Jaguar Land Rover Espana, S.L. (Sole-Shareholder Company)

Financial Statements for the year ended 31 December 2014 and Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrapancy, the Spanish-language version prevails.

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Sole Shareholder of
Jaguar Land Rover España, S.L. (Sole-Shareholder Company),

Report on the Financial Statements

We have audited the financial statements of Jaguar Land Rover España, S.L. (Sole-Shareholder Company), which comprise the balance sheet as at 31 December 2014, and the income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

Directors' Responsibility for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the equity, financial position and results of Jaguar Land Rover España, S.L. (Sole-Shareholder Company) in accordance with the regulatory financial reporting framework applicable to the Company in Spain (identified in Note 2.1 to the accompanying financial statements) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements for 2014 present fairly, in all material respects, the equity and financial position of Jaguar Land Rover España, S.L. (Sole-Shareholder Company) as at 31 December 2014, and the results of its operations and its cash flows for the year then ended, in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Emphasis of Matter

We draw attention to Notes 1 and 19 to the accompanying financial statements, which indicate that the Company forms part of the Tata Motors Group, which is its main supplier and with which it has commercial and financial balances and performs transactions under the terms and conditions agreed upon by the two parties. The accompanying financial statements for 2014 should be interpreted taking these circumstances into account. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The directors' report for 2014 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2014. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.
Registered in ROAC under no. S0692

José Luis Aller
--- ---------------- 2015

Jaguar Land Rover España, S.L. (Sole-Shareholder Company)

Financial Statements for the year ended 31 December 2014 and Directors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23)
In the event of a discrepancy, the Spanish-language version prevails.

JAGUAR LAND ROVER ESPAÑA, S.L. (SOLE-SHAREHOLDER COMPANY)

BALANCE SHEETS AS AT 31 DECEMBER 2014

(Indian Rupees)

ASSETS	Notes	2014	2013
NON-CURRENT ASSETS:		553.090.102	633.053.612
Intangible assets	Note 5	248.311.791	274.857.517
Property, plant and equipment	Note 6	91.946.908	88.111.710
Long term investments	Note 9	9.750.178	15.347.894
Deferred tax assets	Note 17.5	203.081.225	254.736.491
CURRENT ASSETS:		8.619.053.117	8.032.817.508
Inventories	Note 10	1.847.349.981	1.874.646.242
Trade and other receivables-		825.266.959	398.942.873
Trade receivables for sales and services	Note 11	682.710.137	266.729.520
Receivable from Group companies and associates	Notes 11 & 19	111.497.425	86.817.924
Employee receivables		1.540.161	2.266.761
Current income tax assets	Note 17.1	29.519.237	43.128.667
Current investments in Group companies and associates	Note 19	5.673.584.285	5.574.369.103
Current prepayments and accrued income		15.363	969.574
Cash and cash equivalents		272.836.528	183.889.715
TOTAL ASSETS		9.172.143.219	8.665.871.120

EQUITY AND LIABILITIES	Notes	2014	2013
EQUITY:	Note 12	4.113.305.528	4.352.065.499
SHAREHOLDERS' EQUITY-			
Share Capital		3.369.890.113	3.730.147.580
Share premium		23.215.562	25.697.417
Reserves		535.397.380	474.727.564
Profit for the year		184.802.473	121.492.938
NON-CURRENT LIABILITIES		8.738.588	-
Long-term provisions	Note 13	8.738.588	-
CURRENT LIABILITIES:		5.050.099.103	4.313.805.620
Short-term provisions	Note 14	1.362.102.848	1.381.562.748
Current payables-		110.395.807	183.968.877
Other financial liabilities	Note 15	110.395.807	183.968.877
Current payables to Group companies and associates			
Trade and other payables-		3.577.600.448	2.748.273.996
Payable to suppliers		293.658.451	166.041.063
Payable to suppliers - Group companies and associates	Note 19	2.573.599.940	1.956.500.572
Sundry accounts payable		87.419.297	54.761.348
Remuneration payable		19.842.034	15.762.405.612
Other accounts payable to tax authorities	Note 17.1	603.080.726	555.208.607
TOTAL EQUITY AND LIABILITIES		9.172.143.219	8.665.871.120

The accompanying Notes 1 to 23 are an integral part of the balance sheet as at 31 December 2014.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

JAGUAR LAND ROVER ESPAÑA, S.L. (SOLE-SHAREHOLDER COMPANY)

INCOME STATEMENTS FOR 2014

(Indian Rupees)

	Notes	2014	2013
CONTINUING OPERATIONS:			
Revenue	**Note 18.1**	**26.168.505.587**	**23.430.607.921**
Procurements-		**(23.859.826.978)**	**(20.952.396.713)**
Cost of goods held for resale used	**Note 18.2**	(23.862.321.578)	(20.943.169.730)
Impairment of goods held for resale	**Note 10**	2.494.600	(9.226.983)
Other operating income		**34.375.314**	**17.512.537**
Staff costs-	**Note 18.3**	**(335.326.728)**	**(344.677.578)**
Wages, salaries and similar expenses		(259.846.405)	(270.128.684)
Employee benefit costs		(69.973.615)	(68.440.568)
Provisions		(5.506.709)	(6.108.326)
Other operating expenses-	**Note 18.4**	**(1.723.334.620)**	**(1.955.857.930)**
Outside services		(1.718.002.131)	(1.952.001.145)
Taxes other than income tax		(4.979.828)	(3.720.315)
Losses on, impairment of and change in allowances for trade receivables	**Note 11**	(352.662)	(136.470)
Depreciation and amortisation charge	**Note 6**	**(26.958.575)**	**(23.553.011)**
PROFIT/LOSS FROM OPERATIONS		**257.433.999**	**171.635.225**
Finance income:	**Note 18.5**	**12.733.558**	**11.484.562**
From marketable securities and other financial instruments		4.375.439	5.656.148
Group companies and associates		8.358.119	5.828.414
Finance costs:	**Note 18.5**	**(3.743.935)**	**(3.745.994)**
Interest cost relating to provisions		(3.743.935)	(3.745.994)
Exchange differences		**28.422**	**(276.511)**
FINANCIAL PROFIT/LOSS		**9.018.045**	**7.462.057**
PROFIT/LOSS BEFORE TAX		**266.452.043**	**179.097.282**
Income tax	**Note 17.3 & 17.4**	(81.649.570)	(57.604.344)
PROFIT/LOSS FOR THE YEAR		**184.802.473**	**121.492.938**

The accompanying Notes 1 to 23 are an integral part of the balance sheet at 31 December 2014.

JAGUAR LAND ROVER ESPAÑA, S.L. (SOLE-SHARE HOLDER COMPANY)

STATEMENTS OF CHANGES IN EQUITY FOR 2014
A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE
(Indian Rupees)

	Notes	2014	2013
PROFIT/LOSS PER INCOME STATEMENT (I)		**184.802.473**	**121.492.938**
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)	**Note 13**	**(3.240.176)**	**(5.563.127)**
Arising from actuarial gains and losses		(3.240.176)	(5.563.127)
TOTAL RECOGNISED INCOME AND EXPENSE (I+II)		**181.562.298**	**115.929.811**

The accompanying Notes 1 to 23 are an integral part of the statement of recognised income and expense for the year ended 31 December 2014.

JAGUAR LAND ROVER ESPAÑA, S.L. (SOLE-SHAREHOLDER COMPANY)

STATEMENTS OF CHANGES IN EQUITY FOR 2014

B) STATEMENTS OF TOTAL CHANGES IN EQUITY

(Indian Rupees)

	Share Capital	Share Premium	Reserves			Profit/Loss for the Year	Total
			Legal Reserve	Voluntary Reserves	Reserve for Goodwill		
2012 ENDING BALANCE	3.198.742.682	-	80.241.302	68.200.317	212.838.700	72.623.920	3.632.646.922
Total recognised income and expense for 2013	-	-	-	(5.025.840)	-	109.759.156	104.733.316
Transactions with shareholders:							
Business combinations (Nota 12)	171.147.431	23.215.562	-	-	-	-	194.362.993
Distribution of 2012 profit	-	-	7.262.415	45.931.874	12.415.616	(65.609.906)	-
2013 ENDING BALANCE	3.369.890.113	23.215.562	87.503.717	109.106.351	225.254.317	116.773.171	3.931.743.231
Total recognised income and expense for 2014	-	-	-	(3.240.176)	-	184.802.473	181.562.298
Distribution of 2013 profit	-	-	10.975.931	93.381.700	12.415.540	(116.773.171)	
2014 ENDING BALANCE	3.369.890.113	23.215.562	98.479.648	199.247.876	237.669.856	184.802.473	4.113.305.528

The accompanying Notes 1 to 23 are an integral part of the statement of changes in total equity for the year ended 31 December 2014.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

JAGUAR LAND ROVER ESPAÑA, S.L. (SOLE-SHAREHOLDER COMPANY)

STATEMENTS OF CASH FLOWS FOR 2014
(Indian Rupees)

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		**839.374.885**	**260.373.847**
Profit/Loss for the year before tax		266.452.043	179.097.282
Adjustments for-			
Depreciation and amortisation charge	**Note 6**	26.958.575	23.553.011
Impairment losses	**Note 10**	(2.494.600)	9.226.983
Changes in provisions	**Note 11 & 13**	9.091.250	136.470
Finance income		(12.733.558)	(11.484.562)
Finance costs	**Note 18.5**	3.743.935	3.745.994
Exchange differences		(28.422)	276.511
Changes in working capital-			
Inventories		(151.262.380)	(156.400.673)
Trade and other receivables		(474.650.673)	257.204.088
Other current assets		860.570	535.336
Trade and other payables		1.094.754.593	(3.999.547)
Other current liabilities		113.971.361	(10.408.277)
Other non-current liabilities			(5.909.616)
Other cash flows from operating activities-			
Interest paid	**Note 18.5**	(3.743.935)	(3.745.994)
Interest received		12.733.558	11.484.562
Income tax recovered (paid)		(44.277.434)	(32.937.722)
CASH FLOWS FROM INVESTING ACTIVITIES		**(676.891.070)**	**(90.329.071)**
Payments due to investment-			
Group companies and associates		(637.587.472)	(25.694.441)
Property, plant and equipment	**Note 6**	(39.303.598)	(58.174.627)
Other financial assets		-	(6.460.002)
Proceeds from disposal			
- Other assets		4.115.417	-
CASH FLOWS FROM FINANCING ACTIVITIES:		**(55.805.364)**	**(14.536.132)**
Proceeds relating to financial liability instruments-			
Proceeds from issue of other borrowings		(55.805.364)	(14.536.132)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**28.422**	**(276.511)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**106.706.872**	**155.232.133**
Cash and cash equivalents at beginning of year		183.889.715	28.657.582
Cash and cash equivalents at end of year		272.836.528	183.889.715

The accompanying Notes 1 to 23 are an integral part of the statement of cash flows for 2014.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

Jaguar Land Rover España, S.L. (Sole-Shareholder Company)

Notes to the financial statements for 2014

1. Company description

Jaguar Land Rover España, S.L.U. ("the Company") was incorporated on 12 January 2000 in Madrid in accordance with the Spanish Public Limited Liability Companies Law under the company name Osa Menor, S.L. On 30 April 2000, the Company acquired certain assets and liabilities from Rover España, S.A. On 5 May 2000, it changed its company name to Jaguar Land Rover España, S.L.U. The Company's registered office is at Paseo de la Castellana 130, 8ª Planta, Madrid. On 31 May 2013, following the absorption of Jaguar Hispania, S.L.U. by Land Rover España, S.L.U., the Company changed its name to Jaguar Land Rover España, S.L.U. The disclosures required under Article 93 of Royal Decree-Law 4/2004, of 5 March, approving the Consolidated Spanish Income Tax Law, were included in the financial statements for 2013.

On 28 March 2014, the Company resolved to move the registered office to Plaza Pablo Ruiz Picasso 1, Planta 42, Madrid.

Its business activities consist of the distribution, import, export and sale of Land Rover and Jaguar-brand cars in Spain, as well as the maintenance and repair thereof. In practice, the Company has entered into an agreement with Jaguar Land Rover, Ltd. which regulates its entire operating activity and pursuant to which the applicable economic terms and conditions are established.

The Company forms part of the Tata Motors Group, whose Parent is Tata Motors Limited with registered office in the Republic of India. Tata Motors Ltd has formulated the consolidated financial statements as of 31 march 2014, which were formally prepared by the Company's Directors at its Board Meeting held on 29 May 2014 and are placed in the Mercantile Register Office of Mumbay (India).

2. Basis of presentation of the financial statements

2.1. Regulatory framework for financial reporting applicable to the Group

These financial statements were formally prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Group, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations (R.D. 1159/2010).

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d) All other applicable Spanish accounting legislation.

2.2. Fair presentation

These financial statements were obtained from the Company's accounting records, are presented in accordance with Royal Decree 1514/2007 approving the Spanish National Chart of Accounts and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2013.

These financial statements, which were formally prepared by the Company's Directors, will be submitted for approval by the Sole Shareholder, and it is considered that they will be approved without any changes. The financial statements for 2013 were approved by the Sole Shareholder on 24 June 2014.

2.3. Accounting principles

The directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied.

2.4. Key issues in relation to the measurement and estimation of uncertainty

Estimations made by the Company's Directors were used for the elaboration of these financial statements in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimations relate basically to the following aspects:

- Assessment of possible impairment losses on certain assets (see Notes 4.3, 4.5 and 4.6).
- Calculation of provisions for short-term commercial incentives (see Notes 4.9 and 4.10).
- Recoverability of deferred tax (see Note 4.8).
- Temporary recognition of sales revenue (see Note 4.9).

Although these estimations were made on the basis of the best information available at 2014 year-end, future events might make it necessary to change them (upwards or downwards) in coming years. Changes in accounting estimations would be applied prospectively.

2.5. Comparative information

The information relating to 2013 included in these notes to the financial statements is presented for comparison purposes with that relating to 2014.

2.6. Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flowsare have been grouped together to facilitate their understanding. However, whenever involved amounts are significant, the information is broken down in the related notes of the financial statements.

3. Profit distribution

The proposed profit distribution for the year 2014 that the Company's Directors will submit for approval by the Sole Shareholder is as follows:

	Rupees
Distribution:	
To legal reserve	18,480,240
To reserve for goodwill	155,680,299
To voluntary reserve	10,641,935
Total profit for the year	**184,802,474**

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4. Accounting policies and measurement bases

The principal accounting policies and measurement basis used by the Company in preparing its financial statements for 2014, in accordance with the Spanish National Chart of Accounts, were as follows:

4.1. Intangible Assets

As a general rule, intangible assets are recognised initially at acquisition cost and are subsequently measured at cost less any accumulated amortization and by any impairment losses recognised according to the criteria mentioned in Note 4.3.

Goodwill is recognised as an asset when it arises in an acquisition for valuable consideration in the context of a business combination. Goodwill is allocated to the cash-generating units to which the economic benefits of the business combination are expected to flow and is not amortised. Instead, these cash-generating units are tested for impairment at least once a year using the methodology described below and, where appropriate, are written down.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

Specifically, the Company recognises under this epigraph the goodwill that arose on acquisition of the assets of Rover España, S.A., as described in Note 5.

4.2. Fixed assets: Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost and are subsequently reduced by the related accumulated amortization and by any impairment losses recognised according to the criteria mentioned in Note 4.3.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

The Company depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	Depreciation rate
Plant	15 % - 25 %
Tools	30 %
Furniture and office equipment	10 %
Computer hardware	25 %

4.3. Impairment of intangible and fixed assets

At the end of each reporting period (for goodwill) or whenever there is evidence of impairment, the Company developes a "Test of impairment" in order to determine whether the recoverable amount of the assets has been reduced to below their carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

Each year, Management Department prepares for each cash-generating unit a business plan by market and line of business. The main components of this plan are as follows:

- Earnings projections

- Investment and working capital projections

Other variables affecting the calculation of the recoverable amount are:

- The discount rate to be used, which is taken to be the weighted average cost of capital, the main variables with an effect on its calculation being interest costs and the risks specific to the assets.

- The cash flow growth rate used to extrapolate the cash flow projections to beyond the period covered by the budgets or forecasts.

The projections are prepared on the basis of past experience and of the best estimates available, which are consistent with the information obtained from external sources.

If an impairment loss has to be recognised for a cash-generating unit to which all or part of an item of goodwill has been allocated, the carrying amount of the goodwill relating to that unit is written down first. If the loss exceeds the carrying amount of this goodwill, the carrying amount of the other assets of the cash-generating unit is then reduced, on the basis of their carrying amount, down to the limit of the highest of the following values: fair value less costs to sell; value in use and zero.

Where an impairment loss subsequently is reverted (not permitted in the specific case of goodwill), the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income.

At 31 December 2014 and 2013, the Company has not recognised any impairment losses on its assets.

4.4. Leasing

Leases are classified as financial leasing whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operational leasing.

Finantial leasing

Financial leasing where the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value of the minimum lease payments agreed at the inception of the lease, including the price of the call option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

Leased assets are depreciated, based on their nature, using similar criteria to those applied to the items of property, plant and equipment that are owned.

Operational leasing

Lease expenses from operational leasing are recognised at income statement on an accrual basis.

Any payment that might be made when arranging an operational leasing will be treated as a prepaid lease payment which will be allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

4.5. Financial Instruments

4.5.1. Financial assets

Classification -

The financial assets held by the Company relate to loans and receivables, financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

Initial recognition -

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent valuation -

Loans, receivables, deposits and bails are measured at amortised cost.

The Company calculates valuation adjustments relating to trade and other receivables by recognising under "Losses on, Impairment of and Change in Allowances for Trade Receivables" the estimated amount of impairment of receivables in an irregular situation due to late payment, suspension of payments, insolvency, delinquency or other causes, by a case-by-case analysis of the collectability thereof. The impairment is recognised under "Impairment of Trade Receivables" by reducing the amount of "Trade Receivables for Sales and Services" in the accompanying balance sheet.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, with-recourse factoring, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

4.5.2. Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist or when all the risks have been transferred to a third party.

4.5.3. Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of a company after deducting all of its liabilities.

Capital instruments issued by the Company are recognised in equity at the proceeds received, net of issue costs.

4.6. Inventories

Inventories are valued at the lower of acquisition or net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

Net realisable value is the estimated selling price less the estimated costs to be incurred in marketing, selling and distribution.

The cost of inventories of spare parts is assigned by using the weighted average cost formula.

The Company recognises the appropriate write-downs as an expense in the income statement when the net realisable value of the inventories is lower than acquisition or production cost. The Company recognises a provision for 10% of the carrying amount of used vehicles over one year old and an additional 5% for vehicles over two years old.

4.7. Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At each accounting period-end, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

4.8. Income tax

The current income tax expense is calculated on the basis of the accounting profit before tax, increased or reduced, as appropriate, by the permanent differences from taxable profit, net of tax relief and tax credits. The rates used to calculate the income tax expense are those in force at the balance sheet date.

Deferred tax assets and liabilities are recognised using the balance sheet liability method, recognising the differences between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax assets and liabilities are calculated at the tax rates expected at the date on which the asset is realised or the liability is settled. Deferred tax assets and liabilities are recognised in full with a charge to the income statement, except when they relate to line items taken directly to equity accounts, in which case the deferred tax assets and liabilities are also recognised with a charge or credit to the related equity accounts.

Deferred tax assets and tax loss carryforwards are recognised when it is considered probable that the Company will be able to utilise them in the future, regardless of when they are recovered. Deferred tax assets and liabilities are not adjusted and are classified as non-current assets or liabilities in the balance sheet.

The income tax expense represents the sum of the current tax expense and the deferred tax assets and liabilities (see Note 17).

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

4.9. Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Specifically, the Company recognises the sale of new vehicles as soon as they leave the factory since the agreement entered into with Jaguar Land Rover Ltd. establishes ex-works conditions of sale. Also, the agreements entered into with the car dealers provide for the transfer of risks and rewards at that moment.

In addition, at that juncture the Company makes the corresponding provisions for discounts, incentives and volume rebates, which are recognised under "Current Provisions" on the liability side of the balance sheet, and the sales amounts are presented net of such amounts (see Note 14).

Interest income from financial assets is recognised using the effective interest method. Interest from financial assets accrued after the date of acquisition are recognised as income.

4.10. Provisions and contingencies

When preparing the financial statements the Company's Directors made a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain to its amount and/or timing will be required to settle the obligations; and

b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

4.11. Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. There has been no provision registered in 2014 nor 2013 because there is not any predicted situation of this nature.

4.12. Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Because of their nature, the Company's business activities do not have a significant environmental impact.

4.13. Pension obligations

Defined contribution -

Jaguar Land Rover España, S.L.U. has undertaken to make a defined contribution for its employees, consisting in a percentage of their salary, to an external pension plan. This plan is outsourced to Seguros Vitalicio.

The contributions made each year by Jaguar Land Rover España, S.L.U. in this connection are recognised under "Staff Costs" in the income statements. The annual expenditure for this purpose has been amounted to Rs 5,273,034 during 2014 and Rs Rs 5,458,458 during 2013 (see Note 18.3).

Defined benefit -

Also, Jaguar Land Rover España, S.L.U. has undertaken with the management, the obligation of supplementing, according to the collective agreements currently in force, the Social Security benefits corresponding to its pensioners, current employees or their beneficiary rightholders, in the event of their retirement. These obligations have been outsourced and are covered by insurance policies.

The annual expenditure for this purpose has been amounted to Rs 5,506,709 during 2014 and Rs 6,108,326 during 2013 (see Notes 13 and 18.3).

4.14. Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.15 Current/Non-current classification

Current assets are those related to the normal operating cycle, which, in general, is considered to be one year. Other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period, financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year; and cash and cash equivalents have been also considered as current assets. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for financial derivatives that will be settled within one year; and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

5. Intangible assets

Goodwill arose as a result of the following acquisition:

	Rupees			
Acquisition	Acquisition date	Cost	Accumulated amortisation at 31/12/2007	Net
Assets of Rover España, S.A.	30/04/2000	1,064,193,347	(815,881,556)	248,311,791

At 31 December 2014 and 2013 it has not been recognized any loss correction value of goodwill since transfer pricing policies established by the group ensure a positive recursively operating result.

6. Fixed assets: property, plant and equipment

Changes during 2014 and 2013 in "Property, Plant and Equipment" at the balance sheet and the most significant information affecting this epigraph were as follows (in rupees):

2014

	Rupees				
	Balances at 01/01/2014	Additions/ Charge for the year	Retirements	Exchange Rate Variation	Balances at 31/12/2014
Plant	170,189,409	38,372,050	(39,698,432)	(1,262,615,758)	152,426,142
Tools	2,800,312	-	(1,761,698)	(20,775,194)	768,160
Furniture and office equipment	23,708,017	931,548	(18,934,145)	(175,887,055)	3,415,700
Computer hardware	8,856,602	-	(7,929,792)	(65,706,102)	71,439
Total cost	**205,554,340**	**39,303,598**	**(68,324,068)**	**(1,524,984,109)**	**156,681,442**
Plant	(84,742,136)	(26,399,739)	39,698,432	628,692,179	(63,259,051)
Tools	(2,077,574)	(230,448)	1,761,698	15,413,284	(345,672)
Furniture and office equipment	(21,840,802)	(321,245)	18,934,145	162,034,441	(1,118,518)
Computer hardware	(8,782,117)	(7,144)	7,929,792	65,153,488	(11,292)
Total accumulated depreciation	**(117,442,629)**	**(26,958,575)**	**68,324,068**	**871,293,392**	**(64,734,533)**
Total, net	**88,111,710**	**12,345,023**	**-**	**(653,690,717)**	**91,946,908**

2013

	Rupees			
	Balances at 01/01/2013	Additions/ Charge for the year due to merger	Additions/ Charge for the year	Balances at 31/12/2013
Plant	72,088,405	29,490,176	55,770,205	170,189,409
Tools	1,655,202	-	850,28	2,800,312
Furniture and office equipment	13,138,411	6,754,454	1,474,896	23,708,017
Computer hardware	5,345,522	2,479,672	79,246	8,856,602
Total cost	**92,227,540**	**38,724,302**	**58,174,627**	**205,554,340**
Plant	(33,339,108)	(22,295,277)	(23,169,280)	(84,742,136)
Tools	(1,655,202)	-	-127,542	(2,077,574)
Furniture and office equipment	(12,591,994)	(6,754,454)	-251,428	(21,840,803)
Computer hardware	(5,345,522)	(2,479,672)	-4,761	(8,782,117)
Total accumulated depreciation	**(52,931,826)**	**(31,529,403)**	**(23,553,011)**	**(117,442,630)**
Total, net	**39,295,714**	**7,194,899**	**34,621,616**	**88,111,710**

The additions in 2014 relate mainly to the improvements made by the Company to adapt the new offices in which it carries on its activities.

The detail of the fully depreciated items of property, plant and equipment still in use (showing cost value) at 31 December 2014 and 2013, was as follows:

	Rupees	
	2014	2013
Plant	8,121,909	75,118
	8,121,909	**75,118**

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject to. The Company's Directors consider that the insurance coverage of these risks is sufficient.

7. Leases

Operational leasing

At 31 December 2014 and 2013, the Company has contracted with lessors the following minimum leasing payments, based on the leasings currently in force, without taking into account the charging of common expenses, or future increases in line with the CPI:

Minimum operating lease payments	Nominal value (Rupees)	
	2014	2013
Within one year	479,633	841,576
Between one and five years	1,367,569	1,999,764
Total	**1,847,202**	**2,841,340**

The amount of rental expense registered in 2014 and 2013 was LKR 47,626,688 and y LKR 51,821,250 respectively (see Note 18.4).

The most significant operational leasing held by the Company as lessee were as follows:

1. Lease of offices of 1,041 square metres located in Madrid. The lease commenced on 1 January 2014 and has a term of 5 years. Once the initial term has expired, the lease will be renewed automatically for a single term of five years.

2. Leasing of training facilities of 344.3 square metres located in Tres Cantos (Madrid). The lease commenced on 1 April 2006 and has a term of 3 years, automatically renewable for one-year periods.

8. Information on the nature and level of risks of financial instruments

The Company's financial risk management is centralised at the Company's Financial Department and has the support of the central teams of the Group to which it belongs. In this connection, the Company has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk. The main financial risks affecting the Company are as follows:

a) Credit risk:

In general, the Company holds its cash and cash equivalents at banks with high credit ratings. Additionally, most of its trade receivables are factored by the financial institution FGA Capital Spain, S.A. (see Note 11).

b) Liquidity risk:

The Company, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its balance sheet, together with the Group current account (see Note 19.1).

c) Market risk:

Foreign currency risk is concentrated mainly on specific transactions with group companies denominated in sterling pounds. However, foreign currency risk impact is not significant. Also, since it has no bank borrowings, the Company is not exposed to significant risks in relation to changes in interest rates.

9. Long term investments

At this epigraph the Company registers the constituted deposits from leasings on offices and other facilities used to develop its activity.

10. Inventories

The detail of "Inventories" at 31 December 2014 and 2013 is as follows:

	Rupees	
	2014	2013
New cars	490,896,182	383,204,020
Used cars	872,307,978	1,065,131,471
Spare parts	641,069,541	602,361,820
Other	10,530,629	16,534,120
Total inventories	**2,014,804,329**	**2,067,231,431**
Inventory write-downs	(167,454,348)	(192,585,189)
Total, net	**1,847,349,981**	**1,874,646,242**

Vehicles guarantee is responsibility of Jaguar Land Rover Ltd. and, therefore, no provision is recognised on this issue.

Changes in the provision for inventory depreciation in 2014 were as follows:

	Rupees				
	Beginning balance	Additions	Amount released	Disposals	Ending balance
Inventory write-downs	173,985,321	8,241,665	(10,736,265)	(4,036,374)	167,454,348

Changes in the provision for inventory depreciation in 2013 were as follows:

	Rupees				
	Beginning balance	Additions due to merger	Additions	Amount released	Ending balance
Inventory write-downs	178,828,764	4,529,442	13,128,153	(3,901,170)	192,585,189

The Company takes out insurance policies to cover the possible risks to which its inventories are subject to. These risks are sufficiently insured.

11. Trade and other receivables

Sales of new vehicles by the Company to certain dealers were financed through FGA Capital Spain, S.A., which assumes the risk arising from the transaction. Also, FGA Capital Spain, S.A. grants a credit line to these dealers and pays the amount of the sale to the Company one day after the sale has taken place, and the Company recognises the amounts as customer collections.

During 2014 and 2013 the Company sold without recourse accounts receivable amounting to Rs 29,381,351 thousand and Rs 25,257,057 thousand, respectively. The amount pending payment at 31 December 2014 was Rs 211,503,561 thousand (31 December 2013: Rs 45,123,594 thousand).

The Company also recognises the accounts receivable from the spare parts business in these accounts.

"Trade and Other Receivables - Trade Receivables from Group Companies and Associates" includes mainly the warranties billed by dealerships that the Company reinvoices to the Group, and the billing of spare parts to Jaguar Land Rover Portugal Veiculos e Peças, Lda. (Note 19).

The changes in the provision for doubtful receivables in 2014 and 2013 were as follows:

2014

	Rupees		
	Beginning balance	Disposal	Ending balance
Provision for doubtful Receivables	38,651,660	(10,804,631)	27,847,029

2013

	Rupees			
	Beginning balance	Additions due to merger	Charge for the year (Note 18.4)	Ending balance
Provision for doubtful receivables	28,666,935	13,980,303	136,469	42,783,708

In 2014 the Company recognised losses on uncollectible trade receivables amounting to Rs 352,662,256 (no loss was recognised in this connection in 2013) (see Note 18.4).

12. Equity

12.1. Share capital

At 31 December 2014, the Company's share capital amounted to Rs 3,369,890,113 and was represented by 4,386,963 fully subscribed and paid registered shares of Rs 768,160 par value each. All the shares have the same voting and dividend rights.

At the end of 2014 the Company's Sole Shareholder was Jaguar Land Rover, Ltd. (The Company domiciled in England).

In accordance with current Spanish corporate and commercial law, the Company was registered at the Mercantile Registry as a sole-shareholder company on 4 December 2003.

As at 31 December 2014, the Company has a cash-pooling agreement and another agreement governing all operating activities with its sole shareholder, and the balances thereof are disclosed in Note 19.

The Company's shares are not officially listed.

12.2. Legal reserve

Accorded to Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose. At 31 December 2014, the balance of the legal reserve has not reached the minimum legally required.

12.3. *Reserve for goodwill*

The legal reserve has a restrictive use which is determined by various legal dispositions. Under the Consolidated Spanish Companies Law, when distributing the profit for each year an appropriation of at least 5% of the goodwill recognised on the asset side of the balance sheet must be made to a restricted reserve for that goodwill. If a company does not report a profit, or reports an insufficient profit, unrestricted reserves must be used for this purpose.

13. Obligations with employees

Long-term defined benefit obligations

The detail of the present value of the obligations assumed by the Company in relation with post-employment benefits and other long-term employee benefits, of the related plan assets and of the amounts not recognised at 31 December 2014 and 2013 is as follows (in rupees):

	2014	2013
Present value of the benefit	145,735,315	99,892,850
Fair value of the plan assets	(136,996,727)	(99,892,850)
Long-term provisions - Provisions for long-term employee benefit obligations	**8,738,588**	-

The present value of the obligations was determined by qualified independent actuaries using the following actuarial techniques:

- Valuation method: "Projected Unit Credit"
- Actuarial assumptions used: unbiased and mutually compatible. In general, the most significant actuarial assumptions used in the calculations for 2014 and 2013 were as follows:

Actuarial Assumptions	2014	2013
Discount rate	2.52%	3.91%
Increase in CPI	2%	2%
Annual social security increase rate	2%	2%
Annual salary increase rate	3%	3%
Retirement age	65 years	65 years

The changes in 2014 and 2013 in the employee benefit obligations assumed by the Company and in the value of the plan assets were as follows:

	Rupees		
	Present value of the obligations	Fair value of the assets	Balance sheet balance
Balances at end of 2012	**37,972,000**	**37,972,000**	-
Additions due to merger	49,046,956	49,046,956	
Current year costs (Notes 4.13 and 18.3)	6,108,326	-	
Interest cost	3,745,994	-	
Rate of return on plan assets	-	3,735,875	
Net actuarial losses	(3,744,123)	(9,307,335)	
Payments made by the sponsor	-	11,681,657	
Balances at end of 2013	**99,892,850**	**99,892,850**	-
Current year costs (Notes 4.13 and 18.3)	6,095,402	-	
Interest cost (Note 18.5)	4,144,180	-	
Rate of return on plan assets	-	3,905,846	
Net actuarial gains	51,182,690	47,596,124	
Payments made by the sponsor	-	247,517	
Balances at end of 2014	**145,735,315**	**136,996,727**	**8,738,588**

As a result of the review of the actuarial assumptions in the calculation of benefits, the Company recognised expenses of Rs 3,240,176 directly in equity in 2014 and Rs 5,563,127 in 2013. These variations are due primarily to changes in the discount rate used in calculating the present value of pension plan.

The Company is currently changing of insurance company and, as a result, a provision of Rs 8,738,588 was recognised for the difference between the obligations to employees undertaken by the Company and the value of the assets funding the obligations as at 31 December 2014. This situation is expected to be regularised at the beginning of 2015.

14. Short-term provisions

The balance recognised under "Short-Term Provisions" relates mainly to the provisions recognised in relation to the incentives and discounts to dealers, the detail at the end of 2014 and 2013 being as follows:

	Rupees	
	2014	2013
Marketing and advertising provision (*)	316,346,647	253,452,398
Provision for incentives (Note 4.9)	454,665,377	496,613,516
Volume discount provision (Note 4.9)	591,090,824	631,496,834
Total	**1,362,102,848**	**1,381,562,748**

(*)Relate to provisions for unreceived invoices for marketing and promotion campaigns and events already held.

15. Other financial liabilities

The company has begun to develop commercial operations with certain companies selling vehicles with a ten months buyback agreement. Regarding this matter, as of 31 December 2014 and 2013, there is registered a liability amounting to Rs 110,395,807 and Rs 183,968,877, which is equivalent to the repurchasement value of 26 and 46 vehicles, respectively, which are still part of the Company's inventory stock.

16. Information on the deferral of payments made to suppliers. Additional provision Three. "Disclosure requirements" under Law 15/2010, of 5 July.

The disclosures required under Additional Disposition Three of Law 15/2010, of 5 July, are as follows:

	Outstanding payments at year end date.		Outstanding payments at year end date.	
	2014		2013	
	Amount	%	Amount	%
Payments within the legal deadline	21,084,028,276	100.00%	19,868,109,454	99,97%
Others	28,960	0.00%	5,167,747	0,03%
Total	**21,084,057,235**	**100%**	**19,873,277,201**	**100%**
Exceeded Average Payment Period (Days	-		1	
Deferrals exceeding the Legal maximum period	-		-	

Data relates to amounts payable to suppliers that by nature are trade payables for goods and services and, therefore, it includes the data on "Current Liabilities – Current Payables to Group Companies and Associates" and "Current Liabilities - Sundry Accounts Payable" in the balance sheet.

The Exceeded Average Payment Period has been calculated as the ratio where the numerator is composed by the sum of the products from each vendor payments made during the year with a delay greater than the respective statutory period of payment and number of days of delay exceeded, and the denominator composed by the total amount of payments made in the exercise with a delay greater than the statutory period for payment.

The maximum payment period applicable to the Company in 2014 was 30 days, pursuant to Article 33 of Law 11/2013, of 26 July, on measures to support entrepreneurs and stimulate growth and create employment, which amended Law 3/2004, of 29 December, on combating late payment in commercial transactions. This article establishes that payment periods may be extended by means of an agreement between the parties, although a period of more than 60 calendar days may not be agreed on under any circumstances.

17. Tax matters

17.1. Current tax receivables and payables

The detail of the current tax receivables and payables is as follows:

	Rupees	
	2014	2013
Current income tax assets	29,519,237	43,128,667
Current income tax assets	**29,519,237**	**43,128,667**
Accrued social security taxes payable	5,406,771	5,692,455
Personnel income tax payable	10,220,292	9,592,859
VAT payable	587,453,663	539,923,294
Other accounts payable to tax authorities	**603,080,726**	**555,208,607**

17.2. Conciliation of the accounting profit and taxable profit/tax loss

The conciliation of accounting profit and taxable profit/tax loss for 2014 for income tax purposes is as follows:

	Rupees		
	Increase	Decrease	Total
Accounting profit before tax			**266,452,043**
Permanent differences –			
Non-deductible expenses	5,722,024	-	5,722,024
Timing differences –			
Borrowing costs	8,087,573	-	8,087,573
Provisions	308,496,974	(546,037,241)	(237,540,268)
Goodwill	-	(10,641,935)	(10,641,935)
Offset of prior years' tax losses	-	(8,020,819)	(8,020,819)
Tax loss	**322,306,570**	**(564,699,996)**	**24,058,618**

The conciliation of accounting profit and taxable profit/tax loss for 2013 for income tax purposes is as follows:

	Rupees		
	Increase	Decrease	Total
Accounting profit before tax			**179,097,707**
Permanent differences –			
Non-deductible expenses	13,361,725	-	13,361,725
Timing differences –			
Borrowing costs	29,832,329		29,832,329
Provisions	362,300,482	(556,598,900)	(194,298,418)
Goodwill	-	(2,748,615)	(2,748,615)
Offset of prior years' tax losses	-	(6,311,203)	(6,311,203)
Tax loss	**405,494,536**	**(565,658,718)**	**18,933,525**

17.3. Conciliation of accounting profit and income tax expense

The conciliation of accounting profit and income tax expense for 2014 and 2013 is as follows (in rupees):

	2014	2013
Accounting profit before tax	266,452,043	179,097,707
Permanent differences	5,722,024	13,361,725
Adjusted accounting profit	**272,174,067**	**192,459,432**
Tax charge at 30%	**81,652,259**	**57,737,830**
Corporate tax adjustment from previous years	(2,689)	(133,409)
Total income tax expense recognised in the income statement	**81,649,570**	**57,604,344**

17.4. Breakdown of income tax expense

The breakdown of the income tax expense for 2014 and 2013 is as follows (in rupees):

	2014	2013
Current tax	7,217,631	7,573,359
Deferred tax	74,434,627	50,164,394
Adjustment of previous years	(2,689)	(133,409)
Total income tax expense	**81,649,570**	**57,604,344**

Spanish Income Tax Law 27/2014, of 27 November, which came into force on 1 January 2015, establishes, inter alia, the reduction over two years of the standard income tax rate, which until 31 December 2014 had been 30%, as follows:

	Tax rate
Tax periods beginning on or after:	
1 January 2015	28%
1 January 2016	25%

The Company did not recognise the effect of the adjustment to deferred taxes aimed at bringing them into line with the tax rate which will be in force in the coming years, as the directors considered that this effect would be immaterial.

17.5. Deferred tax assets

The detail of "Deferred Tax Assets" at 2014 and 2013 year-end is as follows:

	2014	2013
Amortisation of goodwill	24,795,744	33,689,709
Provision for stock	81,537,572	65,325,907
Tax asset	63,925,046	90,903,435
Financial interest	19,381,215	21,453,160
Other provisions	11,015,414	43,364,280
Limitation on deduction of depreciation and amortisation	2,426,233	-
Total deferred tax assets	**203,081,225**	**254,736,491**

Pursuant to legislation prevailing from 1 January 2015 onwards, tax losses can be offset in the future without any time limit. The deferred tax assets indicated above were recognised because the Company's directors considered that, based on their best estimate of the Company's future earnings, including certain tax planning measures, it is probable that these assets will be recovered within ten years.

Negative taxable income pending compensations at the year end 2014 are as follows:

Date of origin	Rupees	
	Total tax loss carryforwards	Total Tax charge
2010	15,100,873	4,530,224
2011	107,170,764	32,151,260
2012	90,811,798	27,243,563
	213,083,436	63,925,046

17.6. Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until four-year statute-of-limitations period has expired. At 2014 year-end the Company has the last five years open for review for income tax and the last four years for the other applicable taxes. The Company's Directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying financial statements.

18. Income and expenses

18.1. Revenue

The breakdown, by business line, of the Company's revenue for 2014 and 2013 is as follows (in rupees):

	2014	2013
Vehicles	23,321,261,859	21,317,255,602
Spare parts	2,847,243,727	2,113,352,319
Total	**26,168,505,587**	**23,430,607,921**

The total revenue of the Company refers to the sale of vehicles in Spain and Andorra.

18.2. Cost of goods held for resale used

The detail of "Cost of Goods Held for Resale Used" in 2014 and 2013 is as follows:

	Rupees	
	2014	2013
Cost of goods held for resale used:		
Purchases	23,715,095,571	20,479,248,969
Changes in inventories (Note 10)	147,226,006	463,920,761
Total	**23,862,321,578**	**20,943,169,730**

Most purchases made by the Company relate to Jaguar Land Rover, Ltd. in the United Kingdom (see Note 19.1)

18.3. Staff costs

The detail of "Staff Costs" at 31 December 2014 and 2013 is as follows (in Rupees):

	2014	2013
Wages, salaries and similar expenses	259,846,405	270,128,684
Employee Benefit Costs	69,973,615	68,440,568
Provisions (Note 4.13 and 13)	5,506,709	6,108,326
Total	**335,326,728**	**344,677,578**

The detail of "Employee Benefit Costs" in the years ended 31 December 2014 and 2013 is as follows:

	Rupees	
	2014	2013
Social security costs	52,749,778	54,166,322
Life insurance	3,067,186	4,687,679
Pension plans (defined contribution) (Note 4.13)	5,273,034	5,458,458
Other employee benefit costs	8,883,617	4,128,109
Total	**69,973,615**	**68,440,568**

The Company makes annual contributions to a life insurance policy for all its employees.

The average number of employees at the Company in 2014 and 2013, by category, was as follows:

Professional category	Permanent staff 2014	2013
Directors	1	1
Management	16	15
Other	37	36
Total	**54**	**52**

Also, the headcount at the end of 2014 and 2013, by category and gender, was as follows:

	2014			2013		
	Men	Women	Total	Men	Women	Total
Directors	1	-	1	1	-	1
Management	11	5	16	10	5	15
Other	23	14	37	23	13	36
Total	**35**	**19**	**54**	**34**	**18**	**52**

18.4. Other operational expenses

The detail of "Other Operational Expenses" in the income statements for the years ended 31 December 2014 and 2013 is as follows (in rupees):

	2014	2013
Rent and royalties (Note 7)	47,626,688	51,821,250
Repairs and maintenance	234,176,188	194,214,240
Independent professional services	104,467,379	126,387,745
Transport expenses	140,170,073	120,267,855
Insurance premiums	7,062,770	12,889,394
Banking and similar services	2,378,992	2,406,207
Advertising, publicity and public relations	1,080,740,435	1,303,460,364
Utilities	4,417,535	1,565,195
Other operating expenses	96,962,071	138,988,895
Taxes other than income tax	4,979,828	3,720,315
Losses on, impairment of and change in allowances for trade receivables (Note 11)	352,662	136,470
Total	**1,723,334,620**	**1,955,857,930**

The financial audit service fees billed by the Company's auditor, Deloitte, S.L., in 2014 amounted to Rs 2,592,386 (2013: Rs 2,863,488). No other amount was billed in 2014 or 2013.

18.5. Financial income and costs

In 2014 "Finance Income" amounted to Rs 8,358,118 (2013: Rs 5,828,414) and related to the income arising from the sweeping of the cash under the cash-pooling contract with Jaguar Land Rover, Ltd. The average interest bore on these transactions in 2014 was tied at market rates (see Notes 12.1 and 19.1).

In 2014 "Finance Costs" includes Rs 3,743,935 (2013: Rs 3,745,994) relating to the interest costs incurred on long-term defined benefit obligations (See Note 13).

19. Related party transactions and balances

19.1. Related party transactions and balances

The detail of the transactions and balances with related parties in 2014 is as follows (in rupees):

	Jaguar Land Rover, Ltd.	Land Rover Italia, Spa	Land Rover Francia	Jaguar Land Rover Portugal Veiculos e Peças, Lda.	Total
Purchases (a)	(23,390,881,583)	(8,307,574)	(8,629,894)	-	(23,407,819,050)
Other operating expenses (b)	(154,610,559)	-	-	-	(154,610,559)
Guarantees (c)	523,310,920	-	-	-	523,310,920
Sales and services rendered (d)	21,250,993	6,846,610	1,495,531	431,943,6666	474,996,729
Interest income (e) (Note 18.5)	8,358,119	-	-	-	8,358,119
Trade receivables from Group companies (Note 11)	73,277,164	864,641	1,666,369	35,689,251	111,497,425
Payable to Suppliers - Group companies (f)	(2,573,599,940)	-	-	-	(2,573,599,940)
Loans to Group companies (e)	5,673,584,285	-	-	-	5,673,584,285

The detail of the transactions and balances with related parties in 2013 is as follows (in rupees):

	Jaguar Land Rover, Ltd.	Land Rover Italia, Spa	Land Rover Francia	Jaguar Land Rover Portugal Veiculos e Peças, Lda.	Total
Purchases (a)	(21,127,840,257)	(7,388,338)	(6,987,176)	-	(21,142,215,771)
Other operating expenses (b)	(184,636,516)	-	-	-	(184,636,516)
Guarantees (c)	505,462,465	-	-	-	505,462,465
Sales and services rendered (d)	-	4,839,454	17,753,251	335,453,401	358,046,106
Interest income (e) (Note 18.5)	5,828,414	-	-	-	5,828,414
Trade receivables from Group companies (Note 11)	42,928,596	218,437	1,416,907	42,253,984	86,817,924
Payable to Suppliers - Group companies (f)	(1,955,981,561))	(276,681)	(242,330)	-	(1,956,500,572)
Loans to Group companies (e)	5,574,369,103	-	-	-	5,574,369,103

Transactions with related party correspond mainly to:

a) Purchases relating to the acquisition of new cars and spare parts from Jaguar Land Rover, Ltd. under the terms and conditions of the internal policy on transfer pricing.

b) Other operating expenses relate to expenses incurred in the performance of agreements for the provision of services, mainly consisting of marketing costs.

c) The guarantees billed by the dealers, which the Company re-bills to the Group. The Company registers these billings as a reduction of the procurement costs.

d) Sales to Jaguar Land Rover Portugal Veiculos e Peças, Lda., corresponding to spare parts acquired from Jaguar Land Rover, Ltd. and services related to invoices corresponding to the distribution of selling costs.

e) Interest income relating to remuneration received by the Company from sweeping its cash positions in connection with the Cash Pooling agreement with Jaguar Land Rover Ltd. This agreement was entered into on 13 March 2008, with indefinite maturity and accruing interest, for both creditor and debtor balances, tied to Euribor.

f) The amount registered under "providers group companies" includes vehicle purchases made by the group which are subsequently sold by the Company.

19.2 Detail of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the Directors

Pursuant to its duty to avoid situations of conflict of interest, the Company has control procedures in place, through its Legal Department, in order to comply with Articles 228 et seq. of the Spanish Limited Liability Companies Law, on the duty of disclosure of the directors. Also, by means of this procedure the directors disclosed the ownership interests they held in 2014 in accordance with the aforementioned articles.

In 2014 and up to the date of preparation of the financial statements, no situations of conflict of interest as defined in Articles 229 and 231 of the Spanish Limited Liability Companies Law were disclosed, with the exception of the case of Luis Antonio Ruiz Álvarez, who held shares (the value and the related percentage of ownership of which was not significant) in Ford Motor Company Automotive NT.

19.3. Remuneration of Directors and senior executives

The members of the Board of Directors (3 men and 1 woman) did not receive remuneration for attending the Board of Directors meetings in 2014 nor 2013. The remuneration received in 2014 and 2013 by the Company's Directors and senior executives in respect of wages and salaries are as follow:

	Rupees	
	2014	2013
Company's directors	30,683,767	28,556,824
Senior executives	42,764,798	42,280,343

The remuneration received in 2014 and in 2013 by the members of the Board of Directors and senior executives under the pension plans amounted to Rs 176,518. Also, in 2014 and 2013 no advances, credit facilities or loans were granted to its directors or to any senior executives.

20. Information on the environment

In view of the business activities carried on by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

21. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2014, the guarantees provided by Jaguar Land Rover, S.L. to various entities in order to secure normal commercial transactions amounted to Rs 127,236,102 (31 December 2013: Rs 76,247,754).

22. Events after the balance sheet date

No significant events took place subsequent to 2014 year-end.

23. Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

In 2014 the off-the road market (Land Rover's competitive sector) increased by 30.7% on 2013. In 2014 57,119 units were registered in Spain, 13.152 units more than in 2013.

Land Rover registrations on the Spanish mainland and in the Balearic Islands totalled 7,876 units, representing a 8.2% increase on registrations in 2014. Land Rover sales, by model, on the Spanish mainland and in the Balearic Islands were as follows: Defender, 536 units; Freelander, 424 units; Discovery, 254 units; Discovery Sport, 9 units; Range Rover Sport, 1,178 units; Range Rover, 156 units and Range Rover Evoque, 5,319 units. The launch of the Range Rover Sport and the marketing of Range Rover throughout the year gave rise to an increase in Land Rover registrations. The below-market growth is due to the unavailability of the number of vehicles needed, which led to the delayed delivery of around 700 units in 2014.

In 2014 the luxury segment of the automotive industry (Jaguar's competitive sector) increased by 7.87% on 2013. In 2014 10,826 units were registered in Spain, 790 units more than in 2013.

Total Jaguar registrations in the domestic market in 2014 totalled 952 units, either directly or through dealerships. This figure represents an increase of 8.68% on 2013. Jaguar sales, by model, on the Spanish mainland and in the Balearic Islands, were as follows: XJ, 37 units; XK, 5 units; XF 840, units and F-Type, 70 units.

Outlook for 2015

2015 is being confirmed as the year that will see a shift in the trend for the automotive industry. It is envisaged that the economic climate in Spain will improve in 2015, and unemployment levels, albeit still at an all-time high, have also begun to decrease. The improvement in the socio-economic situation alludes to a recovery throughout the year. We foresee 13% growth in the SUV industry, achieving 65,200 registrations in 2015. We envisage that the Premium segment will increase by 6%, including the new premium saloon XE segment.

In 2015 Land Rover will present its customers with significant changes to the products in its16MY series. They feature the new AJ200 Ingenium engines, focused on lowering CO_2 emissions and improving customer-focused accessories. The marketing of the new Discovery Sport model at the beginning of 2015 and standardisation in the production of all its models gives rise to the expectation that Land Rover will follow the prevailing trend in the industry and, accordingly, registrations will increase by 16% on 2014, with 9,150 units expected to be registered in 2015.

Jaguar will launch the new XE model in mid-2015, which will give us a foothold in the premium saloon car segment. The launch of the new XF, which will be marketed at the end of 2015, will foreseeably increase Jaguar's sales to reach its target of 2,773 units.

Acquisition and situation of treasury shares

The Company does not hold any treasury shares and has not carried out any transactions involving treasury shares since its incorporation.

Research and development expenditure

The Company did not perform any research and development activities in 2014.

Employees

In 2014 there were no significant changes in the Company's workforce. The main change was a two-employee increase in the staff headcount. The Board of Directors became a three-member body on 1 January 2015.

Financial instruments

The Company does not arrange compound financial instruments in its normal course of operations.

Information on the environment

See Note 20 to the financial statements.

Events after the reporting period

In the period from 2014 year-end to the date of preparation of these financial statements, no significant events took place.

These financial statements and Directors' report of Jaguar Land Rover España, S.L. (Sole-Shareholder Company), were authorised for issue by the Board of Directors at its meeting on xx xxxxx 2015. These financial statement and Directors' report relate to the year ended 31 December 2014 and are set forth on 30 sheets, all of which are signed by the Chairman and a Director and this last page is signed by the Directors.

Luis A. Ruiz
Chairman

Barry Carsley
Director

Cristina Ruiz
Director

Conversion into Indian Rupees

The financial information is expressed in the local currency of the relevant company (Euros) only in the Audited Accounts based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirements of Section 212 of the Indian Companies Act, 1956, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate ***EUR 1 = Rs 76.816*** *and* ***Rs 85.028*** *for the years ended 31 December 2014 and 2013 respectively. 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.*