

Jaguar Land Rover Automotive PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

Registered number: 06477691

Year ended 31 March 2015

CONSOLIDATED INCOME STATEMENT

Year ended 31 March (INR millions)	Note	2015	2014	2013
Revenue	3	2,019,021	1,931,343	1,931,343
Material and other cost of sales	4	(1,217,451)	(1,185,943)	(1,185,943)
Employee cost	5	(182,548)	(164,781)	(164,781)
Other expenses	8	(379,409)	(370,309)	(370,309)
Development costs capitalised	9	106,925	102,614	102,614
Other income		13,203	15,243	15,243
Depreciation and amortisation		(97,045)	(87,172)	(87,172)
Foreign exchange (loss) / gain		(12,742)	23,512	23,512
Finance income	10	4,432	3,786	3,786
Finance expense (net)	10	(12,465)	(18,430)	(18,430)
Share of loss from equity accounted investees	13	(554)	(697)	(697)
Profit before tax	11	241,367	249,166	249,166
Income tax expense	12	(53,186)	(61,966)	(61,966)
Profit for the year		188,181	187,197	187,197

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March (INR millions)	Note	2015	2014	2013
Profit for the year		188,181	187,197	100,082
Items that will not be reclassified subsequently to profit or loss:		-		
Remeasurement of defined benefit obligation	30	(32,779)	(13,448)	(28,525)
Income tax related to items that will not be reclassified	12, 18	6,556	(399)	6,018
		(26,223)	(13,847)	(22,507)
Items that may be reclassified subsequently to profit or loss:		-		
(Loss) / gain on effective cash flow hedges	28	(163,250)	103,710	(23,743)
Cash flow hedges reclassified to foreign exchange (gain) / loss in profit or loss	28	(4,063)	(11,158)	4,864
Currency translation differences	28	1,939	(19,327)	4,369
Income tax related to items that may be reclassified	12, 18	33,518	73,225	(14,510)
		(131,856)	59,378	(37,017)
Other comprehensive (expense) / income net of tax		(158,079)	246,575	63,065
Total comprehensive income attributable to shareholders		30,102	187,197	100,082

CONSOLIDATED BALANCE SHEET

As at (INR millions)	Note	2015	2014	2013
Non-current assets				
Equity accounted investees	13	25,854	14,446	4,947
Other financial assets	14	4,524	47,124	16,077
Property, plant and equipment	15	413,112	317,208	192,498
Intangible assets	16	457,248	422,413	290,354
Other non-current assets	17	2,401	3,287	659
Deferred tax assets	18	34,349	28,294	41,880
Total non-current assets		937,488	832,771	546,414
Current assets				
Cash and cash equivalents	19	296,214	225,154	170,816
Short term deposits		97,415	119,451	63,891
Trade receivables		102,678	82,789	76,422
Other financial assets	14	19,760	39,054	14,510
Inventories	21	223,084	216,586	147,981
Other current assets	17	36,565	35,367	35,779
Current tax assets		831	1,893	2,473
Total current assets		776,547	720,294	511,871
Total assets		1,714,035	1,553,065	1,058,285
Current liabilities				
Accounts payable	22	503,232	476,908	348,475
Short term borrowings	23	14,404	16,637	27,040
Other financial liabilities	24	85,226	27,596	35,697
Provisions	25	44,783	39,353	27,618
Other current liabilities	26	34,534	39,352	39,736
Current tax liabilities		6,371	11,258	15,829
Total current liabilities		688,550	611,104	494,394
Non-current liabilities				
Long term borrowings	23	219,852	183,610	151,608
Other financial liabilities	24	77,747	6,874	18,714
Provisions	25	59,003	57,982	38,583
Retirement benefit obligation	30	81,902	67,149	54,162
Other non-current liabilities	26	10,896	7,671	1,979
Deferred tax liabilities	18	18,375	34,470	7,090
Total non-current liabilities		467,775	357,756	272,135
Total liabilities		1,156,325	968,860	766,529
Equity attributable to shareholders				
Ordinary shares	27	138,596	149,538	123,743
Capital redemption reserve	27	15,420	16,637	13,768
Reserves	28	403,694	418,030	154,245
Equity attributable to shareholders		557,710	584,205	291,756
Total liabilities and equity		1,714,035	1,553,065	1,058,285

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

Dr Ralf Speth

Chief Executive Officer

Company registered number: 06477691

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(INR millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
Balance at 1 April 2014	138,596	15,420	387,443	541,459
Profit for the year	-	-	188,181	188,181
Other comprehensive expense for the year	-	-	(158,079)	(158,079)
Total comprehensive income	-	-	30,102	30,102
Dividend paid	-	-	(13,851)	(13,851)
Balance at 31 March 2015	138,596	15,420	403,694	557,710
Balance at 1 April 2013	149,538	16,637	186,400	352,575
Profit for the year	-	-	187,197	187,197
Other comprehensive income for the year	-	-	59,377	59,377
Total comprehensive income	-	-	246,574	246,574
Dividend paid	-	-	(14,944)	(14,944)
Balance at 31 March 2014	149,538	16,637	418,030	584,205
Balance at 1 April 2012	123,743	13,768	103,545	241,056
Profit for the year	-	-	100,082	100,082
Other comprehensive expense for the year	-	-	(37,016)	(37,016)
Total comprehensive income	-	-	63,066	63,066
Dividend paid	-	-	(12,366)	(12,366)
Balance at 31 March 2013	123,743	13,768	154,246	291,756

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March (INR millions)	2015	2014	2013
Cash flows from operating activities			
Profit for the year	188,181	187,197	100,082
Adjustments for:			
Depreciation and amortisation	97,045	87,172	51,278
Loss on sale of assets	646	399	165
Foreign exchange loss / (gain) on loans	16,436	(8,667)	3,050
Income tax expense	53,186	61,967	37,923
Loss / (gain) on embedded derivative	-	4,682	(3,875)
Finance expense (net)	12,465	13,748	1,484
Finance income	(4,432)	(3,786)	(2,803)
Foreign exchange loss / (gain) on derivatives	15,328	(5,679)	907
Foreign exchange (gain) / loss on short term deposits	(4,709)	4,085	-
Share of loss from equity accounted investees	554	697	989
Other non-cash adjustments	462	-	-
Cash flows from operating activities before changes in assets and liabilities	375,162	341,815	189,200
Trade receivables	(25,946)	9,564	(21,847)
Finance receivables	-	-	82
Other financial assets	-	996	(20,033)
Other current assets	2,401	12,055	1,896
Inventories	(22,345)	(37,758)	(23,413)
Other non-current assets	(1,385)	(2,391)	82
Accounts payable	38,596	53,200	65,705
Other current liabilities	(1,939)	(8,568)	(6,348)
Other financial liabilities	3,601	399	20,198
Other non-current liabilities and retirement benefit obligation	(9,420)	(6,276)	1,237
Provisions	12,096	17,933	13,932
Cash generated from operations	370,821	380,969	220,691
Income tax paid	(35,919)	(40,050)	(20,445)
Net cash generated from operating activities	334,902	340,919	200,246
Cash flows used in investing activities			
Investment in equity accounted investees	(11,450)	-9,166	-5,853
Movements in other restricted deposits	646	13,250	4,452
Investment in short term deposits	(263,343)	-271,878	-115,416
Redemption of short term deposits	281,348	225,652	51,525
Movements in short term deposits	18,005	-46,226	-63,891
Purchases of property, plant and equipment	(144,414)	-119,650	-73,454
Proceeds from sale of property, plant and equipment	277	399	247
Cash paid for intangible assets	(111,357)	-115,068	-78,977
Finance income received	4,432	3,885	2,391
Net cash used in investing activities	(243,861)	-272,576	-215,085
Cash flows from / (used in) financing activities			
Finance expenses and fees paid	(21,237)	(26,799)	(14,757)
Proceeds from issuance of short term borrowings	-	100	7,255
Repayment of short term borrowings	(2,862)	(15,741)	(20,610)
Proceeds from issuance of long term borrowings	95,291	82,590	26,134
Repayment of long term borrowings	(60,295)	(74,321)	-
Payments of lease obligations	(554)	(498)	(330)
Dividends paid	(13,850)	(14,944)	(12,366)
Net cash used in financing activities	(3,507)	(49,614)	(14,674)
Net change in cash and cash equivalents	87,534	18,730	(29,514)
Cash and cash equivalents at beginning of year	208,680	206,424	200,330
Cash and cash equivalents at end of year	296,214	225,154	170,816

NOTES TO THE FINANCIAL STATEMENTS

1 BACKGROUND AND OPERATIONS

Jaguar Land Rover Automotive PLC (“the company”) and its subsidiaries, (collectively referred to as “the group” or “JLR”), designs, manufactures and sells a wide range of automotive vehicles. The company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom.

The company is a subsidiary of Tata Motors Limited, India (“TATA Motors”) and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high performance luxury saloons, specialist sports cars and four wheel drive off-road vehicles.

The financial information is expressed in Indian Rupees (‘INR’). Solely for the convenience of the reader and to meet the requirements of Section 129(3) read together with Section 136 of the Indian Companies Act, 2013, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate GBP Pounds Sterling 1 = Rs 92.33610 for the current year balance and GBP Pound Sterling 1 = Rs 99.62568 for the year ended 31 March 2014. These transactions should not be constructed as a representative that any or all of the amounts could be converted to Indian Rupees at this or any other rate.

2 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as “IFRS”) and IFRS Interpretation Committee (“IFRS IC”) interpretations as adopted by the European Union (“EU”) and the requirements of the United Kingdom Companies Act 2006 applicable to companies reporting under IFRS. In addition these consolidated financial statements also comply with IFRS as adopted by the International Accounting Standards Board (“IASB”) as no differences exist between IFRS as adopted by the EU applied by the group and IFRS issued by the IASB.

The company has taken advantage of s.408 of the Companies Act 2006 and therefore the separate financial statements of the company do not include the income statement or the statement of comprehensive income of the company on a stand-alone basis.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

GOING CONCERN

The directors have considered the financial position of the group at 31 March 2015 (net assets of INR 557,710 million (2014: INR 584,205 million, 2013: INR 291,756 million)) and the projected cash flows and financial performance of the group for at least 12 months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The directors have taken actions to ensure that appropriate long term cash resources are in place at the date of signing the accounts to fund group operations. The directors have reviewed the financial covenants linked to the borrowings in place and believe these will not be breached at any point and that all debt repayments will be met.

Therefore the directors consider, after making appropriate enquiries and taking into consideration the risks and uncertainties facing the group, that the group has adequate resources to continue in operation as a going concern for the foreseeable future and is able to meet its financial covenants linked to the borrowings in place. Accordingly the directors continue to adopt the going concern basis in preparing these consolidated financial statements.

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include Jaguar Land Rover Automotive PLC and its subsidiaries. Subsidiaries are entities controlled by the company. Control exists when the company has power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns. In assessing control, potential voting rights that currently are exercisable are taken into account. All subsidiaries of the group given in note 39 are included in the consolidated financial statements.

Inter-company transactions and balances including unrealised profits are eliminated in full on consolidation.

Associates and joint ventures (equity accounted investees)

Associates are those entities in which the group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee and is presumed to exist when the group holds between 20 and 50 per cent of the voting power of another entity. Joint ventures are those entities over whose activities the group has joint control, established by contractual agreement and requiring unanimous consent for decisions about the relevant activities of the entity, being those activities that significantly affect the entity's returns.

Associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the group's share of the income and expenses, other comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the group has an obligation or has made payments on behalf of the investee.

When the group transacts with an associate or joint venture of the group, profits and losses are eliminated to the extent of the group's interest in its associate or joint venture.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

- (i) Note 15 – Property, plant and equipment – the group applies judgement in determining the estimate useful life of assets.
- (ii) Note 16 – Intangible assets – management applies significant judgement in establishing the applicable criteria for capitalisation of appropriate product development costs and impairment of indefinite life intangible assets. The key judgements in the impairment assessment include the determination of Cash Generating Units, value of cash flows and appropriateness of discount rates.
- (iii) Note 18 – Deferred tax – management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses and assessing its recoverability and estimating taxes ultimately payable on remittance of overseas earnings.

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

- (iv) Note 25 – Provision for product warranty – it is necessary for the group to assess the provision for anticipated lifetime warranty and campaign costs. The valuation of warranty and campaign provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs.
- (v) Note 30 – Retirement benefit obligation – it is necessary for actuarial assumptions to be made, including discount and mortality rates and the long-term rate of return upon scheme assets. The group engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.
- (vi) Note 33 – Financial instruments – the group enters into complex financial instruments and therefore appropriate accounting for these requires judgement around the valuations. Embedded derivatives relating to prepayment options on senior notes are not considered as closely related and are separately accounted unless the exercise price of these options is approximately equal on each exercise date to the amortised cost of the senior notes.

REVENUE RECOGNITION

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

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

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

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

COST RECOGNITION

Costs and expenses are recognised when incurred and are classified according to their nature.

Expenditures are capitalised where appropriate in accordance with the policy for internally generated intangible assets and represent employee costs, stores and other manufacturing supplies, and other expenses incurred for product development undertaken by the group.

GOVERNMENT GRANTS AND INCENTIVES

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

Government grants are recognised in the consolidated income statement on a systematic basis when the group recognises, as expenses, the related costs that the grants are intended to compensate.

Government grants related to assets are deducted from the cost of the asset and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure and Government grants which are awarded as incentives with no ongoing performance obligations to the group are recognised as other income in the period the grant is received.

Sales tax incentives received from governments are recognised in the income statement at the reduced tax rate and revenue is reported net of these sales tax incentives.

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY

The company has a functional currency of GBP. The presentation currency of the consolidated financial statements is GBP.

The functional currency of the UK and non-UK selling operations is GBP being the primary economic environment that influences these operations. This is on the basis that management control is in the UK and that GBP is the currency that primarily determines sales prices and is the main currency for the retention of operating income. The functional currency of the Chery Jaguar Land Rover Automotive Co. Limited, the group's principal joint venture, is Chinese Yuan ('CNY').

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement as Foreign exchange gain / (loss).

INCOME TAXES

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the consolidated income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity, whereby tax is also recognised outside of profit or loss), or where related to the initial accounting for a business combination. In the case of a business combination the tax effect is included in the accounting for the business combination.

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

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

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any.

Freehold land is measured at cost and is not depreciated. Heritage assets are not depreciated as they are considered to have a residual value in excess of cost. Residual values are re-assessed on an annual basis. Annual impairment reviews for land and heritage assets are performed and any impairment in the carrying value is recognised immediately in the income statement.

Cost includes purchase price, non-recoverable taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

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

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

INTANGIBLE ASSETS

Acquired intangible assets

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

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

Class of intangible asset	Estimated amortisation period (years)
Patents and technological know-how	2 to 12
Customer related – Dealer network	20
Software	2 to 8
Intellectual property rights and other intangibles	Indefinite life

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

Capital-work-in-progress includes capital advances.

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

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

Internally generated intangible assets

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

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

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

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

Product development cost is amortised over a period of between 2 and 10 years.

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

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT

Property, plant and equipment and other intangible assets

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

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

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

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

Equity accounted investees: joint ventures and associates

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments with an original maturity of up to three months that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials and consumables are ascertained on a first-in, first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the group and are amortised in changes in stocks and work in progress to their residual values (i.e. estimated second hand sale value) over the term of the arrangement.

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

PROVISIONS

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a risk-free rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are held for product warranties, legal and product liabilities, residual risks and environmental risks as detailed in note 25 to the consolidated financial statements.

Product warranty

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

LONG TERM INCENTIVE PLAN (LTIP)

The group operates an LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date, subject to profitability and employment conditions. These are accounted for as cash settled arrangements, whereby a liability is recognised at fair value at the date of grant, using a Black Scholes model. At each balance sheet date until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognised in the income statement.

LEASES

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the terms and substance of the lease arrangement.

Assets taken on finance lease

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognised on the group's balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease in Other expenses.

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

EMPLOYEE BENEFITS

Pension plans

The group operates several defined benefit pension plans, which are contracted out of the second state pension scheme. The assets of the plans are held in separate trustee administered funds. The plans provide for monthly pension after retirement as per salary drawn and service year as set out in the rules of each plan.

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

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

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

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

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

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

Defined benefit costs are split into three categories:

- current service cost, past-service cost and gains and losses on curtailments and settlements;
- net interest cost; and
- remeasurement.

The group presents the first two components of defined benefit costs within Employee costs in its consolidated income statement (see note 5). Net interest cost is recognised within Finance expense (net) (see note 10).

Post-retirement Medicare scheme

Under this unfunded scheme, employees of some subsidiaries receive medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the group as part of an Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The applicable subsidiaries account for the liability for the post-retirement medical scheme based on an annual actuarial valuation.

Actuarial gains and losses

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

Measurement date

The measurement date of retirement plans is 31 March.

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS

Classification, initial recognition and measurement

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

Financial instruments are recognised on the balance sheet when the group becomes a party to the contractual provisions of the instrument.

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

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

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

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

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

Equity instruments

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

Other financial liabilities

These are measured at amortised cost using the effective interest method.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Subsequent to initial recognition, the group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Derecognition of financial assets and financial liabilities

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

When a financial instrument is derecognised, the cumulative gain or loss in equity is transferred to the consolidated income statement.

Impairment of financial assets

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

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers. Impairment loss in respect of loans and receivables is calculated as the difference between their carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognised in the consolidated income statement. If the amount of an impairment loss decreases in a subsequent year, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is recognised in the consolidated income statement.

Equity investments: A significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit and loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

Hedge accounting

The group uses foreign currency forward contracts and options to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The group designates these forward contracts and options in a cash flow hedging relationships by applying the hedge accounting principles.

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

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

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

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

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS

In the current year, the group adopted/early adopted the following standards, revisions and amendments to standards and interpretations:

Amendments were made to IAS 27 *Separate Financial Statements*, IFRS 10 *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities* in October 2012 to provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement*. The amendment did not have a significant impact on the group financial statements.

IAS 32 *Financial Instruments: Presentation* was amended in December 2011 to clarify certain aspects because of diversity in the application of the requirements of offsetting. The amendments focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realisation and settlement; the offsetting of collateral amounts; and the unit of account for applying the offsetting requirements. The amendment did not have a significant impact on the group financial statements.

IAS 39 *Financial instruments: Recognition and measurement* was amended in June 2013 and considers legislative changes to 'over-the counter' derivatives and the establishment of central counterparties. Under IAS 39, novation of derivatives to central counterparties would result in the discontinuance of hedge accounting. The amendment provides relief from discontinued hedge accounting when novation of a hedging instrument meets specific criteria. The group has applied the amendment and there has been no significant impact on the group financial statements.

IFRIC 21 *Levies* was issued in May 2013 to provide guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The group is not currently subjected to material levies.

In addition, as part of the IASB's Annual Improvements, a number of minor amendments have been made to standards in the 2010-2012 and 2011-2013 cycle. These amendments are effective for annual periods commencing on or after 1 July 2014, with early application permitted. These amendments did not have a significant impact on the group financial statements.

The following pronouncements, issued by the IASB and endorsed by the EU, are not yet effective and have not yet been adopted by the group. The group is evaluating the impact of these pronouncements on the consolidated financial statements:

IAS 19 *Employee Benefits* was amended in November 2013 to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendment is effective for annual periods beginning on or after 1 July 2014, with early adoption permitted.

NOTES (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The following pronouncements, issued by the IASB, have not yet been endorsed by the EU, are not yet effective and have not yet been adopted by the group. The group is evaluating the impact of these pronouncements on the consolidated financial statements:

IAS 16 *Property, Plant and Equipment* has been amended to prohibit entities from using a revenue based depreciation method for items of property, plant and equipment. IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortising intangible assets. The amendment is effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

IFRS 11 *Joint Arrangements* addresses how a joint operator should account for the interest in a joint operation in which the activity of the joint operation constitutes a business. The amendment is effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

IFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and the hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for the risk management process. Contemporaneous document is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement.

IFRS 15 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The group is assessing the impact of IFRS 15.

In addition, as part of the IASB's Annual Improvements, a number of minor amendments have been made to standards in the 2012 – 2014 cycles. These amendments are effective for annual periods beginning on or after 1 July 2014, with early application permitted.

NOTES (CONTINUED)

3 REVENUE

Year ended 31 March (INR millions)	2015	2014	2013
Sale of goods	2,019,021	1,931,343	1,301,237
Total revenues	2,019,021	1,931,343	1,301,237

4 MATERIAL AND OTHER COST OF SALES

Year ended 31 March (INR millions)	2015	2014	2013
Changes in inventories of finished goods and work in progress	(21,791)	(35,467)	(25,474)
Purchase of products for sale	79,778	71,232	45,260
Raw materials and consumables	1,159,464	1,150,178	796,702
Total material and other cost of sales	1,217,451	1,185,943	816,488

5 EMPLOYEE NUMBERS AND COSTS

Year ended 31 March (INR millions)	2015	2014	2013
Wages and salaries	138,504	122,540	84,089
Social security costs and benefits	22,161	19,128	12,531
Pension costs	21,883	23,113	13,355
Total employee costs	182,548	164,781	109,975

Average employee numbers year ended 31 March 2015	Non-agency	Agency	Total
Manufacturing	14,504	3,688	18,192
Research and development	5,185	2,716	7,901
Other	5,213	821	6,034
Total employee numbers	24,902	7,225	32,127

Average employee numbers year ended 31 March 2014	Non-agency	Agency	Total
Manufacturing	13,890	1,670	15,560
Research and development	4,307	1,916	6,223
Other	4,914	1,256	6,170
Total employee numbers	23,111	4,842	27,953

Average employee numbers year ended 31 March 2013	Non-agency	Agency	Total
Manufacturing	9,801	4,310	14,111
Research and development	3,940	1,665	5,605
Other	4,091	1,106	5,197
Total employee numbers	17,832	7,081	24,913

NOTES (CONTINUED)

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6 DIRECTORS' EMOLUMENTS

Year ended 31 March (INR)	2015	2014	2013
Directors' emoluments	382,868,315	561,411,628	172,910,551

The aggregate of emoluments and amounts receivable under the long term incentive plan (LTIP) of the highest paid director was INR 237,276,260 (2014: INR 551,286,471, 2013: INR 157,073,205). In addition, for the highest paid director, pension benefits of INR 136,263,337 (2014: INR 308,839,608, 2013: INR nil) have accrued in the year. During the year, the highest paid director did not receive any LTIP awards.

No directors received any LTIP cash payments during the years ended 31 March 2013, 2014 and 2015.

7 LONG TERM INCENTIVE PLAN (LTIP)

The group operates a LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date. The cash payment is dependent on the achievement of internal profitability targets over the 3 year vesting period and continued employment at the end of the vesting period. The cash payment has no exercise price and therefore the weighted average exercise price in all cases is nil.

Year ended 31 March (number)	2015	2014	2013
Outstanding at the beginning of the year	494,326,759	420,201,198	241,913,903
Granted during the year	213,815,135	194,941,609	159,531,512
Vested in the year	(152,808,582)	(77,568,437)	(40,480,277)
Forfeited in the year	(34,812,372)	(4,222,534)	(13,250,943)
Outstanding at the end of the year	520,520,940	533,351,836	347,714,195

The weighted average share price of the 1,654,917 phantom stock awards vesting in the year was INR 543.86 (2014: INR 410.90, 2013: 385.96).

The weighted average remaining contractual life of the outstanding awards is 1.3 years (2014: 1.3 years, 2013: 1.5 years).

The amount charged in the year in relation to the long term incentive plan was INR 1,477 million (2014: INR 1,096 million, 2013: INR 412 million).

The fair value of the balance sheet liability in respect of phantom stock awards outstanding at the year end was INR 2,124 million (2014: INR 1,694 million, 2013: INR 824 million).

The fair value of the awards was calculated using a Black Scholes model at the grant date. The fair value is updated at each reporting date as the awards are accounted for as cash settled under IFRS 2 *Share-based Payment*. The inputs into the model are based on the Tata Motors Limited historic data and the risk-free rate is calculated on government bond rates. The inputs used are:

As at 31 March	2015	2014	2013
Risk-free rate (%)	0.49	0.91	0.26
Dividend yield (%)	0.39	0.49	1.57
Weighted average fair value per phantom share	INR 566.94	INR 493	INR 308

NOTES (CONTINUED)

8 OTHER EXPENSES

Year ended 31 March (INR millions)	2015	2014	2013
Stores, spare parts and tools	11,357	11,357	6,678
Freight cost	62,142	60,772	36,026
Works, operations and other costs	166,944	153,224	107,420
Repairs	3,416	1,694	907
Power and fuel	5,263	6,177	4,699
Rent, rates and other taxes	5,263	4,085	2,721
Insurance	1,847	1,893	1,319
Warranty	50,139	53,897	38,087
Publicity	73,038	77,210	55,647
Total other expenses	379,409	370,309	253,504

9 RESEARCH AND DEVELOPMENT

Year ended 31 March (INR millions)	2015	2014	2013
Total research and development costs incurred	130,286	126,126	87,222
Research and development expensed	(23,361)	(23,512)	(16,323)
Development costs capitalised	106,925	102,614	70,899
Interest capitalised	10,526	10,162	9,068
Research and development expenditure credit	(6,371)	(4,483)	-
Total internally developed intangible additions	111,080	108,293	79,967

During the year ended 31 March 2014 legislation was enacted to allow UK companies to elect for the Research and Development Expenditure Credit (RDEC) on qualifying expenditure incurred since 1 April 2013, instead of the previous super-deduction rules. In the year ended 31 March 2015, as a result of this election, INR 6,094 million (2014: INR 4,483 million) of the RDEC, the proportion relating to capitalised product development expenditure, has been offset against the cost of the respective assets. The remaining INR 2,770 million (2014: INR 1,793 million) of the RDEC has been recognised as other income.

10 FINANCE INCOME AND EXPENSE

Year ended 31 March (INR millions)	2015	2014	2013
Finance income	4,432	3,786	2,803
Total finance income	4,432	3,786	2,803
Total interest expense on financial liabilities measured at amortised cost	(21,607)	(25,604)	(14,509)
Unwind of discount on provisions	(1,570)	598	82
Interest capitalised	10,712	11,258	9,068
Total interest expense	(12,465)	(13,748)	(5,359)
Embedded derivative value	-	(4,682)	3,875
Total finance expense (net)	(12,465)	(18,430)	(1,484)

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 5.8% (2014: 7.2%, 2013: 8.0%).

During the year ended 31 March 2015, the group tendered two tranches of debt (see note 23) and as a result a redemption premium of INR 7,110 million was incurred.

During the year ended 31 March 2014, the group repaid two tranches of debt (see note 23) and as a result a redemption premium of INR 5,280 million was incurred and the fair value of the embedded derivatives was expensed in full.

NOTES (CONTINUED)

11 PROFIT BEFORE TAX

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

Year ended 31 March (INR millions)	2015	2014	2013
Foreign exchange loss / (gain) on loans	16,436	(8,667)	3,050
Foreign exchange loss / (gain) on derivatives	15,328	(5,679)	907
Unrealised loss / (gain) on commodities	2,770	697	(82)
Depreciation of property, plant and equipment	42,567	38,456	22,589
Amortisation of intangible assets (excluding internally generated development costs)	5,910	4,384	4,287
Amortisation of internally generated development costs	48,569	44,332	24,402
Operating lease rentals in respect of plant, property and equipment	4,432	23,512	16,323
Loss on disposal of property, plant, equipment and software	646	4,184	2,143
Auditor remuneration (see below)	369	399	165

During the year ended 31 March 2015, INR 12,188 million (2014: INR 8,403 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. INR 12,188 million (2014: INR 8,125 million) has been recognised in revenue and INR nil (2014: INR 277 million) has been deferred to offset against capital expenditure, when incurred.

The following table sets out the auditor remuneration for the year (rounded to the nearest INR 9.2 million):

Year ended 31 March (INR millions)	2015	2014	2013
Fees payable to the company's auditor for the audit of the company's annual accounts	9.2	10	8
Fees payable to the company's auditor and their associates for other services to the group			
- audit of the company's subsidiaries	304.7	289	223
Total audit fees	313.9	299	231
Audit related assurance services	27.7	30	16
Other assurance services	64.6	50	25
Total non-audit fees	92.3	80	41
Total audit and related fees	406.3	379	272

Fees payable to Deloitte LLP and their associates for non-audit services to the group are not required to be disclosed separately as these fees are disclosed on a consolidated basis.

NOTES (CONTINUED)

12 TAXATION

Recognised in the income statement

Year ended 31 March (INR millions)	2015	2014	2013
Current tax expense			
Current year	32,318	34,670	25,227
Adjustments for prior years	1,385	897	(1,649)
Current tax expense	33,703	35,567	23,578
Deferred tax expense / (credit)			
Origination and reversal of temporary differences	27,147	32,876	11,377
Adjustments for prior years	(7,664)	(1,096)	2,308
Rate change	-	(5,380)	660
Deferred tax expense	19,483	26,400	14,345
Total income tax expense	53,186	61,967	37,923

Prior year adjustments relate to differences between prior year estimates of tax position and current revised estimates or submission of tax computations.

Recognised in the statement of comprehensive income

Year ended 31 March (INR millions)	2015	2014	2013
Deferred tax credit on actuarial gains on retirement benefits	(6,556)	(3,088)	(6,595)
Deferred tax (credit) / expense on change in fair value of cash flow hedges	(33,518)	21,320	(4,369)
Deferred tax expense on rate change	-	1,494	577
	(40,074)	19,726	(10,387)
Total tax expense	13,112	81,693	27,535

Reconciliation of effective tax rate

Year ended 31 March (INR millions)	2015	2014	2013
Profit for the year	188,181	187,197	100,082
Total income tax expense	53,186	61,967	37,922
Profit before tax	241,367	249,164	138,004
Income tax expense using the tax rates applicable to individual entities of 22.7% (2014: 23.6%, 2013: 24.2%)	54,755	58,779	33,388
Enhanced deductions for research and development	-	-	(2,721)
Non-deductible expenses	2,585	1,494	907
Differences between corporate and deferred tax rates applicable	(1,662)	-	-
Changes in tax rate	-	(5,380)	660
Overseas unremitted earnings	3,693	7,073	4,699
Share of loss from joint ventures	92	199	247
(Over) / under provided in prior years	(6,277)	(199)	742
Total income tax expense	53,186	61,966	37,922

Included within the line (over) / under provided in prior years for March 2015 is a reversal of INR 5,724.84 million relating to withholding tax released as a result of changes in tax rates and laws expected to apply to future repatriation of inter-company dividends.

The UK Finance Act 2013 was enacted during the year ended 31 March 2014 which included provisions for a reduction in the UK corporation tax rate from 23% to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. Accordingly, UK deferred tax has been provided at 20% (2014: 20%, 2013: 23%), as the majority of the temporary differences are expected to reverse at that rate.

NOTES (CONTINUED)

13 INVESTMENTS

Investments consist of the following:

As at 31 March (INR millions)	2015	2014	2013
Equity accounted investees	25,854	14,446	4,946

The group has the following investments at 31 March 2015:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity
Trading investments			
Jaguar Land Rover Schweiz AG	10.0%	Switzerland	Sale of automotive vehicles and parts
Equity accounted investments			
Jaguar Cars Finance Limited	49.9%	England & Wales	Non-trading
Spark44 (JV) Limited	50.0%	England & Wales	Provision of advertising services
Chery Jaguar Land Rover Automotive Co. Limited	50.0%	China	Manufacture and assembly of vehicles

Except for Spark44 (JV) Limited, the proportion of voting rights disclosed in the table above is the same as the interest in the ordinary share capital. The group has an interest in 55.2% of the total ordinary share capital of Spark44 (JV) Limited, however this share capital is divided into A and B ordinary shares (the group holds 100% of the B shares), with each class of share having the same voting rights and interest in returns and therefore Spark44 (JV) Limited is considered a joint venture.

Chery Jaguar Land Rover Automotive Co. Limited is a limited liability company, whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint venture have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Chery Jaguar Land Rover Automotive Co. Limited is classified as a joint venture.

During the year ended 31 March 2013, the company invested a 50% stake in Suzhou Chery Jaguar Land Rover Trading Co. Limited for INR 82 million and a 50% stake in Chery Jaguar Land Rover Automotive Co. Limited for INR 5,771 million. During the year ended 31 March 2014, Suzhou Chery Jaguar Land Rover Trading Co. Limited, previously a direct joint venture of the group, was acquired in full by Chery Jaguar Land Rover Automotive Co. Limited. Therefore, the results shown of Chery Jaguar Land Rover Automotive Co. Limited are the consolidated results for that entity, which includes the results of Suzhou Chery Jaguar Land Rover Trading Co. Limited. In the year ended 31 March 2015, the group has increased its investment in Chery Jaguar Land Rover Automotive Co. Limited by INR 11,449 million (2014: INR 7,585 million).

No dividend was received in the year (2014, 2013: no dividend) from any of the trading investments or equity accounted investments. Trading investments are held at cost of INR 24,930,747 (2014: INR 24,930,747, 2013: INR 24,930,747). All joint ventures are accounted for using the equity method and are private companies and there are no quoted market prices available for their shares.

The following table sets out the summarised financial information in aggregate for the share of investments in equity accounted investees that are not individually material:

As at 31 March (INR million)	2015	2014	2013
Group's share of profit / (loss) for the year	92	100	(165)
Group's share of other comprehensive income	-	-	-
Group's share of total comprehensive income / (expense)	92	100	(165)
Carrying amount of the group's interest	277	199	(82)

NOTES (CONTINUED)

13 INVESTMENTS (CONTINUED)

The following table sets out the summarised financial information of the group's individually material joint venture, Chery Jaguar Land Rover Automotive Co. Limited:

As at 31 March (INR million)	2015	2014	2013
Current assets	48,015	16,936	11,212
Current liabilities	(31,948)	(6,675)	(2,226)
Non-current assets	54,109	23,512	1,566
Non-current liabilities	(17,821)	(6,476)	-
Equity attributable to shareholders	52,355	27,297	10,552
Revenue	14,589	-	-
Loss for the year	(1,200)	(1,594)	(1,649)
Other comprehensive income	-	-	-
Total comprehensive loss	(1,200)	(1,594)	(1,649)

Included within the summarised financial information above are the following amounts:

As at 31 March (INR million)	2015	2014	2013
Cash and cash equivalents	27,239	12,154	10,800
Other current assets	20,776	4,782	412
Current financial liabilities (excluding trade and other payables and provisions)	-	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	(17,821)	(6,476)	-
Depreciation and amortisation	(1,477)	(100)	-
Interest income	739	199	-
Interest expense	(277)	(100)	-
Income tax credit	554	1,295	-

The following reconciles the carrying amount of the group's interests in equity accounted investees:

As at 31 March (INR million)	2015	2014	2013
Net assets of material joint venture	52,355	27,297	10,552
Share of net assets of:	-	-	-
Material joint venture	26,223	13,649	5,276
Individually immaterial joint ventures	277	199	(82)
Foreign exchange differences	(185)	-	-
Other	(462)	598	(247)
Carrying amount of the group's interests in equity accounted investments	25,854	14,446	4,947

As at 31 March 2015, an adjustment of INR 462 million (2014: INR nil, 2013: INR nil) has been made to de-recognise profit that has not yet been realised on goods sold by the group to Chery Jaguar Land Rover Automotive Co. Limited.

The following reconciles the group's share of total comprehensive income from equity accounted investees:

As at 31 March (INR million)	2015	2014	2013
Total comprehensive loss of material joint venture	(1,200)	(1,594)	(1,649)
Share of total comprehensive (loss) / income of:			
Material joint venture	(646)	(797)	(824)
Individually immaterial joint ventures	92	100	(165)
Share of total comprehensive loss from equity accounted investments	(554)	(697)	(989)

NOTES (CONTINUED)

13 INVESTMENTS (CONTINUED)

The group's share of capital commitments of its joint ventures at 31 March 2015 is INR 1,754 million (2014: INR 11,557 million, 2013: INR nil) and commitments relating to the group's interests in its joint ventures are disclosed in note 31. There are no contingent liabilities relating to the group's interests in its joint ventures. The information above reflects the amounts presented in the financial statements of the equity accounted investees adjusted for differences in accounting policies between the group and its equity accounted investees.

14 OTHER FINANCIAL ASSETS

As at 31 March (INR millions)	2015	2014	2013
Non-current			
Restricted cash held as security	1,662	2,491	4,040
Derivative financial instruments	2,031	43,437	10,058
Other	831	1,196	1,979
Total non-current other financial assets	4,524	47,124	16,077
Current	-		
Advances and other receivables recoverable in cash	1,754	2,192	1,979
Derivative financial instruments	16,251	35,965	2,556
Restricted cash held as security	-	-	9,068
Accrued income	462	-	-
Other	1,293	897	907
Total current other financial assets	19,760	39,054	14,510

INR 1,477 million (2014: INR 2,291 million, 2013: INR 3,875 million) of the non-current restricted cash is held as security in relation to vehicles ultimately sold on lease, pledged until the leases reach their respective conclusion.

INR nil (2014: INR nil, 2013: INR 9,068 million) of the current restricted cash is held as security in relation to bank loans, pledged until the loans reach their respective conclusion.

NOTES (CONTINUED)

15 PROPERTY, PLANT AND EQUIPMENT

(INR millions)	Land and buildings	Plant and equipment	Vehicles	Computers	Fixtures & fittings	Leased assets	Heritage vehicles	Under construction	Total
Cost									
Balance at 1 April 2012	30,090	143,528	1,649	1,154	1,814	2,885	-	11,294	192,414
Additions	2,556	66,612	330	82	989	660	-	14,577	85,806
Disposals	(1,154)	(4,122)	(1,649)	(82)	(330)	-	-	-	(5,688)
Balance at 31 March 2013	31,492	206,018	330	1,154	2,473	3,545	-	26,051	271,063
Additions	15,442	66,450	100	299	1,893	-	-	38,754	122,938
Disposals	(299)	(1,694)	(100)	-	(100)	-	-	-	(2,193)
Reclassification from intangible assets	-	-	-	797	-	-	-	-	797
Balance at 31 March 2014	53,200	313,721	339	2,491	3,957	4,284	-	70,236	448,228
Additions	25,854	121,145	185	1,939	1,662	-	4,801	6,648	162,235
Disposals	(923)	(4,617)	-	(185)	(92)	-	-	-	(5,817)
Balance at 31 March 2015	74,238	407,295	554	4,063	6,002	3,970	4,801	71,745	572,668
Depreciation	-	-	-	-	-	-	-	-	-
Balance at 1 April 2012	4,782	53,751	412	247	1,237	1,237	-	-	61,666
Depreciation charge for the period	907	20,857	165	82	165	412	-	-	22,588
Disposals	(1,072)	(3,792)	(495)	-	(330)	-	-	-	(5,689)
Balance at 31 March 2013	4,617	70,816	82	330	1,072	1,649	-	-	78,566
Depreciation charge for the period	1,594	35,766	100	199	299	498	-	-	38,456
Disposals	(199)	(1,196)	(100)	-	(100)	-	-	-	(1,595)
Reclassification from intangible assets	-	-	-	100	-	-	-	-	100
Balance at 31 March 2014	1,974	120,149	100	697	1,494	2,491	-	-	126,905
Depreciation charge for the period	1,847	38,966	-	462	831	462	-	-	42,567
Disposals	(923)	(4,247)	-	-	(92)	-	-	-	(5,263)
Balance at 31 March 2015	7,387	146,076	92	1,108	2,124	2,770	-	-	159,557
Net book value	-	-	-	-	-	-	-	-	-
At 31 March 2013	26,876	135,202	247	824	1,401	1,896	-	26,051	192,497
At 31 March 2014	46,226	193,573	299	1,793	2,721	1,793	-	70,236	316,641
At 31 March 2015	66,851	261,219	462	2,955	3,878	1,200	4,801	71,745	413,112

Under construction additions are shown net of additions to Land and buildings of INR 20,960 million (2014: INR 15,143 million, 2013: INR 2,889 million) and additions to Plant and equipment of INR 67,682 million (2014: INR 24,408 million, 2013: INR 21,120 million).

NOTES (CONTINUED)

16 INTANGIBLE ASSETS

(INR 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 2012	15,087	12,119	7,337	50,948	106,531	80,709	272,731
Other additions – externally purchased	8,162	-	-	-	-	-	8,162
Other additions – internally developed	-	-	-	-	79,967	-	79,967
Capitalised product development - internally developed	-	-	-	-	(82,358)	82,358	-
Disposals	(2,885)	-	-	-	-	-	(2,885)
Balance at 31 March 2013	5,277	12,119	7,337	50,948	104,140	163,067	342,888
Other additions – externally purchased	12,652	-	-	-	-	-	12,652
Other additions – internally developed	-	-	-	-	108,293	-	108,293
Capitalised product development - internally developed	-	-	-	-	(58,082)	58,082	-
Disposals	(299)	-	-	-	-	(14,545)	(14,844)
Reclassification to tangible assets	(797)	-	-	-	-	-	(797)
Balance at 31 March 2014	11,556	14,645	8,867	61,170	154,351	206,604	457,193
Other additions – externally purchased	9,511	-	-	92	-	-	9,603
Other additions – internally developed	-	-	-	-	111,080	-	111,080
Capitalised product development - internally developed	-	-	-	-	(128,163)	128,163	-
Disposals	(739)	-	(2,585)	-	-	(14,681)	(18,006)
Balance at 31 March 2015	42,290	13,573	5,633	57,156	146,076	336,473	601,200

NOTES (CONTINUED)

16 INTANGIBLE ASSETS (CONTINUED)

(INR millions)	Software	Patents and technological know-how	Customer related	Intellectual property rights and other intangibles	Product development in progress	Capitalised product development	Total
Amortisation and impairment							
Balance at 1 April 2012	6,183	4,452	3,298	-	-	27,865	41,798
Amortisation for the year	2,721	1,319	247	-	-	24,402	28,689
Disposals	(2,885)	-	-	-	-	-	(2,885)
Balance at 31 March 2013	6,018	5,771	3,545	-	-	52,267	67,601
Amortisation for the year	2,590	1,494	299	-	-	44,333	48,716
Disposals	(299)	-	-	-	-	(14,545)	(14,844)
Reclassification to tangible assets	(100)	-	-	-	-	-	(100)
Balance at 31 March 2014	9,464	8,468	4,583	-	-	92,951	115,466
Amortisation for the year	4,340	1,293	277	-	-	48,569	54,478
Disposals	(277)	-	(2,585)	-	-	(14,681)	(17,544)
Balance at 31 March 2015	12,835	9,141	1,939	-	-	120,037	143,952
Net book value							
At 31 March 2013	14,345	6,348	3,792	50,948	104,122	110,780	290,335
At 31 March 2014	26,700	6,177	4,284	61,569	176,039	147,645	422,414
At 31 March 2015	29,455	4,432	3,693	57,156	146,076	216,436	457,248

NOTES (CONTINUED)

16 INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT TESTING

The directors are of the view that the operations of the group represent a single cash generating unit. The intellectual property rights are deemed to have an indefinite useful life on the basis of the expected longevity of the brand names.

The recoverable amount of the cash generating unit has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

As at 31 March	2015	2014	2013
Period on which management approved forecasts are based	5 years	5 years	5 years
Growth rate applied beyond approved forecast period	2.2%	0%	0%
Pre-tax discount rate	11.2%	10.9%	10.2%

The growth rates used in the value in use calculation reflect those inherent within the Board's business plan which is primarily a function of the group's cycle plan assumptions, past performance and management's expectation of future market developments, approved by the Board through to 2019/20. The cash flows are then extrapolated into perpetuity assuming a growth rate of 2.2% (2014: nil%, 2013: nil%).

No reasonably possible change in any of the key assumptions would cause the recoverable amount calculated above to be less than the carrying value of the assets of the cash generating unit.

NOTES (CONTINUED)

17 OTHER ASSETS

As at 31 March (INR millions)	2015	2014	2013
Current			
Recoverable VAT	20,406	23,611	31,162
Prepaid expenses	9,788	6,974	4,617
Other	6,371	4,782	-
Total current other assets	36,565	35,367	35,779
Non-current	-		
Prepaid expenses	2,124	3,088	412
Other	277	199	247
Total non-current other assets	2,401	3,287	659

18 DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax asset and liability for the year ended 31 March 2015 are as follows:

(INR millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	13,389	(6,556)	-	-	6,833
Provisions, allowances for doubtful receivables	16,805	2,678	-	(1,939)	17,544
Derivative financial instruments	5,633	-	(5,633)	-	-
Retirement benefits	15,143	(2,308)	(369)	-	12,465
Unrealised profit in inventory	7,018	5,725	-	-	12,742
Tax loss	51,339	(16,713)	-	-	34,626
Other	185	1,200	-	-	1,385
Total deferred tax asset	109,511	(15,974)	(6,002)	(1,939)	85,596
Deferred tax liabilities					
Property, plant & equipment	185	-	-	-	185
Intangible assets	62,419	3,416	-	-	65,836
Derivative financial instruments	-	-	12,281	-	12,281
Overseas unremitted earnings	7,941	5,078	-	-	13,019
Total deferred tax liability	70,545	8,495	12,281	-	91,320
Presented as deferred tax asset**	46,907	-	-	-	26,223
Presented as deferred tax liability**	(7,941)	-	-	-	(31,948)

*Included within INR 7,752 million is a reversal of INR 5,448 million relating to withholding tax incurred on inter-company dividends paid in the year, and INR 5,725 million relating to withholding tax released as a result of changes in tax rates and laws expected to apply to future repatriation of inter-company dividends.

**For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

The group continues to recognise all deferred tax assets at 31 March 2015 in view of the continued profitability of the companies in which the deferred tax assets arise.

All deferred tax assets and deferred tax liabilities at 31 March 2015 are non-current.

NOTES (CONTINUED)

18 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Significant components of deferred tax asset and liability for the year ended 31 March 2014 are as follows:

(INR millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	14,446	(7,073)	-	-	7,372
Provisions, allowances for doubtful receivables	18,132	2,889	-	(2,092)	18,929
Derivative financial instruments	6,077	-	(6,077)	-	-
Retirement benefits	16,339	(2,491)	(399)	-	13,449
Unrealised profit in inventory	7,572	6,177	-	-	13,748
Tax loss	55,392	(18,032)	-	-	37,360
Other	199	1,295	-	-	1,494
Total deferred tax asset	118,157	(17,235)	(6,476)	(2,092)	92,352
Deferred tax liabilities	-	-	-	-	-
Property, plant & equipment	462	(277)	-	-	185
Intangible assets	50,231	12,188	-	-	62,419
Derivative financial instruments	369	(92)	(277)	-	-
Overseas unremitted earnings	6,002	1,939	-	-	7,941
Total deferred tax liability	57,064	13,758	(277)	-	70,545
Presented as deferred tax asset**	43,767	-	-	-	46,907
Presented as deferred tax liability**	(92)	-	-	-	(7,941)

*Included within INR 5,479 million is a reversal of INR 498 million relating to withholding tax incurred on inter-company dividends paid in the year.

**For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

The group continued to recognise all deferred tax assets at 31 March 2014 in view of the continued profitability of the companies in which the deferred tax assets arise.

All deferred tax assets and deferred tax liabilities at 31 March 2014 are non-current.

NOTES (CONTINUED)

18 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Significant components of deferred tax asset and liability for the year ended 31 March 2013 are as follows:

(INR millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Closing balance
Deferred tax assets					
Property, plant & equipment	11,954	-	-	-	11,954
Provisions, allowances for doubtful receivables	11,212	4,040	-	(247)	15,004
Derivative financial instruments	1,566	(660)	4,122	-	5,029
Retirement benefits	8,244	(742)	6,018	-	13,520
Unrealised profit in inventory	6,348	(82)	-	-	6,265
Tax loss	50,618	(4,782)	-	-	45,837
Other	-	165	-	-	165
Total deferred tax asset	89,942	(2,061)	10,140	(247)	97,774
Deferred tax liabilities					
Property, plant & equipment	412	(247)	-	-	165
Intangible assets	44,847	10,882	-	-	55,730
Derivative financial instruments	330	(82)	(247)	-	-
Overseas unremitted earnings	5,359	-	-	-	7,090
Total deferred tax liability	50,948	12,284	(247)	-	62,985
Presented as deferred tax asset**	39,077				41,880
Presented as deferred tax liability**	(82)				(7,090)

*Included within INR 1,649 million is a reversal of INR 3,215 million relating to withholding tax incurred on intercompany dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent they relate to the same taxation authority and are expected to be settled on a net basis.

The group continued to recognise all deferred tax assets at 31 March 2013 in view of the continued profitability of the companies in which the deferred tax assets arise.

All deferred tax assets and deferred tax liabilities at 31 March 2013 are non-current.

NOTES (CONTINUED)

19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (INR millions)	2015	2014	2013
Cash and cash equivalents	296,214	225,154	170,816

20 ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

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

Year ended 31 March (INR millions)	2015	2014	2013
At beginning of year	739	996	1,072
Change in allowance during the year	277	(100)	(82)
Written off	-	(100)	(165)
At end of year	1,016	796	825

21 INVENTORIES

As at 31 March (INR millions)	2015	2014	2013
Raw materials and consumables	7,387	7,472	4,287
Work in progress	27,516	21,021	16,241
Finished goods	188,181	188,093	127,453
Total inventories	223,084	216,586	147,981

Inventories of finished goods include INR 17,267 million (2014: INR 17,335 million, 2013: INR 14,097 million), relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements.

Cost of inventories (including cost of purchased products) recognised as an expense during the year amounted to INR 1,388,827 million (2014: INR 1,337,076 million, 2013: INR 919,291 million).

During the year, the group recorded inventory write-down expense of INR 3,693 million (2014: INR 2,391 million, 2013: INR 2,721 million). The write-down is included in material and other cost of sales. No previous write-downs have been reversed in any period.

NOTES (CONTINUED)

22 ACCOUNTS PAYABLE

As at 31 March (INR millions)	2015	2014	2013
Trade payables	321,607	314,219	216,653
Liabilities to employees	17,082	14,745	8,739
Liabilities for expenses	119,852	123,934	105,276
Capital creditors	44,691	24,010	17,807
Total accounts payable	503,232	476,908	348,475

23 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (INR millions)	2015	2014	2013
Short term borrowings			
Bank loans	14,404	(16,637)	(27,040)
Short term borrowings	14,404	(16,637)	(27,040)
Long term borrowings			
EURO MTF listed debt	219,852	183,610	151,608
Long term borrowings	219,852	183,610	151,608
Finance lease obligations (see note 34)	1,200	1,793	1,896
Total debt	235,456	202,040	180,544

EURO MTF LISTED DEBT

The bonds are listed on the EURO MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds outstanding at 31 March 2015 are as follows:

- \$84 million Senior Notes due 2021 at a coupon of 8.125% per annum – issued May 2011
- £58 million Senior Notes due 2020 at a coupon of 8.250% per annum – issued March 2012
- \$500 million Senior Notes due 2023 at a coupon of 5.625% per annum – issued January 2013
- \$700 million Senior Notes due 2018 at a coupon of 4.125% per annum – issued December 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000% per annum – issued January 2014
- \$500 million Senior Notes due 2019 at a coupon of 4.250% per annum – issued October 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875% per annum – issued February 2015
- \$500 million Senior Notes due 2020 at a coupon of 3.500% per annum – issued March 2015

The bond funds raised during the year were used to repay both long-term and short-term debt and provide additional cash facilities for the group.

Details of the tranches of the bonds repaid in the year ended 31 March 2015 are as follows:

- \$326 million Senior Notes due 2021 at a coupon of 8.125% per annum – issued May 2011
- £442 million Senior Notes due 2020 at a coupon of 8.250% per annum – issued March 2012

Details of the tranches of the bonds repaid in the year ended 31 March 2014 are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125% per annum – issued May 2011
- \$410 million Senior Notes due 2018 at a coupon of 7.75% per annum – issued May 2011

NOTES (CONTINUED)

23 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

The contractual cash flows of interest bearing borrowings as of 31 March 2015 are set out below, including estimated interest payments and assumes the debt will be repaid at the maturity date.

As at 31 March (INR millions)	2015	2014	2013
Due in			
1 year or less	25,762	29,489	39,819
2nd and 3rd years	22,161	25,305	24,402
4th and 5th years	129,548	66,351	23,743
More than 5 years	123,361	165,976	177,411
Total contractual cash flows	300,832	287,121	265,375

UNDRAWN FACILITIES

As at 31 March 2015, the group has a fully undrawn revolving credit facility of INR 137,119 million. This facility is split into 3 and 5 year tranches which are available until 2016 and 2018 respectively.

24 OTHER FINANCIAL LIABILITIES

As at 31 March (INR millions)	2015	2014	2013
Current			
Finance lease obligations	369	498	412
Interest accrued	2,308	2,391	3,215
Derivative financial instruments	64,358	6,476	16,983
Liability for vehicles sold under a repurchase arrangement	18,191	18,231	15,087
Total current other financial liabilities	85,226	27,596	35,697
Non-current			
Finance lease obligations	831	1,295	1,484
Derivative financial instruments	76,824	5,479	17,148
Other payables	92	100	82
Total non-current other financial liabilities	77,747	6,874	18,714

25 PROVISIONS

As at 31 March (INR millions)	2015	2014	2013
Current			
Product warranty	39,335	34,172	26,134
Legal and product liability	4,617	4,882	1,319
Provisions for residual risk	369	199	165
Provision for environmental liability	462	100	-
Other employee benefits obligations	-	-	-
Total current provisions	44,783	39,353	27,618
Non-current			
Product warranty	54,017	996	577
Provision for residual risk	1,477	53,599	35,120
Provision for environmental liability	2,401	1,295	1,072
Other employee benefits obligations	1,108	2,092	1,814
Total non-current provisions	59,003	57,982	38,583

NOTES (CONTINUED)

25 PROVISIONS (CONTINUED)

Year ended 31 March (INR millions)	2015	2014	2013
Product warranty			
Opening balance	81,348	,61,253	46,908
Provision made during the year	50,139	53,897	38,087
Provision used during the year	(37,950)	(39,551)	(23,413)
Impact of discounting	1,570	(598)	(82)
Foreign currency translation	(1,754)	-	(247)
Closing balance	93,353	87,770	61,253
Legal and product liability	-		
Opening balance	4,524	1,594	1,319
Provision made during the year	1,662	4,085	495
Provision used during the year	(1,570)	(498)	(577)
Foreign currency translation	-	(299)	82
Closing balance	4,616	4,882	1,319
Residual risk	-		
Opening balance	1,385	1,494	1,319
Provision made during the year	462	199	-
Provision used during the year	-	-	(82)
Foreign currency translation	-	(199)	-
Closing balance	1,847	1,494	1,237
Environmental liability	-		
Opening balance	1,939	2,192	1,649
Provision made during the year	923	-	247
Provision used during the year	-	(100)	(82)
Closing balance	2,862	2,092	1,814

PRODUCT WARRANTY PROVISION

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

LEGAL AND PRODUCT LIABILITY PROVISION

A legal and product liability provision is maintained in respect of known litigation which impacts the group, but for which the amount and timing are uncertain. The provision primarily relates to motor accident claims, consumer complaints, dealer terminations, employment cases and personal injury claims.

RESIDUAL RISK PROVISION

In certain markets, the group is responsible for the residual risk arising on vehicles sold by dealers on a leasing arrangement. The provision is based on the latest available market expectations of future residual value trends that may change over time. The timing of the outflows will be at the end of the lease arrangements – being typically up to three years.

ENVIRONMENTAL RISK PROVISION

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

NOTES (CONTINUED)

26 OTHER LIABILITIES

As at 31 March (INR millions)	2015	2014	2013
Current			
Liabilities for advances received	16,898	25,205	14,839
Deferred revenue	4,986	1,893	412
VAT	8,126	8,468	21,517
Others	4,524	3,786	2,968
Total current other liabilities	34,534	39,352	39,736
Non-current			
Deferred revenue	8,864	6,276	1,072
Others	2,032	1,395	907
Total non-current other liabilities	10,896	7,671	1,979

27 CAPITAL AND RESERVES

As at 31 March (INR millions)	2015	2014	2013
Allotted, called up and fully paid			
1,500,642,163 ordinary shares of INR 92.34 each	138,596	149,538	
Total capital	138,596	149,538	

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 INR 15,420 million (2014 INR 16,637 million, 2013: INR 15,420 million) was created in March 2011 on the cancellation of share capital.

28 OTHER RESERVES

The movement of other reserves is as follows:

(INR millions)	Translation reserve	Hedging reserve	Retained earnings	Total other reserves
Balance at 1 April 2014	(35,365)	49,769	373,038	387,442
Profit for the year	-	-	188,181	188,181
Remeasurement of defined benefit obligation	-	-	(32,779)	(32,779)
Loss on effective cash flow hedges	-	(163,250)	-	(163,250)
Currency translation differences	1,939	-	-	1,939
Income tax related to items recognised in other comprehensive income	-	32,687	6,556	39,243
Cash flow hedges reclassified to foreign exchange in profit or loss	-	(4,063)	-	(4,063)
Income tax related to items reclassified to profit or loss	-	831	-	831
Dividend paid	-	-	(13,850)	(13,850)
Balance at 31 March 2015	(33,426)	(84,026)	521,145	403,693

NOTES (CONTINUED)

28 OTHER RESERVES (CONTINUED)

(INR millions)	Translation reserve	Hedging reserve	Retained earnings	Total other reserves
Balance at 1 April 2013	(38,157)	(19,527)	244,083	186,400
Profit for the year	-	-	187,197	187,197
Remeasurement of defined benefit obligation	-	-	(13,448)	(13,448)
Gain on effective cash flow hedges	-	103,710	-	103,710
Income tax related to items recognised in other comprehensive income	-	(21,918)	(399)	(22,316)
Cash flow hedges reclassified to foreign exchange in profit or loss	-	(11,158)	-	(11,158)
Income tax related to items reclassified to profit or loss	-	2,590	-	2,590
Dividend paid	-	-	(14,944)	(14,944)
Balance at 31 March 2014	(38,157)	53,697	402,488	418,030
	-	-	-	-
Balance at 1 April 2012	(35,365)	(1,847)	153,186	115,974
Profit for the year	-	-	112,096	112,096
Remeasurement of defined benefit obligation	-	-	(31,948)	(31,948)
Loss on effective cash flow hedges	-	(26,593)	-	(26,593)
Income tax related to items recognised in other comprehensive income	-	6,094	6,741	12,835
Cash flow hedges reclassified to foreign exchange in profit or loss	-	5,448	-	5,448
Income tax related to items reclassified to profit or loss	-	(1,200)	-	(1,200)
Dividend paid	-	-	(13,850)	(13,850)
Balance at 31 March 2013	(35,365)	(18,098)	226,223	172,761

29 DIVIDENDS

Year ended 31 March (INR millions)	2015	2014	2013
Dividend proposed for the previous year paid during the year of INR 9.23 (2014: INR 9.23, 2013: INR nil) per ordinary share	13,850	13,850	-
Dividend for the year paid during the year of INR nil (2014: INR nil, 2013: INR 9.23) per ordinary share	-	-	13,850
Amounts recognised as distributions to equity holders during the year	13,850	13,850	13,850
Proposed dividend for the year of INR 9.23 (2014: INR 9.23, 2013: INR 9.23) per ordinary share	13,850	13,850	13,850

The proposed dividend for the year ended 31 March 2015 was paid in full in June 2015. Preference shares of INR 14,497 million were repaid in the year ended 31 March 2013, along with preference share dividends of INR1,293 million.

NOTES (CONTINUED)

30 EMPLOYEE BENEFITS

The group operates defined benefit schemes for qualifying employees of certain of its subsidiaries. The defined benefit schemes are administered by a separate fund that is legally separated from the company. The trustee of the pension schemes is required by law to act in the interest of the fund and of all relevant stakeholders in the scheme, is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of the trustee must be composed of representatives of the company and scheme participants in accordance with each scheme's regulations.

Under the schemes, the employees are entitled to post-retirement benefits based on their length of service and salary.

Through its defined benefit pension schemes the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme liabilities are calculated using a discount rate set with references to corporate bond yields; if scheme assets underperform these corporate bonds, this will create or increase a deficit. The defined benefit schemes hold a significant proportion of equity type assets, which are expected to outperform corporate bonds in the long-term although introducing volatility and risk in the short-term.

As the schemes mature, the group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

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

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this is expected to be partially offset by an increase in the value of the schemes' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against extreme inflation). The schemes hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the scheme's liabilities. This is particularly significant in the UK defined benefit schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.

NOTES (CONTINUED)

30 EMPLOYEE BENEFITS (CONTINUED)

The following tables set out the disclosures pertaining to the retirement benefit amounts recognised in the financial statements:

Change in present value of defined benefit obligation

Year ended 31 March (INR millions)	2015	2014	2013
Defined benefit obligation at beginning of year	558,910	496,373	405,276
Current service cost	15,512	17,534	10,140
Interest expense	25,300	26,102	20,363
Actuarial (gains) / losses arising from:	-		
Changes in demographic assumptions	(1,847)	(3,885)	(9,481)
Changes in financial assumptions	134,257	(24,209)	78,401
Experience adjustments	9,326	797	1,237
Past service cost	92	598	495
Exchange differences on foreign schemes	-	(199)	82
Member contributions	185	100	577
Benefits paid	(13,758)	(13,649)	(10,635)
Other adjustments	(92)	-	(82)
Defined benefit obligation at end of year	727,885	603,035	496,373

Change in fair value of scheme assets

Year ended 31 March (INR millions)	2015	2014	2013
Fair value of plan assets at beginning of year	496,953	534,492	388,046
Interest income	22,715	23,611	19,621
Remeasurement gain / (loss) on the return of plan assets, excluding amounts included in interest income	108,772	(40,548)	31,657
Administrative expenses	(739)	(797)	(824)
Exchange differences on foreign schemes	92	(199)	82
Employer contributions	31,948	33,175	13,850
Member contributions	185	100	577
Benefits paid	(13,758)	(13,649)	(10,635)
Other adjustments	(92)	-	(82)
Fair value of scheme assets at end of year	646,076	536,185	442,292

The actual return on scheme assets for the year was INR 131,487 million (2014: loss of INR 16,936 million, 2013: return of INR 51,278 million).

NOTES (CONTINUED)

30 EMPLOYEE BENEFITS (CONTINUED)

Amounts recognised in the consolidated income statement consist of:

Year ended 31 March (INR millions)	2015	2014	2013
Current service cost	15,512	17,534	10,140
Past service cost	92	598	495
Administrative expenses	739	797	824
Net interest cost (including onerous obligations)	2,585	2,491	1,237
Components of defined benefit cost recognised in the consolidated income statement	18,929	21,420	12,696

Amounts recognised in the consolidated statement of comprehensive income of:

Year ended 31 March (INR millions)	2015	2014	2013
Actuarial gains / (losses) arising from:			
Changes in demographic assumptions	1,847	3,885	9,481
Changes in financial assumptions	(134,257)	24,209	(78,401)
Experience adjustments	(9,326)	(797)	(1,237)
Remeasurement gain / (loss) on the return of scheme assets, excluding amounts included in interest income	108,772	(40,548)	31,657
Change in restriction of pension asset recognised (as per IFRIC 14)	185	(199)	2,226
Change in onerous obligation, excluding amounts included in interest expense	-	-	7,749
Remeasurement loss on defined benefit obligation	(32,779)	(13,448)	(28,525)

Amounts recognised in the consolidated balance sheet consist of:

As at 31 March (INR millions)	2015	2014	2013
Present value of unfunded defined benefit obligations	(92)	(100)	(82)
Present value of funded defined benefit obligations	(727,793)	(602,935)	(496,290)
Fair value of scheme assets	646,076	536,185	442,292
Restriction of pension asset recognised (as per IFRIC 14)	(92)	(299)	(82)
Net retirement benefit obligation	(81,902)	(67,149)	(54,162)
Presented as non-current liability	(81,902)	(67,149)	(54,162)

The most recent actuarial valuations of scheme assets and the present value of the defined benefit liability for accounting purposes were carried out at 31 March 2015 by a qualified independent actuary. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

NOTES (CONTINUED)

30 EMPLOYEE BENEFITS (CONTINUED)

The principal assumptions used in accounting for the pension schemes are set out below:

Year ended 31 March (%)	2015	2014	2013
Discount rate	3.4	4.6	4.4
Expected rate of increase in compensation level of covered employees	3.6	3.9	3.9
Inflation increase	3.1	3.4	3.4

For the valuation at 31 March 2015, 2014 and 2013, the mortality assumptions used are the SAPS base table, in particular S1NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 115% has been used for the Jaguar Pension Plan, 110% for the Land Rover Pension Scheme, and 105% for males and 90% for females for Jaguar Executive Pension Plan. There is an allowance for future improvements in line with the CMI (2014) projections (2014: CMI (2013) projections, 2013: CMI (2012) projections) and an allowance for long term improvements of 1.25% per annum.

The assumed life expectations on retirement at age 65 are:

At 31 March (years)	2015	2014	2013
Retiring today:			
Males	21.4	20.0	22.2
Females	23.9	24.5	24.6
Retiring in 20 years:			
Males	23.1	23.8	23.9
Females	25.8	26.4	26.6

The below sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on service cost
Discount rate	Increase/decrease by 0.25%	Decrease/increase by INR 44,506 million	Decrease/increase by INR 1,570 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by INR 39,889 million	Increase/decrease by INR 1,477 million
Mortality	Increase/decrease by 1 year	Increase/decrease by INR 19,575 million	Increase/decrease by INR 554 million

NOTES (CONTINUED)

30 EMPLOYEE BENEFITS (CONTINUED)

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

As at 31 March (INR millions)	2015				2014				2013			
	Quoted*	Unquoted	Total	%	Quoted*	Unquoted	Total	%	Quoted*	Unquoted	Total	%
Equity instruments												
Information technology	10,896	-	10,896	1%	7,273	-	7,273	1%	9,810	-	9,810	2%
Energy	6,464	-	6,464	1%	6,077	-	6,077	1%	8,244	-	8,244	2%
Manufacturing	8,864	-	8,864	1%	6,675	-	6,675	1%	8,986	-	8,986	2%
Financials	16,990	-	16,990	3%	12,752	-	12,752	3%	16,735	-	16,735	4%
Other	38,504	-	38,504	6%	27,995	-	27,995	5%	38,252	-	38,252	9%
	81,717	-	81,717	12%	60,772	-	60,772	11%	82,027	-	82,027	19%
Debt instruments												
Government	249,215	1,108	250,323	39%	211,107	-	211,107	40%	173,619	-	173,619	39%
Corporate Bonds (investment grade)	3,509	110,619	114,127	18%	116,263	-	116,263	22%	92,993	-	92,993	21%
Corporate bonds (Non investment grade)	4,986	43,952	48,938	7%	25,105	2,790	27,895	5%	15,004	1,649	16,653	4%
	257,710	155,679	413,389	64%	352,475	2,790	355,265	67%	281,616	1,649	283,265	64%
Property funds												
UK	12,096	10,434	22,530	3%	17,235	-	17,235	3%	10,552	-	10,552	2%
Other	4,801	1,570	6,371	1%	6,276	-	6,276	1%	4,864	-	4,864	1%
	16,898	12,004	28,901	4%	23,511	-	23,511	4%	15,416	-	15,416	3%
Cash and cash equivalents	12,004	-	12,004	2%	35,865	-	35,865	7%	16,818	-	16,818	4%
Other												
Hedge Funds	25,762	10,434	36,196	6%	27,596	3,088	30,684	6%	23,495	2,638	26,133	6%
Private Markets	8,587	8,957	17,544	3%	3,885	3,885	7,770	1%	2,061	2,061	4,122	1%
Alternatives	7,110	9,695	16,805	3%	19,726	2,192	21,918	4%	15,087	1,649	16,736	4%
	41,459	29,086	70,545	12%	51,207	9,165	60,372	11%	40,643	6,348	46,991	11%
Derivatives												
Foreign exchange contracts	(1,200)	-	(1,200)	-	399	-	399	0%	(2,226)	-	(2,226)	(1%)
Interest Rate and Inflation	-	40,720	40,720	6%	-	-	-	-	-	-	-	-
	(1,200)	40,720	39,520	6%	399	-	399	-	(2,226)	-	(2,226)	(1%)
Total	408,587	237,488	646,076	100%	524,229	11,955	536,184	100%	434,294	7,997	442,291	100%

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

The split of level 1 assets is 63% (2014: 79%, 2013: 82%), level 2 assets 33% (2014: 20%, 2013: 17%) and level 3 assets 4% (2014: 1%, 2013: 1%).

NOTES (CONTINUED)

30 EMPLOYEE BENEFITS (CONTINUED)

The group has agreed that it will aim to eliminate the pension scheme funding deficits over the next 7 years. Funding levels are monitored on an annual basis and the current agreed contribution rate is 22.3% of pensionable salaries in the UK. The next triennial valuation was carried out as at 5 April 2015 and is due to be completed by 5 June 2016. The group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The average duration of the benefit obligation at 31 March 2015 is 23.5 years (2014: 22.5 years, 2013: 22.5 years).

The expected net periodic pension cost for the year ended 31 March 2016 is INR 24,007 million. The group expects to contribute INR 831 million to its schemes in the year ended 31 March 2016.

DEFINED CONTRIBUTION FUND

The group's contribution to defined contribution plans for the year ended 31 March 2015 was INR 3,047 million (2014: INR 2,291 million, 2013: INR 989 million).

NOTES (CONTINUED)

31 COMMITMENTS AND CONTINGENCIES

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

The following is a description of claims and assertions where a potential loss is possible, but not probable. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the group's financial condition, results of operations or cash flows.

LITIGATION

The group is involved in legal proceedings, both as plaintiff and as defendant and there are claims as at 31 March 2015 of INR 1,847 million (2014: INR 2,690 million, 2013: INR 1,319 million) against the group which management have not recognised as they are not considered probable. The majority of these claims pertain to motor accident claims and consumer complaints. Some of the cases also relate to the replacement of parts of vehicles and/or compensation for deficiency in the services by the group or its dealers.

OTHER TAXES AND DUES

The Group had no significant tax matters in dispute at 31 March 2015 (31 March 2014: INR nil, 31 March 2013: INR nil) where a potential loss was considered possible.

During the year the Group's Brazilian subsidiary has received a demand for INR 3,232 m in relation to additional indirect taxes (PIS and COFINS) claimed as being due on local vehicle and parts sales made in 2010. The matter is currently being contested before the Brazilian appellate authorities. Professional legal opinions obtained in Brazil fully support that the basis of the tax authority's assertion is incorrect and, as a result, the likelihood of any settlement ultimately having to be made is considered remote.

COMMITMENTS

The group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating to INR 77,654 million (2014: INR 93,648 million, 2013: INR 23,743 million).

The group has entered into various contracts with vendors and contractors which include obligations aggregating to INR 59,280 million (2014: INR 71,432 million, 2013: INR 73,124 million) to purchase minimum or fixed quantities of material and other procurement commitments.

Commitments related to leases are set out in note 34.

Inventory of INR nil (2014: INR nil, 2013: INR nil) and trade receivables with a carrying amount of INR 14,404 million (2014: INR 16,637 million, 2013: INR 19,951 million) and property, plant and equipment with a carrying amount of INR nil (2014: INR nil, 2013: vnil) and restricted cash with a carrying amount of INR nil (2014: INR nil, 2013: INR 9,068 million) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of INR nil.

Stipulated within the joint venture agreement for Chery Jaguar Land Rover Automotive Co. Limited is a commitment for the group to contribute a total of CNY 3,500 million of capital, of which CNY 2,875 million has been contributed as at 31 March 2015. The outstanding commitment of CNY 625 million translates to INR 5,263 million at year-end exchange rates.

NOTES (CONTINUED)

32 CAPITAL MANAGEMENT

The group's objectives when managing capital are to ensure the going concern operation of its entities and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The group's policy is to borrow primarily through capital market debt issues to meet anticipated funding requirements and maintain sufficient liquidity. The group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to group policies approved by the Board and is monitored by various metrics such as debt to Adjusted EBITDA and Adjusted EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

The following table summarises the capital of the group:

As at 31 March (INR millions)	2015	2014	2013
Short term debt	14,774	17,136	27,452
Long term debt	220,683	184,905	153,092
Total debt*	235,457	202,041	180,544
Equity	557,710	584,205	291,756
Total capital	793,167	786,246	472,300

* Total debt includes finance lease obligations of INR 1,200 million (2014: INR 1,793 million, 2013: INR 1,896 million).

NOTES (CONTINUED)

33 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(A) FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2015:

Financial assets					
(INR millions)	Loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	296,214	-	-	296,214	296,214
Short term deposits	97,415	-	-	97,415	97,415
Trade receivables	102,678	-	-	102,678	102,678
Other financial assets - current	3,509	16,159	92	19,760	19,760
Other financial assets - non-current	2,493	1,847	185	4,524	4,524
Total financial assets	502,308	18,006	277	520,591	520,591
Financial liabilities					
(INR millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	503,232	-	-	503,232	503,232
Short term borrowings	14,404	-	-	14,404	14,404
Long term borrowings	219,852	-	-	219,852	227,054
Other financial liabilities - current	20,868	61,773	2,585	85,226	85,226
Other financial liabilities - non-current	923	72,853	3,970	77,747	77,747
Total financial liabilities	759,280	134,626	6,556	900,462	907,664

NOTES (CONTINUED)

33 FINANCIAL INSTRUMENTS (CONTINUED)

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2014:

Financial assets					
(INR millions)	Loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	225,154	-	-	225,154	225,154
Short term deposits	119,451	-	-	119,451	119,451
Trade receivables	82,789	-	-	82,789	82,789
Other financial assets - current	3,088	34,769	1,196	39,053	39,053
Other financial assets - non-current	3,686	41,345	2,092	47,123	47,123
Total financial assets	434,168	76,114	3,288	513,570	513,570
Financial liabilities					
(INR millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	476,908	-	-	476,908	476,908
Short term borrowings	16,637	-	-	16,637	16,637
Long term borrowings	183,610	-	-	183,610	197,458
Other financial liabilities - current	21,121	5,380	1,096	27,597	27,597
Other financial liabilities - non-current	1,395	3,686	1,793	6,874	6,874
Total financial liabilities	699,671	9,066	2,889	711,626	725,474

NOTES (CONTINUED)

33 FINANCIAL INSTRUMENTS (CONTINUED)

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2013:

Financial assets					
(INR millions)	Loans and receivables	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	170,816	-	-	170,816	170,816
Short term deposits	63,891	-	-	63,891	63,891
Trade receivables	76,422	-	-	76,422	76,422
Other financial assets - current	11,954	2,473	82	14,509	14,509
Other financial assets - non-current	6,018	4,204	5,854	16,076	16,076
Total financial assets	329,101	6,677	5,936	341,714	341,714

Financial liabilities					
(INR millions)	Other financial liabilities	Derivatives in cash flow hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
Accounts payable	348,475	-	-	348,475	348,475
Short term borrowings	27,040	-	-	27,040	27,040
Long term borrowings	151,608	-	-	151,608	169,662
Other financial liabilities - current	18,714	14,757	2,226	35,697	35,697
Other financial liabilities - non-current	1,566	12,861	4,287	18,714	18,714
Total financial liabilities	547,403	27,618	6,513	581,534	599,588

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.

NOTES (CONTINUED)

33 FINANCIAL INSTRUMENTS (CONTINUED)

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2015:

INR millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount not offset in the balance sheet	Cash collateral (received) / pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	75,439	(57,156)	18,283	(18,283)	-	-
Cash and cash equivalents	304,801	(8,587)	296,214	-	-	296,214
	380,240	(65,743)	314,497	(18,283)	-	296,214
Financial liabilities						
Derivative financial liabilities	198,338	(57,156)	141,182	(18,283)	-	122,899
Short-term borrowings	22,992	(8,587)	14,404	-	-	14,404
	221,330	(65,743)	155,586	(18,283)	-	137,304

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2014:

INR millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount not offset in the balance sheet	Cash collateral (received) / pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	85,180	(5,778)	79,402	(11,955)	-	67,447
Cash and cash equivalents	227,346	(2,192)	225,154	-	-	225,154
	312,526	(7,970)	304,556	(11,955)	-	292,601
Financial liabilities						
Derivative financial liabilities	17,733	(5,778)	11,955	(11,955)	-	-
Bank Overdrafts	2,192	(2,192)	-	-	-	-
Short-term borrowings	16,637	-	16,637	-	-	16,637
	36,562	(7,970)	28,592	(11,955)	-	16,637

NOTES (CONTINUED)

33 FINANCIAL INSTRUMENTS (CONTINUED)

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2013:

INR millions	Gross amount recognised	Gross amount of recognised set off in the balance sheet	Net amount presented in the balance sheet	Gross amount not offset in the balance sheet	Cash collateral (received) / pledged	Net amount after offsetting
Financial assets						
Derivative financial assets	13,520	(906)	12,614	(8,656)	-	3,958
Restricted cash	13,108	-	13,108	-	(9,068)	4,040
	26,628	(906)	25,722	(8,656)	(9,068)	7,998
Financial liabilities						
Derivative financial liabilities	35,037	(906)	34,131	(8,656)	-	25,475
Short-term debt	27,040	-	27,040	-	(9,068)	17,972
	62,077	(906)	61,171	(8,656)	(9,068)	43,447

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels.

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There has been no change in the valuation techniques adopted or any transfers between fair value levels.

The financial instruments that are measured subsequent to initial recognition at fair value are classified as Level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Fair value of forward derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves from Reuters. Commodity swap contracts are similarly fair valued by discounting expected future contractual cash flows. Option contracts on foreign currency are entered into on a zero cost collar basis and fair value estimates are calculated from standard Black-Sholes options pricing methodology, using prevailing market interest rates and volatilities.

Additionally, a Credit Valuation Adjustment (CVA) is taken on derivative financial assets and liabilities and is calculated by discounting the fair value gain or loss on the financial derivative using credit default swap (CDS) prices quoted for the counterparty or JLR respectively. CDS prices are obtained from Bloomberg.

The long term unsecured listed bonds are held at amortised cost. Its fair value for disclosure purposes is determined using Level 1 valuation techniques, based on the closing price at 31 March 2015 on the Euro MTF market.

Fair values of cash and cash equivalents, short term deposits, trade receivables and payables, short term borrowings, other financial assets and liabilities (current and non-current excluding derivatives) are assumed to approximate to cost due to the short term maturing of the instruments and as the impact of discounting is not significant.

NOTES (CONTINUED)

33 FINANCIAL INSTRUMENTS (CONTINUED)

At 31 March 2015, the fair value of prepayment options of INR nil (2014: INR nil, 2013: INR 3,875 million) related to the GBP 500 million and USD 410 million senior notes due 2018 which were bifurcated but were repaid early in the year ended 31 March 2014. The fair value represents the difference in the traded market price of the bonds and the expected price the bonds would trade at if they did not contain any prepayment features. The expected price is based on market inputs including credit spreads and interest rates.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2015, 31 March 2014 and 31 March 2013 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

(B) FINANCIAL RISK MANAGEMENT

As discussed in the Management Report under the section Business Risks and Mitigating factors, the group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The group has a risk management framework in place which monitors all of these risks.

(C) FOREIGN CURRENCY EXCHANGE RATE RISK

The fluctuation in foreign currency exchange rates may have potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan and Euro against the functional currency of the company and its subsidiaries.

The group uses foreign currency contracts to hedge its risk associated with foreign currency fluctuations relating to highly probable forecast transactions. The fair value of such contracts as of 31 March 2015 was a net liability of INR 116,620 million (2014: net asset of INR 67,048 million, 2013: net liability of INR 20,940 million).

Cash flow hedges are expected to be recognised in profit or loss during the years ending 31 March 2016 to 2020. The group also has a number of foreign currency options which are entered into as an economic hedge of the financial risks of the group. The time value of options is excluded from the hedge relationship and thus the change in time value is recognised immediately in the income statement.

Changes in the fair value of foreign currency contracts, to the extent determined to be an effective hedge, are recognised in the statement of other comprehensive income and the ineffective portion of the fair value change is recognised in the income statement. Accordingly, the fair value change of net loss of INR 163,250 million (2014: gain of INR 103,710 million, 2013: loss of INR 23,743 million) was recognised in other comprehensive income. The loss due to hedge ineffectiveness of INR 10,434 million (2014: gain of INR 498 million, 2013: loss of INR 82 million) has been recognised in foreign exchange gain/(loss) in the consolidated income statement. Included within these amounts is a loss of INR 462 million (2014: gain of INR 462 million, 2013: loss of INR 92 million) where forecast transactions are no longer expected to occur. The loss on derivative contracts not eligible for hedging was INR 4,894 million (2014: gain of INR 5,679 million, 2013: loss of INR 907 million) which has been recognised in foreign exchange (loss)/gain in the consolidated income statement.

A 10% depreciation/appreciation of the foreign currency underlying such contracts would have resulted in an approximate additional gain/(loss) of INR 122,345 million / (INR 134,441) million (2014: INR 73,125 million / (88,966) million, 2013: INR 2,391 million / INR (2,391) million) in equity and a gain/(loss) of INR 5,448 million / (INR 1,385) million (2014: INR 5,081 million / (3,088) million, 2013: INR 660 million / INR (660) million) in the consolidated income statement.

NOTES (CONTINUED)

33 FINANCIAL INSTRUMENTS (CONTINUED)

In addition to using derivative contracts to economically hedge future purchases in US dollars, the group issues bonds denominated in US dollars to give a degree of natural hedging of future sales revenues.

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

As at 31 March 2015 (INR millions)	US Dollar	Chinese Yuan	Euro	*Others	Total
Financial assets	727	742	483	312	2,264
Financial liabilities	(2,139)	(756)	(1,098)	(182)	(4,175)
Net exposure asset / (liability)	(1,412)	(14)	(615)	130	(1,911)

A 10% appreciation / depreciation of the USD, Chinese Yuan and Euro would result in an increase / decrease in the group's net profit before tax and total equity by approximately INR 13,019 million, INR 92 million and INR 5,725 million respectively for the year ended 31 March 2015.

The following table sets forth information relating to foreign currency exposure as of 31 March 2014:

As at 31 March 2014 (INR millions)	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
Financial assets	46,127	83,686	29,489	1,694	31,681	192,677
Financial liabilities	(158,803)	(71,232)	(131,705)	(6,177)	(22,316)	(390,033)
Net exposure asset / (liability)	(112,676)	12,454	(102,216)	(4,483)	9,365	(197,356)

A 10% appreciation / depreciation of the USD, Chinese Yuan, Euro and Yen would result in an increase / decrease in the group's net profit before tax and total equity by approximately INR 11,258 million, INR 1,196 million, INR 10,261 million and INR 399 million respectively for the year ended 31 March 2014.

The following table sets forth information relating to foreign currency exposure as of 31 March 2013:

As at 31 March 2013 (INR millions)	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
Financial assets	27,370	54,988	21,352	2,885	393	1,651
Financial liabilities	(104,369)	(54,328)	(91,756)	(7,337)	(328)	(3,366)
Net exposure asset / (liability)	(76,999)	660	(70,404)	(4,452)	65	(1,715)

A 10% appreciation / depreciation of the USD, Chinese Yuan, Euro and Yen would result in an increase / decrease in the group's net profit before tax and total equity by approximately INR 7,667 million, INR 82 million, INR 7,007 million and INR 412 million respectively for the year ended 31 March 2013.

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

(D) COMMODITY PRICE RISK

The group is exposed to commodity price risk arising from the purchase of certain raw materials. This risk is mitigated through the use of derivative contracts and fixed price contracts with suppliers. The derivative contracts do not qualify for hedge accounting as the commodity exposure does not meet the hedge accounting requirements of IAS39.

NOTES (CONTINUED)

33 FINANCIAL INSTRUMENTS (CONTINUED)

The total loss on commodities of INR 3,509 million (2014: loss of INR 1,793 million, 2013: loss of INR 824 million) has been recognised in other income in the consolidated income statement.

A 10% depreciation/appreciation of all commodity prices underlying such contracts would have resulted in a gain/(loss) of INR 4,801 million (2014: INR 3,324 million, 2013: INR 1,570 million).

(E) INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the group.

In addition to issuing long term fixed-rate bonds, the group has other facilities in place which are primarily used to finance working capital that are subject to variable interest rates. When undertaking a new debt issuance the Board will consider the fixed/floating interest rate mix of the group, the outlook for future interest rates and the appetite for certainty of funding costs.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the year.

As of 31 March 2015 net financial liabilities of INR 14,404 million (2014: INR 16,637 million, 2013: INR 18,137 million) were subject to the variable interest rate. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of INR 184 million (2014: INR 199 million, 2013: INR 165 million) in the consolidated income statement.

The group is also exposed to interest rate risk with regard to the reported fair value of the prepayment options. At 31 March 2015, had interest rates been 25 basis points higher / lower with all other variables constant, consolidated profit for the year would be INR nil lower / INR nil higher (2014: INR nil lower / INR nil higher, 2013: INR 742 million lower / INR 742 million higher), mainly as a result of higher / lower finance expense.

(F) LIQUIDITY RISK

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and undrawn borrowing facilities to meet the group's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

NOTES (CONTINUED)

33 FINANCIAL INSTRUMENTS (CONTINUED)

As at 31 March 2015 (INR millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term borrowings	219,852	283,102	10,249	10,157	139,428	123,269
Short term borrowings	14,404	14,404	14,404	-	-	-
Finance lease obligations	1,200	1,385	554	462	369	-
Other financial liabilities	20,591	21,699	19,391	1,108	1,200	-
Accounts payable	503,232	503,232	503,232	-	-	-
Derivative financial instruments	141,182	175,716	69,529	56,879	49,307	-
Total contractual maturities	900,462	999,538	617,359	68,606	190,305	123,269

As at 31 March 2014 (INR millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term borrowings	183,610	263,311	9,265	11,557	76,513	165,976
Short term borrowings	16,637	16,637	16,637	-	-	-
Finance lease obligations	1,793	1,993	598	598	797	-
Other financial liabilities	20,722	25,405	21,818	1,295	2,291	-
Accounts payable	476,908	476,908	476,908	-	-	-
Derivative financial instruments	11,955	12,951	7,073	4,782	1,096	-
Total contractual maturities	711,625	797,205	532,299	18,232	80,697	165,976

As at 31 March 2013 (INR 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	151,608	236,439	11,789	11,789	35,449	177,411
Short term borrowings	27,040	27,288	27,288	-	-	-
Finance lease obligations	1,896	2,308	495	495	1,154	165
Other financial liabilities	18,384	20,033	19,044	660	330	-
Accounts payable	348,475	348,475	348,475	-	-	-
Derivative financial instruments	34,130	34,130	16,983	9,810	7,337	-
Total contractual maturities	581,533	668,673	424,074	22,754	44,270	177,576

NOTES (CONTINUED)

33 FINANCIAL INSTRUMENTS (CONTINUED)

(H) CREDIT RISK

The majority of the group's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

All group cash is invested according to strict credit criteria and actively monitored by Group Treasury in conjunction with the current market valuation of derivative contracts. To support this, the Board has implemented an investment policy which places limits on the maximum cash investment that can be made with any single counterparty depending on their published external credit rating.

To a lesser extent the group has an exposure to counterparties on trade receivables. The group will seek to mitigate credit risk on sales to third parties through the use of payment at the point of delivery, credit insurance and letters of credit from banks which meet internal rating criteria.

None of the financial instruments of the group result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the group's cash equivalents, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2015 (2014, 2013: no indications) that defaults in payment obligations will occur.

Trade and other receivables past due and impaired are set out below:

As at 31 March (INR millions)	2015 Gross	2015 Impairment	2014 Gross	2014 Impairment	2013 Gross	2013 Impairment
Not yet due	98,800	-	79,202	2	199	-
Overdue < 3 months	5,171	-	5,181	-	-	82
Overdue >3<6 months	369	185	399	-	-	165
Overdue >6 months	1,108	831	996	6	598	577
Total	105,448	1,016	85,778	8	797	824

Included within trade receivables is INR 14,404 million (2014: INR 16,637 million, 2013: INR 19,951 million) of receivables which are part of a debt factoring arrangement. These assets do not qualify for derecognition due to the recourse arrangements in place. The related liability of INR 14,404 million (2014: INR 16,637 million, 2013: INR 19,951 million) is in short term borrowings. Both the asset and associated liability are stated at fair value.

NOTES (CONTINUED)

34 LEASES

LEASES AS LESSEE

Non-cancellable finance lease rentals are payable as follows:

As at 31 March (INR millions)	2015	2014	2013
Less than one year	369	498	412
Between one and five years	831	1,295	1,319
More than five years	-	-	165
Total lease payments	1,200	1,793	1,896

The above leases relate to amounts payable under the minimum lease payments on plant and machinery. The group leased certain of its manufacturing equipment under finance lease. The average lease term is 8 years. The group has options to purchase certain equipment for a nominal amount at the end of lease term.

Non-cancellable operating lease rentals are payable as follows:

As at 31 March (INR millions)	2015	2014	2013
Less than one year	4,340	2,590	660
Between one and five years	5,540	3,885	1,319
More than five years	2,401	1,793	824
Total lease payments	12,281	8,268	2,803

The group leases a number of properties and plant and machinery under operating leases.

LEASES AS LESSOR

The future minimum lease receipts under non-cancellable operating leases are as follows:

As at 31 March (INR millions)	2015	2014	2013
Less than one year	185	399	330
Between one and five years	-	-	-
More than five years	-	-	-
Total lease receipts	185	399	330

The above leases relate to amounts receivable in respect of land and buildings and fleet car sales. The average lease life is less than one year.

35 SEGMENT REPORTING

Operating segments are defined as components of the group about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

The JLR group operates in the automotive segment. The automotive segment includes all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories from which the group derives its revenues. The group has only one operating segment, so no separate segment report is given.

The geographic spread of sales and non-current assets is as disclosed below:

(INR millions)	UK	US	China	Rest of Europe	Rest of World	Total
31 March 2015						
Revenue	329,086	287,350	701,293	295,476	405,817	2,019,021
Non-current assets	863,989	1,477	1,016	923	2,955	870,360
31 March 2014						
Revenue	297,781	267,296	666,197	296,685	403,384	1,931,343
Non-current assets	734,839	1,295	797	996	1,694	739,621
31 March 2013						
Revenue	214,839	176,175	425,474	207,255	277,494	1,301,237
Non-current assets	479,307	1,154	330	824	1,237	482,852

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

NOTES (CONTINUED)

36 RELATED PARTY TRANSACTIONS

The group's related parties principally consist of Tata Sons Limited, subsidiaries, associates and joint ventures of Tata Sons Limited which includes Tata Motors Limited (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Limited. The group routinely enters into transactions with these related parties in the ordinary course of business including transactions for sale and purchase of products with its associates and joint ventures. Transactions and balances with the group's own subsidiaries are eliminated on consolidation.

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

(INR millions)	With joint ventures of the Group	With fellow subsidiaries, associates and joint ventures of Tata Sons	With immediate or ultimate parent
31 March 2015			
Sale of products	13,758	-	6,002
Purchase of goods	-	-	4,709
Services received	831	12,558	1,200
Services rendered	2,124	277	-
Trade and other receivables	4,340	1,662	2,493
Accounts payable	-	2,493	1,108
31 March 2014	-	-	-
Sale of products	-	-	5,078
Services received	831	13,666	923
Services rendered	2,401	-	-
Trade and other receivables	1,385	-	1,385
Accounts payable	-	462	92
31 March 2013	-	-	-
Sale of products	-	-	4,801
Services received	-	8,310	1,477
Services rendered	831	-	-
Trade and other receivables	739	-	-
Accounts payable	-	2,493	185
Loans given	739	-	-

Compensation of key management personnel

Year ended 31 March (INR millions)	2015	2014	2013
Short term benefits	2,216	1,921	1,108
Post-employment benefits	185	92	-
Compensation for loss of office	92	-	-
Total compensation of key management personnel	2,493	2,013	1,108

In addition to the compensation noted above, a loan of INR 64 million was granted to a member of key management personnel in the year ended 31 March 2014. This loan is for a term of 8 years and is interest bearing at the HMRC official rate.

Refer to note 30 for information on transactions with post-employment benefit plans.

NOTES (CONTINUED)

37 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte Limited (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai – 400001, India.

38 SUBSEQUENT EVENTS

In May 2015, the company proposed an ordinary dividend of INR 13,850 million to its immediate parent TML Holdings Pte Limited (Singapore). This amount was paid in full in June 2015.

PARENT COMPANY BALANCE SHEET

As at 31 March (INR millions)	Note	2015	2014	2013
Non-current assets				
Investments	39	152,816	164,881	136,439
Other financial assets	40	221,976	186,101	161,088
Other non-current assets	41	462	598	330
Deferred tax assets	42	739	797	-
Total non-current assets		375,993	352,376	297,857
Current assets				
Cash and cash equivalents	43	-	100	82
Other financial assets	40	6,094	6,077	6,018
Other current assets	41	277	199	412
Total current assets		6,371	6,376	6,513
Total assets		382,364	358,752	304,369
Current liabilities				
Other financial liabilities	45	2,862	2,789	3,215
Deferred finance income		277	199	412
Current income tax liabilities		1,108	1,196	907
Total current liabilities		4,247	4,184	4,534
Non-current liabilities				
Long term borrowings	44	219,852	183,610	151,608
Other financial liabilities	45	-	-	3,875
Deferred finance income		2,585	3,088	2,885
Total non-current liabilities		222,438	186,699	158,368
Total liabilities		226,685	190,883	162,902
Equity attributable to equity holders of the parent				
Ordinary share capital	46	138,596	149,538	123,743
Capital redemption reserve	46	15,420	16,637	13,768
Retained earnings		1,662	1,694	3,957
Equity attributable to equity holders of the parent		155,679	167,869	141,467
Total liabilities and equity		382,364	358,752	304,369

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

Dr Ralf Speth

Chief Executive Officer

Company registered number: 06477691

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(INR millions)	Ordinary share capital	Capital redemption reserve	Profit and loss reserve	Total equity
Balance at 1 April 2014	138,596	15,420	1,570	155,586
Profit for the year	-	-	13,943	13,943
Total comprehensive income	-	-	13,943	13,943
Dividend paid	-	-	(13,850)	(13,850)
Balance at 31 March 2015	138,596	15,420	1,662	155,679
-	-	-	-	-
Balance at 1 April 2013	149,538	16,637	4,782	170,958
Profit for the year	-	-	11,855	11,855
Total comprehensive income	-	-	11,855	11,855
Dividend paid	-	-	(14,944)	(14,944)
Balance at 31 March 2014	149,538	16,637	1,693	167,869
-	-	-	-	-
Balance at 1 April 2012	123,743	13,768	1,814	139,324
Profit for the year	-	-	14,509	14,509
Total comprehensive income	-	-	14,509	14,509
Dividend paid	-	-	(12,366)	(12,366)
Balance at 31 March 2013	123,743	13,768	3,957	141,467

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March (INR millions)	2015	2014	2013
Cash flows used in operating activities			
Profit for the year	151	11,855	2,143
Adjustments for:			
Foreign exchange loss / (gain) on loans	-	100	(660)
Loss / (gain) on embedded derivatives	-	4,682	(3,875)
Income tax (credit) / expense	-	(797)	989
Dividends received	(150)	(14,944)	-
Finance income	(227)	(28,393)	(11,129)
Finance expense	225	23,512	11,129
Cash flows used in operating activities before changes in assets and liabilities	(1)	(3,985)	(1,403)
Other financial assets	(383)	(1,893)	16,077
Other current liabilities	2	199	(82)
Net cash used in operating activities	(382)	(5,679)	14,592
Cash flows from investing activities			
Finance income received	222	30,187	9,975
Dividends received	150	14,944	12,366
Net cash from investing activities	372	45,131	22,341
Cash flows from / (used in) financing activities			
Finance expenses and fees paid	(220)	(32,777)	(11,624)
Proceeds from issuance of long term borrowings	1,032	82,590	-
Repayment of long term borrowings	(653)	(74,321)	-
Repayment of short term borrowings	-	-	(12,943)
Dividends paid	(150)	(14,944)	(12,366)
Net cash from / (used in) financing activities	9	(39,452)	(36,933)
Net change in cash and cash equivalents	(1)	-	-
Cash and cash equivalents at beginning of year	1	100	82
Cash and cash equivalents at end of year	-	100	82

NOTES (CONTINUED)

39 INVESTMENTS

Investments consist of the following:

(INR millions)	2015	2014	2013
Cost of unquoted equity investments at beginning and end of year	152,816	152,816	152,816

The company has not made any investments or disposals of investments in the year.

The company has the following 100% direct interest in the ordinary shares of a subsidiary undertaking:

Subsidiary undertaking	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Holdings Limited	England and Wales	Holding company

The shareholding above is recorded at acquisition value in the company's accounts. Details of the indirect subsidiary undertakings are as follows, each being a 100% indirect interest in the ordinary share capital of the Jaguar Land Rover Holdings Limited:

Name of company	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover Limited	England and Wales	Manufacture and sale of motor vehicles
Jaguar e Land Rover Brazil Importacao e Comercio de Veiculos Ltda	Brazil	Distribution and sales
Jaguar Land Rover (South Africa) (Pty) Ltd	South Africa	Distribution and sales
Jaguar Land Rover Australia Pty Limited	Australia	Distribution and sales
Jaguar Land Rover Austria GmbH	Austria	Distribution and sales
Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd	China	Distribution and sales
Jaguar Land Rover Belux N.V.	Belgium	Distribution and sales
Jaguar Land Rover Canada, ULC	Canada	Distribution and sales
Jaguar Land Rover Deutschland GmbH	Germany	Distribution and sales
Jaguar Land Rover Espana SL	Spain	Distribution and sales
Jaguar Land Rover France SAS	France	Distribution and sales
Jaguar Land Rover India Limited	India	Distribution and sales
Jaguar Land Rover Italia SpA	Italy	Distribution and sales
Jaguar Land Rover Japan Limited	Japan	Distribution and sales
Jaguar Land Rover Korea Company Limited	Korea	Distribution and sales
Jaguar Land Rover Nederland BV	Holland	Distribution and sales
Jaguar Land Rover North America, LLC	USA	Distribution and sales
Jaguar Land Rover Portugal-Veiculos e Pecas, Lda	Portugal	Distribution and sales
Limited Liability Company "Jaguar Land Rover" (Russia)	Russia	Distribution and sales

NOTES (CONTINUED)

39 INVESTMENTS (CONTINUED)

Name of company	Principal place of business and country of incorporation	Principal activity
Jaguar Land Rover (South Africa) Holdings Ltd	England and Wales	Holding company
JLR Nominee Company Limited	England and Wales	Non-trading
Land Rover Ireland Limited	Ireland	Non-trading
JDHT Limited	England and Wales	Non-trading
Daimler Transport Vehicles Limited	England and Wales	Dormant
Jaguar Cars (South Africa) (Pty) Ltd	South Africa	Dormant
Jaguar Cars Limited	England and Wales	Dormant
Land Rover Exports Limited	England and Wales	Dormant
Land Rover Parts Limited	England and Wales	Dormant
S S Cars Limited	England and Wales	Dormant
The Daimler Motor Company Limited	England and Wales	Dormant
The Jaguar Collection Limited	England and Wales	Dormant
The Lanchester Motor Company Limited	England and Wales	Dormant
Jaguar Land Rover Pension Trustee Limited	England and Wales	Pension trustee

Details of the indirect holdings in equity accounted investees are given in note 13 to the consolidated financial statements.

40 OTHER FINANCIAL ASSETS

As at 31 March (INR millions)	2015	2014	2013
Non-current			
Receivables from subsidiaries	221,976	186,101	161,088
Current			
Receivables from subsidiaries	6,094	6,077	6,018

41 OTHER ASSETS

As at 31 March (INR millions)	2015	2014	2013
Non-current			
Prepaid expenses	462	598	330
Current			
Prepaid expenses	277	199	412

42 DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 2015 the company has recognised a deferred tax asset of INR 738 million (2014: INR 797 million) in relation to tax losses. The company had no deferred tax assets or liabilities either recognised or unrecognised at 31 March 2013.

43 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (INR millions)	2015	2014	2013
Cash and cash equivalents	-	100	82

NOTES (CONTINUED)

44 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (INR millions)	2015	2014	2013
EURO MTF listed debt	219,852	183,610	151,608
Long term borrowings	219,852	183,610	151,608

EURO MTF LISTED DEBT

The bonds are listed on the EURO MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the bonds outstanding at 31 March 2015 are as follows:

- \$84 million Senior Notes due 2021 at a coupon of 8.125% per annum – issued May 2011
- £58 million Senior Notes due 2020 at a coupon of 8.250% per annum – issued March 2012
- \$500 million Senior Notes due 2023 at a coupon of 5.625% per annum – issued January 2013
- \$700 million Senior Notes due 2018 at a coupon of 4.125% per annum – issued December 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000% per annum – issued January 2014
- \$500 million Senior Notes due 2019 at a coupon of 4.250% per annum – issued October 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875% per annum – issued February 2015
- \$500 million Senior Notes due 2020 at a coupon of 3.500% per annum – issued March 2015

The bond funds raised during the year were used to repay both long-term and short-term debt and provide additional cash facilities for the company.

Details of the tranches of the bonds repaid in the year ended 31 March 2015 are as follows:

- \$326 million Senior Notes due 2021 at a coupon of 8.125% per annum – issued May 2011
- £442 million Senior Notes due 2020 at a coupon of 8.250% per annum – issued March 2012

Details of the tranches of the bonds repaid in the year ended 31 March 2014 are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125% per annum – issued May 2011
- \$410 million Senior Notes due 2018 at a coupon of 7.75% per annum – issued May 2011

The contractual cash flows of interest bearing borrowings as of 31 March 2015 is set out below, including estimated interest payments and assumes the debt will be repaid at the maturity date.

As at 31 March (INR millions)	2015	2014	2013
Due in			
1 year or less	11,357	11,656	11,789
2nd and 3rd years	22,161	23,014	23,660
4th and 5th years	129,548	64,956	23,660
More than 5 years	123,361	165,976	177,329
Total contractual cash flows	286,427	265,602	236,438

NOTES (CONTINUED)

45 OTHER FINANCIAL LIABILITIES

As at 31 March (INR millions)	2015	2014	2013
Current			
Interest payable	2,216	2,291	2,968
Other	646	498	247
Total current other financial liabilities	2,862	2,789	3,215
Non-current			
Derivative financial instruments	-	-	3,875
Total non-current other financial liabilities	-	-	3,875

46 CAPITAL AND RESERVES

As at 31 March (INR millions)	2015	2014	2013
Allotted, called up and fully paid			
1,500,642,163 ordinary shares of INR 92.34 each	138,596	149,538	123,743
Total capital	138,596	149,538	123,743

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 INR 15,420 million (2014 INR 16,637 million 2013: INR 15,420 million) was created in March 2011 on the cancellation of share capital.

47 DIVIDENDS

Year ended 31 March (INR millions)	2015	2014	2013
Dividend proposed for the previous year paid during the year of INR 9.23 (2014: INR nil, 2013: INR nil) per ordinary share	13,850	14,944	-
Dividend for the year paid during the year of INR nil (2014: INR nil, 2013: INR 9.23) per ordinary share	-	-	12,366
Amounts recognised as distributions to equity holders during the year	13,850	14,944	12,366
Proposed dividend for the year of INR 9.23 (2014: INR 9.23, 2013: INR 9.23) per ordinary share	13,850	14,944	12,366

The proposed dividend for the year ended 31 March 2015 was paid in full in June 2015. Preference shares of INR 14,497 million were repaid in the year ended 31 March 2013, along with preference share dividends of INR 1,293 million.

NOTES (CONTINUED)

48 COMMITMENTS AND CONTINGENCIES

The company does not have any commitments or contingencies at 31 March 2015, 2014 or 2013.

49 CAPITAL MANAGEMENT

The company's objectives when managing capital are to ensure the going concern operation of its entities and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The company's policy is to borrow primarily through capital market debt issues to meet anticipated funding requirements and maintain sufficient liquidity. The company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to company policies approved by the Board and is monitored by various metrics such as debt to Adjusted EBITDA and Adjusted EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

As at 31 March (INR millions)	2014	2013	2012
Long term debt	219,852	183,610	151,608
Total debt	219,852	183,610	151,608
Equity	155,679	167,869	141,467
Total capital	375,531	351,479	293,075

50 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(A) FINANCIAL ASSETS AND LIABILITIES

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2015:

Financial assets				
(INR millions)	Loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
Other financial assets - current	6,094	-	6,094	6,094
Other financial assets - non current	221,976	-	221,976	221,976
Total financial assets	228,070	-	228,070	228,070
Financial liabilities				
(INR millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
Other financial liabilities - current	2,862	-	2,862	2,862
Long term borrowings	219,852	-	219,852	227,054
Total financial liabilities	222,715	-	222,715	229,917

NOTES (CONTINUED)

50 FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2014:

Financial assets

(INR millions)	Loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	100	-	100	100
Other financial assets - current	6,077	-	6,077	6,077
Other financial assets - non current	186,101	-	186,101	186,101
Total financial assets	192,278	-	192,278	192,278

Financial liabilities

(INR millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
Other financial liabilities - current	2,790	-	2,790	2,790
Long term borrowings	183,610	-	183,610	197,458
Total financial liabilities	186,400	-	186,400	200,248

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2013:

Financial assets

(INR millions)	Loans and receivables	Fair value through profit and loss	Total carrying value	Total fair value
Cash and cash equivalents	82	-	82	82
Other financial assets - current	6,018	-	6,018	6,018
Other financial assets - non current	157,214	3,875	161,088	161,088
Total financial assets	163,314	3,875	167,188	167,188

Financial liabilities

(INR millions)	Other financial liabilities	Fair value through profit and loss	Total carrying value	Total fair value
Other financial liabilities - current	3,215	-	3,215	3,215
Other financial liabilities - non current	-	3,875	3,875	3,875
Long term borrowings	151,608	-	151,608	169,662
Total financial liabilities	154,823	3,875	158,698	176,752

NOTES (CONTINUED)

50 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels.

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The long term unsecured listed bonds are held at amortised cost. Its fair value (disclosed above) is determined using Level 1 valuation techniques, based on the closing price at 31 March 2015 on the Euro MTF market. There has been no change in the valuation techniques adopted or any transfers between fair value levels.

Fair values of cash and cash equivalents, short term deposits, trade receivables and payables, short term borrowings, other financial assets and liabilities (current and non-current excluding derivatives) are assumed to approximate to cost due to the short term maturing of the instruments and as the impact of discounting is not significant.

At 31 March 2015, the fair value of prepayment options of INR nil (2014: INR nil, 2013: INR 3,875 million) related to the GBP 500 million and USD 410 million senior notes due 2018 which were bifurcated but were repaid early in the year ended 31 March 2014. The fair value represents the difference in the traded market price of the bonds and the expected price the bonds would trade at if they did not contain any prepayment features. The expected price is based on market inputs including credit spreads and interest rates.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2015, 31 March 2014 and 31 March 2013 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

(B) FINANCIAL RISK MANAGEMENT

As discussed in the Management Report under the section Business Risks and Mitigating factors, the group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The group has a risk management framework in place which monitors all of these risks.

NOTES (CONTINUED)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(C) FOREIGN CURRENCY EXCHANGE RATE RISK

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

As at 31 March 2015, 31 March 2014 and 31 March 2013, there are no designated cash flow hedges.

The company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in the GBP:US Dollar rate as the company has USD assets and liabilities and a GBP functional currency. The following analysis has been worked out based on the gross exposure as of the Balance Sheet date which could affect the income statement.

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

(INR millions)	US Dollar
Financial assets	1,565
Financial liabilities	(1,564)
Net exposure asset	1

A 10% appreciation / depreciation of the USD would result in an increase / decrease in the company's net profit before tax and net assets by approximately INR nil.

The following table sets forth information relating to foreign currency exposure as at 31 March 2014:

(INR millions)	US Dollar
Financial assets	107,396
Financial liabilities	(106,201)
Net exposure asset	1,196

A 10% appreciation / depreciation of the USD would result in an increase / decrease in the company's net profit before tax and net assets by approximately INR 92 million.

The following table sets forth information relating to foreign currency exposure as at 31 March 2013:

(INR millions)	US Dollar
Financial assets	73,454
Financial liabilities	(73,207)
Net exposure asset	247

A 10% appreciation / depreciation of the USD would result in an increase / decrease in the company's net profit before tax and net assets by approximately INR nil.

(D) INTEREST RATE RISK

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates.

The company is presently funded with long-term fixed interest rate bonds. The company is subject to variable interest rates on certain other debt obligations.

As of 31 March 2015 net financial assets of INR 3,140 million (2014: INR 2,491 million, 2013: INR 1,484 million) were subject to the variable interest rate. Increase / decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of INR nil (2014: INR nil, 2013: INR nil).

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the year.

NOTES (CONTINUED)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(E) LIQUIDITY RISK

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The company's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund on-going operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the company is reviewed regularly and is designed to exceed forecast peak gross debt levels.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2015 (INR 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	219,852	283,102	10,249	10,157	139,428	123,269
Other financial liabilities	2,862	4,063	1,847	1,016	1,200	-
Total contractual maturities	222,715	287,165	12,096	11,173	140,628	123,269

As at 31 March 2014 (INR millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Long term borrowings	183,610	263,311	9265	11,557	76,513	165,976
Other financial liabilities	2790	2789	2790	-	-	-
Total contractual maturities	186,400	266,100	12055	11,557	76,513	165,976

As at 31 March 2013 (INR 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	151,607	236,438	11,789	11,789	35,449	177,411
Other financial liabilities	3,215	3,215	3,215	-	-	-
Derivative financial instruments	3,875	3,875	-	-	3,875	-
Total contractual maturities	158,697	243,528	15,004	11,789	39,324	177,411

NOTES (CONTINUED)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(F) CREDIT RISK

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries, based in a variety of geographies and markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

None of the company's cash equivalents or other financial receivables, including time deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2015 (2014, 2013: no indications) that defaults in payment obligations will occur.

51 RELATED PARTY TRANSACTIONS

The company's related parties principally consist of Tata Sons Limited, subsidiaries, associates and joint ventures of Tata Sons Limited which includes Tata Motors Limited (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Limited. The company routinely enters into transactions with these related parties in the ordinary course of business.

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements:

(INR millions)	With subsidiaries	With immediate parent
31 March 2015		
Loans to subsidiaries	228,070	-
31 March 2014		
Loans to subsidiaries	178,116	-
31 March 2013		
Loans to subsidiaries	187,165	-

There was no compensation paid by the company to the directors or to key management personnel.

Apart from the directors, the company did not have any employees and had no employee costs in the years ended 31 March 2015, 2014 and 2013.

52 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is TML Holdings Pte Limited (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai – 400001, India.

53 SUBSEQUENT EVENTS

In May 2015, the company proposed an ordinary dividend of INR 13,850 million to its immediate parent TML Holdings Pte Limited (Singapore). This amount was paid in full in June 2015.