investments	43	1,655	1,655	1,655
Other financial assets	44	4,770	3,628	3,093
Other non-current assets	45	1	2	1
Total non-current assets		**6,426**	**5,285**	**4,749**
Current assets				
Other financial assets	44	958	1,270	1,221
Other current assets	45	1	1	2
Cash and cash equivalents		—	—	1
Total current assets		**959**	**1,271**	**1,224**
Total assets		**7,385**	**6,556**	**5,973**
Current liabilities				
Other financial liabilities	47	65	37	36
Deferred finance income		2	2	4
Short-term borrowings	48	424	767	497
Current income tax liabilities		5	4	3
Total current liabilities		**496**	**810**	**540**
Non-current liabilities				
Long-term borrowings	48	4,759	3,594	3,070
Deferred finance income		34	35	24
Total non-current liabilities		**4,793**	**3,629**	**3,094**
Total liabilities		**5,289**	**4,439**	**3,634**
Equity attributable to equity holders of the parent				
Ordinary shares	49	1,501	1,501	1,501
Capital redemption reserve		167	167	167
Retained earnings		428	449	671
Equity attributable to equity holders of the parent		**2,096**	**2,117**	**2,339**
Total liabilities and equity		**7,385**	**6,556**	**5,973**

The notes on pages 127 to 138 are an integral part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company income statement. The loss for the Company for the year was £21 million (2019: profit of £3 million, 2018: profit of £501 million).

These parent company financial statements were approved by the JLR plc Board and authorised for issue on 2 July 2020.

They were signed on its behalf by:

PROF SIR RALF D SPETH KBE FRENG FRS
CHIEF EXECUTIVE OFFICER
COMPANY REGISTERED NUMBER: 06477691

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary share capital	Capital redemption reserve	Retained earnings	Total equity
Balance at 1 April 2019	**1,501**	**167**	**449**	**2,117**
Loss for the year	—	—	(21)	(21)
Total comprehensive expense	**—**	**—**	**(21)**	**(21)**
Dividend	—	—	—	—
Balance at 31 March 2020	**1,501**	**167**	**428**	**2,096**
Balance at 1 April 2018	**1,501**	**167**	**671**	**2,339**
Profit for the year	—	—	3	3
Total comprehensive income	**—**	**—**	**3**	**3**
Dividend	—	—	(225)	(225)
Balance at 31 March 2019	**1,501**	**167**	**449**	**2,117**
Balance at 1 April 2017	**1,501**	**167**	**320**	**1,988**
Profit for the year	—	—	501	501
Total comprehensive income	**—**	**—**	**501**	**501**
Dividend	—	—	(150)	(150)
Balance at 31 March 2018	**1,501**	**167**	**671**	**2,339**

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March (£ millions)	2020	2019	2018
Cash flows used in operating activities			
(Loss)/profit for the year	**(21)**	**3**	**501**
Adjustments for:			
Income tax expense	1	1	—
Dividends received	—	—	(500)
Allowances for other financial assets	24	—	—
Finance income	(223)	(187)	(158)
Finance expense	222	183	157
Cash flows generated from in operating activities before changes in assets and liabilities	**3**	**—**	**—**
Other financial assets	(665)	(446)	(724)
Other current liabilities	—	(1)	1
Net cash (used in) operating activities	**(662)**	**(447)**	**(723)**
Cash flows from investing activities			
Finance income received	198	197	144
Dividends received	—		500
Net cash generated from investing activities	**198**	**197**	**644**
Cash flows generated from financing activities			
Finance expenses and fees paid	(196)	(193)	(143)
Proceeds from issuance of long term borrowings	1,486	1,214	373
Repayment of borrowings	(826)	(547)	—
Dividends paid	—	(225)	(150)
Net cash generated from financing activities	**464**	**249**	**80**
Net (decrease)/increase in cash and cash equivalents	**—**	**(1)**	**1**
Cash and cash equivalents at beginning of year	—	1	—
Cash and cash equivalents at end of year	**—**	**—**	**1**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

43 INVESTMENTS

Investments consist of the following:

As at 31 March (£ millions)	2020	2019	2018
Cost of unquoted equity investments at beginning and end of year	1,655	1,655	1,655

The Company has not made any investments or disposals of investments in the year.

The Company has the following 100 per cent direct interest in the ordinary shares of a subsidiary undertaking:

Subsidiary undertaking	Principle place of business and country of incorporation	Registered office address
Jaguar Land Rover Holdings Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England

The shareholding above is recorded at acquisition value in the Company's accounts. Details of the indirect subsidiary undertakings are as follows:

Name of company	Shareholding	Principle place of business and country of incorporation	Registered office address
Jaguar Land Rover Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover North America, LLC.	100%	USA	100 Jaguar Land Rover Way, Mahwah, NJ 07495, USA
Jaguar Land Rover Deutschland GmbH	100%	Germany	Campus Kronberg 7, 61476, Kronberg im Taunus, Germany
Jaguar Land Rover Belux NV	100%	Belgium	Generaal Lemanstraat 47, 2018 Antwerpen, Belgium
Jaguar Land Rover Austria GmbH	100%	Austria	Siezenheimer Strasse 39a, 5020 Salzburg, Austria
Jaguar Land Rover Italia SpA	100%	Italy	Via Alessandro Marchetti, 105—00148, Roma, Italy
Jaguar Land Rover Australia Pty Limited	100%	Australia	65 Epping Road North, Ryde, New South Wales, 2113, Australia
Jaguar Land Rover Espana SL	100%	Spain	Torre Picasso, Plaza Pablo Ruiz Picasso, 1 – Planta 42, 28020 Madrid, Spain
Jaguar Land Rover Nederland BV	100%	Holland	PO Box 40, Stationsweg 8, 4153 RD Beesd, Netherlands
Jaguar Land Rover Portugal—Veiculos e Pecas, Lda.	100%	Portugal	Rua. Do Pólo Sul Nº2 - 3ºB-3, Parque das Naçoes, 1990- 273, Lisboa, Portugal
Jaguar Land Rover (China) Investment Co., Ltd (formerly Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd)	100%	China	11F, No.06 (Building D) The New Bund World Trade Center (Phase II), Lane 227 Dongyu Road, Pudong New District, Shanghai 200126, China

Name of company	Shareholding	Principle place of business and country of incorporation	Registered office address
Shanghai Jaguar Land Rover Automotive Service Co. Ltd	100%	China	11F, No.06 (Building D) The New Bund World Trade Center (Phase II), Lane 227 Dongyu Road, Pudong New District, Shanghai 20012, China
Jaguar Land Rover Japan Limited	100%	Japan	3-13 Toranomon 4-chome, Minato-ku, Tokyo, Japan, 45
Jaguar Land Rover Korea Co. Limited	100%	Korea	25F West Mirae Asset Center 1 Building 67 Suha-dong, Jung-gu Seoul 100-210, Korea
Jaguar Land Rover Canada ULC	100%	Canada	75 Courtneypark Drive West, Unit 3 Mississauga, ON L5W 0E3,Canada
Jaguar Land Rover France SAS	100%	France	Z.A. Kleber – Batiment Ellington, 165 Boulevard de Valmy, 92706 Colombes, Cedex, France
Jaguar e Land Rover Brasil Indústria e Comércio de Veículos LTDA	100%	Brazil	Avenida Ibirapuera 2.332, Torre I—10º andar—Moema, 04028-002, São Paulo, SP, Brazil
Jaguar Land Rover Limited Liability Company (Russia)	100%	Russia	28B, Building 2 Mezhdunarodnoe Shosse 141411, Moscow, Russian Federation
Jaguar Land Rover (South Africa) Holdings Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover (South Africa) (Pty) Ltd	100%	South Africa	Simon Vermooten Road, Silverton, Pretoria 0184, South Africa
Jaguar Land Rover India Limited	100%	India	Nanavati Mahalaya, 3rd floor, 18, Homi Mody Street, Mumbai, Maharashtra, India 400001
Daimler Transport Vehicles Limited (dormant)	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
S S Cars Limited (dormant)	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
The Lanchester Motor Company Limited (dormant)	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
The Daimler Motor Company Limited (dormant)	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover Pension Trustees Limited (dormant)	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
JLR Nominee Company Limited (dormant)	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Cars Limited (dormant)	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Land Rover Exports Limited (dormant)	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Land Rover Ireland Limited (non-trading)	100%	Ireland	c/o LK Shields Solicitors, 39/40 Upper Mount Street, Dublin 2, Ireland

Name of company	Shareholding	Principle place of business and country of incorporation	Registered office address
Jaguar Cars South Africa (Pty) Ltd (dormant)	100%	South Africa	Simon Vermooten Road, Silverton, Pretoria 0184, South Africa
Jaguar Land Rover Slovakia s.r.o.	100%	Slovakia	Vysoka 2/B, 811 06 Bratislava, Slovakia
Jaguar Land Rover Singapore Pte. Ltd	100%	Singapore	138 Market Street, CapitaGreen, Singapore, 048946
Jaguar Racing Limited	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures Limited	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Lenny Insurance Limited	100%	UKEngland and Wales	4th Floor 175 Gray's Inn Road, London, United Kingdom, WC1X 8UE
InMotion Ventures 2 Limited	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures 3 Limited	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures 4 Limited	100%	UKEngland and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover Colombia SAS	100%	Colombia	CL 67735 OFE, 1204 Bogotan Cundinamarka 1 3192 900, Colombia
Jaguar Land Rover Classic USAMéxico, S.A.P.I. de C.V.	100%	Mexico	Av. Javier Barros Sierra No.540 Piso 7 Oficina 703, Col. Santa Fe la Fe Del., Alvaro Obregón, México, D.F. C.P. 01210
Jaguar Land Rover Servicios México, S.A. de C.V.	100%	Mexico	Av. Javier Barros Sierra No.540 Piso 7 Oficina 703, Col. Santa Fe la Fe Del., Alvaro Obregón, México, D.F. C.P. 01210
Jaguar Land Rover Taiwan Company LTD	100%	Taiwan	12F, No. 40, Sec. 1, Chengde Road, Datong Dist., Taipei, City 103, Taiwan (R.O.C.)
Jaguar Land Rover Ireland (Services) Limited	100%	Ireland	C/o LK Shields Solicitors 39/40 Upper Mount Street Dublin 2 Ireland
Jaguar Land Rover Classic USA	100%	USA	251 Little Falls Drive, Wilmington, Delaware, USA
Jaguar Land Rover Classic Deutschland GmbH	100%	Germany	Ringstraße 38, 45219 Essen, Germany
Jaguar Land Rover Hungary KFT	100%	Hungary	Regus Capital Square, Vaci ut 76, 1133, Budapest, Hungary
Jaguar Land Rover (Ningbo) Trading Co., Ltd.	100%	China	Office Building 12, No.1 Meishan Salt, Beilun District, Ningbo, Zhejiang Province, China
Jaguar Land Rover Ventures Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England

Name of company	Shareholding	Principle place of business and country of incorporation	Registered office address
Bowler Motors Limited	100%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Spark44 (JV) Ltd.	50.50%	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Spark44 Limited	50.50%	England and Wales	The White Collar Factory, 1 Old Street Yard, London, EC1Y 8AF, England
Spark44 LLC	50.50%	USA	292 Madison Ave, 3rd Floor New York, NY 10017
Spark44 Canada Inc	50.50%	Canada	10 Alcorn Avenue, Suite 205 Toronto, ON M4V 34, Canada
Spark44 GmbH	50.50%	Germany	Querstrasse 7, 60322 Frankfurt am Main, Germany
Spark44 Communicacions SL	50.50%	Spain	Prim 19, 4th floor, 28004 Madrid, Spain
Spark44 S.r.l	50.50%	Italy	Via Marcella, 4/6- 00153 Rome, Italy
Spark44 Pty Ltd	50.50%	Australia	Level 5, 65 Berry Street, North Sydney, NSW 2060
Spark44 DMCC	50.50%	UAE	Unit No:1401/04, Swiss Tower, Plot No:JLT-PH2- Y3A,Jumeirah Lakes Towers, Dubai, UAE
Spark44 Seoul Limited	50.50%	South Korea	F12, 11 Cheonggyecheon-ro, Jongno-gu, Seoul, Korea
Spark44 Singapore Pte Ltd	50.50%	Singapore	138 Market Street #36-01/02, CapitaGreen, Singapore, 048946
Spark44 Japan K.K.	50.50%	Japan	2-23-1-806, Akasaka, Minato-ku, Tokyo, 153-0042, Japan
Spark44 Demand Creation Partners India Limited	50.50%	India	Unit No. 604, 6th Floor, Sterling Centre, Dr.Annie Besant Road, Worli, Mumbai-18, Maharashtra, India
Spark44 South Africa Pty Limited	50.50%	South Africa	21 Forssman Close, Kyalami, Johannesburg, 1684, South Africa
Spark44 Shanghai	50.50%	China	6401&6501, 4F&5F Block 6.No.436 Ju Men Road 200023 Huangpu District Shanghai China
Spark44 Taiwan Limited	50.50%	Taiwan	18F., No.460, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)
Spark44 Colombia S.A.S	50.50%	Colombia	Cl 72 # 10 07 oficina 401, Bogota, Colombia

Details of the indirect holdings in equity accounted investments are given in note 15 to the consolidated financial statements.

44 OTHER FINANCIAL ASSETS

As at 31 March (£ millions)	2020	2019	2018
Non-current			
Receivables from subsidiaries	4,770	3,628	3,093
Current			
Receivables from subsidiaries	958	1,270	1,221

45 OTHER ASSETS

As at 31 March (£ millions)	2020	2019	2018
Non-current			
Prepaid expenses	1	2	1
Current			
Prepaid expenses	1	1	2

46 DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 2020, 2019 and 2018 the Company has recognised no deferred tax assets or liabilities.

47 OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2020	2019	2018
Current			
Interest accrued	62	33	32
Other	3	4	4
Total current other financial liabilities	**65**	**37**	**36**

48 INTEREST-BEARING LOANS AND INVESTMENTS

As at 31 March (£ millions)	2020	2019	2018
EURO MTF listed debt	3,518	2,839	3,070
Bank Loans	1,241	755	—
Long-term borrowings	**4,759**	**3,594**	**3,070**
Current portion EURO MTF listed debt	299	767	497
Current portion of long-term bank loans	125	—	—
Short-term borrowings	**424**	**767**	**497**

EURO MTF LISTED DEBT

The bonds are listed on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market.

Details of the tranches of the bonds outstanding at 31 March 2020 are as follows:

- $500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum—issued January 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum—issued January 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum—issued February 2015

- €650 million Senior Notes due 2024 at a coupon of 2.200 per cent per annum—issued January 2017
- £300 million Senior Notes due 2021 at a coupon of 2.750 per cent per annum—issued January 2017
- $500 million Senior Notes due 2027 at a coupon of 4.500 per cent per annum—issued October 2017
- €500 million Senior Notes due 2026 at a coupon of 4.500 per cent per annum—issued September 2018
- €500 million Senior Notes due 2024 at a coupon of 5.875 per cent per annum—issued November 2019
- €500 million Senior Notes due 2026 at a coupon of 6.875 per cent per annum—issued November 2019

Details of the tranches of the bond repaid in the year ended 31 March 2020 are as follows:

- $500 million Senior Notes due 2019 at a coupon of 4.250 per cent per annum—issued October 2014
- $500 million Senior Notes due 2020 at a coupon of 3.500 per cent per annum—issued March 2015

Details of the tranches of the bond repaid in the year ended 31 March 2019 are as follows:

- $700 million Senior Notes due 2018 at a coupon of 4.125 per cent per annum—issued December 2013

No tranches of bonds were repaid in the year ended 31 March 2018.

SYNDICATED LOAN

In October 2018, a $1 billion syndicate loan was issued with a coupon rate of LIBOR + 1.900 per cent per annum, due in the following tranches:

- $200 million due October 2022
- $800 million due January 2025

The contractual cash flows of interest-bearing debt (excluding leases) are set out below, including estimated interest payments and assuming the debt will be repaid at the maturity date:

As at 31 March (£ millions)	2020	2019	2018
Due in			
1 year or less	660	957	639
2nd and 3rd years	2,035	1,011	1,228
4th and 5th years	2,141	1,696	1,305
More than 5 years	1,435	1,559	1,008
Total contractual cash flows	**6,271**	**5,223**	**4,180**

49 CAPITAL AND RESERVES

As at 31 March (£ millions)	2020	2019	2018
Authorised, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total ordinary share capital	**1,501**	**1,501**	**1,501**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The capital redemption reserve of £167 million (2019, 2018: £167 million) was created in March 2011 on the cancellation of share capital.

50 DIVIDENDS

Year ended 31 March (£ millions)	2020	2019	2018
Dividend proposed for the previous year paid during the year of £nil (2019: £0.15, 2018: £0.10) per ordinary share	—	225	150
Amounts recognised as distributions to equity holders during the year	**—**	**225**	**150**
Proposed dividend for the year of £nil (2019: £nil, 2018: £0.15) per ordinary share	—	—	225

51 COMMITMENTS AND CONTINGENCIES

The Company had no commitments or contingencies at 31 March 2020, 2019 or 2018.

52 CAPITAL MANAGEMENT

As at 31 March (£ millions)	2020	2019	2018
Long-term debt	4,759	3,594	3,070
Short-term debt	424	767	497
Total debt	5,183	4,361	3,567
Equity attributable to shareholder	2,096	2,117	2,339
Total capital	7,279	6,478	5,906

53 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2 to the consolidated financial statements.

(A) FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2020 under IFRS 9:

(£ millions)	Amortised cost and other financial liabilities	Total carrying value	Total fair value
Other financial assets—current	958	958	958
Other financial assets—non-current	4,770	4,770	4,770
Total financial assets	5,728	5,728	5,728
Other financial liabilities—current	65	65	65
Short-term borrowings	424	424	408
Long-term borrowings	4,759	4,759	3,846
Total financial liabilities	5,248	5,248	4,319

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2019 under IFRS 9:

(£ millions)	Amortised cost and other financial liabilities	Total carrying value	Total fair value
Other financial assets—current	1,270	1,270	1,270
Other financial assets—non-current	3,628	3,628	3,628
Total financial assets	4,898	4,898	4,898
Other financial liabilities—current*	37	37	37
Short-term borrowings	767	767	763
Long-term borrowings	3,594	3,594	3,245
Total financial liabilities	4,398	4,398	4,045

* The 2019 comparative balances have been represented, in order to fully reflect the other current financial liabilities at 31 March 2019.

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2018 under IAS 39:

(£ millions)	Loans and receivables and other financial liabilities	Total carrying value	Total fair value
Other financial assets—current	1,221	1,221	1,221
Other financial assets—non-current	3,093	3,093	3,093
Total financial assets	4,314	4,314	4,314
Other financial liabilities—current	36	36	36
Short-term borrowings	497	497	500
Long-term borrowings	3,070	3,070	3,090
Total financial liabilities	3,603	3,603	3,626

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- 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 based on available market data.

There has been no change in the valuation techniques adopted or any transfers between fair value levels in either current or prior periods as presented.

Fair values of cash and cash equivalents, and other financial assets and liabilities are assumed to approximate to cost due to the short-term maturing of the instruments and as the impact of discounting is not significant.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2020, 2019 and 2018 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 from the amounts reported at each year end.

(B) FINANCIAL RISK MANAGEMENT

The Company is exposed to foreign currency exchange rate, interest rate, liquidity and credit risks. The Company has a risk management framework in place that monitors all of these risks as discussed below. This framework is approved by the JLR plc Board.

Foreign currency exchange rate risk

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

As at 31 March 2020, 2019 and 2018, there are no designated cash flow hedges.

The Company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in US Dollar and Euro against Sterling as the Company has US Dollar and Euro assets and liabilities and a GBP functional currency.

The following table sets forth information relating to foreign currency exposure as at 31 March 2020:

(£ millions)	US Dollar	Euro
Financial assets	2,033	2,180
Financial liabilities	(2,033)	(2,180)
Net exposure asset	—	—

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

The following table sets forth information relating to foreign currency exposure as at 31 March 2019:

(£ millions)	US Dollar	Euro
Financial assets	2,324	999
Financial liabilities	(2,323)	(998)
Net exposure asset	1	1

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

The following table sets forth information relating to foreign currency exposure as at 31 March 2018:

(£ millions)	US Dollar	Euro
Financial assets	1,945	572
Financial liabilities	(1,942)	(572)
Net exposure asset	3	—

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Company.

The Company is presently funded with long-term fixed interest rate borrowings and long-term variable-rate borrowings. The Company is also subject to variable interest rates on certain other debt obligations.

As at 31 March 2020, net financial assets of £595 million (2019: £503 million, 2018: £1,184 million) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £6million (2019: £5 million, 2018: £12 million).

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.

Liquidity rate risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund ongoing operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the Company is reviewed regularly and is designed to exceed forecast peak gross debt levels.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2020 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long-term borrowings	4,759	5,811	215	737	3,424	1,435
Short-term borrowings	424	434	434	—	—	—
Other financial liabilities	65	34	19	11	4	—
Total contractual maturities	**5,248**	**6,279**	**668**	**748**	**3,428**	**1,435**

As at 31 March 2019 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long-term borrowings	3,594	5,186	946	449	1,595	2,196
Short-term borrowings	767	767	767	—	—	—
Other financial liabilities*	37	37	11	11	15	—
Total contractual maturities	**4,398**	**5,990**	**1,724**	**460**	**1,610**	**2,196**

As at 31 March 2018 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long-term borrowings	3,070	3,638	120	824	1,686	1,008
Short-term borrowings	497	513	513	—	—	—
Other financial liabilities	36	32	10	7	15	—
Total contractual maturities	**3,603**	**4,183**	**643**	**831**	**1,701**	**1,008**

* The 2019 comparative balances have been represented, in order to fully reflect the other current financial liabilities at 31 March 2019.

Credit risk

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries based in a variety of geographies and markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the Company's cash equivalents or other financial assets, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2020 (2019, 2018: no indications) that defaults in payment obligations will occur. However, as required under IFRS 9, the Company has assessed other financial assets for expected credit losses.

These financial assets are loan receivables from subsidiaries and the Company notes there is no history of default on such arrangements. As there has been no significant increase in credit risk, the Company has assessed these based on a 12-month expected credit loss. The impairment of the loan receivables due to the requirements under IFRS 9 are set out below:

As at 31 March (£ millions)	2020 Gross	2020 Impairment	2020 Expected Loss Rate	2019 Gross	2019 Impairment	2019 Expected Loss Rate	2018 Gross	2018 Impairment	2018 Expected Loss Rate
Receivables from subsidiaries—current	960	2	0.2%	1,270	—	—%	1,221	—	—%
Receivables from subsidiaries—non-current	4,792	22	0.5%	3,628	—	—%	3,093	—	—%
Total	**5,752**	**24**	**0.4%**	**4,898**	**—**	**—%**	**4,314**	**—**	**—%**

Movement in allowances for expected credit losses of financial assets

Year ended 31 March (£ millions)	2020	2019	2018
At beginning of year	—	—	—
Charged during year	24	—	—
At end of year	**24**	**—**	**—**

54 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(£ millions)	Short-term borrowings	Long-term borrowings
Balance at 1 April 2017	**—**	**3,395**
Proceeds from issue of financing	—	373
Reclassification of long term debt	518	(518)
Foreign exchange	(19)	(184)
Arrangement fees paid	—	(4)
Fee amortisation	—	6
Reclassification of long term debt fees	(2)	2
Balance at 31 March 2018	**497**	**3,070**
Proceeds from issue of financing	—	1,214
Repayment of financing	(547)	—
Reclassification of long term debt	768	(768)
Foreign exchange	49	88
Arrangement fees paid	—	(18)
Fee amortisation	1	7
Reclassification of long term debt fees	(1)	1
Balance at 31 March 2019	**767**	**3,594**
Proceeds from issue of financing	—	1,486
Repayment of financing	(826)	—
Reclassification of long term debt	477	(477)
Foreign exchange	6	155
Arrangement fees paid	(1)	(8)
Fee amortisation	2	8
Reclassification of long term debt fees	(1)	1
Balance at 31 March 2020	**424**	**4,759**

55 RELATED PARTY TRANSACTIONS

Tata Sons Limited is a company with significant influence over the Company’s ultimate parent company Tata Motors Limited. The Company’s related parties therefore include Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited and subsidiaries, associates and joint ventures of Tata Motors Limited. The Company routinely enters into transactions with these related parties in the ordinary course of business.

The following table summarises related party balances:

(£ millions)	With subsidiaries	With immediate parent
31 March 2020		
Loans to subsidiaries of Tata Motors Limited	5,728	—
31 March 2019		
Loans to subsidiaries of Tata Motors Limited	4,898	—
31 March 2018		
Loans to subsidiaries of Tata Motors Limited	4,314	—

Compensation of key management personnel

Year ended 31 March (£ millions)	2020	2019	2018
Short-term benefits	4	4	4
Other long-term employee benefits	1	—	—
Total compensation of key management personnel	**5**	**4**	**4**

Apart from the six directors, the Company did not have any employees and had no employee costs in the years ended 31 March 2020, 2019 and 2018. All directors' costs are fully recharged to Jaguar Land Rover Limited.

56 AUDITOR'S REMUNERATION

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements.

57 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore), which is the parent for the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party is Tata Motors Limited, India, which is the parent of the largest group to consolidate these financial statements.

Copies of the TML Holdings Pte. Ltd. (Singapore) consolidated financial statements can be obtained from the Company Secretary, TML Holdings Pte. Ltd. 9 Battery Road #15-01 MYP Centre, Singapore 049910.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Company Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai-400001, India.

58 SUBSEQUENT EVENTS

There have been no material subsequent events between the balance sheet date and the date of signing this report.

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law and as permitted by Luxembourg market rules the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law, and they have elected to prepare the parent company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU;
- Assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they intend either to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006, the following applies: so far as the directors are aware, there is no relevant audit information of which the Group's auditor is unaware; and the directors have taken necessary actions in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

A resolution to reappoint KPMG LLP as auditor of the Group is to be proposed at the 2019 Tata Motors Limited Annual General Meeting.

Acknowledgement

The directors wish to convey their appreciation to all employees for their continued commitment, effort and contribution in supporting the delivery of the Group's performance. The directors would also like to extend their thanks to all other key stakeholders for their continued support of the Group and their confidence in its management.

The annual report on pages 1 to 81 was approved by the JLR plc Board and authorised for issue on 31 May 2019 and signed on its behalf by:

PROF. DR. RALF D. SPETH
CHIEF EXECUTIVE OFFICER
JAGUAR LAND ROVER AUTOMOTIVE PLC
31 MAY 2019

REGISTERED ADDRESS:
ABBEY ROAD, WHITLEY,
COVENTRY, CV3 4LF

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR LAND ROVER AUTOMOTIVE PLC

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Jaguar Land Rover Automotive plc ("the Company") for the year ended 31 March 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income or Expense, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, the parent Company Balance Sheet, the parent Company Statement of Changes in Equity, the parent Company Cash Flow Statement, and the related notes, including the parent and Group accounting policies in note 2.

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 2019 and of the Group's loss for the year then ended;

- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);

- The parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

OVERVIEW

Materiality Group financial statements as a whole		£100m (2018: £60m) 0.4% of Total Group revenue (2018: 4.0% Group profit before tax)
Coverage		85% (2018: 91%) of Total Group revenue
Key audit matters		**vs 2018**
Recurring risks	**New** Brexit uncertainties	^
	New Going concern	^
	Impairment of long-life intangible assets	^
	Valuation of pension liabilities	**<>**
	New Capitalisation of product engineering costs	**v**
Parent Company key audit matter	Recoverability of parent Company investment in subsidiaries and intra-Group debtors	**<>**

2. KEY AUDIT MATTERS: INCLUDING OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed, and our results are based on procedures undertaken, in the context of our audit of the financial statements as a whole, and in forming our opinion on these matters. In arriving at our opinion above, the key audit matters were as follows:

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit	**Unprecedented levels of uncertainty** All audits assess and challenge the reasonableness of estimates, in particular as described in the Impairment of long-life intangible assets and Capitalisation of product engineering costs (together referred to as "the key audit matters affected"), and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Group's future prospects and performance. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: • **Our Brexit knowledge:** We considered the directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. • **Sensitivity analysis:** When addressing the impairment of long-life intangible assets, capitalisation of product engineering costs and going concern and other areas that depend on forecasts and cash flows, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • **Assessing transparency:** As well as assessing individual disclosures as part of our procedures on the key audit matters affected we considered all of the Brexit-related disclosures together, including those in the

	The risk	Our response
		strategic report, comparing the overall picture against our understanding of the risks. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.
Going concern Refer to page 111 (accounting policy)	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company and whether any material uncertainties exist in relation to the going concern assumption. That judgement is based on an evaluation of the inherent risks to the Group and parent Company, in particular risks associated with political uncertainty, and how those risks might affect the Group and parent Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group and parent Company's available financial resources over this period were: • The impact of trading disputes between the US and China and the US and the EU (leading to potential tariff changes), which are disrupting sales behaviour and consumer confidence in China and the US and causing significant costs on export of goods; and • The impact of Brexit on the Group's supply chain and on the export of goods by not maintaining free and frictionless trade. The risk for our audit was whether or not those risks were such that they	• **Funding assessment:** Evaluated the Group and parent Company's financing terms. • **Key dependency assessment:** Assessed sufficiency of Group and parent Company's resources to repay the debt falling due in at least the 18 months from the date of approval of the financial statements. • **Historical accuracy:** Evaluated historical forecasting accuracy of key inputs, including cash forecasts, by comparing to the actual results. • **Historical comparisons:** Assessed appropriateness of Group and parent Company's assumptions used in the cash flow projections by comparing those, where appropriate, to historical trends in volumes and margins. • **Benchmarking assumptions:** Assessed appropriateness of Group and parent Company's assumptions used in the cash flow projections by comparing to externally derived data in relation to key inputs such as sales volumes and cost inflation, where appropriate taking into consideration historical trends in volumes and margins. • **Sensitivity analysis:** Considered sensitivities over the level of available financial resources indicated by the Group and parent Company's financial forecasts, taking account of reasonably

	The risk	Our response
	amounted to a material uncertainty that may have cast significant doubt on the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively, such as increased tariffs as a result of Brexit, the US–EU and US–China trade disputes and tariff challenges. • **Assessing transparency:** Performed procedure over the completeness and accuracy of the disclosures in the financial statements and ensured that they reflect the position of the Group's financing and the risks associated with the Group's ability to continue as a going concern.
Impairment of long-life intangible assets (£5,627 million; 2018: £6,763 million) Refer to page 119 (accounting policy) and page 147 (financial disclosures).	**Forecast-based valuation** The Group holds a significant amount of long-life intangible assets on its balance sheet, within a single cash-generating unit. The weak trading performance in China and the falling market capitalisation of the ultimate parent Company, Tata Motors Limited ("TML"), led the Group to perform an impairment assessment at both 31 December 2018 and 31 March 2019. The Group recognised an impairment of £3.1 billion during the year ended 31 March 2019. The recoverable value is considered to be the higher of the Company's assessment of the value in use ("VIU") methodology and fair value less costs of disposal ("FVLCD") methodology. There is a risk over the Group's assessment and measurement of impairment and therefore the impairment of long-life intangible assets due to: • **VIU model** using optimistic expectations of key assumptions such as future sales volumes, gross margins, overheads and capital expenditure; and	• **Historical accuracy:** Evaluated historical forecasting accuracy of key inputs, including cash forecasts, by comparing to the actual results. • **Historical comparisons:** Assessed appropriateness of Group and parent Company's assumptions used in the cash flow projections by comparing those, where appropriate, to historical trends in volumes and margins. • **Benchmarking assumptions:** Assessed appropriateness of Group and parent Company's assumptions used in the cash flow projections by comparing to externally derived data in relation to key inputs such as sales volumes and cost inflation, where appropriate taking into consideration historical trends in volumes and margins. • **Benchmarking assumptions:** Compared the Group's discount rate and long-term growth rate calculation to external benchmark data and comparative companies' rates and reperformed the discount rate calculation using the

	The risk	Our response
	• **FVLCD model** using optimistic adjustments to those cash flows used within the VIU model to reflect a market valuation of the Group. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of £8 billion has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements in note 18 disclose the sensitivities estimated by the Group.	capital asset pricing model with the assistance of our valuation specialists. • **Sensitivity analysis:** Performed a sensitivity analysis over the reasonably possible combination of changes in the forecasts, including the impact of potential downside scenarios such as a hard Brexit, US tariffs and a slower-than-expected resurgence in the China market. • **Comparing valuations:** Assessed Group's reconciliation between the estimated market capitalisation of the Group and its VIU and FVLCD. • **Benchmarking assumptions:** Compared the earnings multiple used in the FVLCD to comparative companies and to market data sources with the assistance of specialists. • **Assessing transparency:** Assessed the completeness and accuracy of the disclosures in the financial statements and ensured that the disclosure reflects the impact of reasonably possible downside assumptions on the amount of impairment.
Valuation of pension liabilities (£8,648 million; 2018: £8,320 million) Refer to page 121, Defined benefit obligation estimate (accounting policy) and page 155, Defined benefit obligation (financial disclosures).	**Subjective valuation** Small changes in the assumptions applied to the valuation of the liabilities, being the discount rate, inflation rate and mortality/life expectancy used to value the Group's pension obligation (before deducting scheme assets) would have a significant effect on the Group's net pension deficit. The risk is that these assumptions are inappropriate, resulting in an inappropriate valuation of scheme liabilities. The effect of these matters is that, as part of our risk assessment, we determined that valuation of the pension obligation has a high degree of	• **Control operation:** Tested the controls over the assumptions applied in the valuation and inspected the Group's annual validation of the assumptions used by its actuarial expert. Tested the Group's controls operating over selection and monitoring of its actuarial expert for competence and objectivity. • **Benchmarking assumptions:** Challenged, with the support of our own actuarial specialists, the key assumptions applied to the valuation of the liabilities, being the discount rate, inflation rate

	The risk	Our response
	estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 32) disclose the sensitivity estimated by the Group.	and mortality/ life expectancy against externally derived data. • **Assessing transparency:** Considered the adequacy of the Group's disclosures in respect of the sensitivity of the deficit to these assumptions.
Capitalisation of product engineering costs (£4,859 million; 2018: £5,713 million) Refer to page 118 (accounting policy) and page 146 (financial disclosures).	**Forecast-based valuation** The application of the capitalisation criteria set out in IAS 38 by the Group involves key judgements around the date capitalisation commences. As a result of noting that the Group capitalises a high proportion of costs related to its product development spend compared to its peers and the Group recognising an impairment charge of £3.1 billion over long-life assets during the year, we assess that there is an elevated risk of material misstatement. **Accounting application in relation to this** The application of the capitalisation criteria set out in IAS 38 by the Group involves key judgements as to whether the nature of costs capitalised are directly attributable. The effect of these matters is that, as part of our risk assessment, we determined that capitalisation of product engineering costs has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 2) disclose a reasonably possible alternative.	• **Control operation:** Tested the control over the Group's retrospective review of historically forecast material production costs at the point capitalisation commenced against actual costs observed in manufacture, being a key input to management's assessment of whether future economic benefit of development projects is probable, and the control over the Group's judgements as to whether indirect personnel and overhead costs are considered directly attributable. • **Benchmarking assumptions:** Compared the assumptions applied in the Group's assessment of economic viability to externally derived data in relation to key inputs such as projected volume sales. • **Assessing forecasts:** Assessed the Group's economic viability calculation by comparing relevant factors to source documentation, application of downside sensitivities to stress test assumptions, and work over the Group's overall forecasts. • **Historical comparison:** Performed a retrospective review to compare and assess previous economic viability assumptions against the actual outturn. • **Comparing valuations:** Compared the volumes used in the economic viability forecast produced by the Group to the VIU

	The risk	Our response
		model in the impairment of long-life assets' assessment for consistency. • **Assessing transparency:** Considered the adequacy of the Group's disclosures in respect of the Group's judgement of whether the IAS 38 capitalisation criteria have been met.
Recoverability of parent Company investment in subsidiaries and intra-Group debtors Investment (£1,655 million; 2018: £1,655 million) Intra-Group debtors (£4,898 million; 2018: £4,314 million) Refer to page 121 (accounting policy) and page 183 (financial disclosures).	**Low risk, high value** The amount of the parent Company's investment in its subsidiary, which acts as an intermediate holding company for the rest of the Company's subsidiaries, represents 25% (2018: 28%) of the parent Company's assets. The carrying amount of the intra-Group debtors balance comprises the remaining 75% (2018: 72%). Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality and following the weak trading performance of the Group, in the context of the Company financial statements this is considered to be one of the areas that had the greatest effect on our overall Company audit.	• **Tests of detail:** Compared the carrying amount of the parent Company's only investment with the subsidiary's draft balance sheet and assessed 100% of the Group debtor balance to identify whether its net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessed whether the Group headed by the subsidiary has historically been profit making. • **Assessing subsidiary audits:** Assessed the work performed as part of the Group audit over the subsidiaries' profits and net assets. • **Comparing valuations:** Compared the carrying amount of the investment in the subsidiary to the Group's estimated market capitalisation of its ultimate parent, adjusted to exclude the liabilities of the parent Company and net assets of companies outside the Group, being an approximation of the recoverable amount of the investment.

We continue to perform procedures over completeness and accuracy of warranty provisions and revenue deductions for incentives anticipated on vehicles sold.

However, following the revision of our materiality, we no longer consider the risk over the completeness and accuracy of the accrual for revenue deductions for incentives anticipated on vehicles sold to be one of the most significant risks in our current-year audit; therefore, it is not separately identified in our report this year.

Similarly, we no longer consider the risk over completeness and accuracy of warranty provisions to be one of the most significant risks in our current-year audit; therefore, it is not separately identified in our report this year.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £100 million (2018: £60 million), determined with reference to a benchmark of total Group revenue (2018: Group profit before tax), of which it represents 0.4% (2018: 4.0% Group profit before tax).

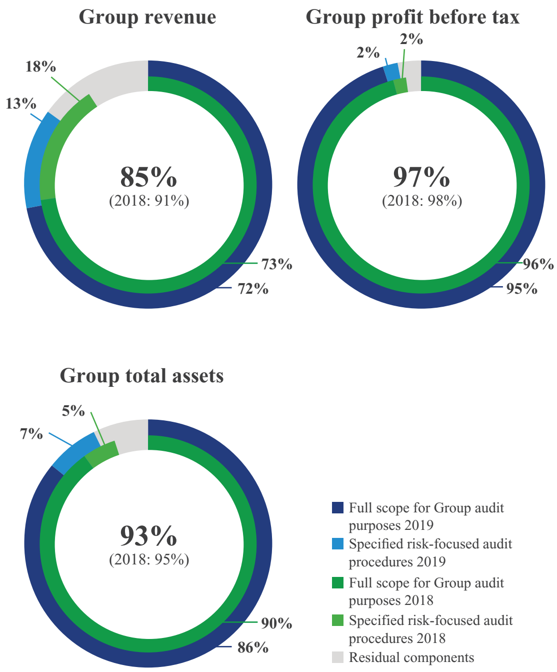
We consider total Group revenue to be the most appropriate benchmark, as it provides a more stable measure year on year than Group profit before tax. In addition, a materiality level of £100 million is considered appropriate in the context of the impairment charge to long-life assets of £3.1 billion.

Materiality for the parent Company financial statements as a whole was set at £65 million (2018: £55 million), determined with reference to a benchmark of Company total assets, of which it represents 1% (2018: 0.9%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £5 million in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group’s 37 (2018: 31) reporting components, we subjected 4 (2018: 4) to full-scope audits for Group purposes and 7 (2018: 9) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full-scope audit for Group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the percentages illustrated below.



The remaining 15% (2018: 9%) of total Group revenue, 3% (2018: 2%) of Group profit before tax and 7% (2018: 5%) of total Group assets are represented by 20 (2018: 18) reporting components, none of which individually represented more than 3% (2018: 2%) of any of total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed analysis at an aggregated Group level to reexamine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £15 million to £95 million (2018: £5 million to £55 million), having regard to the mix of size and risk profile of the Group across the components. The work on 9 of the 11 (2018: 11 of the 13) components was performed by component auditors and the rest, including the audit of the parent Company, was performed by the Group team.

The Group team visited three (2018: three) component locations in the United States, China and Germany in both years to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors and all others which were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- We have anything material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or

- We have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these aspects.

5. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Strategic report and directors' report

Based solely on our work on the other information:

- We have not identified material misstatements in the strategic report and the directors' report;

- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and

- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

7. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 95, the directors are responsible for the preparation of the financial statements, including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

JOHN LEECH (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF KPMG LLP,
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
ONE SNOWHILL
SNOW HILL QUEENSWAY
BIRMINGHAM
B4 6GH
3 JUNE 2019

JAGUAR LAND ROVER AUTOMOTIVE PLC
ANNUAL REPORT 2018/19

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Year ended 31 March	Note	2019	2018 restated**	2017 restated**
		£m	£m	£m
Revenue	5	24,214	25,786	24,339
Material and other cost of sales*	4, 6	(15,670)	(16,328)	(15,071)
Employee costs*	4, 7	(2,820)	(2,722)	(2,490)
Other expenses*	4, 10	(5,567)	(5,846)	(5,376)
Exceptional items	4	(3,271)	438	151
Engineering costs capitalised	11	1,576	1,610	1,426
Other income		205	420	379
Depreciation and amortisation		(2,164)	(2,075)	(1,656)
Foreign exchange (loss)/gain and fair value adjustments		(59)	29	(253)
Finance income	12	35	33	33
Finance expense (net)	12	(111)	(85)	(68)
Share of profit of equity accounted investments	15	3	252	159
(Loss)/profit before tax	**13**	**(3,629)**	**1,512**	**1,573**
Income tax credit/(expense)	14	308	(398)	(331)
(Loss)/profit for the year		**(3,321)**	**1,114**	**1,242**
Attributable to:				
Owners of the Company		(3,325)	1,112	1,242
Non-controlling interests		4	2	—

* “Material and other cost of sales”, “Employee costs” and “Other expenses” exclude the exceptional items explained in note 4.

** See note 2 for details of the restatement due to changes in accounting policies.

JAGUAR LAND ROVER AUTOMOTIVE PLC
ANNUAL REPORT 2018/19

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

Year ended 31 March	Note	2019	2018 restated*	2017 restated*
		£m	£m	£m
(Loss)/profit for the year		**(3,321)**	**1,114**	**1,242**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	32	(270)	546	(895)
Loss on effective cash flow hedges of inventory		(197)	—	—
Income tax related to items that will not be reclassified	14, 20	76	(89)	143
		(391)	**457**	**(752)**
Items that may be reclassified subsequently to profit or loss:				
Gain/(loss) on cash flow hedges (net)		92	2,442	(1,729)
Currency translation differences		(4)	(4)	34
Income tax related to items that may be reclassified	14, 20	(19)	(462)	322
		69	**1,976**	**(1,373)**
Other comprehensive (expense)/income net of tax		**(322)**	**2,433**	**(2,125)**
Total comprehensive (expense)/income attributable to shareholder		**(3,643)**	**3,547**	**(883)**
Attributable to:				
Owners of the Company		(3,647)	3,545	(883)
Non-controlling interests		4	2	—

* See note 2 for details of the restatement due to changes in accounting policies.

JAGUAR LAND ROVER AUTOMOTIVE PLC
ANNUAL REPORT 2018/19

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

As at 31 March	Note	2019	2018 restated*	2017 restated*
		£m	£m	£m
Non-current assets				
Investments	15	546	516	475
Other financial assets	16	170	414	270
Property, plant and equipment	17	6,492	7,417	5,885
Intangible assets	18	5,627	6,763	6,167
Other non-current assets	19	83	82	80
Deferred tax assets	20	512	413	511
Total non-current assets		**13,430**	**15,605**	**13,388**
Current assets				
Cash and cash equivalents	21	2,747	2,626	2,878
Short-term deposits and other investments		1,028	2,031	2,609
Trade receivables		1,362	1,612	1,273
Other financial assets	16	314	494	218
Inventories	23	3,608	3,767	3,464
Other current assets	19	570	630	517
Current tax assets		10	10	3
Total current assets		**9,639**	**11,170**	**10,962**
Total assets		**23,069**	**26,775**	**24,350**
Current liabilities				
Accounts payable	24	7,083	7,614	6,508
Short-term borrowings	25	881	652	179
Other financial liabilities	26	1,042	1,189	2,139
Provisions	27	988	758	644
Other current liabilities	28	664	547	490
Current tax liabilities		94	160	144
Total current liabilities		**10,752**	**10,920**	**10,104**
Non-current liabilities				
Long-term borrowings	25	3,599	3,060	3,395
Other financial liabilities	26	310	281	1,399
Provisions	27	1,140	1,055	988
Retirement benefit obligation	32	667	438	1,461
Other non-current liabilities	28	521	454	362
Deferred tax liabilities	20	101	583	60
Total non-current liabilities		**6,338**	**5,871**	**7,665**
Total liabilities		**17,090**	**16,791**	**17,769**
Equity attributable to shareholders				
Ordinary shares	29	1,501	1,501	1,501
Capital redemption reserve	29	167	167	167
Other reserves	30	4,305	8,308	4,913
Equity attributable to shareholders		**5,973**	**9,976**	**6,581**
Non-controlling interests		6	8	—
Total equity		**5,979**	**9,984**	**6,581**
Total liabilities and equity		**23,069**	**26,775**	**24,350**

* See note 2 for details of the restatement due to changes in accounting policies.

These consolidated financial statements were approved by the Board and authorised for issue on 31 May 2019. They were signed on its behalf by:

Ralf Speth

PROF. DR. RALF D. SPETH
CHIEF EXECUTIVE OFFICER
COMPANY REGISTERED NUMBER: 06477691

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares	Capital redemption reserve	Other reserves	Equity attributable to shareholder	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m
Balance at 1 April 2018 restated*	**1,501**	**167**	**8,308**	**9,976**	**8**	**9,984**
Adjustment on initial application of IFRS 9 and IFRS 15 (net of tax)	—	—	(32)	(32)	—	(32)
Adjusted balance at 1 April 2018	**1,501**	**167**	**8,276**	**9,944**	**8**	**9,952**
(Loss)/profit for the year	—	—	(3,325)	(3,325)	4	(3,321)
Other comprehensive expense for the year	—	—	(322)	(322)	—	(322)
Total comprehensive (expense)/income	**—**	**—**	**(3,647)**	**(3,647)**	**4**	**(3,643)**
Amounts removed from hedge reserve and recognised in inventory	—	—	(122)	(122)	—	(122)
Income tax related to amounts removed from hedge reserve and recognised in inventory	—	—	23	23	—	23
Dividend	—	—	(225)	(225)	—	(225)
Distribution to non-controlling interest	—	—	—	—	(6)	(6)
Balance at 31 March 2019	**1,501**	**167**	**4,305**	**5,973**	**6**	**5,979**
Balance at 1 April 2017	**1,501**	**167**	**4,913**	**6,581**	**—**	**6,581**
Profit for the year restated*	—	—	1,112	1,112	2	1,114
Other comprehensive income for the year restated*	—	—	2,433	2,433	—	2,433
Total comprehensive income restated*	**—**	**—**	**3,545**	**3,545**	**2**	**3,547**
Dividend	—	—	(150)	(150)	—	(150)
Acquisition of non-controlling interest	—	—	—	—	11	11
Distribution to non-controlling interest	—	—	—	—	(5)	(5)
Balance at 31 March 2018 restated*	**1,501**	**167**	**8,308**	**9,976**	**8**	**9,984**
Balance at 1 April 2016	**1,501**	**167**	**5,946**	**7,614**	**—**	**7,614**
Profit for the year restated*	—	—	1,242	1,242	—	1,242
Other comprehensive expense for the year restated*	—	—	(2,125)	(2,125)	—	(2,125)
Total comprehensive expense	**—**	**—**	**(883)**	**(883)**	**—**	**(883)**
Dividend	—	—	(150)	(150)	—	(150)
Balance at 31 March 2017	**1,501**	**167**	**4,913**	**6,581**	**—**	**6,581**

* See note 2 for details of the restatement due to changes in accounting policies.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March	Note	2019	2018	2017
		£m	£m	£m
Cash flows from operating activities				
Cash generated from operations	38	2,458	3,064	3,291
Dividends received	15	22	206	68
Income tax paid		(227)	(312)	(199)
Net cash generated from operating activities		**2,253**	**2,958**	**3,160**
Cash flows used in investing activities				
Investment in equity accounted investments	15	—	—	(12)
Purchases of other investments		(14)	(25)	(1)
Investment in other restricted deposits		(35)	(26)	(32)
Redemption of other restricted deposits		36	16	51
Movements in other restricted deposits		1	(10)	19
Investment in short-term deposits and other investments		(2,437)	(5,493)	(5,097)
Redemption of short-term deposits and other investments		3,511	6,016	3,797
Movements in short-term deposits and other investments		1,074	523	(1,300)
Purchases of property, plant and equipment		(1,590)	(2,135)	(1,584)
Proceeds from sale of property, plant and equipment		2	—	1
Net cash outflow relating to intangible asset expenditure		(1,785)	(1,614)	(1,473)
Finance income received		34	33	33
Acquisition of subsidiaries (net of cash acquired)		—	6	—
Net cash used in investing activities		**(2,278)**	**(3,222)**	**(4,317)**
Cash flows (used in)/generated from financing activities				
Finance expenses and fees paid		(210)	(158)	(150)
Proceeds from issuance of short-term borrowings		649	543	488
Repayment of short-term borrowings		(703)	(546)	(443)
Proceeds from issuance of long-term borrowings		1,214	373	857
Repayment of long-term borrowings		(547)	—	(57)
Payments of lease obligations		(2)	(4)	(4)
Distributions to non-controlling interests		(3)	(5)	—
Dividends paid	31	(225)	(150)	(150)
Net cash generated from financing activities		**173**	**53**	**541**
Net increase/(decrease) in cash and cash equivalents		**148**	**(211)**	**(616)**
Cash and cash equivalents at beginning of year	21	2,626	2,878	3,399
Effect of foreign exchange on cash and cash equivalents		(27)	(41)	95
Cash and cash equivalents at end of year	**21**	**2,747**	**2,626**	**2,878**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BACKGROUND AND OPERATIONS

Jaguar Land Rover Automotive plc ("the Company") and its subsidiaries are collectively referred to as "the Group" or "JLR". The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Abbey Road, Whitley, Coventry CV3 4LF, England, United Kingdom.

The Company is a subsidiary of Tata Motors Limited, India and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high-performance luxury saloons, specialist sports cars and four-wheel-drive off-road vehicles.

These consolidated financial statements have been prepared in Pound Sterling (GBP) and rounded to the nearest million GBP (£ million) unless otherwise stated. Results for the year ended and as at 31 March 2017 have been disclosed solely for the information of the users.

2 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These consolidated and parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the European Union (EU) and the requirements of the United Kingdom Companies Act 2006 applicable to companies reporting under IFRS.

The Company has taken advantage of section 408 of the Companies Act 2006 and, therefore, the separate financial statements of the Company do not include the income statement or the statement of comprehensive income of the Company on a stand-alone basis.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below. The balance sheet and accompanying notes as at 31 March 2017 have been disclosed solely for the information of the users.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

The directors have assessed the financial position of the Group as at 31 March 2019 (net assets of £5,979 million (2018: £9,984 million, 2017: £6,581 million)) and the projected cash flows and financial performance of the Group for the period to 31 March 2021. After consideration of a reasonably possible downside scenario (a reduction in forecast sales volumes of 10 per cent) as well as a no-deal Brexit scenario, the Company forecasts sufficient funds to meet its liabilities as they fall due throughout the assessment period even if no new funding is sought.

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 obligations linked to the borrowings in place. Accordingly, the directors continue to adopt the going concern basis in preparing these consolidated and parent company 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, as well as other contractual arrangements that may influence control. All subsidiaries of the Group given in note 42 to the parent company financial statements are included in the consolidated financial statements.

Intercompany transactions and balances including unrealised profits are eliminated in full on consolidation.

Joint ventures and associates (equity accounted investments)

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 Group's returns. 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 the investee.

Joint ventures and associates are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses, other comprehensive income and equity movements of equity accounted investments, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investment, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

When the Group transacts with a joint venture or associate of the Group, profits and losses are eliminated to the extent of the Group's interest in its joint venture or associate.

Dividends received are recognised when the right to receive payment is established.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those that are significant to the Group are discussed separately below.

Notes 17 and 18 provide further details of the exceptional impairment charge recognised in the year ended 31 March 2019, including disclosing additional sensitivities performed.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition: Vehicle revenue, as the primary source of income for the Group, is recognised when control of the vehicle passes to the customer, which the Group has assessed is when the vehicle is either despatched or held on behalf of the customer but depends on the underlying terms of the customer contract. Control of an asset refers to having the ability to direct the use of the asset and obtain substantially all of the remaining economic benefit.

The transfer of control depends on the consideration of a number of facts and circumstances surrounding the relevant transaction, such as the transfer of risks and rewards of ownership, transfer of legal title, transfer of physical possession, customer acceptance and whether or not an entity has a present right to payment. The Group determines the transfer of control with reference to those factors, thus ultimately driving revenue recognition.

In some instances, the Group recognises revenue on a bill-and-hold basis where control of the vehicle has been transferred to the customer but physical possession is retained by the Group (for example, within a vehicle holding compound) until a future point in time. Revenue is recognised on the meeting of bill-and-hold criteria, which are considered to be met as the reason for the bill-and-hold is substantive (as the customer requests JLR to retain possession, usually due to a lack of available space at their own premises), the vehicles are identifiable as separately belonging to the customer (on the basis that each vehicle has a unique Vehicle Identification Number), the vehicle must be ready for physical transfer to the customer (which it is, given that it is fully built and safety-checked off the manufacturing line) and the Group does not have the ability to use the vehicle or direct it elsewhere.

Assessment of cash-generating units: The Group has determined that there is one cash-generating unit. This is on the basis that there are no smaller groups of assets that can be identified with certainty that generate specific cash inflows that are independent of the inflows generated by other assets or groups of assets. Refer to note 18.

Alternative performance measures (APMs): Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive APMs that provide additional useful information on the underlying trends. Refer to note 3.

Capitalisation of product engineering costs: The Group undertakes significant levels of research and development activity, and for each vehicle programme a periodic review is undertaken. The Group applies judgement in determining at what point in a vehicle programme's life cycle the recognition criteria under IAS 38 are satisfied and estimates the proportion of central overhead allocated. If a later point had been used then this would have had the impact of reducing the amounts capitalised as product engineering costs. If central overheads had not been allocated it would have reduced the amount capitalised by £146 million.

Deferred tax asset recognition: The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ESTIMATES AND ASSUMPTIONS

The areas where assumptions and estimates are significant to the financial statements are as described below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Significant estimates are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year. Other estimates are those that may affect carrying amounts in the longer term.

SIGNIFICANT ESTIMATES

Impairment of intangible and tangible fixed assets: The Group tests annually whether indefinite lived intangible fixed assets have suffered any impairment. The recoverable amount of the cash-generating unit is based on the higher of value in use and the fair value less cost of disposal. Value in use is calculated from cash flow projections generally over five years using data from the Group's latest internal forecasts and extrapolated beyond five years using estimated long-term growth rates. Key assumptions and sensitivities for impairment are disclosed in note 18. The Group has considered it appropriate to include additional sensitivities for the year ended 31 March 2019 for further transparency.

Retirement benefit obligation: The present value of the post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of post-employment benefit obligations. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in note 32.

OTHER ESTIMATES

Product warranties: The Group provides product warranties on all new vehicle sales. Provisions are generally recognised when vehicles are sold or when new warranty programmes are initiated. Based on historical warranty claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill (representing the Group's constructive obligation to its customers when managing those warranty claims), as well as on possible recall campaigns. These assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information. Refer to note 27.

The Group also has back-to-back contractual arrangements with its suppliers in the event that a vehicle fault is proven to be a supplier's fault. Estimates are made of the expected reimbursement claims based upon historical levels of recoveries by supplier, adjusted for inflation and applied to the population of vehicles under warranty at the balance sheet date. Supplier reimbursement claims are presented as separate assets in note 16.

Investment in equity accounted investees: At each balance sheet date or when there are indicators of impairment, the Group assesses whether there is any objective evidence that the carrying value of equity accounted investments may be impaired. As a result of the slowdown in the Chinese automotive market, at 31 March 2019, the Group's investment in Chery Jaguar Land Rover Automotive Company Ltd. was tested for impairment in accordance with IAS 36 by comparing the carrying value of the investment to its recoverable amount. The recoverable amount is dependent on a wide range of assumptions, including sales volume forecasts, operating margin, capital expenditure and discount rate.

These assumptions are primarily based on a combination of the investment's historical performance, the Group's latest internal forecasts and market data on the expectation for the Chinese automotive market. The estimated recoverable amount of the investment is higher than the carrying value. If the assumptions do not materialise, in whole or in part, these will impact the entity's expected future cash flows and may result in a future impairment. The Group used a discount rate of 10.8 per cent in the value in use calculation. A discount rate of 11.5 per cent would result in a value in use equal to the carrying amount of the investment.

The carrying values of equity accounted investments are disclosed in note 15.

Variable marketing expense: The Group offers sales incentives in the form of variable marketing expense to customers, which vary depending on the timing and customer of any subsequent sale of the vehicle. This sales incentive is accounted for as a revenue reduction and is constrained to a level that is highly probable not to reverse the amount of revenue recognised when any associated uncertainty is subsequently resolved. The Group estimates the expected sales incentive by market and considers uncertainties including competitor pricing, ageing of dealer stock and local market conditions. The constraint on variable consideration is estimated with reference to historical accuracy, the current position of market conditions and a future-looking assessment considering relevant geopolitical factors.

Uncertain tax provisions: Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Group will be required to settle that tax. Measurement is dependent on management's expectations of the outcome of decisions by tax authorities in the various tax jurisdictions in which the Group operates. This is assessed on a case-by-case basis using in-house experts, professional firms and previous experience. Where no provision is required the exposure is disclosed as a contingent liability in note 33 unless the likelihood of an outflow of economic benefits is remote.

REVENUE RECOGNITION

Revenue comprises the consideration earned by the Group in respect of the output of its ordinary activities. It is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties, and net of settlement discounts, bonuses, rebates and sales incentives. The Group considers its primary customers from the sale of vehicles, parts and accessories (its primary revenue-generating streams) are generally retailers, fleet and corporate customers, and other third-party distributors. The Group recognises revenue when it transfers control of a good or service to a customer, thus evidencing the satisfaction of the associated performance obligation under that contract.

As described in note 37, the Group operates with a single automotive reporting segment, principally generating revenue from the sales of vehicles, parts and accessories.

The sale of vehicles also can include additional services provided to the customer at the point of sale, for which the individual vehicle and services are accounted for as separate performance obligations, as they are considered separately identifiable. The contract transaction price is allocated among the identified performance obligations based on their stand-alone selling prices. Where the stand-alone selling price is not readily available and observable, it is estimated using an appropriate alternative approach.

Significant revenue areas	Nature, timing of satisfaction of performance obligations and significant payment terms
Vehicles, parts and accessories (and other goods)	The Group recognises revenue on the sale of vehicles, parts and accessories at the point of "wholesale", which is determined by the underlying terms and conditions of the contract with the customer as to when control transfers to them. The overall principle of control under IFRS 15 considers which party has the ability to direct the use of an asset and to obtain substantially all of the remaining economic benefits. Determining the transfer of control with regards to the sale of goods is driven by a consideration of a number of factors, including: • The point at which the risks and rewards of ownership pass to the customer;

Significant revenue areas	Nature, timing of satisfaction of performance obligations and significant payment terms
	• The point at which the customer takes physical possession of the good or product; • The point at which the customer accepts the good or product; • The point at which the Group has a present right to payment for the sale of the good or product; and • The point at which legal title to the good or product transfers to the customer. In the vast majority of cases, the sale of the relevant good is recognised at the point of dispatch (at release to the carrier responsible for transportation to the customer) or the point of delivery to the customer, which coincides with the invoicing point. In some instances, revenue may be recognised on a bill-and-hold basis where vehicles, for example, are sold to the customer but are retained in the Group's possession at a vehicle holding compound on behalf of the customer ahead of being physically transferred to them at a future time. Such arrangements meet the criteria for bill-and-hold arrangements under IFRS 15 to ensure that the customer has obtained the ultimate control of the product when revenue is recognised. The reason for the bill-and- hold is substantive (as the customer requests JLR to retain possession, usually due to a lack of available space at their own premises), the vehicles are identifiable as separately belonging to the customer (on the basis that each vehicle has a unique Vehicle Identification Number), the vehicle must be ready for physical transfer to the customer (which it is, given that it is fully built and safety-checked off the manufacturing line) and the Group does not have the ability to use the vehicle or direct it elsewhere. The Group operates with financing partners across the world that provide wholesale financing arrangements to the retail network for vehicle sales, which enables cash settlement to occur immediately (usually within two working days) for purchases from the Group. For the sale of parts and accessories, the Group typically receives payment in line with the invoice payment terms stipulated and agreed with its customers, which are usually 30 days.
Sales incentives	In accordance with IFRS 15, the costs associated with providing sales support and incentives (variable marketing expense) are considered to be variable components of consideration, thus reducing the amount of revenue recognised by the Group. Under IFRS 15, the Group ensures that variable consideration is recognised to the extent of the amount to which it ultimately expects to be entitled. To meet this principle, the Group constrains its estimate of variable consideration to include amounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with such variability is subsequently resolved. The Group considers that the variable consideration received for contracts with multiple performance obligations is allocated to all such obligations only when applicable. In the vast majority of instances, the Group considers that variable components of consideration are allocated only to the relevant and applicable performance obligations. For example, with the sale of a vehicle,

Significant revenue areas	Nature, timing of satisfaction of performance obligations and significant payment terms
	the cost of the incentive provided is allocated entirely to the vehicle as its purpose is to incentivise the sale of the vehicle.
Scheduled maintenance contracts	Scheduled maintenance contracts sold with a vehicle provide the end customer with the benefit of bringing their vehicle to a dealership for the routine maintenance required to maintain compliance for warranty purposes. These are considered a separate performance obligation of the Group. The Group typically receives payment relating to the scheduled maintenance contract at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price, which is measured using a cost-plus approach. The Group recognises revenue for scheduled maintenance contracts based on the expected performance of the services over the period from the point of a vehicle being retailed to an end customer and aligning to the expected costs to fulfil those services.
Telematics	Telematics features provide a service to the customer typically aligned to the warranty period of the vehicle, allowing for the ability to connect the vehicle with, and interact via, an end customer's mobile phone. These are considered a separate performance obligation of the Group. The Group typically receives payment relating to telematics features up-front at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price, which for optional features is measured at the applicable purchase price and for standard-fit features is measured using a cost-plus basis. The Group recognises revenue on a straight-line basis over the term of the service from the point of the vehicle being retailed to an end customer in line with the expected costs to fulfil those services.
Warranty considerations as a service	Vehicles and parts sold by the Group include a standard warranty to guarantee the vehicle complies with agreed-upon specifications for a defined period of time. Where the warranty offering to the end customer exceeds the standard market expectation for similar products, or is considered to provide a service to the end customer in excess of simply providing assurance that the agreed-upon specification is met, the Group consider the additional warranty to constitute a service to the end customer and therefore a separate performance obligation. Revenue is only recognised in the period to which the warranty service relates, up to which point it is recognised as a contract liability.
Repurchase arrangements	Some contracts with customers include an option or obligation for the Group to repurchase the product sold (including repurchasing a product originally sold as part of an amended product). Such instances are common in the Group's arrangements with third-party fleet customers or in contract manufacturing arrangements that the Group is party to, for example. The Group does not recognise revenue on the original sale, as in such cases it is considered to retain ultimate control of that product. The related inventory therefore continues to be recognised on the Group's consolidated balance sheet and the consideration received from the customer is treated as a

Significant revenue areas	Nature, timing of satisfaction of performance obligations and significant payment terms
	liability. Nuances in the accounting treatment occur depending on whether the contractual repurchase price is less than, more than or equal to the original sale price, and this ultimately results in the arrangement being treated as a lease or a financing arrangement. If considered to be a lease arrangement, where the repurchase price is lower than the original sale price, the difference between the proceeds received and the repurchase amount is recognised as income over the contractual term on a straight-line basis. Revenue recognised under such arrangements is outside of the scope of IFRS 15 and instead is recognised in line with IAS 17 *Leases*. Revenue is recognised only when the relevant good or product is sold by the Group with no repurchase obligation or option attached.
Returns obligations, refunds and similar obligations	Vehicle sales do not typically include allowances for returns or refunds, although in some markets there is legislative requirement for Jaguar Land Rover as an automotive manufacturer to repurchase or reacquire a vehicle if quality issues arise that have been remedied a number of times and where the owner no longer wishes to own the vehicle as a result. With regards to the sale of other goods, where rights of return may be prevalent, the Group estimates the level of returns based on the historical data for specific products, adjusted as necessary to estimate returns for new products. In line with the requirements of IFRS 15, a sale is not recognised for expected returns, and instead the Group recognises a refund liability and asset where required.
Non-cash consideration	In some instances, the Group engages in transactions that involve non-cash consideration, where a customer provides consideration in a form other than cash. This is most often demonstrated in marketing and sponsorship arrangements that the Group enters into, with an exchange of goods and/or services with its customers. Such non-cash consideration is measured at its fair value, which is determined by assessing the selling price value of the goods or services received as consideration. If this cannot be reasonably estimated, then the Group measures such consideration indirectly with reference to the stand-alone selling price of the goods or services promised to the customer.

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.

Material and other cost of sales as reported in the consolidated income statement is presented net of the impact of realised foreign exchange relating to derivatives hedging cost exposures.

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, either on a systematic basis when the Group recognises, as expenses, the related costs that the grants are intended to compensate or, immediately, if the costs have already been incurred.

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 that are awarded as incentives with no ongoing performance obligations to the Group are recognised as other income in the period in which the grant is received.

Sales tax incentives received from governments are recognised in the consolidated income statement at the reduced tax rate, and revenue is reported net of these sales tax incentives.

FOREIGN CURRENCY

The Company has a functional currency of GBP. The presentation currency of the consolidated financial statements is GBP.

Except where noted below, the directors of the Company have determined that 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 the directors assess control as being in the UK and that GBP is the currency that primarily determines sales prices and is the main currency for the retention of operating income. The functional currency of Chery Jaguar Land Rover Automotive Company Ltd., the Group's principal joint venture, is Chinese Yuan (CNY). The functional currency of Jaguar Land Rover Slovakia s.r.o, Jaguar Land Rover Classic Deutschland GmbH and Jaguar Land Rover Ireland (Services) Limited is Euro, the functional currency of Jaguar Land Rover India is INR, the functional currency of Jaguar Land Rover Classic USA LLC is USD and the functional currency of Jaguar Land Rover Hungary KFT is HUF.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement as "Foreign exchange (loss)/gain and fair value adjustments".

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (non-GBP functional currency) are translated at exchange rates prevailing on the balance sheet date.

Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

INCOME TAXES

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the consolidated income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity) or where related to the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year when the asset is realised or the liability is settled and on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

EXCEPTIONAL ITEMS

Exceptional items are disclosed separately in the consolidated income statement and excluded from adjusted EBIT and adjusted EBITDA measures to enhance the reader's understanding of the performance of the Group by excluding items that would otherwise distort reporting of the Group's performance due to their size or nature.

The following are included in the Group's assessment of exceptional items:

- An impairment charge of £3,105 million for the year ended 31 March 2019 following an impairment exercise undertaken in accordance with IAS 36;

- Restructuring costs of £149 million relating to a Group-wide voluntary redundancy programme announced and carried out during the year ended 31 March 2019;

- Past service costs and past service credits arising from amendments to the Group's defined benefit pension plans; and

- The impact of the explosion at the port of Tianjin (China) in August 2015, including reassessments of the provision against the carrying value of inventory and recoveries of taxes, duties and insurance proceeds in subsequent years.

Further details of exceptional items are given in note 4.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Land 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 charged 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, equipment and leased assets	3 to 30
Vehicles	3 to 10
Computers	3 to 6
Fixtures and fittings	3 to 20

The depreciation for property, plant and equipment with finite useful lives is reviewed at least at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Freehold land is measured at cost and is not depreciated. Residual values are reassessed on an annual basis.

Depreciation is not recorded on assets under construction until construction and installation are complete and the asset is ready for its intended use. Assets under construction include capital advances. Depreciation is not recorded on heritage assets as the Group considers their residual value to approximate their cost.

INTANGIBLE ASSETS

Acquired intangible assets

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

For intangible assets with finite lives, amortisation is charged on a straight-line basis over the estimated useful lives of the acquired intangible assets as per the estimated amortisation periods below:

Class of intangible asset	Estimated amortisation period
	years
Software	2 to 8
Patents and technological know-how	2 to 12
Customer-related—dealer network	20
Intellectual property rights and other intangibles	3 to indefinite

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

Capital work-in-progress includes capital advances. Customer-related intangibles acquired in a business combination consist of dealer networks. Intellectual property rights and other intangibles mainly consist of brand names, which are considered to have indefinite lives due to the longevity of the brands.

Internally generated intangible assets

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

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

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

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

Product engineering cost is amortised over the life of the related product, being a period of between two and ten years.

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

Amortisation is not recorded on product engineering in progress until development is complete.

IMPAIRMENT

Property, plant and equipment and intangible assets

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

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

The estimated recoverable amount is the higher of value in use and fair value less costs of disposal. 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 (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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

An annual review of the carrying value of heritage assets is performed as the assets are held at cost and not depreciated and any write-down in the carrying value is recognised immediately in the consolidated income statement.

Equity accounted investments: Joint ventures and associates

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

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 that are subject to an insignificant risk of changes in value.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs of raw materials and consumables are ascertained on a first-in, first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods, determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the Group and are amortised in changes in stocks and work-in-progress to their residual values (i.e. estimated second-hand sale value) over the term of the arrangement.

PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are held for product warranty, legal and product liabilities, residual risks, restructuring and environmental risks as detailed in note 27 to the consolidated financial statements.

Supplier reimbursements are recognised as separate assets within “Other financial assets”. See note 16.

LONG-TERM INCENTIVE PLAN (“LTIP”)

The Group operated a share-based payment 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 the Black-Scholes model. At each balance sheet date, until the liability is settled, the fair value of the liability is remeasured, with any corresponding changes in fair value recognised in the consolidated income statement.

LEASES

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the contractual terms and substance of the lease arrangement.

Assets taken on finance lease

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

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Group's consolidated balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease in "Other expenses".

The impact on the Group's accounting policies for leases under IFRS 16 for the year ended 31 March 2020 is given on page 129.

EMPLOYEE BENEFITS

Pension schemes

The Group operates several defined benefit pension schemes; the UK defined benefit schemes were previously contracted out of the second state pension scheme until 5 April 2016. The assets of the plans are generally held in separate trustee-administered funds. The plans provide for a monthly pension after retirement based on salary and service as set out in the rules of each scheme.

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

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

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

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.

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

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

The Group presents these defined benefit costs within "Employee costs" in the consolidated income statement (see note 7).

Separate defined contribution schemes are available to all other employees of the Group. Costs in respect of these schemes are charged to the consolidated income statement as incurred.

Post-retirement Medicare scheme

Under this unfunded scheme, employees of some subsidiaries receive medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Group as part of an early separation scheme, on medical grounds or due to permanent disablement, are also covered under the scheme. The applicable subsidiaries (and therefore, the Group) 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 the consolidated statement of comprehensive income in the year in which they arise. Actuarial gains and losses relating to long-term employee benefits are recognised in the consolidated income statement in the year in which they arise.

Measurement date

The measurement date of all retirement plans is 31 March.

FINANCIAL INSTRUMENTS

Recognition and derecognition

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 instruments are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire 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. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings.

Financial assets are written off when there is no reasonable expectation of recovery. The Group reviews the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities.

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

Initial measurement

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. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequently, financial instruments are measured according to the category in which they are classified.

Classification and measurement—financial assets

Classification of financial assets is based on the business model in which the instruments are held as well as the characteristics of their contractual cash flows. The business model is based on management's intentions and past pattern of transactions. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets are classified into three categories:

Financial assets at amortised cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows. Subsequently, these are measured at amortised cost using the effective interest method less impairment losses, if any. These include cash and cash equivalents, contract assets, finance receivables and other financial assets.

Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows as well as to sell the financial asset. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income apart from any expected credit losses or foreign exchange gains or losses, which are recognised in profit or loss. This category can also include financial assets that are equity instruments which have been irrevocably designated at initial recognition as fair value through other comprehensive income. For these assets, there is no expected credit loss recognised in profit or loss.

Financial assets at fair value through profit or loss are financial assets with contractual cash flows that do not consist solely of payments of principal and interest. This category includes derivatives, embedded derivatives separated from the host contract and investments in certain convertible loan notes. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in profit or loss, with the exception of derivative instruments designated in a hedging relationship, for which hedge accounting is applied.

Classification and measurement—financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost unless they meet the specific criteria to be recognised at fair value through profit or loss.

Other financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss include derivatives and embedded derivatives separated from the host contract as well as financial liabilities held for trading. Subsequent to initial recognition, these are measured at fair value with gains or losses being recognised in profit or loss.

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 either the amortised cost of the senior notes or the present value of the lost interest for the remaining term of the senior notes.

Impairment

The Group recognises a loss allowance in profit or loss for expected credit losses on financial assets held at amortised cost or at fair value through other comprehensive income. Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability-weighted amount, takes into account the time value of money (values are discounted back using the applicable effective interest rate) and uses reasonable and supportable information.

Lifetime expected credit losses are calculated for assets that were deemed credit impaired at initial recognition or have subsequently become credit impaired as well as those where credit risk has increased significantly since initial recognition.

The Group adopts the simplified approach permitted in IFRS 9 to apply lifetime expected credit losses to trade receivables and contract assets, thereby eliminating the need to assess changes in credit risk for those assets. Where credit risk is deemed low at the reporting date or to have not increased significantly, credit losses for the next 12 months are calculated.

Objective evidence for a significant increase in credit risk may include where payment is overdue by 90 or more days as well as other information about significant financial difficulties of the borrower.

Credit risk has increased significantly when the probability of default has increased significantly. Such increases are relative and assessment may include external ratings (where available) or other information such as past due payments. Historic data and forward-looking information are both considered.

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.

Investments in equity instruments are measured at fair value; however, where a quoted market price in an active market is not available, equity instruments are measured at cost (investments in equity instruments that are not held for trading). The Group has not elected to account for these investments at fair value through other comprehensive income.

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 the discounted cash flow method and other valuation models.

Hedge accounting

The Group uses foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates these foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency in a cash flow hedging relationship by applying hedge accounting principles under IFRS 9.

The Group uses cross-currency interest rate swaps to convert some of its issued debt from foreign denominated fixed-rate debt to GBP floating-rate debt. Hedge accounting is applied using both fair value and cash flow hedging relationships. The designated risks are foreign currency and interest rate risks.

Derivative contracts are stated at fair value on the consolidated balance sheet at each reporting date.

At inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of the hedged item. The Group documents its risk management objective and strategy for undertaking its hedging transactions.

The Group designates only the intrinsic value of foreign exchange options in the hedging relationship. The Group designates amounts excluding foreign currency basis spread in the hedging relationship for both foreign exchange forward contracts and cross-currency interest rate swaps.

Changes in the fair value of the derivative contracts that are designated and effective as hedges of future cash flows are recognised in the cash flow hedge reserve within other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the consolidated income statement.

Changes in both the time value of foreign exchange options and foreign currency basis spread of foreign exchange forwards and cross-currency interest rate swaps are recognised in other comprehensive income (net of tax) in the cost of hedging reserve to the extent that they relate to the hedged item (the "aligned" value).

Changes in the fair value of contracts that are designated in a fair value hedge are taken to the consolidated income statement. They offset the change in fair value, attributable to the hedged risks, of the borrowings designated as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Amounts accumulated in equity are reclassified to the consolidated income statement in the periods in which the forecast transactions affect profit or loss or as an adjustment to a non-financial item (e.g. inventory) when that item is recognised on the balance sheet. These deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of goods sold).

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss in equity, including deferred costs of hedging, is immediately transferred and recognised in the consolidated income statement.

Accounting policies applied until 31 March 2018

The Group has applied IFRS 9 from 1 April 2018. The Group has noted that there is not a material impact on the financial statements for the classification and measurement of financial instruments. As a result, the comparative information provided in the 2018 and 2017 Annual Reports continues to be accounted for in accordance with the Group's previous accounting policy for classification and measurement of financial instruments.

NEW ACCOUNTING POLICY PRONOUNCEMENTS

(a) Standards, revisions and amendments to standards and interpretations significant to the Jaguar Land Rover Group and applied for the first time in the fiscal year ending 31 March 2019 IFRS 9

Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces a new impairment model for financial assets and new rules for hedge accounting.

The Group has undertaken an assessment of classification and measurement on transition and has not identified a material impact on the financial statements given that equity investments that are not equity accounted are valued at fair value through profit or loss. The impact on the categorisation of financial assets and liabilities within scope of IFRS 9 is summarised below:

	IAS 39 Category	IFRS 9 Category	IAS 39 carrying amount (31 March 2018) £ million	IFRS 9 carrying amount (31 March 2018) £ million
Financial assets				
Other investments	Fair value through profit and loss	Fair value through profit and loss—mandatorily measured	28	28
Trade receivables	Loans and receivables	Amortised cost	1,612	1,612
Cash and cash equivalents	Loans and receivables	Amortised cost	2,626	2,626
Short-term deposits and other investments	Held to maturity	Amortised cost	36	36
Short-term deposits and other investments	Loans and receivables	Amortised cost	1,995	1,995
Restricted cash	Loans and receivables	Amortised cost	18	18
Derivative financial instruments	Fair value through profit and loss	Fair value through profit and loss—mandatorily measured	550	550
Accrued income	Loans and receivables	Amortised cost	35	35
Other	Loans and receivables	Amortised cost	91	91
Financial liabilities				
Accounts payable	Other financial liabilities	Amortised cost	7,614	7,614
Borrowings	Other financial liabilities	Amortised cost	3,712	3,712
Interest accrued	Other financial liabilities	Amortised cost	32	32
Derivative financial instruments	Fair value through profit and loss	Fair value through profit and loss—mandatorily measured	925	925
Other	Other financial liabilities	Amortised cost	15	15

The Group has undertaken an assessment of the impairment provisions, especially with regard to trade receivables, and has applied the simplified approach under the standard. For all principal markets, the Group operates with major financial institutions that take on the principal risks of sales to customers, and consequently the Group receives full payment for these receivables in 0–30 days. Therefore the Group has concluded that there is no material impact under the standard for remeasurement of impairment provisions, and no transition adjustments have been made.

The Group has undertaken an assessment of its hedge relationships and has concluded that the Group's current hedge relationships qualified as continuing hedges upon the adoption of IFRS 9. The Group has identified a change with respect to the treatment of the cost of hedging, specifically the time value of the foreign exchange options and foreign currency basis spread included in the foreign exchange forwards and cross-currency interest rate swaps. The time value of foreign exchange options and the foreign currency basis spread included in the foreign exchange forwards and cross-currency interest rate swaps is now recorded in a separate component of the statement of other comprehensive income. Amounts accumulated in equity for hedges of non-financial items will now be recognised as an adjustment to that non-financial item (i.e. inventory) when recorded on the consolidated balance sheet, and this adjustment has been made on a prospective basis from 1 April 2018. As such, the Group had a £27 million reduction in net assets on transition to IFRS 9.

As required under the transition rules of IFRS 9, comparative periods have been restated only for the retrospective application of the cost of hedging approach for the time value of the foreign exchange options and also the Group's voluntary application of foreign currency basis spread included in the foreign exchange forwards and cross-currency interest rate swaps as a cost of hedging. Accordingly, the information presented for prior periods is not wholly comparable to the information presented for the current year.

Further, under the published change issued by the IASB in February 2018 regarding the modification of financial liabilities, an additional charge of £5 million has been recognised for the financial year ended 31 March 2018, representing the loss recognised on the modification of the Group's undrawn revolving credit facility.

Impact of retrospective application

The following tables show the impact on the consolidated income statement and consolidated statement of comprehensive income/(expense) for the years ended 31 March 2018 and 31 March 2017 and on the consolidated balance sheet as at 31 March 2018. There were no changes to the consolidated balance sheet as at 31 March 2017.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March	2018 as previously reported	Restatement	2018 restated	2017 as previously reported	Restatement	2017 restated
	£m	£m	£m	£m	£m	£m
Foreign exchange gain/ (loss) and fair value adjustments	48	(19)	29	(216)	(37)	(253)
Finance expense (net)	(80)	(5)	(85)	(68)	—	(68)
Other income statement captions	1,568	—	1,568	1,894	—	1,894
Profit before tax	**1,536**	**(24)**	**1,512**	**1,610**	**(37)**	**1,573**
Income tax expense	(403)	5	(398)	(338)	7	(331)
Profit for the year	**1,133**	**(19)**	**1,114**	**1,272**	**(30)**	**1,242**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

Year ended 31 March	2018 as previously reported	Restatement	2018 restated	2017 as previously reported	Restatement	2017 restated
	£m	£m	£m	£m	£m	£m
Profit for the year	1,133	(19)	1,114	1,272	(30)	1,242
Total items that will not be reclassified subsequently to profit or loss	457	—	457	(752)	—	(752)
Items that may be reclassified subsequently to profit or loss:						
Gain/(loss) on cash flow hedges (net)	2,423	19	2,442	(1,766)	37	(1,729)
Currency translation differences	(4)	—	(4)	34	—	34
Income tax related to items that may be reclassified	(458)	(4)	(462)	329	(7)	322
	1,961	**15**	**1,976**	**(1,403)**	**30**	**(1,373)**
Other comprehensive income/(expense) net of tax	**2,418**	**15**	**2,433**	**(2,155)**	**30**	**(2,125)**
Total comprehensive income/(expense) attributable to shareholders	**3,551**	**(4)**	**3,547**	**(883)**	**—**	**(883)**

CONSOLIDATED BALANCE SHEET

Year ended 31 March	2018 as previously reported	Restatement	2018 restated
	£m	£m	£m
Assets			
Other non-current assets	87	(5)	82
Other asset captions	26,693	—	26,693
Total assets	**26,780**	**(5)**	**26,775**
Liabilities			
Deferred tax liabilities	584	(1)	583
Other liability captions	16,208	—	16,208
Total liabilities	**16,792**	**(1)**	**16,791**
Equity attributable to shareholders			
Other reserves	8,312	(4)	8,308
Other equity captions	1,676	—	1,676
Total equity	**9,988**	**(4)**	**9,984**
Total liabilities and equity	**26,780**	**(5)**	**26,775**

Impact on Company financial statements

The £5 million loss recognised on the modification of the Group's undrawn revolving credit facility during the year ended 31 March 2018 is also applicable to the Company financial statements. A corresponding adjustment has been recorded to the deferred finance income recognised on intercompany loans to a subsidiary company.

The impact on the Company balance sheet of this restatement is shown below. The transition to IFRS 9 has no impact on profit after tax or the net assets of the Company in any comparative year.

COMPANY BALANCE SHEET

Year ended 31 March	2018 as previously reported	Restatement	2018 restated
	£m	£m	£m
Assets			
Other non-current assets	6	(5)	1
Other asset captions	5,972	—	5,972
Total assets	**5,978**	**(5)**	**5,973**
Liabilities			
Deferred finance income	29	(5)	24
Other liability captions	3,610	—	3,610
Total liabilities	**3,639**	**(5)**	**3,634**
Total equity	2,339	—	2,339
Total liabilities and equity	**5,978**	**(5)**	**5,973**

IFRS 15 ***Revenue from Contracts with Customers*** was adopted by the Jaguar Land Rover Group with a date of initial application of 1 April 2018. The new standard replaces the requirements under IAS 18 *Revenue* and IAS 11 *Construction Contracts*, as well as the related interpretations. The primary purpose of the new standard is to specify a set of consistently applicable underlying revenue recognition principles across all sectors, industries and types of arrangements. As a result, the Group has amended its accounting policy for revenue recognition as described on the following pages and in note 5.

In accordance with the transitional provisions of the standard, the Group has applied IFRS 15 on the modified retrospective basis. This allows the Group to recognise the cumulative effect of applying the new standard at the date of application with no restatement of the comparative periods, which remain under the previously existing accounting principles. However, in using this method, the Group is required to present the current fiscal year's financial statements on a line-by-line basis under both IFRS 15 and the previously existing accounting principles to demonstrate the impact of applying the new standard.

As a result, the Group has recognised a £5 million reduction in net assets on transition to IFRS 15. The impact on the opening consolidated balance sheet for the year ended 31 March 2019 is given in the table below.

	Opening balance	Adjustment on initial application of IFRS 15	Adjusted opening balance
	£m	£m	£m
Other current liabilities	547	6	553
Other non-current liabilities	454	14	468
Provisions (current)	758	(4)	754
Provisions (non-current)	1,055	(11)	1,044
Other reserves	8,308	(5)	8,303

IFRS 15 describes a comprehensive, logical five-step model for determining revenue recognition, including the amount and timing upon which revenue is recognised. It requires the Group:

1. To identify the contract with a customer;

2. To identify the related performance obligations and distinct promises made by the Group to the customer within the contract;

3. To determine the transaction price, representing the amount of consideration that the Group expects to be entitled to under the contract;

4. To allocate that contractual transaction price to each performance obligation on a stand-alone selling price basis (or a valid, reasonable alternative if the stand-alone selling price is not available); and

5. To recognise revenue at a point in time or over time depending on the satisfaction of each performance obligation. This coincides with when the underlying control of a good or service is transferred to the customer.

The implementation of IFRS 15 has no impact on the timing of revenue recognition associated to the sale of the physical vehicles, parts and accessories, being the Group's core revenue-generating streams, and ultimately remains in a manner consistent with prior years.

The Group considers that the primary impact of IFRS 15 on the accounting treatment for its operations is as follows:

- **Sales with multiple performance obligations:** Previously, the Group accounted for separately identifiable components of sales in accordance with IAS 18. Under IFRS 15, the Group considers additional performance obligations that are required to be accounted for appropriately on a stand-alone selling price basis, for example, additional obligations of the Group when selling vehicles to its customers, including transportation.

  This has further resulted in considerations of whether the Group is a principal or an agent in fulfilling these performance obligations, given the focus on whether or not it controls the good or service being transferred to the customer. As a principal, the Group itself considers that it is ultimately responsible for fulfilling that obligation to the customer, and as an agent, the Group considers that it arranges for an obligation on behalf of its customer. The difference in accounting treatment is to present revenues and costs on a gross basis as a principal and on a net basis as an agent. The impact of this for the year ending 31 March 2019 is a reclassification of £330 million of costs from "Other expenses" to "Revenue".

- **Consideration payable to customers:** The Group supports its global retail network (being customers of the Group) through various marketing, training and development initiatives. This results in disbursements made either directly to its customers or to third parties on behalf of its customers. The Group has considered whether a distinct service that can be fair valued is received in exchange for making such disbursements, in which case an expense continues to be recognised as under the previous accounting policy. If not, then such amounts are treated as reductions to revenue as part of the overall customer relationship, as they ultimately reduce the amount of consideration that the Group is entitled to as part of the customer contract. The impact of this for the year ending 31 March 2019 is a reclassification of £85 million of costs from "Other expenses" to "Revenue".

- **Classification of "Revenue" versus "Other income":** Previously the Group's policy was to recognise non-core Group income within "Other income" in the financial statements. Under IFRS 15, the Group has reassessed its income streams with regard to their scope under the standard. As a result, the Group now records income within "Revenue" that was previously recognised within "Other income" (primarily being royalty income and other retailer-related income). This arises from the interpretation of the definition of "Revenue" within IFRS 15, particularly focusing on what is considered an output of the "ordinary activities" of the JLR Group. The impact of this for the year ending 31 March 2019 is a reclassification of £112 million from "Other income" to 'Revenue".

- **Estimation considerations:** IFRS 15 requires the Group to consider the application of its revenue recognition principles and to ensure that revenue is depicted in a way that reflects the amount of consideration that it expects to be entitled to. With reference to the estimation of variable consideration, JLR has enhanced its approach to ensure that revenue is constrained appropriately such that it is not highly probable that a significant reversal in the amount of revenue recognised will occur when any related uncertainty is subsequently resolved.

- **Warranty:** Previously, the Group accounted for all warranty as a cost provision in accordance with IAS 37. Under IFRS 15, the Group has assessed whether the warranty provided includes a service element (i.e. going beyond simply providing an assurance that a good continues to meet its agreed-upon specification) and accounts for these services as performance obligations associated with the sale of the vehicle. The Group now accounts for a proportion of service-type obligations as a contract liability on a stand-alone selling price basis instead of as a warranty provision. This contract liability will be unwound over the period the services are available and provided to the customer. The associated costs are expensed as incurred. The impact of this for the year ending 31 March 2019 is an overall reduction in net assets of £5 million, with a corresponding reclassification between the warranty provision (at a cost value) and contract liabilities (at a cost-plus-margin value).

The following table summarise the impacts of adopting IFRS 15 on the Group's consolidated financial statements in conjunction with the above explanation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2019	Balances without adoption of IFRS 15	Effect of change	As reported
	£m	£m	£m
Revenue	24,517	(303)	24,214
Other expenses	(5,982)	415	(5,567)
Other income	317	(112)	205

The Group has applied IFRS 15 from 1 April 2018 using the modified retrospective method, meaning that comparative information for the years ending 31 March 2018 and 31 March 2017 has not been restated. As a result, the comparative information provided for those fiscal periods continues to be accounted for in accordance with the Group's previous revenue recognition accounting policies under IAS 18 *Revenue*.

IFRIC 22 ***Foreign Currency Transactions and Advance Consideration*** is effective for accounting periods commencing on or after 1 January 2018 and addresses the treatment of payments made in advance or consideration received in advance for transactions denominated in a foreign currency transactions. Where a corresponding non-monetary asset or liability is recognised, the exchange rate prevailing at the date of transaction should prevail. If there are multiple payments or advance receipts, a date of transaction is established for each payment or receipt. This situation is relevant to the Group and the nature of its operations, but the application of this interpretation does not have a material impact to the Group.

The amendment to **IFRS 2** ***Share-Based Payments*** is effective for accounting periods beginning on or after 1 January 2018. It clarifies how to account for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

The amendment in relation to accounting for cash-settled share-based payment transactions when a performance condition is in place is intended to give further guidance in applying the standard. The Group is currently in compliance with those clarifications. The remaining amendments to the standard are not applicable to the Group's operations at this time.

(b) Financial reporting pronouncements, issued by the IASB and endorsed by the EU, that are considered significant to the Jaguar Land Rover Group but are not yet adopted:

IFRS 16 ***Leases*** is effective for the year beginning 1 April 2019 for the Group. This standard replaces IAS 17 *Leases,* IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases—Incentives* and SIC 27 *Evaluating the Substance of the Transactions Involving the Legal Form of a Lease interpretations*. Under IFRS 16, lessee accounting is based on a single model, resulting from the elimination of the distinction between operating and finance leases. All leases will be recognised on the balance sheet with a right-of-use asset capitalised and depreciated over the estimated lease term together with a corresponding liability that will reduce over the same period with an appropriate interest charge recognised.

The Group will elect to apply the exemptions for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term or another systematic basis.

The Group is applying the modified retrospective approach on transition, under which the comparative financial statements will not be restated. The cumulative impact of the first-time application of IFRS 16 is recognised as an adjustment to opening equity at 1 April 2019.

The Company has elected to use the following practical expedients permitted by the standard:

- On initial application, IFRS 16 has only been applied to contracts that were previously classified as leases under IFRIC 4;
- Regardless of the original lease term, lease arrangements with a remaining duration of less than 12 months will continue to be expensed to the income statement on a straight-line basis over the lease term;
- Short-term and low-value leases will be exempt;
- The lease term has been determined with the use of hindsight where the contract contains options to extend or terminate the lease;
- The discount rate applied as at transition date is the incremental borrowing rate corresponding to the remaining lease term; and
- The measurement of a right-of-use asset excludes the initial direct costs at the date of initial application.

The financial impact assessment made by the Group is preliminary as not all transaction work requirements have been finalised. As at the date of initial application, it is expected that the impact on net assets will not be material.

IFRIC 23 ***Uncertainty over Income Tax Treatments*** is effective for accounting periods commencing on or after 1 January 2019. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The application of IFRIC 23 is not considered to have a material impact on the Group’s profitability, liquidity and capital resources or financial position as the existing accounting policy applied by the Group is consistent with IFRIC 23.

(c) Financial reporting pronouncements issued by the IASB but not yet endorsed by the EU and/or not yet effective and so not yet adopted by the Group:

IFRS 17 ***Insurance Contracts*** will replace IFRS 4, the existing accounting standard for insurance contracts, with an effective date for accounting periods commencing on or after 1 January 2021. However, this has not yet been adopted for use in the EU.

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. The requirements are designed to achieve the goal of a consistent principle-base accounting for insurance contracts. The new standard is not expected to have a material impact on the Group at this time, as certain "insurance-type" offerings common to the automotive industry (such as vehicle warranties issued by Jaguar Land Rover as an original equipment manufacturer) are treated outside of the scope of IFRS 17, instead under alternative standards such as IFRS 15 *Revenue from Contracts with Customers* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. A formal impact assessment of IFRS 17 will be performed prior to the effective date and adoption of the standard by the Group. While early application of IFRS 17 is permitted, the Group does not plan to do so.

Amendments to **IAS 19** ***Employee Benefits*** were announced to clarify the accounting for plan amendments, curtailments and settlements and are effective for accounting periods commencing on or after 1 January 2019. If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group continues to evaluate the impact of adopting the amendments.

Other standards and interpretations that have been approved but not discussed above are not considered to have a material impact on the Group consolidated financial statements, and therefore no specific disclosure has been made.

3 ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Group presents alternative performance measures ("APMs") that are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

The APMs used within this Annual Report are defined below.

Alternative performance measure	Definition
Adjusted EBITDA	Adjusted EBITDA is defined as profit before income tax expense, exceptional items, finance expense (net of capitalised interest), finance income, gains/losses on unrealised derivatives and debt, gains/losses on realised derivatives entered into for the purpose of hedging debt, unrealised fair value gains/losses on equity investments, share of profit/loss from equity accounted investments, depreciation and amortisation.
Adjusted EBIT	Adjusted EBIT is defined as for adjusted EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortisation.
Loss/profit before tax and exceptional items	Loss/profit before tax excluding exceptional items.

Alternative performance measure	Definition
Free cash flow	Net cash generated from operating activities less net cash used in investing activities (excluding movements in short-term deposits) and after finance expenses and fees and payments of lease obligations. Free cash flow also includes foreign exchange gains/losses on short-term deposits and cash and cash equivalents.
Total product and other investment	Cash used in the purchase of property, plant and equipment, intangible assets, investments in subsidiaries, equity accounted investments and other trading investments and expensed research and development costs.
Operating cash flow before investment	Free cash flow before financing excluding total product and other investment.
Working capital	Changes in assets and liabilities as presented in note 38 on page 174. This comprises movements in assets and liabilities excluding movements relating to financing or investing cash flows or non-cash items that are not included in adjusted EBIT or adjusted EBITDA.
Retail sales	Jaguar Land Rover retail sales represent vehicle sales made by dealers to end customers and include the sale of vehicles produced by our Chinese joint venture, Chery Jaguar Land Rover Automotive Company Ltd.
Wholesales	Wholesales represent vehicle sales made to dealers. The Group recognises revenue on wholesales.

The Group uses adjusted EBITDA as an APM to review and measure the underlying profitability of the Group on an ongoing basis for comparability as it recognises that increased capital expenditure year on year will lead to a corresponding increase in depreciation and amortisation expense recognised within the consolidated income statement.

The Group uses adjusted EBIT as an APM to review and measure the underlying profitability of the Group on an ongoing basis as this excludes volatility on unrealised foreign exchange transactions. Due to the significant level of debt and currency derivatives held, unrealised foreign exchange can distort the financial performance of the Group from one period to another.

During the year ended 31 March 2019, the definitions of adjusted EBIT and adjusted EBITDA were amended to exclude unrealised fair value gains and losses on equity investments. The Group considers the amended APM to better measure underlying profitability of the Group as it aligns the presentation of unrealised gains and losses on financial instruments in the form of equity investments with other financial instruments. Adjusted EBIT for the year ended 31 March 2018 prior to the change was £974 million. Adjusted EBITDA for the year ended 31 March 2018 prior to the change was £2,797 million. Adjusted EBIT and adjusted EBITDA are unchanged for the year ended 31 March 2017.

Free cash flow is considered by the Group to be a key measure in assessing and understanding the total operating performance of the Group and to identify underlying trends.

Total product and other investment is considered by the Group to be a key measure in assessing cash invested in the development of future new models and infrastructure supporting the growth of the Group.

Operating cash flow before investment is used as a measure of the operating performance and cash available to the Group before the direct cash impact of investment decisions.

Working capital is considered by the Group to be a key measure in assessing short-term assets and liabilities that are expected to be converted into cash within the next 12-month period.

Exceptional items are defined in note 4.

Reconciliations between these alternative performance measures and statutory reported measures are shown below.

ADJUSTED EBIT AND ADJUSTED EBITDA

Year ended 31 March	Note	2019	2018 restated*	2017 restated*
		£m	£m	£m
Adjusted EBITDA		**1,981**	**2,794**	**2,942**
Depreciation and amortisation	13	(2,164)	(2,075)	(1,656)
Share of profit of equity accounted investments	15	3	252	159
Adjusted EBIT		**(180)**	**971**	**1,445**
Foreign exchange (loss)/gain on derivatives	13	(31)	74	(31)
Unrealised (loss)/gain on commodities	13	(34)	(2)	148
Foreign exchange (loss)/gain and fair value adjustments on loans	13	(45)	69	(101)
Foreign exchange (loss)/gain on economic hedges of loans	13	(18)	11	(4)
Finance income	12	35	33	33
Finance expense (net)	12	(111)	(85)	(68)
Fair value gain on equity investment	13	26	3	—
(Loss)/profit before tax and exceptional items		**(358)**	**1,074**	**1,422**
Exceptional items	4	(3,271)	438	151
(Loss)/profit before tax		**(3,629)**	**1,512**	**1,573**

* See note 2 for details of the restatement due to changes in accounting policies.

RETAIL AND WHOLESALES

	2019	2018	2017
	units	units	units
Retail sales	578,915	614,309	604,009
Wholesales	507,895	545,298	534,746

The difference between retail and wholesales represents sales made by our Chinese joint venture (2019: 57,428, 2018: 88,212, 2017: 66,060) and timing differences.

FREE CASH FLOW

Year ended 31 March	Note	2019	2018	2017
		£m	£m	£m
Net cash generated from operating activities		2,253	2,958	3,160
Net cash used in investing activities		(2,278)	(3,222)	(4,317)
Net cash used in operating and investing activities		**(25)**	**(264)**	**(1,157)**
Finance expenses and fees paid		(210)	(158)	(150)
Payments of finance lease obligations	38	(2)	(4)	(4)
Adjustments for:				
Movements in short-term deposits		(1,074)	(523)	1,300
Foreign exchange gain/(loss) on short-term deposits	38	71	(55)	57
Foreign exchange (loss)/gain on cash and cash equivalents		(27)	(41)	95
Free cash flow		**(1,267)**	**(1,045)**	**141**

TOTAL PRODUCT AND OTHER INVESTMENT

Year ended 31 March	Note	2019	2018	2017
		£m	£m	£m
Purchases of property, plant and equipment		1,590	2,135	1,584
Net cash outflow relating to intangible asset expenditure		1,785	1,614	1,473
Research and development expensed	11	421	406	368
Investment in equity accounted investees		—	—	12
Purchases of other investments		14	25	1
Acquisition of subsidiary		—	6	—
Total product and other investment		**3,810**	**4,186**	**3,438**

4 EXCEPTIONAL ITEMS

The exceptional items recognised in the year ended 31 March 2019 comprise:

- An impairment charge of £3,105 million for the year ended 31 March 2019 following an impairment exercise undertaken in accordance with IAS 36. Further details are given in note 18;

- Restructuring costs of £149 million relating to a Group restructuring programme announced and carried out during the year ended 31 March 2019; and

- A past service cost of £17 million following a High Court ruling in October 2018 that pension schemes are required to equalise male and female members' benefits for the inequalities within guaranteed minimum pension ("GMP") earned between 17 May 1990 and 5 April 1997. The Group historically made no assumptions for GMP and therefore considered the change to be a plan amendment. Further details are given in note 32.

The exceptional items recognised in the year ended 31 March 2018 comprise:

- £1 million of import duties recovered in relation to vehicles damaged in the Tianjin explosion; and

- A past service credit of £437 million following an amendment to the defined benefit pension schemes' rules that, among other changes, meant that future retirement benefits would be calculated each year and revalued until retirement in line with a prescribed rate rather than based upon a member's final salary at retirement. Further details are given in note 32.

The exceptional items recognised in the year ended 31 March 2017 comprise:

- £151 million of recoveries in respect of stored vehicles damaged in the Tianjin explosion and including amounts received for insurance, taxes and saleable vehicles. In addition, a further £35 million of insurance and vehicle recoveries were recognised in the year ended 31 March 2017 related to additional costs of £35 million incurred in the year ended 31 March 2017 that were associated with Tianjin, including lost and discounted vehicle revenue.

The tables below set out the exceptional items recorded in the years ended 31 March 2019, 2018 and 2017 and the impact on the consolidated income statement if these items were not disclosed separately as exceptional items.

Year ended 31 March 2019	Note	Employee costs	Other expenses
		£m	£m
Excluding exceptional items		**2,820**	**5,567**
Impairment	17, 18	—	3,105
Restructuring costs		144	5
Pension past service cost	32	17	—
Including exceptional items		**2,981**	**8,677**

Year ended 31 March 2018	Note	Material and other cost of sales	Employee costs
		£m	£m
Excluding exceptional items		**16,328**	**2,722**
Pension past service credit	32	—	(437)
Tianjin		(1)	—
Including exceptional items		**16,327**	**2,285**

Year ended 31 March 2017	Material and other cost of sales
	£m
Excluding exceptional items	**15,071**
Tianjin	(151)
Including exceptional items	**14,920**

Included in "Income tax credit/(expense)" in the consolidated income statement for the year ended 31 March 2019 is a credit in respect of exceptional items of £278 million (2018: charge of £78 million, 2017: charge of £46 million).

5 REVENUE

The Group's revenues are summarised as follows:

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Revenue recognised for sales of vehicles, parts and accessories	23,885	25,985	24,615
Revenue recognised for services transferred	249	168	99
Revenue—other	950	1,022	945
Total revenue excluding realised revenue hedges	**25,084**	**27,175**	**25,659**
Realised revenue hedges	(870)	(1,389)	(1,320)
Total revenue	**24,214**	**25,786**	**24,339**

"Revenue—other" includes sales of goods other than vehicles, parts and accessories as well as revenue recognised outside the scope of IFRS 15, primarily being lease instalments recognised from assets sold with a repurchase commitment.

Revenue disaggregation

The following table presents the Group's revenue, disaggregated by primary geographical market, timing of revenue recognition and major product categories. All revenue is generated from the Group's single automotive operating segment.

Year ended 31 March 2019	UK	US	China	Rest of Europe	Rest of World	Total revenue
	£m	£m	£m	£m	£m	£m
Revenue recognised for sales of vehicles, parts and accessories	4,293	5,826	3,557	5,359	4,850	23,885
Revenue recognised for services transferred	23	67	97	8	54	249
Revenue—other	912	29	10	(12)	11	950
Total revenue excluding realised revenue hedges	**5,228**	**5,922**	**3,664**	**5,355**	**4,915**	**25,084**
Realised revenue hedges	—	(437)	(352)	—	(81)	(870)
Total revenue	**5,228**	**5,485**	**3,312**	**5,355**	**4,834**	**24,214**

Contract liabilities

Year ended 31 March	2019
	£m
Ongoing service obligations	805
Liabilities for advances received	86
Total contract liabilities	**891**

Revenue that is expected to be recognised within five years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to £891 million at 31 March 2019.

"Ongoing service obligations" mainly relate to long-term service and maintenance contracts, extended warranties and telematics services. "Liabilities for advances received" primarily relate to consideration received in advance from customers for products not yet wholesaled, at which point the revenue will be recognised. "Ongoing service obligations" and "Liabilities for advances received" are both presented within "Other liabilities" in the consolidated balance sheet.

The Group applies the practical expedient in IFRS 15.121 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less. This is because revenue resulting from those sales will be recognised in a short-term period. The services included with the vehicle sale are to be recognised as revenues in subsequent years but represent an insignificant portion of expected revenues in comparison.

The movement in contract liabilities relates solely to revenue recognised from balances held at the beginning of the year of £288 million and increases due to cash received for performance obligations unsatisfied at the year end of £457 million.

6 MATERIAL AND OTHER COST OF SALES

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Changes in inventories of finished goods and work-in-progress	188	(327)	(754)
Purchase of products for sale	1,181	1,237	1,144
Raw materials and consumables used	14,448	15,600	14,772
Realised purchase hedges	(147)	(182)	(91)
Total material and other cost of sales	**15,670**	**16,328**	**15,071**

7 EMPLOYEE NUMBERS AND COSTS

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Wages and salaries—employee costs	1,909	1,798	1,666
Wages and salaries—agency costs	286	270	249
Total wages and salaries	**2,195**	**2,068**	**1,915**
Social security costs and benefits	354	328	294
Pension costs	271	326	281
Total employee costs	**2,820**	**2,722**	**2,490**

Average employee numbers for the year ended 31 March 2019	Non-agency	Agency	Total
Manufacturing	19,213	1,998	21,211
Research and development	8,307	2,414	10,721
Other	11,063	1,106	12,169
Total employee numbers	**38,583**	**5,518**	**44,101**

Average employee numbers for the year ended 31 March 2018	Non-agency	Agency	Total
Manufacturing	18,628	2,909	21,537
Research and development	7,216	2,934	10,150
Other	8,689	1,411	10,100
Total employee numbers	**34,533**	**7,254**	**41,787**

Average employee numbers for the year ended 31 March 2017	Non-agency	Agency	Total
Manufacturing	18,988	2,770	21,758
Research and development	6,632	2,803	9,435
Other	7,430	1,070	8,500
Total employee numbers	**33,050**	**6,643**	**39,693**

8 DIRECTORS' EMOLUMENTS

Year ended 31 March	2019	2018	2017
	£	£	£
Directors' emoluments	3,187,356	3,825,382	3,957,673
(Decrease)/increase of long-term incentive scheme amounts receivable	(98,010)	(14,128)	537,445
Post-employment benefits	520,763	393,673	873,214

The aggregate of emoluments received in the year and amounts accrued under the long-term incentive plan ("LTIP") of the highest-paid director was £2,946,676 (2018: £3,709,532, 2017: £4,393,459), together with a cash allowance in lieu of pension benefits of £520,763 (2018: £393,673, 2017: £873,214). During the year, the value of LTIP awards accrued has decreased by £98,010 (2018: decrease of £14,128, 2017: increase of £537,445), which will become payable in future periods.

There were no directors who were members of a defined benefit pension scheme or a defined contribution scheme during the years ended 31 March 2019, 2018 and 2017.

LTIP cash payments received by directors during the year ended 31 March 2019 were £623,090 (2018: £nil, 2017: £nil).

9 LONG-TERM INCENTIVE PLAN ("LTIP")

During the year ended 31 March 2016, the Group issued the final share-based payment LTIP arrangement based on the share price of Tata Motors Limited. The scheme provided a cash payment to the employee based on a specific number of phantom shares at the grant date and the share price of Tata Motors Limited at the vesting date. The cash payment was dependent upon continued employment for the duration of the three-year vesting period. The final cash payment in respect of the share-based payment LTIP was made during the year ended 31 March 2019.

Year ended 31 March	2019	2018	2017
	number	number	number
Outstanding at the beginning of the year	1,929,391	4,115,221	6,032,857
Granted during the year	—	—	974
Vested in the year	(1,764,566)	(1,918,331)	(1,665,663)
Forfeited in the year	(164,825)	(267,499)	(252,947)
Outstanding at the end of the year	**—**	**1,929,391**	**4,115,221**

The weighted average share price of the 1,764,566 phantom shares vested in the year was £3.20 (2018: £4.33, 2017: £4.75).

The weighted average remaining contractual life of the outstanding phantom shares is nil years (2018: 0.3 years, 2017: 0.8 years).

No phantom shares were exercisable as at 31 March 2019 (2018, 2017: no shares).

During the year ended 31 March 2019, £1 million was recognised as a credit to "Employee costs" in relation to the share-based payment LTIP (2018: credit of £1 million, 2017: charge of £8 million).

The fair value of the balance sheet liability in respect of phantom stock awards outstanding at the year end was £nil (2018: £7 million, 2017: £16 million) and is included in "Provisions".

The fair value of the awards was calculated using the Black-Scholes model at the grant date. The fair value was 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 Tata Motors Limited historical data and the risk-free rate is calculated using government bond rates. The significant inputs used are as follows:

As at 31 March	2019	2018	2017
Risk-free rate	n/a	0.87%	0.18%
Dividend yield	n/a	0.00%	0.04%
Weighted average fair value per phantom share	n/a	£ 3.32	£ 4.69

During the year ended 31 March 2017, the Group announced a new LTIP to replace the previous share-based payment LTIP. The new LTIP, effective from June 2016, provides a cash payment to certain employees based on the Group's performance against long-term business metrics related to performance and strategic priorities (over a period of three years). This new LTIP benefit scheme has been accounted for in accordance with IAS 19 *Employee Benefits*.

10 OTHER EXPENSES

Year ended 31 March	Note	2019	2018	2017
		£m	£m	£m
Stores, spare parts and tools		193	177	197
Freight cost		653	1,037	925
Works, operations and other costs		2,577	2,676	2,321
Repairs		38	48	44
Power and fuel		101	81	71
Rent, rates and other taxes		90	87	64
Insurance		25	27	34
Write-down of property, plant and equipment	17	18	18	12
Write-down of intangible assets	18	—	46	—
Product warranty		1,016	698	823
Publicity		856	951	885
Total other expenses		**5,567**	**5,846**	**5,376**

11 RESEARCH AND DEVELOPMENT

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Total research and development costs incurred	1,997	2,016	1,794
Research and development expensed	(421)	(406)	(368)
Engineering costs capitalised	**1,576**	**1,610**	**1,426**
Interest capitalised in engineering costs capitalised	99	88	89
Research and development grants capitalised	(96)	(105)	(89)
Total internally developed intangible additions	**1,579**	**1,593**	**1,426**

Engineering costs capitalised of £1,576 million (2018: £1,610 million, 2017: £1,426 million) comprises £672 million (2018: £556 million, 2017: £507 million) included in "Employee costs" and £904 million (2018: £1,054 million, 2017: £919 million) included in "Other expenses" in the consolidated income statement.

During the year ended 31 March 2019, £135 million (2018: £147 million, 2017: £125 million) was recognised by a UK subsidiary as a Research and Development Expenditure Credit ("RDEC") incentive on qualifying expenditure. During the year ended 31 March 2019, £91 million (2018: £102 million, 2017: £87 million) of the RDEC—the proportion relating to capitalised product development expenditure and other intangible assets—has been offset against the cost of the respective assets. The remaining £44 million (2018: £45 million, 2017: £38 million) of the RDEC has been recognised as "Other income".

12 FINANCE INCOME AND EXPENSE

Year ended 31 March	2019	2018 restated*	2017
	£m	£m	£m
Finance income	35	33	33
Total finance income	**35**	**33**	**33**
Total interest expense on financial liabilities measured at amortised cost	(206)	(172)	(146)
Interest income on derivatives designated as a fair value hedge of financial liabilities	4	3	—
Unwind of discount on provisions	(26)	(20)	(19)
Interest capitalised	117	104	97
Total finance expense (net)	**(111)**	**(85)**	**(68)**

* See note 2 for details of the restatement due to changes in accounting policies.

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 4.1 per cent (2018: 4.1 per cent, 2017: 4.3 per cent).

During the year ended 31 March 2019, the Group repaid one tranche of debt (see note 25). No redemption premium was incurred.

During the year ended 31 March 2017, the Group repaid one tranche of debt (see note 25) and as a result a redemption premium of £2 million was incurred and included in "Finance expense (net)".

13 (LOSS)/PROFIT BEFORE TAX

Expense/(income) in (loss)/profit before tax includes the following:

Year ended 31 March	2019	2018 restated*	2017 restated*
	£m	£m	£m
Foreign exchange loss/(gain) and fair value adjustments on loans	45	(69)	101
Foreign exchange loss/(gain) on economic hedges of loans	18	(11)	4
Foreign exchange loss/(gain) on derivatives	31	(74)	31
Unrealised loss/(gain) on commodities	34	2	(148)
Fair value gain on equity investments	(26)	(3)	—
Depreciation of property, plant and equipment	1,078	1,011	787
Amortisation of intangible assets (excluding internally generated development costs)	119	122	100
Amortisation of internally generated development costs	967	942	769
Operating lease rentals in respect of plant, property and equipment	92	92	75
Loss on disposal of property, plant, equipment and software	59	22	15
Exceptional items	3,271	(438)	(151)
Auditor remuneration (see below)	5	4	5

* See note 2 for details of the restatement due to changes in accounting policies.

During the year ended 31 March 2019, £12 million (2018: £56 million, 2017: £64 million) was received by a foreign subsidiary as an indirect tax incentive that requires the subsidiary to meet certain criteria relating to vehicle efficiency and investment in engineering and research and development. The incentive is provided as a partial offset to the higher sales taxes payable following implementation of new legislation in the year ended 31 March 2014. During the year ended 31 March 2019, £12 million (2018: £56 million, 2017: £64 million) has been recognised in "Revenue".

During the year ended 31 March 2019, £10 million (2018: £87 million, 2017: £4 million) was recognised in "Other income" by a foreign subsidiary as an incentive for continuing trading in that country for the foreseeable future. This includes amounts received as cash in the year and amounts that the subsidiary is due to receive and for which there are no ongoing financial or operating conditions attached.

The following table sets out the auditor remuneration for the year (rounded to the nearest £0.1 million):

Year ended 31 March	**2019**	**2018**	**2017**
	£m	**£m**	**£m**
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	0.1	0.1	0.1
Fees payable to the Company's auditor and its associates for other services:			
Audit of the Company's subsidiaries (included in 2018: £0.1 million payable to Deloitte)	4.4	3.4	4.2
Total audit fees	**4.5**	**3.5**	**4.3**
Audit-related assurance services (included in 2018: £0.3 million payable to Deloitte)	0.8	0.8	—
Other assurance services	0.1	—	1.0
Total non-audit fees	**0.9**	**0.8**	**1.0**
Total audit and related fees	**5.4**	**4.3**	**5.3**

14 TAXATION

JAGUAR LAND ROVER'S APPROACH TO TAX

Introduction

JLR's business has grown significantly in recent years and continues to do so. JLR's operations are large and complex and, as a result, the Group operates through multiple companies, with activities, employees and assets located in numerous countries around the world. This, in turn, naturally drives an inherent level of complexity in the Group's tax affairs.

In relation to tax matters, just as for any other area of the Group's business, JLR always strives to be a good, responsible corporate citizen, and JLR is committed to complying with all applicable tax laws, both in letter and in spirit. We aim to be fair, honest, transparent and ethical in our conduct and for everything we do to stand the test of public scrutiny.

Jaguar Land Rover's key tax principles

In 2013, the JLR plc Board formally adopted six key principles in relation to JLR's approach to taxation matters and the conduct of our tax affairs. These principles continue to apply today; they apply equally to all companies within the Group, across all areas of our business activity and in all our territories of operation.

JLR will conduct its tax affairs in a way that:

1. Is compliant with all legal and regulatory obligations and which adheres to the principles set out in the JLR Code of Conduct and Tata Code of Conduct;

2. Is aligned with the Group's overall business strategy and growth objectives;

3. Proactively seeks to enhance shareholder value and optimise tax cost on a sustainable basis;

4. Is governed, managed and controlled within an appropriate risk management framework;

5. Is appropriately resourced and seeks to maximise operating efficiencies through the suitable use of automation and technology-based solutions; and

6. Maintains good, open, honest and professional working relationships with tax authorities globally and seeks to take a leading role in relation to matters of governmental tax policy relevant to JLR.

Each principle is commented on further below:

1. Tax compliance

This is considered the most fundamental and important of our six principles. JLR will always seek to comply with all applicable tax laws, both in terms of the letter and the spirit of the law, and to satisfy its global tax compliance obligations in a timely and accurate manner.

In addition, we adhere to the JLR Code of Conduct and the Tata Code of Conduct, which set out the high ethical standards of business behaviour expected from all companies and employees within our Group.

2. Business alignment

JLR always aligns its tax affairs with the genuine business activities being undertaken by the organisation. We do not engage in any form of tax avoidance or artificial tax structuring and we do not operate or use any offshore tax havens. All JLR Group subsidiaries are located in countries where the business has significant physical and economic operations (i.e. employees, offices and revenue-generating activity).

3. Enhancing shareholder value

As a commercial organisation, JLR will always seek to effectively manage its tax liabilities, just as for any other business cost. In so doing, we always adhere to relevant tax laws and, in relation to transactions within the Group, we always seek to ensure that these are conducted on an arm's-length basis in accordance with Organisation for Economic Co-operation and Development (OECD) principles.

Where governments or fiscal authorities have introduced particular tax reliefs, credits, incentives or exemptions to encourage specific types of economic activity (for example, investment in research and development), we will always seek to ensure that JLR claims the appropriate level of benefit for which it qualifies.

4. Governance and risk management

Tax risks arising within the Group are identified, assessed and managed by the central Tax function on an ongoing basis. A detailed tax update is taken to the JLR plc Board on an annual basis and tax risks are reported quarterly to the Financial Risk and Assurance Committee, chaired by the Chief Financial Officer. The JLR Tax Director also meets with the Chief Financial Officer on a biweekly basis to provide updates on all tax matters affecting the Group.

JLR actively seeks to minimise risk in relation to tax matters. We do this through a variety of processes and controls including, for example, tax risk assessments and health-check exercises for subsidiaries, online monitoring of compliance processes and an active Advance Pricing Agreement programme.

5. Tax resource

Responsibility for the day-to-day management of JLR's tax affairs rests with our central Tax function, led by the JLR Tax Director. The function comprises an appropriate blend of tax professionals with the necessary qualifications, training, skills and experience required to effectively undertake their roles. The Tax function also advises the JLR plc Board in relation to setting Group tax strategy and policy.

In addition to the central Tax function, the business also has dedicated tax professionals embedded within the finance teams in key non-UK subsidiaries.

Where appropriate, we look to implement technology-based solutions to streamline processes, drive efficiency and manage risk.

6. Relationships with governments and authorities

In our dealings with tax authorities globally, including HMRC in the UK, we always look to maintain good, open, honest and professional working relationships, to engage proactively in relation to tax matters and to resolve any areas of dispute or differences of opinion as quickly as possible in order to reduce uncertainty and manage risk.

We also actively engage in dialogue with governments, either directly or through appropriate representative bodies, in relation to matters of tax policy that affect our business.

AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

Year ended 31 March	2019	2018 restated*	2017 restated*
	£m	£m	£m
Current tax expense			
Current year	141	295	301
Adjustments for prior years	40	52	22
Current tax expense	**181**	**347**	**323**
Deferred tax (credit)/expense			
Origination and reversal of temporary differences	(246)	64	108
Adjustments for prior years	(48)	(76)	(34)
Write-down of deferred tax asset	(245)	—	—
Rate changes	50	63	(66)
Deferred tax (credit)/expense	**(489)**	**51**	**8**
Total income tax (credit)/expense	**(308)**	**398**	**331**

AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

Year ended 31 March	2019	2018 restated*	2017 restated*
	£m	£m	£m
Deferred tax (credit)/expense on actuarial gains on retirement benefits	(52)	104	(179)
Deferred tax (credit)/expense on change in fair value of cash flow hedges	(19)	464	(346)
Deferred tax expense/(credit) on rate changes	14	(17)	60
	(57)	**551**	**(465)**
Total tax (credit)/expense	**(365)**	**949**	**(134)**

RECONCILIATION OF EFFECTIVE TAX RATE

Year ended 31 March	2019	2018 restated*	2017 restated*
	£m	£m	£m
(Loss)/profit for the year	(3,321)	1,114	1,242
Total income tax (credit)/expense	(308)	398	331
(Loss)/profit before tax	**(3,629)**	**1,512**	**1,573**
Income tax (credit)/expense using the tax rates applicable to individual entities of 18.3% (2018: 23.1%, 2017: 21.2%)	(664)	350	333
Impact of UK Patent Box claims	—	—	—
Non-deductible expenses	62	22	37
Unrecognised tax assets/deferred tax assets written off	245	5	21
Changes in tax rates	50	63	(66)
Overseas unremitted earnings	8	30	50
Tax on share of profit of equity accounted investments	(1)	(48)	(32)
Over provided in prior years	(8)	(24)	(12)
Total income tax (credit)/expense	**(308)**	**398**	**331**

* See note 2 for details of the restatement due to changes in accounting policies.

Included within “Non-deductible expenses” for the year ended 31 March 2019 is a £53 million charge for the impact of the impairment recorded in the year on non-tax-deductible property, plant and equipment and intangible assets.

Included within “Over provided in prior years” for the year ended 31 March 2018 is £24 million credit relating to revisions of prior year estimates of tax positions to bring them into line with the currently filed tax positions. Included within “Changes in tax rates” is a £54 million charge for the impact of the change in the US Federal rate from 35 per cent to 21 per cent on deferred tax assets.

Included within “Over provided in prior years” for the year ended 31 March 2017 is £21 million credit relating to revisions of prior year estimates of tax positions in various jurisdictions, principally the UK, to bring them into line with the latest estimates and currently filed tax positions. This is offset by £11 million relating to uncertain tax positions arising in relation to normal ongoing assessments of tax positions globally.

IMPACT OF FUTURE RATE CHANGES

The UK Finance Act 2016 was enacted during the year ended 31 March 2017, which included provisions for a reduction in the UK corporation tax rate to 17 per cent with effect from 1 April 2020.

Accordingly, UK deferred tax has been provided at a blended rate of 17.6 per cent on assets (2018: 17.8 per cent, 2017: 18.4 per cent) and 17.4 per cent on liabilities (2018: 17.6 per cent, 2017: 17.6 per cent), recognising the applicable tax rate at the point when the timing difference is expected to reverse.

15 INVESTMENTS

Investments consist of the following:

As at 31 March	2019	2018	2017
	£m	£m	£m
Equity accounted investments	477	488	474
Other investments	69	28	1
Total investments	**546**	**516**	**475**

The Group has the following equity accounted investments as at 31 March 2019:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity	Registered office address
Chery Jaguar Land Rover Automotive Company Ltd.	50.0%	China	Manufacture and assembly of vehicles	Room 1102, Binjiang, International Plaza, No 88 Tonggang Road, Changshu Economic and Technical Development Zone, Suzhou City, Jiangsu Province, China
Jaguar Cars Finance Limited	49.9%	England and Wales	Non-trading	280 Bishopsgate, London, EC2M 4RB, England
Synaptiv Limited	33.3%	England and Wales	Business and domestic software development	84 Kirkland Avenue, Ilford, Essex, England, IG5 0TN
CloudCar Inc.	33.3%	USA	Automotive software development	2191 E Bayshore Rd 200 Palo Alto, CA 94303 USA
Driveclubservice Pte. Ltd.	25.1%	Singapore	Holding company and mobility application owner/licensor	22 Sin Ming Lane, #06-76, Midview City, Singapore 573969
Driveclub Limited	25.8%	Hong Kong	Vehicle leasing	Unit A, 9/F, D2 Place ONE, Cheung Yee Street, Lai Chi Kok, Kowloon, Hong Kong
ARC Vehicle Limited	29.2%	England and Wales	Manufacture and development of electrified vehicles	The Priory Barn, Priory Road, Wolston, Coventry, United Kingdom, CV8 3FX

Except for CloudCar Inc. and Driveclub Limited, the proportion of voting rights disclosed in the table above is the same as the Group's interest in the ordinary share capital of each undertaking.

Individually material joint ventures

Chery Jaguar Land Rover Automotive Company Ltd. is a limited liability company whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint control of the arrangement have rights to the assets or obligations for the liabilities relating to the arrangement. Accordingly, Chery Jaguar Land Rover Automotive Company Ltd. is classified as a joint venture. Chery Jaguar Land Rover Automotive Company Ltd. is not publicly listed.

During the year ended 31 March 2019, a dividend of £22 million was received from Chery Jaguar Land Rover Automotive Company Ltd. (2018: £206 million, 2017: £68 million).

The following table sets out the summarised financial information of the Group's individually material joint venture, Chery Jaguar Land Rover Automotive Company Ltd., after adjusting for material differences in accounting policies:

As at 31 March	2019	2018	2017
	£m	£m	£m
Current assets	748	892	940
Current liabilities	(1,103)	(1,076)	(934)
Non-current assets	1,439	1,324	1,094
Non-current liabilities	(122)	(154)	(176)
Equity attributable to shareholders	**962**	**986**	**924**
Revenue	**1,697**	**2,773**	**2,163**
Profit for the year	13	504	312
Total comprehensive income	**13**	**504**	**312**

Included within the summarised financial information above are the following amounts:

As at 31 March	2019	2018	2017
	£m	£m	£m
Cash and cash equivalents	316	439	621
Other current assets	432	453	320
Current financial liabilities (excluding trade and other payables and provisions)	(279)	(42)	—
Non-current financial liabilities (excluding trade and other payables and provisions)	(122)	(152)	(175)
Depreciation and amortisation	(206)	(139)	(105)
Interest income	12	27	11
Interest expense	(14)	(7)	(8)
Income tax (expense)	(6)	(136)	(103)

Individually immaterial joint ventures

Spark44 (JV) Limited has been consolidated as a subsidiary from 31 August 2017.

On 31 August 2017, Jaguar Land Rover Limited acquired a further 10,000 "B" shares in Spark44 (JV) Limited, increasing its share of the voting rights of Spark44 (JV) Limited from 50 per cent to 50.5 per cent. In addition, Spark44 (JV) Limited's Articles of Association together with the Shareholder Agreement were amended to give Jaguar Land Rover Limited control of Spark44 (JV) Limited as the majority shareholder. Spark44 (JV) Limited is not publicly listed.

The following table sets out the Group's share of profit and other comprehensive income and the carrying amount of the Group's equity accounted investment in Spark44 (JV) Limited. The information for the year ended 31 March 2018 presented in this table includes the results of Spark44 (JV) Limited for the period from 1 April 2017 to 31 August 2017 prior to acquisition as a subsidiary.

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Group's share of profit for the year	—	2	3
Group's share of other comprehensive income	—	—	—
Group's share of total comprehensive income	**—**	**2**	**3**
Disposal as part of step acquisition	—	(10)	—
Carrying amount of the Group's interest	**—**	**—**	**8**

Associates

The Group has no additional rights or influence over Jaguar Cars Finance Limited other than the voting rights attached to the ordinary share capital.

During the year ended 31 March 2018, the Group purchased 25.08 per cent of the share capital of Driveclubservice Pte. Ltd. for £0.2 million. In addition, the Group also purchased 1 per cent of the share capital of Driveclub Limited, the wholly owned subsidiary of Driveclubservice Pte. Ltd. However, the Group has 25.83 per cent of the voting rights, being the 1 per cent of share capital held and the indirect shareholding held through Driveclubservice Pte. Ltd. Both Driveclubservice Pte. Ltd. and Driveclub Limited are therefore accounted for as equity accounted investments as the Group has significant influence over the companies.

During the year ended 31 March 2018, the Group's proportion of the ordinary share capital in Cloudcar Inc. was diluted to 26 per cent of the ordinary share capital. However, the Group has 33 per cent of the voting rights since a number of ordinary shares are in the form of options either available for issue or assigned to the employees of CloudCar Inc.

During the year ended 31 March 2017, the Group purchased 32 per cent of the ordinary share capital of CloudCar Inc. for £12 million.

During the year ended 31 March 2017, the Group purchased 33 per cent of the ordinary share capital of Synaptiv Limited for £0.2 million.

No dividend was received in the year ended 31 March 2019 (2018, 2017: no dividend) from any of the individually immaterial equity accounted investments.

The following reconciles the carrying amount of the Group's interests in equity accounted investments:

As at 31 March	2019	2018	2017
	£m	£m	£m
Net assets of material joint venture	**962**	**986**	**924**
Share of net assets of:			
Material joint venture	481	493	462
Individually immaterial equity accounted investments	2	6	20
Other	(6)	(11)	(8)
Carrying amount of the Group's interests in equity accounted investments	**477**	**488**	**474**

As at 31 March 2019, an adjustment of £6 million (2018: £11 million, 2017: £8 million) has been made to derecognise profit that has not yet been realised on goods sold by the Group to Chery Jaguar Land Rover Automotive Company Ltd.

The following reconciles the Group's share of total comprehensive income of equity accounted investments:

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Profit of material joint venture	**13**	**504**	**312**
Share of profit of:			
Material joint venture	7	252	156
Individually immaterial equity accounted investments	(4)	—	3
Share of profit of equity accounted investments	**3**	**252**	**159**
Currency translation differences	(3)	14	33
Total comprehensive income related to equity accounted investments	**—**	**266**	**192**

The Group's share of capital commitments of its joint ventures at 31 March 2019 is £151 million (2018: £159 million, 2017: £171 million), and commitments relating to the Group's interests in its joint ventures are disclosed in note 33. The contingent liabilities of its joint ventures at 31 March 2019 is £nil (2018: £1 million, 2017: £3 million).

The information above reflects the amounts presented in the financial statements of the equity accounted investments adjusted for differences in accounting policies between the Group and its equity accounted investments. All joint ventures are accounted for using the equity method and are private companies and there are no quoted market prices available for their shares.

Other investments

The Group's other investments comprise equity investments of 10 per cent or less of the ordinary share capital of the investee companies and are designated as fair value through profit and loss financial instruments.

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Investment in Lyft, Inc.	46	22	—
Other immaterial investments	23	6	1
Total	**69**	**28**	**1**

During the year ended 31 March 2019, the Group invested £14 million (2018: £5 million, 2017: £1 million) in other investments.

During the year ended 31 March 2018, the Group purchased 0.3 per cent of the ordinary share capital of Lyft, Inc. for £20 million.

The Group has no additional rights or influence over any of its other equity investments other than the voting rights attached to the ordinary share capital. During the year ended 31 March 2019, a dividend of £nil (2018: £nil, 2017: £0.3 million) was received from Jaguar Land Rover Schweiz AG.

Disclosure of the valuation techniques applied in calculating the fair value of these other non-equity accounted investments is included in note 35(A).

16 OTHER FINANCIAL ASSETS

As at 31 March	2019	2018	2017
	£m	£m	£m
Non-current			
Restricted cash held as security	6	6	5
Derivative financial instruments	54	286	255
Warranty reimbursement and other receivables	104	116	—
Other	6	6	10
Total non-current other financial assets	**170**	**414**	**270**
Current			
Restricted cash	11	12	4
Derivative financial instruments	133	264	169
Warranty reimbursement and other receivables	88	98	2
Accrued income	44	35	19
Other	38	85	24
Total current other financial assets	**314**	**494**	**218**

As of 31 March 2019, £5 million (2018: £5 million, 2017: £4 million) of the non-current restricted cash is held as a financial deposit in relation to ongoing legal cases.

17 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Vehicles	Computers	Fixtures and fittings	Leased assets	Heritage vehicles	Under construction	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cost									
Balance at 1 April 2016	1,060	5,661	7	76	84	46	52	511	7,497
Additions*	—	1	2	29	13	—	—	1,478	1,523
Transfers	114	856	—	—	—	—	—	(970)	—
Disposals	(10)	(26)	—	(1)	(3)	—	—	—	(40)
Foreign currency translation	—	—	—	—	—	—	—	1	1
Balance at 31 March 2017	**1,164**	**6,492**	**9**	**104**	**94**	**46**	**52**	**1,020**	**8,981**
Additions*	21	—	1	22	13	16	—	2,502	2,575
Assets acquired on acquisition	—	—	—	2	5	—	—	—	7
Transfers	364	1,558	—	—	—	—	—	(1,922)	—
Disposals	—	(288)	(1)	(4)	(5)	(35)	(1)	—	(334)
Asset write-downs	—	—	—	—	—	—	—	(5)	(5)
Foreign currency translation	—	—	—	—	—	—	—	1	1
Balance at 31 March 2018	**1,549**	**7,762**	**9**	**124**	**107**	**27**	**51**	**1,596**	**11,225**
Additions*	9	—	1	48	21	5	3	1,550	1,637
Transfers	723	1,545	—	—	—	—	—	(2,268)	—
Disposals	(3)	(528)	(1)	(8)	(3)	—	—	—	(543)
Impairment	—	—	—	—	—	—	—	(185)	(185)
Foreign currency translation	(17)	(14)	—	—	—	—	—	13	(18)
Balance at 31 March 2019	**2,261**	**8,765**	**9**	**164**	**125**	**32**	**54**	**706**	**12,116**
Depreciation and impairment									
Balance at 1 April 2016	110	2,126	2	19	30	35	—	—	2,322
Depreciation charge for the period	44	714	2	12	11	4	—	—	787
Disposals	(7)	(16)	—	—	(2)	—	—	—	(25)
Asset write-downs	—	12	—	—	—	—	—	—	12
Balance at 31 March 2017	**147**	**2,836**	**4**	**31**	**39**	**39**	**—**	**—**	**3,096**
Depreciation charge for the period	60	920	1	16	12	2	—	—	1,011
Disposals	—	(268)	(1)	(4)	(4)	(35)	—	—	(312)
Asset write-downs	—	—	—	—	—	—	13	—	13
Balance at 31 March 2018	**207**	**3,488**	**4**	**43**	**47**	**6**	**13**	**—**	**3,808**
Depreciation charge for the period	82	965	1	18	10	2	—	—	1,078
Disposals	(2)	(480)	(1)	(6)	(2)	—	—	—	(491)
Impairment	—	1,162	1	26	16	6	—	—	1,211
Asset write-downs	—	—	—	—	—	—	18	—	18
Balance at 31 March 2019	**287**	**5,135**	**5**	**81**	**71**	**14**	**31**	**—**	**5,624**
Net book value									
At 31 March 2017	1,017	3,656	5	73	55	7	52	1,020	5,885
At 31 March 2018	1,342	4,274	5	81	60	21	38	1,596	7,417
At 31 March 2019	**1,974**	**3,630**	**4**	**83**	**54**	**18**	**23**	**706**	**6,492**

* Including capitalised interest.

As part of the Group's review of the carrying value of property, plant and equipment, £18 million (2018: £18 million, 2017: £nil) of heritage vehicles and assets under construction have been written down, and this has been recognised as an expense within "Other expenses". During the year ended 31 March 2017, £12 million of plant and machinery was written down.

18 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 2016	579	147	61	619	1,539	4,525	7,470
Other additions—externally purchased	100	—	—	14	—	—	114
Other additions—internally developed	—	—	—	—	1,426	—	1,426
Capitalised product development—internally developed	—	—	—	—	(809)	809	—
Disposals	(84)	—	—	—	—	(138)	(222)
Balance at 31 March 2017	**595**	**147**	**61**	**633**	**2,156**	**5,196**	**8,788**
Other additions—externally purchased	99	—	—	9	—	—	108
Other additions—internally developed	—	—	—	—	1,593	—	1,593
Other additions—on acquisition	1	—	—	4	—	—	5
Capitalised product development—internally developed	—	—	—	—	(1,668)	1,668	—
Disposals	(25)	—	—	—	—	(131)	(156)
Asset write-downs—assets under construction	(9)	—	—	—	(24)	—	(33)
Balance at 31 March 2018	**661**	**147**	**61**	**646**	**2,057**	**6,733**	**10,305**
Other additions—externally purchased	85	—	—	5	—	—	90
Other additions—internally developed	—	—	—	—	1,579	—	1,579
Capitalised product development—internally developed	—	—	—	—	(1,084)	1,084	—
Disposals	(44)	—	—	—	—	(844)	(888)
Impairment	(10)	—	—	—	(562)	—	(572)
Foreign exchange	(1)	—	—	—	—	—	(1)
Balance at 31 March 2019	**691**	**147**	**61**	**651**	**1,990**	**6,973**	**10,513**
Amortisation and impairment							
Balance at 1 April 2016	201	113	24	—	—	1,635	1,973
Amortisation for the year	83	14	3	—	—	769	869
Disposals	(83)	—	—	—	—	(138)	(221)
Balance at 31 March 2017	**201**	**127**	**27**	**—**	**—**	**2,266**	**2,621**
Amortisation for the year	99	14	3	6	—	942	1,064
Disposals	(25)	—	—	—	—	(131)	(156)
Asset write-downs	13	—	—	—	—	—	13
Balance at 31 March 2018	**288**	**141**	**30**	**6**	**—**	**3,077**	**3,542**
Amortisation for the year	106	6	3	4	—	967	1,086
Disposals	(36)	—	—	—	—	(843)	(879)
Impairment	75	—	7	152	—	903	1,137
Balance at 31 March 2019	**433**	**147**	**40**	**162**	**—**	**4,104**	**4,886**
Net book value							
At 31 March 2017	394	20	34	633	2,156	2,930	6,167
At 31 March 2018	373	6	31	640	2,057	3,656	6,763
At 31 March 2019	**258**	**—**	**21**	**489**	**1,990**	**2,869**	**5,627**

During the year ended 31 March 2018, £46 million of costs were identified as being written down and recognised as an expense within "Other expenses" (2017: £nil).

IMPAIRMENT TESTING

The directors are of the view that the operations of the Group represent a single cash-generating unit ("CGU").

Management performed an impairment assessment as at 31 March 2019. The recoverable value was determined based on value in use ("VIU"), which was marginally higher than the fair value less cost of disposal ("FVLCD") of the relevant assets of the CGU. The recoverable amount was lower than the carrying value of the CGU, and this resulted in an exceptional impairment charge of £3,105 million being recognised within "Other expenses" as at 31 March 2019.

The directors' approach and key (unobservable) assumptions used to determine the Group's CGU VIU were as follows:

As at 31 March	2019	2018	2017
Growth rate applied beyond approved forecast period	1.9%	2.0%	1.9%
Pre-tax discount rate	11.8%	8.7%	10.9%

The Group has considered it appropriate to undertake the impairment assessment with reference to the latest business plan, which includes a five-year cash flow forecast as approved by the JLR plc Board. The growth rates used in the VIU calculation reflect those inherent within the Group's business plan as approved by the JLR plc Board, which is primarily a function of the Group's cycle plan assumptions, past performance and management's expectation of future market developments through to 2023/24. The future cash flows consider potential risks given the current economic environment and key assumptions such as sales volume forecasts and margins. The Group has assessed the potential impacts of changes, if any, in tax and treaty arrangements globally, including Brexit and the US tariffs. The potential impact of reasonably possible outcomes of these events has been included in the VIU calculations.

The cash flows for the year 2023/24 are extrapolated into perpetuity assuming a long-term growth rate as stated above, which is set with reference to weighted-average GDP growth of the countries in which the Group operates.

The impairment loss of £3,105 million has been allocated initially against goodwill of £1 million and the relevant assets, and thereafter the residual amount has been allocated on a pro-rated basis. This has resulted in £1,396 million allocated against tangible assets and £1,709 million allocated against intangible assets.

SENSITIVITY TO KEY ASSUMPTIONS

The changes in the following table to assumptions used in the impairment review would, in isolation, lead to an increase to the aggregate impairment loss recognised as at 31 March 2019 (although it should be noted that these sensitivities do not take account of potential mitigating actions):

	£m
Increase in post-tax discount rate by 1%	1,114
Decrease in long-term growth rate applied beyond approved forecast period by 0.5%	483
Decrease in projected volumes by 5%	4,288
Decrease in projected gross margin by 0.5%	2,088

19 OTHER ASSETS

As at 31 March	2019	2018 restated*	2017
	£m	£m	£m
Non-current			
Prepaid expenses	83	82	77
Other	—	—	3
Total other non-current assets	**83**	**82**	**80**
Current			
Recoverable VAT	301	329	243
Prepaid expenses	156	177	167
Research and development credit	113	114	97
Other	—	10	10
Total other current assets	**570**	**630**	**517**

* See note 2 for details of the restatement due to changes in accounting policies.

20 DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities for the year ended 31 March 2019 are as follows:

	Opening balance restated***	Adjustment on initial application of IFRS 9	Adjusted opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Foreign exchange	Closing balance
	£m	£m	£m	£m	£m	£m	£m	£m
Deferred tax assets								
Property, plant and equipment	9	—	9	535	—	—	—	544
Expenses deductible in future periods	239	—	239	80	—	—	6	325
Derivative financial instruments	80	6	86	7	18	23	—	134
Retirement benefits	77	—	77	(2)	38	—	—	113
Unrealised profit in inventory	157	—	157	(38)	1	—	—	120
Tax loss	367	—	367	(289)	—	—	—	78
Other	100	—	100	26	—	—	—	126
Total deferred tax asset	**1,029**	**6**	**1,035**	**319**	**57**	**23**	**6**	**1,440**
Deferred tax liabilities								
Intangible assets	1,100	—	1,100	(172)	—	—	—	928
Overseas unremitted earnings	99	—	99	2*	—	—	—	101
Total deferred tax liability	**1,199**	**—**	**1,199**	**(170)**	**—**	**—**	**—**	**1,029**
Presented as deferred tax asset**	413							512
Presented as deferred tax liability**	(583)							(101)

* Included within £2 million is a reversal of £5 million relating to withholding tax incurred on intercompany dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

*** See note 2 for details of the restatement due to changes in accounting policies.

At 31 March 2019, deferred tax assets of £512 million (2018: £413 million, 2017: £511 million) have been recognised in relation to deductible temporary differences, including unused tax losses, on the basis that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised.

At 31 March 2019, the Group had unused tax losses and other temporary differences amounting to £1,599 million (2018: £117 million, 2017: £104 million), for which no deferred tax asset arises. As at 31 March 2019, £4 million (2018: £3 million, 2017: £3 million) of those tax losses are subject to expiry in future periods, with £3 million due to expire in fiscal year 2031. The remaining balance is not expected to expire.

All deferred tax assets and deferred tax liabilities at 31 March 2019, 2018 and 2017 are presented as non-current.

Significant components of deferred tax assets and liabilities for the year ended 31 March 2018 are as follows:

	Opening balance	Recognised in profit or loss restated***	Recognised in other comprehensive income restated***	Foreign exchange	Closing balance restated***
	£m	£m	£m	£m	£m
Deferred tax assets					
Property, plant and equipment	12	(3)	—	—	9
Expenses deductible in future periods	222	35	—	(18)	239
Derivative financial instruments	547	(5)	(462)	—	80
Retirement benefits	252	(86)	(89)	—	77
Unrealised profit in inventory	192	(35)	—	—	157
Tax loss	209	159	—	(1)	367
Other	72	28	—	—	100
Total deferred tax asset	**1,506**	**93**	**(551)**	**(19)**	**1,029**
Deferred tax liabilities					
Intangible assets	995	105	—	—	1,100
Overseas unremitted earnings	60	39*	—	—	99
Total deferred tax liability	**1,055**	**144**	**—**	**—**	**1,199**
Presented as deferred tax asset**	511				413
Presented as deferred tax liability**	(60)				(583)

* Included within £39 million is a reversal of £6 million relating to withholding tax incurred on intercompany dividends paid in the year and an additional provision for £15 million relating to prior year earnings.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

*** See note 2 for details of the restatement due to changes in accounting policies.

Significant components of deferred tax assets and liabilities for the year ended 31 March 2017 are as follows:

	Opening balance	Recognised in profit or loss restated***	Recognised in other comprehensive income restated***	Foreign exchange	Closing balance
	£m	£m	£m	£m	£m
Deferred tax assets					
Property, plant and equipment	21	(9)	—	—	12
Expenses deductible in future periods	224	(26)	—	24	222
Derivative financial instruments	240	(15)	322	—	547
Retirement benefits	110	(1)	143	—	252
Unrealised profit in inventory	127	65	—	—	192
Tax loss	175	34	—	—	209
Other	50	22	—	—	72
Total deferred tax asset	**947**	**70**	**465**	**24**	**1,506**
Deferred tax liabilities					
Intangible assets	946	49	—	—	995
Overseas unremitted earnings	31	29*	—	—	60
Total deferred tax liability	**977**	**78**	**—**	**—**	**1,055**
Presented as deferred tax asset**	354				511
Presented as deferred tax liability**	(384)				(60)

* Included within £29 million is a reversal of £18 million relating to withholding tax incurred on intercompany dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

*** See note 2 for details of the restatement due to changes in accounting policies.

21 CASH AND CASH EQUIVALENTS

As at 31 March	2019	2018	2017
	£m	£m	£m
Cash and cash equivalents	2,747	2,626	2,878

22 ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

Year ended 31 March	2019	2018	2017
	£m	£m	£m
At beginning of year	50	60	60
Charged during the year	4	3	—
Receivables written off during the year as uncollectable	(41)	(4)	(1)
Unused amounts reversed	2	(1)	(13)
Foreign currency translation	(3)	(8)	14
At end of year	**12**	**50**	**60**

Trade receivables with a contractual amount of £38 million (2018: £nil, 2017: £nil) that were written off during the year are still subject to enforcement activity.

There were no material changes to the value of expected credit losses on adoption of IFRS 9.

23 INVENTORIES

As at 31 March	2019	2018	2017
	£m	£m	£m
Raw materials and consumables	130	93	117
Work-in-progress	369	335	330
Finished goods	3,117	3,339	3,017
Inventory basis adjustment	(8)	—	—
Total inventories	**3,608**	**3,767**	**3,464**

Inventories of finished goods include £484 million (2018: £436 million, 2017: £326 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 £18,086 million (2018: £19,152 million, 2017: £17,615 million).

During the year, the Group recorded an inventory write-down expense of £52 million (2018: £55 million, 2017: £16 million), excluding a reversal of a write-down recorded in a previous period in relation to the Tianjin incident of £nil (2018: £1 million, 2017: £94 million). The write-down excluding the reversal is included in "Material and other cost of sales".

24 ACCOUNTS PAYABLE

As at 31 March	2019	2018	2017
	£m	£m	£m
Trade payables	4,444	4,800	4,384
Liabilities to employees	114	139	151
Liabilities for expenses	1,757	1,796	1,606
Capital creditors	768	879	367
Total accounts payable	**7,083**	**7,614**	**6,508**

25 INTEREST-BEARING LOANS AND BORROWINGS

As at 31 March	2019	2018	2017
	£m	£m	£m
Short-term borrowings			
Bank loans	114	155	179
Current portion of long-term EURO MTF listed debt	767	497	—
Total short-term borrowings	**881**	**652**	**179**
Long-term borrowings			
EURO MTF listed debt	2,844	3,060	3,395
Bank loans	755	—	—
Total long-term borrowings	**3,599**	**3,060**	**3,395**
Finance lease obligations	31	19	7
Total debt	**4,511**	**3,731**	**3,581**

EURO MTF LISTED DEBT

The bonds are listed on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market.

Details of the tranches of the bonds outstanding at 31 March 2019 are as follows:

- $500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum—issued January 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum—issued January 2014
- $500 million Senior Notes due 2019 at a coupon of 4.250 per cent per annum—issued October 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum—issued February 2015
- $500 million Senior Notes due 2020 at a coupon of 3.500 per cent per annum—issued March 2015
- €650 million Senior Notes due 2024 at a coupon of 2.200 per cent per annum—issued January 2017
- £300 million Senior Notes due 2021 at a coupon of 2.750 per cent per annum—issued January 2017
- $500 million Senior Notes due 2027 at a coupon of 4.500 per cent per annum—issued October 2017
- €500 million Senior Notes due 2026 at a coupon of 4.500 per cent per annum—issued September 2018

Details of the tranches of the bond repaid in the year ended 31 March 2019 are as follows:

- $700 million Senior Notes due 2018 at a coupon of 4.125 per cent per annum—issued December 2013

No tranches of bonds were repaid in the year ended 31 March 2018.

Details of the tranches of the bond repaid in the year ended 31 March 2017 are as follows:

- $84 million Senior Notes due 2021 at a coupon of 8.125 per cent per annum—issued May 2011

SYNDICATED LOAN

In October 2018, a $1 billion syndicate loan was issued with a coupon rate of LIBOR + 1.900 per cent per annum, due in the following tranches:

- $200 million due October 2022
- $800 million due January 2025

The contractual cash flows of interest-bearing debt (excluding finance leases) are set out below, including estimated interest payments and assuming the debt will be repaid at the maturity date.

As at 31 March	2019	2018	2017
	£m	£m	£m
Due in			
1 year or less	1,071	794	321
2nd and 3rd years	1,011	1,228	1,610
4th and 5th years	1,696	1,305	848
More than 5 years	1,559	1,008	1,414
Total contractual cash flows	**5,337**	**4,335**	**4,193**

During the year ended 31 March 2019, the Group entered into a $700 million invoice discounting facility that expires in 2021. Under the terms of the facility, the Group de-recognises factored receivables in accordance with IFRS 9 as there are no recourse arrangements.

UNDRAWN FACILITIES

As at 31 March 2019, the Group has a fully undrawn revolving credit facility of £1,935 million (2018: £1,935 million, 2017: £1,870 million). This facility is available in full until 2022.

26 OTHER FINANCIAL LIABILITIES

As at 31 March	2019	2018	2017
	£m	£m	£m
Current			
Finance lease obligations	3	3	2
Interest accrued	33	32	27
Derivative financial instruments	523	668	1,760
Liability for vehicles sold under a repurchase arrangement	469	479	350
Other	14	7	—
Total current other financial liabilities	**1,042**	**1,189**	**2,139**
Non-current			
Finance lease obligations	28	16	5
Derivative financial instruments	281	257	1,391
Other	1	8	3
Total non-current other financial liabilities	**310**	**281**	**1,399**

27 PROVISIONS

As at 31 March	2019	2018	2017
	£m	£m	£m
Current			
Product warranty	694	613	511
Legal and product liability	154	119	114
Provision for residual risk	9	7	7
Provision for environmental liability	14	11	12
Other employee benefit obligations	13	8	—
Restructuring	104	—	—
Total current provisions	**988**	**758**	**644**
Non-current			
Product warranty	1,048	980	879
Legal and product liability	43	24	47
Provision for residual risk	31	28	27
Provision for environmental liability	15	16	22
Other employee benefit obligations	3	7	13
Total non-current provisions	**1,140**	**1,055**	**988**

Year ended 31 March 2019	Product warranty	Legal and product liability	Residual risk	Environmental liability	Other employee benefit obligations	Restructuring	Total
	£m	£m	£m	£m	£m	£m	£m
Opening balance	1,593	143	35	27	15	—	1,813
Adjustment on initial application of IFRS 15*	(15)	—	—	—	—	—	(15)
Adjusted opening balance	**1,578**	**143**	**35**	**27**	**15**	**—**	**1,798**
Provisions made during the year	1,004	198	18	16	19	104	1,359
Provisions used during the year	(866)	(108)	(3)	(9)	(8)	—	(994)
Unused amounts reversed in the period	—	(38)	(10)	(5)	(10)	—	(63)
Impact of discounting	26	—	—	—	—	—	26
Foreign currency translation	—	2	—	—	—	—	2
Closing balance	**1,742**	**197**	**40**	**29**	**16**	**104**	**2,128**

* See note 2 for details of the restatement due to changes in accounting policies.

PRODUCT WARRANTY PROVISION

The Group offers warranty cover in respect of manufacturing defects, which become apparent one to five years after purchase, dependent on the market in which the purchase occurred and the vehicle purchased. The estimated liability for product warranty is recognised when products are sold or when new warranty programmes are initiated. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future warranty claims, customer goodwill and recall complaints. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

LEGAL AND PRODUCT LIABILITY PROVISION

A legal and product liability provision is maintained in respect of compliance with regulations and known litigations that impact the Group. The provision primarily relates to motor accident claims, consumer complaints, dealer terminations, employment cases, personal injury claims and compliance with regulations. The timing of outflows will vary as and when claims are received and settled, which is not known with certainty.

RESIDUAL RISK PROVISION

In certain markets, the Group is responsible for the residual risk arising on vehicles sold by retailers 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 LIABILITY PROVISION

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

OTHER EMPLOYEE BENEFIT OBLIGATIONS

This provision relates to the LTIP scheme for certain employees (see note 9) and other amounts payable to employees.

RESTRUCTURING PROVISION

This provision relates to amounts payable to employees under the Group restructuring programme announced and carried out during the year ended 31 March 2019 (note 4).

28 OTHER LIABILITIES

As at 31 March	2019	2018	2017
	£m	£m	£m
Current			
Liabilities for advances received	86	40	92
Ongoing service obligations	301	244	167
VAT	199	195	171
Other taxes payable	53	43	38
Other	25	25	22
Total other current liabilities	**664**	**547**	**490**
Non-current			
Ongoing service obligations	504	438	338
Other	17	16	24
Total other non-current liabilities	**521**	**454**	**362**

29 CAPITAL AND RESERVES

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.

As at 31 March	2019	2018	2017
	£m	£m	£m
Authorised, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total ordinary share capital	**1,501**	**1,501**	**1,501**

The capital redemption reserve of £167 million (2018, 2017: £167 million) was created in March 2011 on the cancellation of share capital.

30 OTHER RESERVES

The movement of reserves is as follows:

	Translation reserve	Hedging reserve	Cost of hedging reserve	Retained earnings	Total other reserves
	£m	£m	£m	£m	£m
Balance at 1 April 2018 restated*	**(333)**	**(281)**	**(46)**	**8,968**	**8,308**
Adjustment on initial application of IFRS 9 and IFRS 15 (net of tax)	—	(29)	2	(5)	(32)
Adjusted balance at 1 April 2018	**(333)**	**(310)**	**(44)**	**8,963**	**8,276**
Loss for the year	—	—	—	(3,325)	(3,325)
Remeasurement of defined benefit obligation	—	—	—	(270)	(270)
(Loss)/gain on effective cash flow hedges	—	(813)	24	—	(789)
Loss on effective cash flow hedges of inventory	—	(161)	(36)	—	(197)
Income tax related to items recognised in other comprehensive income	—	184	2	38	224
Cash flow hedges reclassified to profit and loss	—	874	7	—	881
Income tax related to items reclassified to profit or loss	—	(166)	(1)	—	(167)
Amounts removed from hedge reserve and recognised in inventory	—	(141)	19	—	(122)
Income tax related to amounts removed from hedge reserve and recognised in inventory	—	27	(4)	—	23
Currency translation differences	(4)	—	—	—	(4)
Dividend paid	—	—	—	(225)	(225)
Balance at 31 March 2019	**(337)**	**(506)**	**(33)**	**5,181**	**4,305**

	Translation reserve	Hedging reserve restated*	Cost of hedging reserve restated*	Retained earnings restated*	Total other reserves restated*
	£m	£m	£m	£m	£m
Balance at 1 April 2017	(329)	(2,232)	(75)	7,549	4,913
Profit for the year	—	—	—	1,112	1,112
Remeasurement of defined benefit obligation	—	—	—	546	546
Gain on effective cash flow hedges	—	1,216	25	—	1,241
Income tax related to items recognised in other comprehensive income	—	(229)	(5)	(89)	(323)
Cash flow hedges reclassified to profit and loss	—	1,190	11	—	1,201
Income tax related to items reclassified to profit or loss	—	(226)	(2)	—	(228)
Currency translation differences	(4)	—	—	—	(4)
Dividend paid	—	—	—	(150)	(150)
Balance at 31 March 2018	**(333)**	**(281)**	**(46)**	**8,968**	**8,308**

	Translation reserve	Hedging reserve restated*	Cost of hedging reserve restated*	Retained earnings restated*	Total other reserves restated*
	£m	£m	£m	£m	£m
Balance at 1 April 2016	(363)	(866)	(34)	7,209	5,946
Profit for the year	—	—	—	1,242	1,242
Remeasurement of defined benefit obligation	—	—	—	(895)	(895)
Gain on effective cash flow hedges	—	(2,953)	(47)	—	(3,000)
Income tax related to items recognised in other comprehensive income	—	567	9	143	719
Cash flow hedges reclassified to profit and loss	—	1,275	(4)	—	1,271
Income tax related to items reclassified to profit or loss	—	(255)	1	—	(254)
Currency translation differences	34	—	—	—	34
Dividend paid	—	—	—	(150)	(150)
Balance at 31 March 2017	**(329)**	**(2,232)**	**(75)**	**7,549**	**4,913**

* See note 2 for details of the restatement due to changes in accounting policies.

31 DIVIDENDS

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Dividend proposed for the previous year paid during the year of £0.15 (2018, 2017: £0.10) per ordinary share	225	150	150
Amounts recognised as distributions to equity holders during the year	**225**	**150**	**150**
Proposed dividend for the year of £nil (2018: £0.15, 2017: £0.10) per ordinary share	—	225	150

32 EMPLOYEE BENEFITS

The Group operates defined benefit pension schemes for qualifying employees of certain of its subsidiaries. The UK defined benefit schemes are administered by a trustee with assets held in a trust that are legally separate from the Group. The trustee of the pension schemes is required by law to act in the interest of the fund and of all relevant stakeholders in the schemes and is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of the trustee must be composed of representatives of the Group and scheme participants in accordance with each scheme's regulations.

Under the schemes, the employees are entitled to post-retirement benefits based on their length of service and salary.

Through its defined benefit pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below.

ASSET VOLATILITY

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if the schemes' assets underperform against these corporate bonds, this will create or increase a deficit. The defined benefit schemes hold a significant proportion of equity-type assets, which are expected to outperform corporate bonds in the long term although introduce volatility and risk in the short term.

The UK schemes hold a substantial level of index-linked gilts and other inflation and interest rate hedging instruments in order to reduce the volatility of assets compared to the liability value, although these will lead to asset value volatility.

As the schemes mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Group believes that due to the long-term nature of the schemes' liabilities and the strength of the supporting group, a level of continuing equity-type investments is currently an appropriate element of the Group's long-term strategy to manage the schemes efficiently.

CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase the schemes' liabilities, although this is expected to be partially offset by an increase in the value of the schemes' assets, specifically the bond holdings and interest rate hedging instruments.

INFLATION RISK

Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the schemes against high inflation). As noted above, the schemes hold a significant proportion of assets in index-linked gilts, together with other inflation hedging instruments and also assets that are more closely correlated with inflation. However, an increase in inflation may also create a deficit or increase the existing deficit to some degree.

LIFE EXPECTANCY

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant in the UK defined benefit schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.

The following tables set out the disclosures pertaining to the retirement benefit amounts recognised in the consolidated financial statements prepared in accordance with IAS 19:

CHANGE IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Year ended 31 March	**2019**	**2018**	**2017**
	£m	**£m**	**£m**
Defined benefit obligation at beginning of year	8,320	9,969	7,668
Current service cost	158	217	198
Past service cost/(credit)	42	(437)	—
Interest expense	216	241	275
Actuarial (gain)/loss arising from:			
Changes in demographic assumptions	(49)	(210)	(76)
Changes in financial assumptions	544	(353)	2,335
Experience adjustments	32	(99)	(213)
Exchange differences on foreign schemes	—	(3)	5
Member contributions	2	4	2
Benefits paid	(617)	(988)	(225)
Plan settlement	—	(21)	—
Defined benefit obligation at end of year	**8,648**	**8,320**	**9,969**

CHANGE IN PRESENT VALUE OF SCHEME ASSETS

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Fair value of schemes' assets at beginning of year	7,882	8,508	7,103
Interest income	208	218	258
Remeasurement gain/(loss) on the return of schemes' assets, excluding amounts included in interest income	257	(116)	1,149
Administrative expenses	(13)	(9)	(9)
Exchange differences on foreign schemes	—	(1)	3
Employer contributions	262	287	227
Member contributions	2	4	2
Benefits paid	(617)	(988)	(225)
Plan settlement	—	(21)	—
Fair value of schemes' assets at end of year	**7,981**	**7,882**	**8,508**

The actual return on the schemes' assets for the year ended 31 March 2019 was £465 million (2018: £102 million, 2017: £1,407 million). Amounts recognised in the consolidated income statement consist of:

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Current service cost	158	217	198
Past service cost/(credit)	42	(437)	—
Administrative expenses	13	9	9
Net interest cost (including onerous obligations)	8	23	17
Components of defined benefit cost/(income) recognised in the consolidated income statement	**221**	**(188)**	**224**

Amounts recognised in the consolidated statement of comprehensive income consist of:

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Actuarial gain/(loss) arising from:			
Changes in demographic assumptions	49	210	76
Changes in financial assumptions	(544)	353	(2,335)
Experience adjustments	(32)	99	213
Remeasurement gain/(loss) on the return of schemes' assets, excluding amounts included in interest income	257	(116)	1,149
Change in onerous obligation, excluding amounts included in interest expense	—	—	2
Remeasurement (loss)/gain on defined benefit obligation	**(270)**	**546**	**(895)**

Amounts recognised in the consolidated balance sheet consist of:

As at 31 March	2019	2018	2017
	£m	£m	£m
Present value of unfunded defined benefit obligations	(2)	(1)	(2)
Present value of funded defined benefit obligations	(8,646)	(8,319)	(9,967)
Fair value of schemes' assets	7,981	7,882	8,508
Net retirement benefit obligation	**(667)**	**(438)**	**(1,461)**
Presented as non-current liability	(667)	(438)	(1,461)

The most recent valuations of the defined benefit schemes for accounting purposes were carried out at 31 March 2019 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 asset valuations are taken from the asset custodian for each scheme.

The principal assumptions used in accounting for the pension schemes are set out below:

Year ended 31 March	**2019**	**2018**	**2017**
Discount rate	2.4%	2.7%	2.6%
Expected rate of increase in benefit revaluation of covered employees	2.4%	2.3%	2.3%
RPI inflation rate	3.2%	3.1%	3.2%

For the valuation at 31 March 2019, the mortality assumptions used are the SAPS base table, in particular S2PxA tables and the Light table for members of the Jaguar Executive Pension Plan.

For the Jaguar Pension Plan, scaling factors of 112 per cent to 118 per cent have been used for male members and scaling factors of 101 per cent to 112 per cent have been used for female members.

For the Land Rover Pension Scheme, scaling factors of 107 per cent to 112 per cent have been used for male members and scaling factors of 101 per cent to 109 per cent have been used for female members.

For the Jaguar Executive Pension Plan, an average scaling factor of 94 per cent has been used for male members and an average scaling factor of 84 per cent has been used for female members.

For the valuation at 31 March 2018, the mortality assumptions used are the SAPS base table, in particular S2PxA tables and the Light table for members of the Jaguar Executive Pension Plan.

For the Jaguar Pension Plan, scaling factors of 113 per cent to 119 per cent have been used for male members and scaling factors of 102 per cent to 114 per cent have been used for female members.

For the Land Rover Pension Scheme, scaling factors of 108 per cent to 113 per cent have been used for male members and scaling factors of 102 per cent to 111 per cent have been used for female members.

For the Jaguar Executive Pension Plan, an average scaling factor of 95 per cent has been used for male members and an average scaling factor of 85 per cent has been used for female members.

For the valuation at 31 March 2017, the mortality assumptions used are the SAPS base table, in particular S2NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 120 per cent for males and 110 per cent for females has been used for the Jaguar Pension Plan, 115 per cent for males and 105 per cent for females for the Land Rover Pension Scheme, and 95 per cent for males and 85 per cent for females for the Jaguar Executive Pension Plan.

There is an allowance for future improvements in line with the CMI (2018) projections and an allowance for long-term improvements of 1.25 per cent per annum (2018: CMI (2017) projections with 1.25 per cent per annum improvements, 2017: CMI (2014) projections with 1.25 per cent per annum improvements).

The assumed life expectations on retirement at age 65 are:

As at 31 March	2019	2018	2017
	years	years	years
Retiring today:			
Males	21.0	21.3	21.5
Females	23.2	23.4	24.5
Retiring in 20 years:			
Males	22.4	22.5	23.3
Females	25.1	25.1	26.3

A past service cost of £42 million has been recognised in the year ended 31 March 2019. This reflects a plan amendment for certain members as part of the Group restructuring programme (see note 4) and a past service cost following a High Court ruling in October 2018. As a result of the ruling, pension schemes are required to equalise male and female members' benefits for the inequalities within guaranteed minimum pension earned between 17 May 1990 and 5 April 1997. The Group historically made no assumptions for guaranteed minimum pension and therefore has considered the change to be a plan amendment.

A past service credit of £437 million has been recognised in the year ended 31 March 2018 after the Group approved and communicated to its defined benefit schemes' members that the defined benefit schemes' rules were to be amended with effect from 6 April 2017. As a result, among other changes, future retirement benefits would be calculated each year and revalued until retirement in line with a prescribed rate rather than based upon a member's final salary at retirement.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated balance sheet.

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 c.£ 430 million	Decrease/increase by £ 8 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by c.£ 370 million	Increase/decrease by £ 8 million
Mortality	Increase/decrease by 1 year	Increase/decrease by c.£ 310 million	Increase/decrease by £ 5 million

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

	2019				2018				2017			
As at 31 March	**Quoted***	**Unquoted**	**Total**	**%**	**Quoted***	**Unquoted**	**Total**	**%**	**Quoted***	**Unquoted**	**Total**	**%**
	£m	**£m**	**£m**		**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	
Equity instruments												
Information technology	79	—	79	1%	132	—	132	2%	142	—	142	2%
Energy	34	—	34	1%	56	—	56	1%	61	—	61	1%
Manufacturing	58	—	58	1%	96	—	96	1%	104	—	104	1%
Financials	91	—	91	1%	151	—	151	2%	164	—	164	2%
Other	251	—	251	3%	417	—	417	5%	452	—	452	5%
	513	**—**	**513**	**7%**	**852**	**—**	**852**	**11%**	**923**	**—**	**923**	**11%**
Debt instruments												
Government	2,509	—	2,509	31%	2,524	—	2,524	32%	2,929	—	2,929	34%
Corporate bonds (investment grade)	149	1,694	1,843	23%	20	1,836	1,856	24%	20	2,071	2,091	25%
Corporate bonds (non-investment grade)	—	613	613	8%	—	584	584	7%	123	414	537	6%
	2,658	**2,307**	**4,965**	**62%**	**2,544**	**2,420**	**4,964**	**63%**	**3,072**	**2,485**	**5,557**	**65%**
Property funds												
UK	—	244	244	3%	—	165	165	2%	—	190	190	2%
Other	—	229	229	3%	—	160	160	2%	—	156	156	2%
	—	**473**	**473**	**6%**	**—**	**325**	**325**	**4%**	**—**	**346**	**346**	**4%**
Cash and cash equivalents	**210**	**—**	**210**	**3%**	**218**	**—**	**218**	**3%**	**93**	**—**	**93**	**1%**
Other												
Hedge funds	—	310	310	4%	—	356	356	4%	—	403	403	5%
Private markets	4	336	340	4%	2	252	254	3%	—	174	174	2%
Alternatives	16	810	826	10%	470	214	684	9%	327	379	706	8%
	20	**1,456**	**1,476**	**18%**	**472**	**822**	**1,294**	**16%**	**327**	**956**	**1,283**	**15%**
Derivatives												
Foreign exchange contracts	—	16	16	—	—	1	1	—	—	17	17	—
Interest rate and inflation	—	328	328	4%	—	228	228	3%	—	289	289	4%
	—	**344**	**344**	**4%**	**—**	**229**	**229**	**3%**	**—**	**306**	**306**	**4%**
Total	**3,401**	**4,580**	**7,981**	**100%**	**4,086**	**3,796**	**7,882**	**100%**	**4,415**	**4,093**	**8,508**	**100%**

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

As at 31 March 2019, the schemes held Gilt Repos. The net value of these transactions is included in the value of government bonds. The value of the funding obligation for the Repo transactions is £1,528 million at 31 March 2019 (2018: £1,287 million, 2017: £843 million).

The split of Level 1 assets is 62 per cent (2018: 71 per cent, 2017: 66 per cent), Level 2 assets 24 per cent (2018: 20 per cent, 2017: 27 per cent) and Level 3 assets 14 per cent (2018: 9 per cent, 2017: 7 per cent). Private market holdings are classified as Level 3 instruments. For this purpose, each element of the Repo transactions is included separately.

Jaguar Land Rover contributes towards the UK defined benefit schemes. The 5 April 2018 valuations were completed in December 2018. As a result of these valuations it is intended to eliminate the pension scheme funding deficits over the 10 years to 31 March 2028. There is currently no additional liability over the projected benefit obligation (based on current legal advice the Group will not be required to recognise an additional obligation in the future). In line with the schedule of contributions agreed following the 2018 statutory valuation, the current ongoing Group contribution rate for defined benefit accrual has reduced to c.22 per cent of pensionable salaries in the UK reflecting the 2017 benefit restructure. Deficit contributions are paid in line with the updated schedule of contributions at a rate of £60 million per year until 31 March 2024 followed by £25 million per year until 31 March 2028.

The average duration of the benefit obligations at 31 March 2019 is 19.0 years (2018: 20.4 years, 2017: 21.6 years).

The expected net periodic pension cost for the year ended 31 March 2020 is £166 million. The Group expects to pay £223 million to its defined benefit schemes, in total, for the year ended 31 March 2020.

DEFINED CONTRIBUTION SCHEMES

The Group's contribution to defined contribution schemes for the year ended 31 March 2019 was £93 million (2018: £77 million, 2017: £57 million).

33 COMMITMENTS AND CONTINGENCIES

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

The following is a description of claims and contingencies where a potential loss is possible but not probable. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

LITIGATION AND PRODUCTION MATTERS

The Group is involved in legal proceedings, both as plaintiff and as defendant. There are claims and potential claims of £17 million (2018: £17 million, 2017: £7 million) against the Group that management has not recognised as settlement is not considered probable. These claims and potential claims pertain to motor accident claims, consumer complaints, employment and dealership arrangements, replacement of parts of vehicles and/or compensation for deficiency in the services provided by the Group or its dealers.

The Group has provided for the estimated cost of repair following the passenger safety airbag issue in the United States, China, Canada, Korea, Australia and Japan. The Group recognises that there is a potential risk of further recalls in the future; however, at present the Group has assessed the risk as remote.

OTHER TAXES AND DUTIES

Contingencies and commitments include tax contingent liabilities of £41 million (2018: £42 million, 2017: £nil). These mainly relate to tax audits and tax litigation claims.

COMMITMENTS

The Group has entered into various contracts with vendors and contractors for the acquisition of plant and equipment and various civil contracts of a capital nature aggregating to £1,054 million (2018: £853 million, 2017: £2,047 million) and £20 million (2018: £15 million, 2017: £31 million) relating to the acquisition of intangible assets.

Commitments and contingencies also includes other contingent liabilities of £222 million (2018: £149 million, 2017: £82 million). The timing of any outflow will vary as and when claims are received and settled, which is not known with certainty.

The remaining financial commitments, in particular the purchase commitments and guarantees, are of a magnitude typical for the industry.

Inventory of £nil (2018, 2017: £nil), trade receivables with a carrying amount of £114 million (2018: £155 million, 2017: £179 million), property, plant and equipment with a carrying amount of £nil (2018, 2017: £nil) and restricted cash with a carrying amount of £nil (2018, 2017: £nil) are pledged as collateral/security against the borrowings and commitments.

Stipulated within the joint venture agreement for Chery Jaguar Land Rover Automotive Co. Ltd. is a commitment for the Group to contribute a total of CNY 3,500 million of capital, of which CNY 2,875 million has been contributed as at 31 March 2019. The outstanding commitment of CNY 625 million translates to £71 million at 31 March 2019 exchange rate.

The Group's share of capital commitments of its joint venture at 31 March 2019 is £151 million (2018: £159 million, 2017: £171 million) and contingent liabilities of its joint venture 31 March 2019 is £nil (2018: £1 million, 2017: £3 million).

34 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to ensure the going concern operation of all subsidiary companies within the Group and to maintain an efficient capital structure to support ongoing and future operations of the Group and to meet shareholder expectations.

The Group issues debt, primarily in the form of bonds, 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 and funding requirements are regularly monitored by the JLR plc Board to ensure sufficient liquidity is maintained by the Group. All debt issuance and capital distributions are approved by the JLR plc Board.

The following table summarises the capital of the Group:

As at 31 March	2019	2018 restated*	2017
	£m	£m	£m
Short-term debt	884	655	181
Long-term debt	3,627	3,076	3,400
Total debt**	**4,511**	**3,731**	**3,581**
Equity attributable to shareholders	5,973	9,976	6,581
Total capital	**10,484**	**13,707**	**10,162**

* See note 2 for details of the restatement due to changes in accounting policies.

** Total debt includes finance lease obligations of £31 million (2018: £19 million, 2017: £7 million).

35 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.

(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 2019 under IFRS 9:

		Fair value through profit and loss			
	Amortised cost and other financial liabilities	Derivatives and other financial instruments in hedging relationship	Derivatives other than in hedging relationship	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Short-term deposits and other investments	1,028	—	—	1,028	1,028
Other financial assets—current	181	102	31	314	314
Other financial assets—non-current	116	43	11	170	170
Total financial assets	**1,325**	**145**	**42**	**1,512**	**1,512**
Short-term borrowings	113	768	—	881	877
Long-term borrowings*	3,599	—	—	3,599	3,245
Other financial liabilities—current	519	426	97	1,042	1,042
Other financial liabilities—non-current	29	266	15	310	310
Total financial liabilities	**4,260**	**1,460**	**112**	**5,832**	**5,474**

* Included in the long-term borrowings shown in other financial liabilities is £813 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £5 million of fair value adjustments as a result of the hedge relationship.

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2018 under IAS 39:

	Held to maturity	Loans and receivables and other financial liabilities	Derivatives and other financial instruments in hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m	£m	£m
Short-term deposits and other investments	36	1,995	—	—	2,031	2,031
Other financial assets—non-current	—	230	185	79	494	494
Other financial assets—non-current	—	128	266	20	414	414
Total financial assets	**36**	**2,353**	**451**	**99**	**2,939**	**2,939**
Short-term borrowings		652	498	—	1,150	1,155
Long-term borrowings*		1,850	712	—	2,562	2,590
Other financial liabilities—current		521	585	83	1,189	1,189
Other financial liabilities—non-current		24	250	7	281	281
Total financial liabilities		**3,047**	**2,045**	**90**	**5,182**	**5,215**

* Included in the long-term borrowings shown in other financial liabilities is £342 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £10 million of fair value adjustments as a result of the hedge relationship.

The 2018 comparative balances have been represented, in order to fully reflect the maturity of borrowings designated in a hedging relationship.

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2017 under IAS 39:

	Loans and receivables and other financial liabilities	Derivatives and other financial instruments in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
	£m	£m	£m	£m	£m
Other financial assets—current	49	133	36	218	218
Other financial assets—non-current	15	205	50	270	270
Total financial assets	**64**	**338**	**86**	**488**	**488**
Short-term borrowings	179	—	—	179	179
Long-term borrowings	2,432	963	—	3,395	3,489
Other financial liabilities—current	379	1,517	243	2,139	2,139
Other financial liabilities—non-current	8	1,379	12	1,399	1,399
Total financial liabilities	**2,998**	**3,859**	**255**	**7,112**	**7,206**

OFFSETTING

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the Group intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial assets and financial liabilities are subject to master netting arrangements whereby in the case of insolvency, derivative financial assets and financial liabilities can be settled on a net basis.

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2019:

				Amounts subject to a master netting arrangement		
	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Financial instruments	Cash collateral (received)/ pledged	Net amount after offsetting
	£m	£m	£m	£m	£m	£m
Financial assets						
Derivative financial assets	187	—	187	(187)	—	—
Cash and cash equivalents	3,175	(428)	2,747	—	—	2,747
	3,362	**(428)**	**2,934**	**(187)**	**—**	**2,747**
Financial liabilities						
Derivative financial liabilities	804	—	804	(187)	—	617
Short-term borrowings	1,309	(428)	881	—	—	881
	2,113	**(428)**	**1,685**	**(187)**	**—**	**1,498**

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2018:

				Amounts subject to a master netting arrangement		
	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Financial instruments	Cash collateral (received)/ pledged	Net amount after offsetting
	£m	£m	£m	£m	£m	£m
Financial assets						
Derivative financial assets	550	—	550	(531)	—	19
Cash and cash equivalents	2,806	(180)	2,626	—	—	2,626
	3,356	**(180)**	**3,176**	**(531)**	**—**	**2,645**
Financial liabilities						
Derivative financial liabilities	925	—	925	(531)	—	394
Short-term borrowings	832	(180)	652	—	—	652
	1,757	**(180)**	**1,577**	**(531)**	**—**	**1,046**

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2017:

	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to a master netting arrangement: Financial instruments	Amounts subject to a master netting arrangement: Cash collateral (received)/ pledged	Net amount after offsetting
	£m	£m	£m	£m	£m	£m
Financial assets						
Derivative financial assets	424	—	424	(419)	—	5
Cash and cash equivalents	2,909	(31)	2,878	—	—	2,878
	3,333	**(31)**	**3,302**	**(419)**	**—**	**2,883**
Financial liabilities						
Derivative financial liabilities	3,151	—	3,151	(419)	—	2,732
Short-term borrowings	210	(31)	179	—	—	179
	3,361	**(31)**	**3,330**	**(419)**	**—**	**2,911**

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

- Quoted prices in an active market (Level 1): this level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Valuation techniques with observable inputs (Level 2): this level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 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 based on available market data.

Of the financial assets held at 31 March 2019 and classified as Level 3, 91 per cent (2018: 97 per cent, 2017: 100 per cent) were valued using recent transaction values and 9 per cent (2018: 3 per cent, 2017: nil per cent) were valued using an alternative technique.

Recent transaction values

The pricing of recent investment transactions is the main input of valuations performed by the Group. The Group’s policy is to use observable market data where possible for its valuations and, in the absence of portfolio company earnings or revenue to compare, or of relevant comparable businesses’ data, recent transaction prices represent the most reliable observable inputs.

Alternative valuation methodologies

Alternative valuation methodologies are used by the Group for reasons specific to individual assets. At 31 March 2019, the alternative technique used was net asset value, representing 100 per cent of alternatively valued assets.

There has been no change in the valuation techniques adopted in either current or prior financial years as presented. The investment in Lyft, Inc. (note 15) has transferred from Level 3 to Level 1 as a result of the Lyft, Inc. initial public offering on 29 March 2019. There were no transfers between fair value levels in prior financial years.

The financial instruments that are measured subsequent to initial recognition at fair value are classified as Level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. Fair values of forward derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves from Reuters. Commodity swap contracts are similarly fair valued by discounting expected future contractual cash flows. Option contracts on foreign currency are entered into on a zero cost collar basis and fair value estimates are calculated from standard Black-Scholes options pricing methodology, using prevailing market interest rates and volatilities. The estimate of fair values for cross-currency swaps is calculated using discounted estimated future cash flows. Estimates of the future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates ("LIBOR").

Additionally, a credit valuation adjustment/debit value adjustment is taken on derivative financial assets and liabilities and is calculated by discounting the fair value gain or loss on the financial derivative using credit default swap ("CDS") prices quoted for the counterparty or Jaguar Land Rover respectively. CDS prices are obtained from Reuters.

The long-term borrowings are held at amortised cost. Their fair value of the EURO MTF listed debt for disclosure purposes is determined using Level 1 valuation techniques, based on the closing price as at 31 March 2019 on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market, for unsecured listed bonds. For bank loans, Level 2 valuation techniques are used.

Fair values of cash and cash equivalents, short-term deposits, trade receivables and payables, short-term borrowings other than unsecured listed bonds and other financial assets and liabilities (current and non-current excluding derivatives) are assumed to approximate to cost due to the short-term maturing of the instruments and as the impact of discounting is not significant.

Other investments that are not equity accounted for are recognised at fair value. Where there is an active quoted market, the fair value is determined using Level 1 valuation techniques, based on the closing price at year end. The valuation as at 31 March 2019 is £46 million (2018 and 2017: £nil). Where there is no active quoted market, the fair values have been determined using Level 3 valuation techniques and the closing valuation as at 31 March 2019 is £23 million (2018: £28 million, 2017: £1 million). The fair value gain recognised in the consolidated income statement for the Level 3 investments for the year ended 31 March 2019 is £2 million (2018: £2 million, 2017: £nil).

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 the respective dates. The estimated fair value amounts as at 31 March 2019, 2018 and 2017 have been measured as at the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

(B) FINANCIAL RISK MANAGEMENT

The Group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The Group has a risk management framework in place, which monitors all of these risks as discussed below. This framework is approved by the JLR plc Board.

FOREIGN CURRENCY EXCHANGE RATE RISK

The fluctuation in foreign currency exchange rates may have a potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan and Euro against the functional currency of the Company and its subsidiaries.

Foreign exchange risk on future transactions is mitigated through the use of derivative contracts. The Group is also exposed to fluctuations in exchange rates that impact the valuation of foreign currency denominated assets and liabilities of its National Sales Companies and also foreign currency denominated balances on the Group's consolidated balance sheet at each reporting period end. In addition to the derivatives designated in hedging relationships as detailed in section (C), the Group enters into foreign currency contracts as economic hedges of recognised foreign currency debt.

The following table sets forth information relating to foreign currency exposure as at 31 March 2019:

	US Dollar	Chinese Yuan	Euro	Others*
	£m	£m	£m	£m
Financial assets	2,383	219	1,377	327
Financial liabilities	(3,349)	(424)	(3,524)	(385)
Net exposure liability	**(966)**	**(205)**	**(2,147)**	**(58)**
10% appreciation/depreciation of the currency would result in additional (loss)/gain:				
In other comprehensive income	(76)/76	—	—	n/a
In the consolidated income statement	(21)/21	(21)/21	(215)/215	n/a

The following table sets forth information relating to foreign currency exposure as at 31 March 2018:

	US Dollar	Chinese Yuan	Euro	Others*
	£m	£m	£m	£m
Financial assets	1,315	540	1,372	478
Financial liabilities	(3,044)	(580)	(3,344)	(421)
Net exposure (liability)/asset	**(1,729)**	**(40)**	**(1,972)**	**57**
10% appreciation/depreciation of the currency would result in additional (loss)/gain:				
In other comprehensive income	(117)/117	—	—	n/a
In the consolidated income statement**	(52)/52	(4)/4	(197)/197	n/a

The following table sets forth information relating to foreign currency exposure as at 31 March 2017:

	US Dollar	Chinese Yuan	Euro	Others*
	£m	£m	£m	£m
Financial assets	1,122	490	1,135	405
Financial liabilities	(2,893)	(415)	(2,598)	(356)
Net exposure (liability)/asset	**(1,771)**	**75**	**(1,463)**	**49**
10% appreciation/depreciation of the currency would result in additional (loss)/gain:				
In other comprehensive income**	(132)/132	—	—	n/a
In the consolidated income statement**	(45)/45	8/(8)	(146)/146	n/a

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

** See note 2 for details of the restatement due to changes in accounting policies.

COMMODITY PRICE RISK

The Group is exposed to commodity price risk arising from the purchase of certain raw materials such as aluminium, copper, platinum and palladium. This risk is mitigated through the use of derivative contracts and fixed-price contracts with suppliers. The derivative contracts are not hedge accounted under IFRS 9 but are instead measured at fair value through profit or loss.

The total fair value gain on commodities of £9 million (2018: £28 million, 2017: £106 million) has been recognised in “Other income” in the consolidated income statement. The amounts reported do not reflect the purchasing benefits received by the Group (which are included within “Material and other cost of sales”).

A 10 per cent appreciation/depreciation of all commodity prices underlying such contracts would have resulted in a gain/loss of £53 million (2018: £50 million, 2017: £57 million).

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Group.

In addition to issuing long-term fixed-rate bonds, the Group has other facilities in place that are primarily used to finance working capital and are subject to variable interest rates. When undertaking a new debt issuance, the JLR plc Board will consider the fixed/floating interest rate mix of the Group, the outlook for future interest rates and the appetite for certainty of funding costs.

The Group uses cross-currency interest rate swaps to convert some of its issued debt from foreign denominated fixed-rate debt to GBP floating-rate debt. The derivative instruments and the foreign currency fixed-rate debt are designated in fair value and cash flow hedging relationships. As at 31 March 2019, the carrying amount of these derivative instruments was a liability of £4 million (2018: £29 million, 2017: £nil). Further detail is given in section (C) below.

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 at 31 March 2019, short-term borrowings of £114 million (2018: £155 million, 2017: £179 million) and long-term borrowings of £768 million (2018: £nil, 2017: £nil) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £9 million (2018, 2017: £2 million) in the consolidated income statement and £nil (2018, 2017: £nil) in other comprehensive income.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable-rate debt instruments.

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 2019	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	3,599	5,186	946	449	2,232	1,559
Short-term borrowings	881	881	881	—	—	—
Finance lease obligations	31	62	7	7	15	33
Other financial liabilities	517	554	527	12	15	—
Accounts payable	7,083	7,083	7,083	—	—	—
Derivative financial instruments	804	1,076	592	313	144	27
Total contractual maturities	**12,915**	**14,842**	**10,036**	**781**	**2,406**	**1,619**

As at 31 March 2018	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	3,060	3,638	120	824	1,686	1,008
Short-term borrowings	652	668	668	—	—	—
Finance lease obligations	19	32	6	4	11	11
Other financial liabilities	526	555	525	15	15	—
Accounts payable	7,614	7,614	7,614	—	—	—
Derivative financial instruments	925	1,207	748	322	124	13
Total contractual maturities	**12,796**	**13,714**	**9,681**	**1,165**	**1,836**	**1,032**

As at 31 March 2017	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	3,395	3,982	133	687	1,748	1,414
Short-term borrowings	179	179	179	—	—	—
Finance lease obligations	7	11	2	2	2	5
Other financial liabilities	380	386	360	13	13	—
Accounts payable	6,508	6,508	6,508	—	—	—
Derivative financial instruments	3,151	3,992	1,950	1,294	748	—
Total contractual maturities	**13,620**	**15,058**	**9,132**	**1,996**	**2,511**	**1,419**

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligation. The majority of the Group's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

The carrying amount of financial assets represents the maximum credit exposure. None of the financial instruments of the Group result in material concentrations of credit risks.

All Group cash is invested according to strict credit criteria and actively monitored by Group Treasury in conjunction with the current market valuation of derivative contracts. To support this, the JLR plc Board has implemented an investment policy that places limits on the maximum cash investment that can be made with any single counterparty depending on their published external credit rating.

To a lesser extent the Group has an exposure to counterparties on trade receivables and other financial assets. The Group seeks to mitigate credit risk on sales to third parties through the use of payment at the point of delivery, credit limits, credit insurance and letters of credit from banks that meet internal rating criteria.

FINANCIAL ASSETS

None of the Group's cash equivalents, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2019 (2018 and 2017: no indications) that defaults in payment obligations will occur.

The Group has reviewed trade and other receivables not yet due and not impaired and no material issues have been identified. Trade and other receivables past due and impaired are set out below:

As at 31 March	2019 gross	2019 impairment	2019 expected loss rate	2018 gross	2018 impairment	2018 expected loss rate	2017 gross	2017 impairment	2017 expected loss rate
	£m	£m		£m	£m		£m	£m	
Not yet due	1,190	1	— %	1,413	2	— %	1,185	—	— %
Overdue <3 months	173	—	— %	216	—	— %	92	4	4%
Overdue 3–6 months	3	—	— %	1	1	100%	1	1	100%
Overdue >6 months	14	11	79%	48	47	98%	57	55	97%
Total	**1,380**	**12**		**1,678**	**50**		**1,335**	**60**	

Included within trade receivables is £114 million (2018: £155 million, 2017: £179 million) of receivables that are part of a debt factoring arrangement. These assets do not qualify for de-recognition due to the recourse arrangements in place. The related liability of £114 million (2018: £155 million, 2017: £179 million) is in short-term borrowings. Both the asset and associated liability are classified in amortised cost and other financial liabilities respectively.

(C) DERIVATIVES AND HEDGE ACCOUNTING

The Group's operations give rise to revenue, raw material purchases and borrowings in currencies other than the Group's presentation currency of GBP. The Group forecasts these transactions over the medium term and enters into derivative contracts to mitigate the resulting foreign currency exchange risk, interest rate risk and commodity price risk. The Group's risk management strategy allows for hedge accounting when the derivatives meet the hedge accounting criteria as set out in IFRS 9 as well as the Group's risk management objectives.

Commodity derivatives are not hedge accounted. Foreign currency forward contracts, foreign currency options and foreign currency denominated borrowings may be designated as hedging instruments in a cash flow hedge relationship against forecast foreign currency transactions to mitigate foreign currency exchange risk associated with those transactions. In addition, the Group uses cross-currency interest rate swaps to hedge its foreign currency exchange risk associated with recognised long-term borrowings. These instruments are designated in both cash flow and fair value hedging relationships.

In all cases the Group uses a hedge ratio of 1:1. The critical terms of the derivative contracts are aligned with those of the hedged item. The Group allows a maximum hedging term of five years for forecast transactions. The Group's risk management policy allows for decreasing levels of hedging as the forecasting horizon increases.

A 10 per cent depreciation/appreciation in Sterling against the foreign currency underlying contracts within the Group's derivative portfolio that are sensitive to changes in foreign exchange rates (excluding US Dollar bonds designated in a cash flow hedging relationship) would have resulted in the approximate additional (loss)/gain shown in the following table:

As at 31 March	2019	2018 restated*	2017 restated*
	£m	£m	£m
10% depreciation in Sterling against the foreign currency:			
In other comprehensive income	(273)	(908)	(1,602)
In the consolidated income statement	109	116	34
10% appreciation in Sterling against the foreign currency:			
In other comprehensive income	244	773	1,613
In the consolidated income statement	(75)	(95)	(34)

* See note 2 for details of the restatement due to changes in accounting policies.

The following table sets out the change in the Group's exposure to interest rate risk as a result of cross-currency interest rate swaps:

Outstanding contracts	Foreign currency average interest rate			Reporting currency average interest rate		
	2019	2018	2017	2019	2018	2017
	%	%	%	%	%	%
Cross-currency interest rate swaps						
Less than one year	—	—	—	—	—	—
Between one and five years	—	—	—	—	—	—
More than five years	4.500	4.500	n/a	LIBOR + 3.235	LIBOR + 2.033	n/a

The following table shows the impact that would result from an increase/decrease of 100 basis points in interest rates at the balance sheet date:

As at 31 March	2019	2018	2017
	£m	£m	£m
10% depreciation in interest rates:			
In the consolidated income statement	(5)	—	(58)
10% appreciation in interest rates:			
In the consolidated income statement	19	1	57

CASH FLOW HEDGES

The Group uses foreign currency options, foreign currency forward contracts and recognised foreign currency borrowings as the hedging instrument in cash flow hedge relationships of hedged sales and purchases. The time value of options and the foreign currency basis spread of foreign exchange forward contracts are excluded from the hedge relationship and are recognised in other comprehensive income as a cost of hedging to the extent they relate to the hedged item (the aligned value). Additionally, the Group uses cross-currency interest rate swaps as the hedging instrument of the foreign exchange risk of recognised foreign currency borrowings.

Changes in the fair value of foreign currency contracts, to the extent determined to be an effective cash flow hedge, are recognised in the consolidated statement of comprehensive income, and the ineffective portion of the fair value change is recognised in the consolidated income statement. There is not generally expected to be significant ineffectiveness from cash flow hedges.

It is anticipated that the hedged sales will take place over the next one to five years, at which time the amount deferred in equity will be reclassified to revenue in profit and loss.

It is anticipated that the hedged purchases will take place over the next one to five years, at which time the amount deferred in equity will be included in the carrying amount of the raw materials. On sale of the finished product, the amount previously deferred in equity and subsequently recognised in inventory will be reclassified to cost of goods sold in profit or loss.

The foreign currency borrowings designated as the hedged item mature in January 2026 and October 2027, at which time the amount deferred in equity will be reclassified to profit and loss.

The table below sets out the timing profile of the hedge accounted derivatives:

As at 31 March	Average strike rate 2019	Average strike rate 2018	Average strike rate 2017	Nominal amounts 2019	Nominal amounts 2018	Nominal amounts 2017	Carrying value assets/(liabilities) 2019	Carrying value assets/(liabilities) 2018	Carrying value assets/(liabilities) 2017
Outstanding contracts				**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Cash flow hedges of foreign exchange risk on forecast transactions									
Derivative instruments									
Sell – USD									
Less than one year	0.6756	0.6483	0.6509	1,584	2,257	3,468	(187)	(178)	(711)
Between one and five years	0.6989	0.6771	0.6624	1,945	2,988	5,531	(114)	(55)	(911)
Sell – Chinese Yuan									
Less than one year	0.1054	0.1018	0.0999	2,132	2,984	3,467	(153)	(300)	(483)
Between one and five years	0.1075	0.1051	0.1020	1,299	2,582	4,143	(43)	(83)	(259)
Buy – Euro									
Less than one year	0.8823	0.8521	0.8276	3,609	2,568	2,492	14	140	120
Between one and five years	0.9192	0.8994	0.8630	4,030	4,490	4,459	(73)	143	177
Other currencies									
Less than one year	0.0024	0.0020	0.0021	1,800	1,748	1,694	2	(62)	(310)
Between one and five years	0.0044	0.0033	0.0027	882	1,560	1,829	11	40	(181)
				17,281	**21,177**	**27,083**	**(543)**	**(355)**	**(2,558)**
Debt instruments									
USD									
Less than one year	0.7358	0.6727	—	736	471	—	(768)	(498)	—
Between one and five years	—	0.7358	0.6727	—	736	807	—	(712)	(963)
				736	**1,207**	**807**	**(768)**	**(1,210)**	**(963)**
Hedges of foreign exchange risk on recognised debt									
Cross-currency interest rate swaps									
USD									
Less than one year	—	—	—	—	—	—	—	—	—
Between one and five years	—	—	—	—	—	—	—	—	—
More than five years	0.7592	0.7592	—	380	380	—	11	(29)	—
EUR									
Less than one year	—	—	—	—	—	—	—	—	—
Between one and five years	—	—	—	—	—	—	—	—	—
More than five years	0.8912	—	—	446	—	—	(15)	—	—
				826	**380**	**—**	**(4)**	**(29)**	**—**

The USD debt instrument used as a hedging instrument shown in the less than one year category above hedges some periods that are between one and five years. As the instrument itself matures within one year, the total amount has been shown in less than one year. The amounts hedging revenue between one and five years are £359 million (2018: £204 million, 2017: £nil).

The line items in the consolidated balance sheet that include the above derivative instruments are "Other financial assets" and "Other financial liabilities". The US denominated debt designated as a hedging instrument is included in "Borrowings". The following table sets out the effect of the Group's cash flow hedges on the financial position of the Group:

As at 31 March	2019	2018	2017
	£m	£m	£m
Loss accumulated in the Hedging reserve relating to exposure on anticipated future revenue transactions	(580)	(636)	(3,085)
(Loss)/gain accumulated in the Hedging reserve relating to exposure on anticipated future purchase transactions	(43)	294	332
Loss accumulated in the Hedging reserve relating to exposure on debt	—	(4)	—
Loss accumulated in Hedging reserve	**(623)**	**(346)**	**(2,753)**
Of which:			
Loss relating to continuing hedges	(575)	(307)	(2,590)
Loss relating to hedges where hedge accounting is no longer applied	(48)	(39)	(163)
Loss accumulated in the Cost of hedging reserve relating to exposure on anticipated future revenue transactions	(16)	(48)	(63)
Loss accumulated in the Cost of hedging reserve relating to exposure on anticipated future purchase transactions	(26)	(12)	(29)
Gain accumulated in the Cost of hedging reserve relating to exposure on debt	2	3	—
Loss accumulated in the Cost of hedging reserve	**(40)**	**(57)**	**(92)**
Of which:			
Loss relating to continuing hedges	(41)	(53)	(90)
Gain/(loss) relating to hedges where hedge accounting is no longer applied	1	(4)	(2)

The following table sets out the effect of the Group's cash flow hedges on the financial performance of the Group:

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Fair value (loss)/gain of foreign currency derivative contracts recognised in Hedging reserve	(876)	1,075	(2,803)
Fair value (loss)/gain of foreign currency bonds recognised in Hedging reserve	(103)	145	(150)
Fair value gain/(loss) of derivatives hedging foreign currency bonds recognised in Hedging reserve	5	(4)	—
(Loss)/gain recognised in Other comprehensive income in the year	**(974)**	**1,216**	**(2,953)**
Fair value (loss)/gain of foreign currency derivative contracts recognised in the Cost of hedging reserve	(11)	22	(47)
Fair value (loss)/gain of derivatives hedging foreign currency bonds recognised in the Cost of hedging reserve	(1)	3	—
(Loss)/gain recognised in Other comprehensive income in the year	**(12)**	**25**	**(47)**
Net (loss)/gain in the hedged item used for assessing hedge effectiveness	(202)	2,195	(1,402)
(Loss)/gain released from the Hedging reserve relating to forecast transactions that are no longer expected to occur	(12)	7	(42)
Gain released from the Cost of hedging reserve relating to forecast transactions that are no longer expected to occur	1	—	—
Loss on derivatives not hedge accounted, recognised in "Foreign exchange (loss)/gain and fair value adjustments" in the consolidated income statement	(18)	(4)	(53)

No ineffectiveness was recognised in the consolidated income statement in the year ended 31 March 2019, 2018 or 2017 in respect of cash flow hedges.

FAIR VALUE HEDGES

The Group uses cross-currency interest rate swaps as the hedging instrument in a fair value hedge of foreign exchange and interest rate risks of foreign currency denominated debt. The derivatives convert foreign currency USD fixed-rate borrowings to GBP floating-rate debt.

Changes in the fair value of foreign currency contracts that are designated in fair value hedging relationships are recognised in the consolidated income statement. Changes in the fair value of the underlying hedged item (long-term borrowings) for the hedged risks are recognised in the same income statement line.

The fair value of the cross-currency interest rate swaps included in "Derivatives and other financial instruments in hedging relationship" in section (A) are as follows:

As at 31 March	2019	2018	2017
	£m	£m	£m
Other financial assets—non-current	11	—	—
Total financial assets	**11**	**—**	**—**
Other financial liabilities—non-current	(15)	(29)	—
Total financial liabilities	**(15)**	**(29)**	**—**

The following amounts have been recognised in the consolidated income statement in the years ended 31 March 2019, 2018 and 2017:

During year to 31 March	2019	2018	2017
	£m	£m	£m
Net change in the hedged item used for assessing hedge effectiveness, taken to the consolidated income statement in "Foreign exchange (loss)/gain and fair value adjustments"	(29)	34	—
Fair value changes in the derivative instruments used in assessing hedge effectiveness, taken to the consolidated income statement in "Foreign exchange (loss)/gain and fair value adjustments"	22	(27)	—
Ineffectiveness recognised in the consolidated income statement in "Foreign exchange (loss)/gain and fair value adjustments"	**(7)**	**7**	**—**

36 LEASES

LEASE AS A LESSEE

The future minimum non-cancellable finance lease rentals are payable as follows:

As at 31 March	2019	2018	2017
	£m	£m	£m
Less than one year	7	6	2
Between one and five years	22	15	4
More than five years	33	11	5
Total lease payments	**62**	**32**	**11**
Less future finance charges	(31)	(13)	(4)
Present value of lease obligations	**31**	**19**	**7**

The above leases relate to amounts payable under the minimum lease payments on plant and equipment. The carrying value of these assets as at 31 March 2019 was £28 million (2018: £21 million, 2017: £7 million). The Group leased certain of its manufacturing equipment under finance leases that mature between 2019 and 2048. The Group will take ownership of all assets held under finance lease at the end of the lease term.

The future minimum non-cancellable operating lease rentals are payable as follows:

As at 31 March	2019	2018	2017
	£m	£m	£m
Less than one year	115	91	75
Between one and five years	272	224	209
More than five years	239	238	164
Total lease payments	**626**	**553**	**448**

The Group leases a number of buildings, plant and equipment and IT hardware and software under operating leases, certain of which have a renewal and/or purchase option in the normal course of business.

LEASE AS A LESSOR

The future minimum lease receipts under non-cancellable operating leases are as follows:

As at 31 March	2019	2018	2017
	£m	£m	£m
Less than one year	5	5	—
Between one and five years	2	2	1
More than five years	9	9	10
Total lease payments	**16**	**16**	**11**

37 SEGMENTAL REPORTING

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

The Group operates in the automotive segment. The automotive segment includes all activities relating to design, development, manufacture and marketing 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 by customer location and non-current assets is as disclosed below:

	UK	US	China	Rest of Europe	Rest of World	Total
	£m	£m	£m	£m	£m	£m
31 March 2019						
Revenue	5,228	5,485	3,312	5,355	4,834	24,214
Non-current assets	10,859	32	16	1,045	167	12,119
31 March 2018						
Revenue	5,096	4,974	5,554	5,318	4,844	25,786
Non-current assets	13,146	32	18	819	165	14,180
31 March 2017						
Revenue	5,557	4,638	4,684	5,273	4,187	24,339
Non-current assets	11,714	10	11	158	159	12,052

In the table above, non-current assets includes property, plant and equipment and intangible assets.

38 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(A) RECONCILIATION OF (LOSS)/PROFIT FOR THE YEAR TO CASH GENERATED FROM OPERATING ACTIVITIES

Year ended 31 March	Note	2019	2018 restated*	2017 restated*
		£m	£m	£m
(Loss)/profit for the year		**(3,321)**	**1,114**	**1,242**
Adjustments for:				
Depreciation and amortisation		2,164	2,075	1,656
Write-down of tangible assets	10	18	18	12
Write-down of intangible assets	10	—	46	—
Loss on disposal of assets		59	22	15
Foreign exchange and fair value loss/(gain) on loans	13	45	(69)	101
Income tax (credit)/expense	14	(308)	398	331
Finance expense (net)	12	111	85	68
Finance income	12	(35)	(33)	(33)
Foreign exchange loss/(gain) on economic hedges of loans	13	18	(11)	4
Foreign exchange loss/(gain) on derivatives	13	31	(74)	31
Foreign exchange (gain)/loss on short-term deposits and other investments		(71)	55	(57)
Foreign exchange loss/(gain) on other restricted deposits		—	1	(7)
Foreign exchange loss/(gain) on cash and cash equivalents		27	41	(95)
Unrealised loss/(gain) on commodities	13	34	2	(148)
Loss on matured revenue hedges		43	—	—
Share of profit of equity accounted investments	15	(3)	(252)	(159)
Fair value gain on equity investment	13	(26)	(3)	—
Exceptional items	4	3,271	(438)	(151)
Other non-cash adjustments		(4)	6	1
Cash flows from operating activities before changes in assets and liabilities		**2,053**	**2,983**	**2,811**
Trade receivables		249	(317)	(194)
Other financial assets		61	(267)	34
Other current assets		127	(27)	(34)
Inventories		152	(296)	(628)
Other non-current assets		(3)	(5)	(25)
Accounts payable		(419)	600	701
Other current liabilities		115	46	63
Other financial liabilities		(24)	134	80
Other non-current liabilities and retirement benefit obligation		(23)	52	158
Provisions		170	161	325
Cash generated from operations		**2,458**	**3,064**	**3,291**

* See note 2 for details of the restatement due to changes in accounting policies.

(B) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Short-term borrowings	Long-term borrowings	Finance lease obligations	Total
	£m	£m	£m	£m
Balance at 1 April 2016	**116**	**2,373**	**11**	**2,500**
Proceeds from issue of financing	488	857	—	1,345
Repayment of financing	(443)	(57)	(4)	(504)
Arrangement fees paid	—	(13)	—	(13)
Foreign exchange	18	81	—	99
Fee amortisation	—	4	—	4
Long-term borrowings revaluation in hedge reserve	—	150	—	150
Balance at 31 March 2017	**179**	**3,395**	**7**	**3,581**
Proceeds from issue of financing	543	373	—	916
Issue of new finance leases	—	—	16	16
Repayment of financing	(546)	—	(4)	(550)
Reclassification of long-term debt	518	(518)	—	—
Foreign exchange	(40)	(39)	—	(79)
Arrangement fees paid	—	(4)	—	(4)
Fee amortisation	—	6	—	6
Reclassification of long-term debt fees	(2)	2	—	—
Long-term borrowings revaluation in hedge reserve	—	(145)	—	(145)
Fair value adjustment on loans	—	(10)	—	(10)
Balance at 31 March 2018	**652**	**3,060**	**19**	**3,731**
Proceeds from issue of financing	649	1,214	—	1,863
Issue of new finance leases	—	—	14	14
Repayment of financing	(1,250)	—	(2)	(1,252)
Reclassification of long-term debt	768	(768)	—	—
Foreign exchange	62	15	—	77
Arrangement fees paid	—	(18)	—	(18)
Fee amortisation	1	7	—	8
Reclassification of long-term debt fees	(1)	1	—	—
Bond revaluation in hedge reserve	—	103	—	103
Fair value adjustment on loans	—	(15)	—	(15)
Balance at 31 March 2019	**881**	**3,599**	**31**	**4,511**

39 RELATED PARTY TRANSACTIONS

Tata Sons Limited is a company with significant influence over the Group's ultimate parent company Tata Motors Limited. The Group's related parties therefore include Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited and subsidiaries, joint ventures and associates of Tata Motors Limited. The Group routinely enters into transactions with its related parties in the ordinary course of business, including transactions for the sale and purchase of products with its joint ventures and associates.

All transactions with related parties are conducted under normal terms of business and all amounts outstanding are unsecured and will be settled in cash.

Transactions and balances with the Group's own subsidiaries are eliminated on consolidation.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements. All related party transactions are conducted under normal terms of business. The amounts outstanding are unsecured and will be settled in cash.

	With joint ventures of the Group	With associates of the Group	With Tata Sons Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries, joint ventures and associates
	£m	£m	£m	£m
31 March 2019				
Sale of products	321	—	3	76
Purchase of goods	—	—	—	214
Services received	—	2	170	97
Services rendered	83	—	—	1
Trade and other receivables	15	—	1	15
Accounts payable	—	—	35	52
31 March 2018				
Sale of products	703	—	4	77
Purchase of goods	—	—	—	161
Services received	64	—	162	100
Services rendered	142	1	—	2
Trade and other receivables	112	—	2	48
Accounts payable	—	—	28	59
31 March 2017				
Sale of products	568	—	3	49
Purchase of goods	2	—	—	85
Services received	124	4	172	108
Services rendered	88	—	—	2
Trade and other receivables	70	—	2	34
Accounts payable	3	—	47	27

Compensation of key management personnel

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Short-term benefits	10	12	14
Post-employment benefits	1	1	1
Share-based payments	—	—	3
Other long-term employee benefits	—	—	1
Compensation for loss of office	—	1	1
Total compensation of key management personnel	**11**	**14**	**20**

40 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore) and the 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 TML Holdings Pte. Ltd. (Singapore) consolidated financial statements can be obtained from the Company Secretary, TML Holdings Pte. Ltd. 9 Battery Road #15-01 MYP Centre, Singapore 049910.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Company Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai-400001, India.

41 SUBSEQUENT EVENTS

There have been no material subsequent events between the balance sheet date and the date of signing this report.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY BALANCE SHEET

As at 31 March	Note	2019	2018 restated*	2017
		£m	£m	£m
Non-current assets				
Investments	42	1,655	1,655	1,655
Other financial assets	43	3,628	3,093	3,423
Other non-current assets	44	2	1	4
Total non-current assets		**5,285**	**4,749**	**5,082**
Current assets				
Other financial assets	43	1,270	1,221	365
Other current assets	44	1	2	2
Cash and cash equivalents		—	1	—
Total current assets		**1,271**	**1,224**	**367**
Total assets		**6,556**	**5,973**	**5,449**
Current liabilities				
Other financial liabilities	46	37	36	29
Deferred finance income		2	4	2
Short-term borrowings	47	767	497	—
Current income tax liabilities		4	3	3
Total current liabilities		**810**	**540**	**34**
Non-current liabilities				
Long-term borrowings	47	3,594	3,070	3,395
Deferred finance income		35	24	32
Total non-current liabilities		**3,629**	**3,094**	**3,427**
Total liabilities		**4,439**	**3,634**	**3,461**
Equity attributable to equity holders of the parent				
Ordinary shares	48	1,501	1,501	1,501
Capital redemption reserve	48	167	167	167
Retained earnings		449	671	320
Total equity attributable to equity holders of the parent		**2,117**	**2,339**	**1,988**
Total liabilities and equity		**6,556**	**5,973**	**5,449**

* See note 2 for details of the restatement due to changes in accounting policies.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company income statement. The profit for the Company for the year was £3 million (2018: £501 million, 2017: £302 million).

These parent company financial statements were approved by the JLR plc Board and authorised for issue on 31 May 2019.

They were signed on its behalf by:

PROF. DR. RALF D. SPETH
CHIEF EXECUTIVE OFFICER
COMPANY REGISTERED NUMBER: 06477691

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital	Capital redemption reserve	Retained earnings	Total equity
		£m	£m	£m	£m
Balance at 1 April 2018		**1,501**	**167**	**671**	**2,339**
Profit for the year		—	—	3	3
Total comprehensive income		**—**	**—**	**3**	**3**
Dividend	49	—	—	(225)	(225)
Balance at 31 March 2019		**1,501**	**167**	**449**	**2,117**
Balance at 1 April 2017		**1,501**	**167**	**320**	**1,988**
Profit for the year		—	—	501	501
Total comprehensive income		**—**	**—**	**501**	**501**
Dividend	49	—	—	(150)	(150)
Balance at 31 March 2018		**1,501**	**167**	**671**	**2,339**
Balance at 1 April 2016		**1,501**	**167**	**168**	**1,836**
Profit for the year		—	—	302	302
Total comprehensive income		**—**	**—**	**302**	**302**
Dividend	49	—	—	(150)	(150)
Balance at 31 March 2017		**1,501**	**167**	**320**	**1,988**

JAGUAR LAND ROVER AUTOMOTIVE PLC
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PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March	Note	2019	2018 restated*	2017
		£m	£m	£m
Cash flows used in operating activities				
Profit for the year		**3**	**501**	**302**
Adjustments for:				
Income tax expense/(credit)		1	—	(1)
Dividends received		—	(500)	(300)
Finance income		(187)	(158)	(132)
Finance expense		183	157	131
Cash flows used in operating activities before changes in assets and liabilities		**—**	**—**	**—**
Other financial assets		(446)	(724)	(949)
Other current liabilities		(1)	1	(1)
Net cash used in operating activities		**(447)**	**(723)**	**(950)**
Cash flows from investing activities				
Finance income received		197	144	136
Dividends received		—	500	300
Net cash generated from investing activities		**197**	**644**	**436**
Cash flows generated from/(used in) financing activities				
Finance expenses and fees paid		(193)	(143)	(136)
Proceeds from issuance of long-term borrowings		1,214	373	857
Repayment of borrowings		(547)	—	(57)
Dividends paid	49	(225)	(150)	(150)
Net cash generated from financing activities		**249**	**80**	**514**
Net (decrease)/increase in cash and cash equivalents		**(1)**	**1**	**—**
Cash and cash equivalents at beginning of year		1	—	—
Cash and cash equivalents at end of year		**—**	**1**	**—**

* See note 2 for details of the restatement due to changes in accounting policies.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

42 INVESTMENTS

Investments consist of the following:

As at 31 March	2019	2018	2017
	£m	£m	£m
Cost of unquoted equity investments at beginning and end of year	1,655	1,655	1,655

The Company has not made any investments or disposals of investments in the year.

The Company has the following 100 per cent direct interest in the ordinary shares of a subsidiary undertaking:

Subsidiary undertaking		Principal place of business and country of incorporation	Registered office address
Jaguar Land Rover Holdings Limited		England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England

The shareholding above is recorded at acquisition value in the Company's accounts. Details of the indirect subsidiary undertakings are as follows:

Name of company	Shareholding	Principal place of business and country of incorporation	Registered office address
Jaguar Land Rover Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Jaguar Land Rover North America, LLC.	100%	USA	100 Jaguar Land Rover Way, Mahwah, NJ 07495, USA
Jaguar Land Rover Deutschland GmbH	100%	Germany	Am Kronberger Hang 2a, 65824 Schwalbach/Ts, Germany
Jaguar Land Rover Belux N.V.	100%	Belgium	Generaal Lemanstraat 47, 2018 Antwerpen, Belgium
Jaguar Land Rover Austria GmbH	100%	Austria	Siezenheimer Strasse 39a, 5020 Salzburg, Austria
Jaguar Land Rover Italia SpA	100%	Italy	Via Alessandro Marchetti, 105—00148, Roma, Italy
Jaguar Land Rover Australia (Pty) Limited	100%	Australia	Level 1, 189 O' Riordon Street, Mascot, 2020, NSW, Australia
Jaguar Land Rover España SL	100%	Spain	Torre Picasso, Plaza Pablo Ruiz Picasso, 1 – Planta 42, 23020 Madrid, Spain
Jaguar Land Rover Nederland B.V.	100%	Holland	PO Box 40, Stationsweg 8, 4153 RD Beesd, Netherlands

Name of company	Shareholding	Principal place of business and country of incorporation	Registered office address
Jaguar Land Rover Portugal Veiculos e Pecas, Lda	100%	Portugal	Edificio Escritorios do Tejo, Rua do Polo Sul, Lote 1.10.1.1 – 3.° B-3, Parish of Santa Maria dos Olivais, Municipality of Lisboa, Portugal
Jaguar Land Rover (China) Investment Co., Ltd. (formerly Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.)	100%	China	11F, No.06 (Building D) The New Bund World Trade Center (Phase II), Lane 227 Dongyu Road, Pudong New District, Shanghai 200126, China
Shanghai Jaguar Land Rover Automotive Service Co. Ltd	100%	China	11F, No.06 (Building D) The New Bund World Trade Center (Phase II), Lane 227 Dongyu Road, Pudong New District, Shanghai 20012, China
Jaguar Land Rover Japan Ltd	100%	Japan	Garden City Shinagawa Gotenyama Bldg. 9F, 6-7-29 Kita-Shinagawa, Shinagawa-ku, Tokyo 141-0001, Japan
Jaguar Land Rover Korea Co. Limited	100%	Korea	25F West Mirae Asset Center 1 Building 67 Suha-dong, Jung-gu Seoul 100-210, Korea
Jaguar Land Rover Canada ULC	100%	Canada	75 Courtneypark Drive West, Unit 3 Mississauga, ON L5W 0E3, Canada
Jaguar Land Rover France SAS	100%	France	Z.A. Kleber – Batiment Ellington, 165 Boulevard de Valmy, 92706 Colombes, Cedex, France
Jaguar e Land Rover Brasil Indústria e Comércio de Veículos Ltda.	100%	Brazil	Avenida Ibirapuera 2.332, Torre I—10º andar—Moema 04028-002, São Paulo, SP, Brazil
Jaguar Land Rover Limited Liability Company	100%	Russia	28B, Building 2 Mezhdunarodnoe Shosse 141411, Moscow, Russian Federation
Jaguar Land Rover (South Africa) Holdings Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Jaguar Land Rover (South Africa) (Pty) Ltd	100%	South Africa	28 Victoria Link, Route 21 Corporate Park, Nellmapius Drive, Irene X30, Centurion, Tshwane, Gauteng, South Africa
Jaguar Land Rover India Limited	100%	India	Nanavati Mahalaya, 3rd floor, 18, Homi Mody Street, Mumbai, Maharashtra, India 400001
Daimler Transport Vehicles Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
S.S. Cars Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
The Lanchester Motor Company Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
The Daimler Motor Company Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England

Name of company	Shareholding	Principal place of business and country of incorporation	Registered office address
Jaguar Land Rover Pension Trustees Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
JLR Nominee Company Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Jaguar Cars Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Land Rover Exports Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Land Rover Ireland Limited	100%	Ireland	c/o LK Shields Solicitors, 39/40 Upper Mount Street Dublin 2, Ireland
Jaguar Cars South Africa (Proprietary) Ltd	100%	South Africa	Simon Vermooten Road, Silverton, Pretoria 0184, South Africa
Jaguar Land Rover Slovakia s.r.o.	100%	Slovakia	Vysoka 2/B, 811 06 Bratislava, Slovakia
Jaguar Land Rover Singapore Pte. Ltd	100%	Singapore	138 Market Street, CapitaGreen, Singapore
Jaguar Racing Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
InMotion Ventures Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
InMotion Ventures 1 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
InMotion Ventures 2 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
InMotion Ventures 3 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
InMotion Ventures 4 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Jaguar Land Rover Colombia SAS	100%	Colombia	CL 67735 OFE, 1204 Bogotan Cundinamarka 1 3192 900, Colombia
Jaguar Land Rover México, S.A.P.I. de C.V.	100%	Mexico	Av. Javier Barros Sierra No.540 Piso 7 Oficina 703, Col. Santa Fe la Fe Del., Alvaro Obregón, México, D.F. C.P. 01210
Jaguar Land Rover Servicios México, S.A. de C.V.	100%	Mexico	Av. Javier Barros Sierra No.540 Piso 7 Oficina 703, Col. Santa Fe la Fe Del., Alvaro Obregón, México, D.F. C.P. 01210
Jaguar Land Rover Taiwan Company Limited	100%	Taiwan	12F, No. 40, Sec. 1, Chengde Road, Datong Dist., Taipei City 103, Taiwan (R.O.C.)
Jaguar Land Rover Ireland (Services) Limited	100%	Ireland	c/o 40 Upper Mount Street, Dublin 2, Ireland
Jaguar Land Rover Classic USA LLC	100%	USA	251 Little Falls Drive, Wilmington, Delaware, USA
Jaguar Land Rover Classic Deutschland GmbH	100%	Germany	Ringstraße 38, 45219 Essen, Germany

Name of company	Shareholding	Principal place of business and country of incorporation	Registered office address
Hungary Jaguar Land Rover Hungary KFT	100%	Hungary	1062 Budapest, Andrássy út 100, Hungary
Spark44 (JV) Limited	50.50%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Spark44 Limited	50.50%	England and Wales	The White Collar Factory, 1 Old Street Yard, London EC1Y 8AF, England
Spark44 LLC	50.50%	USA	5870 W. Jefferson Blvd, Studio H,Los Angeles, CA 90016, USA
Spark44 Canada Inc	50.50%	Canada	1059 Spadina Road, Toronto, ON M5N 2M7, Canada
Spark44 GmbH	50.50%	Germany	Querstr. 7, 60322 Frankfurt am Main, Germany
Spark44 Communications S.L.	50.50%	Spain	Prim 19, 4th floor, 28004 Madrid, Spain
Spark44 S.r.l	50.50%	Italy	Via Marcella, 4/6- 00153 Rome, Italy
Spark44 Pty Limited	50.50%	Australia	Level 5, 65 Berry Street, North Sydney , NSW 2060, Australia
Spark44 DMCC	50.50%	UAE	Unit No: 1401 &1404, Swiss Tower, Plot No: JLT-PH2Y3A Jumeirah Lakes Towers, Dubai, UAE
Spark44 Seoul Limited	50.50%	South Korea	F12, 11 Cheonggyecheon-ro, Jongno-gu, Seoul, Korea
Spark44 Singapore Pte Limited	50.50%	Singapore	138 Market Street 36-01/02 CapitaGreen, Singapore 048946
Spark44 Japan K.K.	50.50%	Japan	2-23-1-806, Akasaka, Minato-ku, Tokyo, 153-0042, Japan
Spark44 Demand Creation Partners Limited	50.50%	India	Unit No. 604, 6th Floor, Sterling Centre, Dr.Annie Besant Road, Worli, Mumbai-18, Maharashtra , India
Spark44 South Africa Pty Ltd	50.50%	South Africa	21 Forssman Close, Barbeque Downs, Kyalami, South Africa
Spark44 Shanghai	50.50%	China	Rooms 6401, 6402, 6501, 6502, No.436 Ju Men Road, Huang Pu District, Shanghai, China
Spark44 Taiwan Limited	50.50%	Taiwan	18F., No.460, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)
Spark44 Colombia S.A.S	50.50%	Colombia	Cl 72 # 10 07 oficina 401, Bogota, Colombia

Details of the indirect holdings in equity accounted investments are given in note 15 to the consolidated financial statements.

43 OTHER FINANCIAL ASSETS

As at 31 March	2019	2018	2017
	£m	£m	£m
Non-current			
Receivables from subsidiaries	3,628	3,093	3,423
Current			
Receivables from subsidiaries	1,270	1,221	365

44 OTHER ASSETS

As at 31 March	2019	2018 restated*	2017
	£m	£m	£m
Non-current			
Prepaid expenses	2	1	4
Current			
Prepaid expenses	1	2	2

* See note 2 for details of the restatement due to changes in accounting policies.

45 DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 2019, the Company has recognised no deferred tax assets or liabilities.

46 OTHER FINANCIAL LIABILITIES

As at 31 March	2019	2018	2017
	£m	£m	£m
Current			
Interest accrued	33	32	27
Other	4	4	2
Total current other financial liabilities	**37**	**36**	**29**

47 INTEREST-BEARING LOANS AND BORROWINGS

As at 31 March	2019	2018	2017
	£m	£m	£m
Current portion of EURO MTF listed debt	767	497	—
Short-term borrowings	**767**	**497**	**—**
EURO MTF listed debt	2,839	3,070	3,395
Bank loans	755	—	—
Long-term borrowings	**3,594**	**3,070**	**3,395**
Total debt	**4,361**	**3,567**	**3,395**

EURO MTF LISTED DEBT

The bonds are listed on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market.

Details of the tranches of the bonds outstanding at 31 March 2019 are as follows:

- $500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum—issued January 2013

- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum—issued January 2014
- $500 million Senior Notes due 2019 at a coupon of 4.250 per cent per annum—issued October 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum—issued February 2015
- $500 million Senior Notes due 2020 at a coupon of 3.500 per cent per annum—issued March 2015
- €650 million Senior Notes due 2024 at a coupon of 2.200 per cent per annum—issued January 2017
- £300 million Senior Notes due 2021 at a coupon of 2.750 per cent per annum—issued January 2017
- $500 million Senior Notes due 2027 at a coupon of 4.500 per cent per annum—issued October 2017
- €500 million Senior Notes due 2026 at a coupon of 4.500 per cent per annum—issued September 2018

Details of the tranches of the bond repaid in the year ended 31 March 2019 are as follows:

- $700 million Senior Notes due 2018 at a coupon of 4.125 per cent per annum—issued December 2013

No tranches of bonds were repaid in the year ended 31 March 2018.

Details of the tranches of the bond repaid in the year ended 31 March 2017 are as follows:

- $84 million Senior Notes due 2021 at a coupon of 8.125 per cent per annum—issued May 2011

SYNDICATED LOAN

In October 2018, a $1 billion syndicate loan was issued with a coupon rate of LIBOR + 1.900 per cent per annum, due in the following tranches:

- $200 million due October 2022
- $800 million due January 2025

The contractual cash flows of interest-bearing borrowings are set out below, including estimated interest payments and assuming the debt will be repaid at the maturity date:

As at 31 March	**2019**	**2018**	**2017**
	£m	**£m**	**£m**
Due in			
1 year or less	957	639	142
2nd and 3rd years	1,011	1,228	1,610
4th and 5th years	1,696	1,305	848
More than 5 years	1,559	1,008	1,414
Total contractual cash flows	**5,223**	**4,180**	**4,014**

48 CAPITAL AND RESERVES

As at 31 March	2019	2018	2017
	£m	£m	£m
Authorised, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total ordinary share capital	**1,501**	**1,501**	**1,501**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The capital redemption reserve of £167 million (2018, 2017: £167 million) was created in March 2011 on the cancellation of share capital.

49 DIVIDENDS

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Dividend proposed for the previous year paid during the year of £0.15 (2018, 2017: £0.10) per ordinary share	225	150	150
Amounts recognised as distributions to equity holders during the year	**225**	**150**	**150**
Proposed dividend for the year of £nil (2018: £0.15, 2017: £0.10) per ordinary share	—	225	150

50 COMMITMENTS AND CONTINGENCIES

The Company had no commitments or contingencies at 31 March 2019, 2018 or 2017.

51 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure the going concern operation of all subsidiary companies within the Group and to maintain an efficient capital structure to support ongoing and future operations of the Group and to meet shareholder expectations.

The Company issues debt, primarily in the form of bonds, 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 and funding requirements are regularly monitored by the JLR plc Board to ensure sufficient liquidity is maintained by the Group. All debt issuance and capital distributions are approved by the JLR plc Board.

The following table summarises the capital of the Company:

As at 31 March	2019	2018	2017
	£m	£m	£m
Long-term debt	3,594	3,070	3,395
Short-term debt	767	497	—
Total debt	**4,361**	**3,567**	**3,395**
Equity attributable to shareholder	2,117	2,339	1,988
Total capital	**6,478**	**5,906**	**5,383**

52 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2 to the consolidated financial statements.

(A) FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2019 under IFRS 9:

	Amortised cost and other financial liabilities	Total carrying value	Total fair value
	£m	£m	£m
Other financial assets—current	1,270	1,270	1,270
Other financial assets—non-current	3,628	3,628	3,628
Total financial assets	**4,898**	**4,898**	**4,898**
Other financial liabilities—current	38	38	36
Short-term borrowings	767	767	763
Long-term borrowings	3,594	3,594	3,245
Total financial liabilities	**4,399**	**4,399**	**4,044**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2018 under IAS 39:

	Loans and receivables and other financial liabilities	Total carrying value	Total fair value
	£m	£m	£m
Other financial assets—current	1,221	1,221	1,221
Other financial assets—non-current	3,093	3,093	3,093
Total financial assets	**4,314**	**4,314**	**4,314**
Other financial liabilities—current	36	36	36
Short-term borrowings	497	497	500
Long-term borrowings	3,070	3,070	3,090
Total financial liabilities	**3,603**	**3,603**	**3,626**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2017 under IAS 39:

	Loans and receivables and other financial liabilities	Total carrying value	Total fair value
	£m	£m	£m
Other financial assets—current	365	365	365
Other financial assets—non-current	3,423	3,423	3,423
Total financial assets	**3,788**	**3,788**	**3,788**
Other financial liabilities—current	29	29	29
Long-term borrowings	3,395	3,395	3,489
Total financial liabilities	**3,424**	**3,424**	**3,518**

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- 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 based on available market data.

There has been no change in the valuation techniques adopted or any transfers between fair value levels in either current or prior periods as presented.

Fair values of cash and cash equivalents, short-term borrowings and other financial assets and liabilities are assumed to approximate to cost due to the short-term maturing of the instruments and as the impact of discounting is not significant.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2019, 2018 and 2017 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 from the amounts reported at each year end.

(B) FINANCIAL RISK MANAGEMENT

The Company is exposed to foreign currency exchange rate, interest rate, liquidity and credit risks. The Company has a risk management framework in place that monitors all of these risks as discussed below. This framework is approved by the JLR plc Board.

FOREIGN CURRENCY EXCHANGE RATE RISK

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

As at 31 March 2019, 2018 and 2017, there are no designated cash flow hedges.

The Company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in US Dollar and Euro against Sterling as the Company has US Dollar and Euro assets and liabilities and a GBP functional currency. The following analysis has been calculated based on the gross exposure as of the parent Company balance sheet date that could affect the income statement.

The following table sets forth information relating to foreign currency exposure as at 31 March 2019:

As at 31 March	US Dollar	Euro
	£m	£m
Financial assets	2,324	999
Financial liabilities	(2,323)	(998)
Net exposure asset	**1**	**1**

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

The following table sets forth information relating to foreign currency exposure as at 31 March 2018:

As at 31 March	US Dollar	Euro
	£m	£m
Financial assets	1,945	572
Financial liabilities	(1,942)	(572)
Net exposure asset	**3**	**—**

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

The following table sets forth information relating to foreign currency exposure as at 31 March 2017:

As at 31 March	US Dollar	Euro
	£m	£m
Financial assets	1,783	560
Financial liabilities	(1,783)	(560)
Net exposure asset	**—**	**—**

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Company.

The Company is presently funded with long-term fixed interest rate borrowings and long-term variable-rate borrowings. The Company is also subject to variable interest rates on certain other debt obligations.

As at 31 March 2019, net financial assets of £503 million (2018: £1,184 million, 2017: £335 million) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £5 million (2018: £12 million, 2017: £3 million).

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.

LIQUIDITY RATE RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund ongoing operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the Company is reviewed regularly and is designed to exceed forecast peak gross debt levels.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2019	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	3,594	5,186	946	449	1,595	2,196
Short-term borrowings	767	767	767	—	—	—
Other financial liabilities	38	37	11	11	15	
Total contractual maturities	**4,399**	**5,990**	**1,724**	**460**	**1,610**	**2,196**

As at 31 March 2018	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	3,070	3,638	120	824	1,686	1,008
Short-term borrowings	497	513	513	—	—	—
Other financial liabilities	36	32	10	7	15	—
Total contractual maturities	**3,603**	**4,183**	**643**	**831**	**1,701**	**1,008**

As at 31 March 2017	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Financial liabilities						
Long-term borrowings	3,395	3,982	133	687	1,748	1,414
Other financial liabilities	29	35	12	10	13	—
Total contractual maturities	**3,424**	**4,017**	**145**	**697**	**1,761**	**1,414**

CREDIT RISK

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries based in a variety of geographies and markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the Company's cash equivalents or other financial receivables, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2019 (2018, 2017: no indications) that defaults in payment obligations will occur.

53 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Short-term borrowings	Long-term borrowings
	£m	£m
Balance at 1 April 2016	**—**	**2,373**
Proceeds from issue of financing	—	857
Repayment of financing	—	(57)
Arrangement fees paid	—	(13)
Foreign exchange	—	231
Fee amortisation	—	4
Balance at 31 March 2017	**—**	**3,395**
Proceeds from issue of financing	—	373
Reclassification of long-term debt	518	(518)
Foreign exchange	(19)	(184)
Arrangement fees paid	—	(4)
Fee amortisation	—	6
Reclassification of long-term debt fees	(2)	2
Balance at 31 March 2018	**497**	**3,070**
Proceeds from issue of financing	—	1,214
Repayment of financing	(547)	—
Reclassification of long-term debt	768	(768)
Foreign exchange	49	88
Arrangement fees paid	—	(18)
Fee amortisation	1	7
Reclassification of long-term debt fees	(1)	1
Balance at 31 March 2019	**767**	**3,594**

54 RELATED PARTY TRANSACTIONS

Tata Sons Limited is a company with significant influence over the Company's ultimate parent company Tata Motors Limited. The Company's related parties therefore include Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited and subsidiaries, associates and joint ventures of Tata Motors Limited. The Company routinely enters into transactions with these related parties in the ordinary course of business.

The following table summarises related party balances:

	With subsidiaries	With immediate parent
	£m	£m
31 March 2019		
Loans to subsidiaries of Tata Motors Limited	4,898	—
31 March 2018		
Loans to subsidiaries of Tata Motors Limited	4,314	—
31 March 2017		
Loans to subsidiaries of Tata Motors Limited	3,788	—

Compensation of key management personnel

Year ended 31 March	2019	2018	2017
	£m	£m	£m
Short-term benefits	4	4	5
Post-employment benefits	—	—	1
Total compensation of key management personnel	**4**	**4**	**6**

Apart from the six directors, the Company did not have any employees and had no employee costs in the years ended 31 March 2019, 2018 and 2017. All directors' costs are fully recharged to Jaguar Land Rover Limited.

55 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India, which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the TML Holdings Pte. Ltd. (Singapore) consolidated financial statements can be obtained from the Company Secretary, TML Holdings Pte. Ltd. 9 Battery Road #15-01 MYP Centre, Singapore 049910.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Company Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai-400001, India.

56 SUBSEQUENT EVENTS

There have been no material subsequent events between the balance sheet date and the date of signing this report.

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$500,000,000 5.500% Senior Notes due 2029

€500,000,000 4.500% Senior Notes due 2028

OFFERING MEMORANDUM

15 July 2021