

Jaguar Land Rover North America, LLC

Financial Statements

For fiscal years ended

31 March 2020 and 2019

Jaguar Land Rover North America, LLC

INDEX TO FINANCIAL STATEMENTS

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Jaguar Land Rover North America, LLC

We have audited the accompanying financial statements of Jaguar Land Rover North America, LLC, which comprise the balance sheets as of March 31, 2020 and 2019, and the related statements of income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' judgment, 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 and fair presentation 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 financial statements referred to above present fairly, in all material respects, the financial position of Jaguar Land Rover North America, LLC as of March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

KPMG LLP

New York, New York
June 24, 2020

Jaguar Land Rover North America, LLC

Jaguar Land Rover North America, LLC

Balance Sheets

In \$USD	Note	As at 31 March	
		2020	2019
Non-current assets			
Property, plant and equipment	3	\$ 69,591,770	\$ 46,905,740
Other financial assets	4	2,066,647	2,270,094
Deferred tax assets	5	170,151,470	85,665,327
Total non-current assets		241,809,887	134,841,161
Current assets			
Inventories	6	637,383,253	607,661,656
Trade receivables	21	315,206,743	91,802,234
Finance receivables	8, 21	741,722,542	975,806,565
Other current assets	9	3,886,876	9,231,688
Cash and cash equivalents		2,032,225	493,868
Total current assets		1,700,231,639	1,684,996,011
Total assets		\$ 1,942,041,526	\$ 1,819,837,172
Current liabilities			
Accounts payable		\$ (163,446,328)	\$ (549,430,145)
Variable marketing provisions	11	(421,165,212)	(234,079,500)
Lease obligations - short term	7	(629,694)	-
Financial liabilities		(355,204)	(343,799)
Other current liabilities	12	(469,249,961)	(465,555,084)
Other provisions	14	(72,724,845)	(13,030,631)
Current income tax liabilities	5	(47,414,104)	(2,180,835)
Total current liabilities		(1,174,985,348)	(1,264,619,994)
Non-current liabilities			
Other non-current liabilities	13	(205,597,516)	(206,865,434)
Other provisions	14	(114,589,142)	(15,526,371)
Lease obligations - long term	7	(31,391,585)	-
Other financial liabilities		(1,186,137)	(1,381,107)
Total non-current liabilities		(352,764,380)	(223,772,912)
Total liabilities		(1,527,749,728)	(1,488,392,906)
Shareholder's equity			
Ordinary shares		(40,000,000)	(40,000,000)
Share premium		(117,300,000)	(117,300,000)
Retained earnings		(257,309,081)	(174,464,526)
Accumulated other comprehensive loss:			
Pension reserve		317,283	320,260
Total equity		(414,291,798)	(331,444,266)
Total liabilities and equity		\$ (1,942,041,526)	\$ (1,819,837,172)

See accompanying notes to the financial statements

Jaguar Land Rover North America, LLC

Jaguar Land Rover North America, LLC
Income Statements
In \$USD

	Note	Year ended 31 March	
		2020	2019
Income			
Revenue - vehicles		\$ 7,027,807,770	\$ 7,230,835,759
Revenue - parts, service and accessories		568,494,447	533,097,159
Other income	17	15,874,947	14,716,745
Total revenue		7,612,177,164	7,778,649,663
Purchase of vehicles and parts	6	(6,714,000,585)	(7,097,524,551)
Employee costs	15	(41,537,175)	(44,856,229)
Warranty and services costs		(166,893,232)	(143,464,811)
Fixed marketing expense		(501,385,087)	(295,480,175)
Warehousing, handling and distribution costs		(58,221,626)	(54,398,334)
Other expenses	16	(19,969,036)	(34,083,675)
Depreciation and amortization	3	(6,009,711)	(4,995,609)
Foreign exchange (expense)/income		(38,388)	(1,217)
Finance income		17,976,925	14,443,033
Finance costs		(8,502,877)	(6,150,760)
Profit before tax		113,596,372	112,137,335
Income Tax Expense	5	(26,140,851)	(28,403,189)
Profit for the period		\$ 87,455,521	\$ 83,734,146

Jaguar Land Rover North America, LLC
Statements of Comprehensive Income
In \$USD

	Year ended 31 March	
	2020	2019
Profit for the period	\$ 87,455,521	\$ 83,734,146
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement gain net of tax credit/(expense) of \$2,977 and (\$3,893) for fiscal years ended 31 March 2020 and 2019, respectively	2,977	2,639
Other comprehensive gain for the year	2,977	2,639
Total comprehensive income for the year	\$ 87,458,498	\$ 83,736,785

See accompanying notes to the financial statements

Jaguar Land Rover North America, LLC

Statements of Cash Flows

In \$USD

	Note	Year Ended 31 March	
		2020	2019
Cash flows from operating activities:			
Profit for the period		\$ 87,455,521	\$ 83,734,146
Adjustments for noncash items included in profit for the period:			
Depreciation and amortization	3	6,009,711	4,995,609
Inventory write-down		12,679,186	231,409
Loss on sale of assets / assets written off	3	37,331	30,780
Impairment to Assets held for sale	3	-	38,710
Income tax expense	5	26,140,851	28,403,189
Net finance income		(9,474,048)	(5,260,624)
		122,848,552	112,173,219
Changes in assets and liabilities:			
Decrease in Other Financial Assets		203,447	47,301
(Increase)/Decrease in Deferred tax assets	5	(84,483,166)	9,246,626
(Increase)/Decrease in Inventories	6	(42,400,783)	118,626,258
Increase in Trade receivables	21	(223,404,509)	(61,726,725)
Decrease in Other Current Assets	9	5,344,812	12,169,438
(Decrease)/Increase in Accounts payable		(385,983,817)	291,689,602
Increase/(Decrease) in Current income tax liabilities	5	83,692,972	(2,294,752)
Increase/(Decrease) in Variable marketing provisions	11	187,085,712	(57,787,320)
Increase/(Decrease) in Financial Liabilities		11,405	(61,667)
Increase in Other Current Liabilities	12	3,694,877	13,860,580
Increase in Provisions (Current)	14	59,694,214	1,771,209
(Decrease)/Increase in Other Non-Current Liabilities	13	(1,267,918)	21,778,057
Increase in Provisions (Non-current)	14	99,062,771	423,297
(Decrease) in Other Financial Liabilities		(191,993)	(341,161)
Cash (used by)/generated from operating activities		(176,093,424)	459,573,962
Income tax paid net of refunds	5	(64,603,531)	(95,850,708)
Net cash (used by)/generated from operating activities		(240,696,955)	363,723,254
Cash flows from investing activities:			
Investments in cash pooling account		(7,182,893,468)	(7,258,084,891)
Redemptions of cash invested in pooling account		7,416,276,865	6,830,338,389
Interest received		18,585,468	-
Proceeds from sale of former headquarters	3	-	12,458,290
Payments for property, plant and equipment	3	(812,309)	(4,923,083)
Net cash generated from/(used by) investing activities		251,156,556	(420,211,295)
Cash flows from financing activities:			
Cash payments for leases	7	(3,453,776)	-
Interest paid		(5,467,468)	(3,031,649)
Net cash used by financing activities		(8,921,244)	(3,031,649)
Net change in cash and cash equivalents		\$ 1,538,357	\$ (59,519,690)
Cash and cash equivalents, beginning of the year		493,868	60,013,558
Cash and cash equivalents, end of the year		\$ 2,032,225	\$ 493,868

See accompanying notes to the financial statements

Jaguar Land Rover North America, LLC

Jaguar Land Rover North America, LLC
 Statements of Changes in Equity
 In \$USD

	Ordinary Share Capital	Share Premium	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at 31 March 2018	\$ (40,000,000)	\$ (117,300,000)	\$ (90,730,381)	\$ 322,899	\$ (247,707,482)
Profit for the period - unaudited	-	-	(83,734,145)	-	(83,734,145)
Other comprehensive gain, net of tax expense of \$3,893	-	-	-	(2,639)	(2,639)
Balance at 31 March 2019	\$ (40,000,000)	\$ (117,300,000)	\$ (174,464,526)	\$ 320,260	\$ (331,444,266)
Profit for the period	-	-	(87,455,521)	-	(87,455,521)
Impact of adoption of IFRS 16	-	-	4,610,966	-	4,610,966
Other comprehensive gain, net of tax credit of \$2,977	-	-	-	(2,977)	(2,977)
Balance at 31 March 2020	\$ (40,000,000)	\$ (117,300,000)	\$ (257,309,081)	\$ 317,283	\$ (414,291,798)

See accompanying notes to the financial statements

Jaguar Land Rover North America, LLC

Notes to the Financial Statements

1. Background and operations

Jaguar Land Rover North America, LLC (the "Company" or "JLRNA") is a limited liability company registered in the State of Delaware. The registered office address is c/o Corporation Services Company 251 Little Falls Drive Wilmington, DE 19808. JLRNA is an importer and distributor of luxury sedans, sport utility vehicles and parts in the United States market. The Company also offers various vehicle related service plans to end users of its vehicles. The Company's primary areas of business are the distribution, marketing, sales, and service of its products.

JLRNA headquarters is located at 100 Jaguar Land Rover Way Mahwah, New Jersey, and operates in four regions within the United States as well as two dedicated training facilities. The Company relocated its headquarters in March 2018.

JLRNA is a wholly-owned subsidiary of Jaguar Land Rover Limited ("JLR Limited"), which is a UK company. The ultimate parent and controlling shareholder is Tata Motors Limited ("TML"), registered and domiciled in India.

The vehicles are purchased from JLR Limited and imported into the United States. Parts are primarily sourced from JLR Limited with some domestic procurement.

The parts business is managed under two different relationships with third party logistics providers whereby the third parties manage the warehousing of physical inventory and distribution. JLRNA owns the inventory and manages the sale and collection function.

As described in Note 23, the Company pools all of its excess cash with its parent company, JLR Limited under a cash pooling agreement.

During March 2020, the escalation of the COVID-19 pandemic required the Company to react by instituting a remote working mandate for all employees as well as take various actions to preserve cash liquidity and assist the retailer network to continue to operate under the government mandated shut downs. The Company continues to operate under these mandates and actions and is continuously monitoring the health of the Company and the retailer network.

2. Significant accounting policies

a. *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as "IFRS") as issued by the International Accounting Standards Board (referred to as "IASB"). The results of the Company are included in the consolidated financial statements of JLR Limited and its ultimate parent, TML and the financial statements of all these entities, including JLRNA, are publicly available.

Basis of preparation

The financial statements have been prepared on historical cost basis. The Company's fiscal year end is 31 March of each year.

All figures are presented in US dollars unless otherwise stated.

Note 2 – Significant accounting policies (continued)

b. *Use of estimates and judgments*

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- i) Note 5 – Recoverability/recognition of deferred tax assets –management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses. The Company also uses judgement and estimates in determining timing and amount of provisions for uncertain tax matters where deemed appropriate.
- ii) Note 11 – Variable marketing incentives are estimated at the balance sheet date based on approved programs that are in place to incentivize retailers to meet sales volume requirements. These program needs can change from the initial expectation due to, among other variables, prevailing interest rates, competitive market conditions, macroeconomic factors, supply and demand, etc. Such changes will impact balances previously recorded.
- iii) Notes 12 & 13 – Other current liabilities and Other non-current liabilities - The Company applies judgement in estimating the anticipated payments on locally offered vehicle services under such programs as certified pre-owned (“CPO”), scheduled maintenance, and connected car. Revenue related to these programs is deferred and recognized over the life of the service plan in line with when the claims emerge. The timing of the recognition of this deferred revenue requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs, which are based on expectations of product failure rates for CPO, and retail customer take rates for scheduled maintenance and connected car.
- iv) Note 14 – Other provisions – The Company applies judgement in estimating the provision for anticipated payments on locally offered vehicle services under such programs as roadside assistance and service loaner. The valuation of these provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs, which are based on expectations of product failure rates. Additionally, the Company is responsible for some of the residual value risk arising on vehicles sold by retailers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements – being typically three years. Based on the many variables impacting residual values of vehicles, both macroeconomic and microeconomic, estimates of residual values will fluctuate up and down over time.
- v) Note 18 – Assets and obligations relating to employee benefits – it is necessary for actuarial assumptions to be made, including discount and mortality rates and the long-term rate of return on plan assets. The Company engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

Jaguar Land Rover North America, LLC

Note 2 – Significant accounting policies (continued)

c. Concentration risk

As a wholly-owned subsidiary of JLR Limited, the Company's going concern is linked to the going concern of that entity. Further, the Company is dependent on JLR Limited for substantially all of the products it sells. This dependency represents a material concentration of supply of vehicles and parts, and without that supply, the Company's ability to continue as a going concern would be limited.

d. Revenue recognition

Revenue is measured at fair value of consideration received or receivable.

The Company recognizes revenues on the sale of vehicles, net of discounts, sales incentives, customer bonuses and rebates granted, when products are segregated for dispatch to retailers, which is when risks and rewards of ownership pass to the customer. Revenues on the sale of parts is recognized upon shipment. Sale of products is presented net of excise duty where applicable and other indirect taxes.

Revenues are recognized when collectability of the resulting receivable is reasonably assured.

For certain service plans, the Company defers revenue related to cash received for the future services to be provided. In the case of certified pre-owned warranties, cash is explicitly received at the point of vehicle certification; this cash is deferred and recognized over the life of the service plan in line with when the claims are expected to emerge. In the case of complementary scheduled maintenance programs and connected car, the cost of these services is embedded in the price of the vehicle. The Company defers a portion of the revenue attributable to these service plans and recognizes it when the service is expected to be provided based on historical experience.

e. Cost recognition and presentation

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

f. Provisions

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

i) *Locally offered vehicle services expenses*

The estimated provision for locally offered vehicle services under such programs as roadside assistance and service loaner are recorded when vehicles are sold to retailers. These estimates are established using historical information on the nature, frequency and average cost of claims and management estimates regarding possible future incidences based on actions on product failures. The timing of outflows will vary as and when claim will arise, being typically up to five years.

Jaguar Land Rover North America, LLC

Note 2 – Significant accounting policies (continued)

ii) *Variable marketing*

In the normal course of business, the Company provides opportunities for retailers to earn incentives upon the retail sale of a vehicle. The Company makes a best estimate of the amount expected to be earned by the retailers on in-stock inventory and records a provision for those expected payments. The timing of these payments will vary based on when the retailers sell their in-stock inventory, being typically one to three months from the time of provisioning.

g. *Foreign currency*

These financial statements are presented in United States Dollars (USD).

Transactions are typically not recorded in foreign currencies; in the rare instance of such a transaction, they would be recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into USD at the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the Income Statements.

h. *Income taxes*

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Income Statements except, when it relates to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where it arises from the initial accounting for business combination.

Current income taxes are determined based on the taxable income of the Company and tax rules applicable for the United States of America.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized 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 utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized 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 Company intends to settle its current tax assets and liabilities on a net basis.

Jaguar Land Rover North America, LLC

Note 2 – Significant accounting policies (continued)

i. *Inventories and Purchase of vehicles and parts*

Inventories consist of finished vehicles and automotive parts and accessories and are valued at the lower of cost and net realizable value. As a limited risk distributor the Company operates under a transfer price agreement with JLR Limited whereby profit before tax is set at 1.25% of revenue. Profit adjustments, negative or positive, to meet the required profit targets, are reflected in the Income Statements as a component of Purchase of vehicles and parts.

j. *Property, plant and equipment*

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

Land is measured at cost and is not depreciated.

Cost includes purchase price, taxes and duties, labor 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. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit and loss. Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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

	Estimated useful life in years
Buildings and leasehold improvements	Lesser of lease term or useful life
Office machines & equipment	12.5 - 14.5
Computer equipment	10
Software	3 - 8
Furniture & fixtures	12.5
Auto show displays	5

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Note 2 – Significant accounting policies (continued)

k. *Leases*

The Company adopted IFRS 16 effective 1 April 2019 using the modified retrospective approach on transition under which the comparative financial statements will not be restated. The cumulative impact of the first-time application of IFRS 16 is recognized as an adjustment to opening equity at 1 April 2019.

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purposes it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is allocated, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as a discount rate. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company associates the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

This policy is applied to all contracts entered into, or changed, on or after 1 April 2019.

The comparative information for the year ending 31 March 2019 continues to be accounted for under the Company's previous lease accounting policies under IAS 17 *Leases*.

Note 2 – Significant accounting policies (continued)

1. *Impairment - Property, plant and equipment*

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

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 recognized immediately in the Income Statements.

m. *Employee benefits*

Retirement plans

The Company has a supplemental executive retirement plan that provides for a fixed monthly benefit for its participants. This plan is fully funded. The Company also maintains a plan providing postretirement medical benefits covering certain salaried employees which is unfunded. The Company funds the unfunded benefits plan on a pay-as-you go basis.

Remeasurement gains and losses

Remeasurement gains and losses relating to retirement benefit plans are recognized directly in the Statements of Comprehensive Income in the period in which they arise and subsequently are never reclassified into profit or loss.

Measurement date

The measurement date of retirement plans is March 31.

Note 2 – Significant accounting policies (continued)

n. *Financial instruments*

i) *Classification, initial recognition and measurement:*

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

Financial instruments are recognized on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized 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.

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 amortized cost using the effective interest method less any impairment losses.

These includes trade receivables, finance receivables, balances with banks, short-term deposits with banks, other financial assets and investments with fixed or determinable payments.

Other financial liabilities: These are measured at amortized cost using the effective interest method.

ii) *Determination of fair value:*

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. All financial instruments held have a quoted market price in an active market. Valuation techniques include discounted cash flow method and other valuation models and utilize available market data.

iii) *Derecognition of financial assets and financial liabilities:*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. Financial liabilities are derecognized when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

Jaguar Land Rover North America, LLC

Note 2 – Significant accounting policies (continued)

iv) Impairment of financial assets:

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

o. Deferred revenue

In the normal course of business, the Company offers a certified pre-owned warranty program (“CPO”) for its vehicles. Upon reported sale of a CPO vehicle by an authorized retailer, the Company defers all revenue received from the retailers for the sale of this service contract. The revenue is released to profits in line with the trend of expected claims payments over the life of the CPO coverage based on historical experience. The Company does not receive any other revenue related to the sale of the vehicle by the retailer.

Additionally, the Company offers a variety of scheduled maintenance plans, either complementary or customer paid, which vary by make/model and model year. For complementary scheduled maintenance offerings, the Company allocates a portion of the wholesale revenue of the vehicle and defers this revenue over the life of the service offerings. This amount is determined on a cost-plus-margin basis with all remaining revenue allocated to the vehicle. This deferred revenue is recognized over the life of the service plan in line with expected claims emergence based on historical experience. For customer prepaid scheduled maintenance, the proceeds from the sale of the prepaid program is deferred and recognized over the life of the service plan in line with expected claims emergence based on historical experience.

The Company also equips vehicles with “connected car” hardware and software whereby the owner can enable the car as a wifi hotspot, activate on-demand roadside assistance in the event of an emergency, infotainment, vehicle tracking, and vehicle remote control. The Company provides the hardware as a permanent attachment to the vehicle and provides a trial period of software activation; for both of these, a portion of wholesale revenue is deferred over the trial period. The owner can activate software features beyond the trial period at their own expense.

Note 2 – Significant accounting policies (continued)

p. *New accounting pronouncements*

(a) Standards, revisions and amendments to standards and interpretations significant to the Company and applied for the first time in the year ending 31 March 2020

IFRS 16 Leases is effective for the year beginning 1 April 2019 for the Company. This standard replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of the Transactions Involving the Legal Form of a Lease interpretations. Under IFRS 16, lessee accounting is based on a single model, resulting from the elimination of the distinction between operating and finance leases. All leases will be recognised on the balance sheet with a right-of-use asset capitalised and depreciated over the estimated lease term together with a corresponding liability that will reduce over the same period with an appropriate interest charge recognised.

The Company has elected to apply the exemptions for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

The Company is applying the modified retrospective approach on transition under which the comparative financial statements will not be restated. The cumulative impact of the first-time application of IFRS 16 is recognized as an adjustment to opening equity as at 1 April 2019.

The Company has elected to use the following practical expedients at transition permitted by the Standard:

- On initial application, IFRS 16 has only been applied to contracts that were previously classified as leases under IFRIC 4;
- Regardless of the original lease term, lease arrangements with a remaining duration of less than 12 months will continue to be expensed to the Income Statement on a straight line basis over the lease term;
- Short-term and low value leases will be exempt;
- The lease term has been determined with the use of hindsight where the contract contains options to extend or terminate the lease;
- The discount rate applied at the transition date is the incremental borrowing rate of Jaguar Land Rover Limited corresponding to the remaining lease term;
- The measurement of a right-of-use asset excludes the initial direct costs at the date of initial application.

See Note 7 – Leases for additional information on leases.

Note 2 – Significant accounting policies (continued)

p. *New accounting pronouncements (continued)*

(b) Standards, revisions and amendments to standards and interpretations not significant to the Company and applied for the first time in the year ending 31 March 2020

The following amendments and interpretations have been adopted by the Company in the year ending 31 March 2020.

- IFRIC 23 Uncertainty over income tax treatments;
- Amendments to IFRS 9 Financial Instruments – Prepayment features with negative compensation;
- Amendments to IAS 19 Employee Benefits – Plan amendment, curtailment or settlement;
- Amendments to IAS 28 Investments in Associates and Joint Ventures – Long-term interests in associates and joint ventures; and
- Annual improvements to IFRS standards 2015-2017 cycle.

The adoption of these amendments and interpretations has not had a significant impact on the financial statements of the Company.

(c) Standards, revisions and amendments to standards and interpretations not yet effective and not yet adopted by the Company

The following pronouncements, issued by the IASB and endorsed by the EU, are not yet effective and have not yet been adopted by the Company. These amendments are effective for annual reporting periods beginning on or after 1 January 2020.

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Interest rate benchmark reform;
- Amendments to IFRS 3 Business Combinations – Definition of a business;
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material; and
- Amendments to references to the conceptual framework in IFRS standards.

The Company is currently assessing the impact of these pronouncements on the financial statements.

Jaguar Land Rover North America, LLC

3. Property, plant and equipment / Assets held for sale

	Land and buildings	Plant and equipment	Capital Work-in-Progress	Vehicles	Computers	Furniture and fixtures	Total Fixed Assets	Assets held for sale
Cost as of 1 April 2018	\$ 43,036,339	\$ 3,798,065	\$ -	\$ 983,169	\$ 4,765,390	\$ 10,122,920	\$ 62,705,883	\$ 19,772,808
Additions	3,711,615	320,175	-	3	25,211	866,080	4,923,083	\$ -
Disposal	(7,157)	-	-	(96,360)	-	(27,500)	(131,017)	(19,772,808)
Capital work-in-progress moved into service	(1,046,929)	634,177	-	-	134,131	278,621	-	-
Cost as of 31 March 2019	\$ 45,693,867	\$ 4,752,417	\$ -	\$ 886,812	\$ 4,924,732	\$ 11,240,120	\$ 67,497,950	\$ -
Accumulated depreciation as 1 April 2018	\$ (5,021,307)	\$ (1,071,882)	\$ -	\$ (335,233)	\$ (4,227,488)	\$ (5,040,926)	\$ (15,696,837)	\$ (7,275,808)
Disposals	3,877	-	-	96,360	-	-	100,236	7,275,808
Depreciation charge for the year	(3,449,016)	(334,449)	-	(144,643)	(92,872)	(974,629)	(4,995,609)	-
Accumulated depreciation as of 31 March 2019	\$ (8,466,446)	\$ (1,406,331)	\$ -	\$ (383,516)	\$ (4,320,361)	\$ (6,015,555)	\$ (20,592,210)	\$ -
Net book value as of 31 March 2019	\$ 37,227,421	\$ 3,346,086	\$ -	\$ 503,296	\$ 604,372	\$ 5,224,565	\$ 46,905,740	\$ -
Cost as of 1 April 2019	\$ 45,693,867	\$ 4,752,417	\$ -	\$ 886,812	\$ 4,924,732	\$ 11,240,120	\$ 67,497,950	\$ -
Additions	490,225	192,878	-	53,760	54,034	21,412	812,309	-
Adoption of IFRS 16	27,882,259	38,504	-	-	-	-	27,920,763	-
Disposal	(8,338)	-	-	-	(7,315)	(35,550)	(51,204)	-
Capital work-in-progress moved into service	-	-	-	-	-	-	-	-
Cost as of 31 March 2020	\$ 74,058,013	\$ 4,983,799	\$ -	\$ 940,573	\$ 4,971,451	\$ 11,225,982	\$ 96,179,819	\$ -
Accumulated depreciation as 1 April 2019	\$ (8,466,446)	\$ (1,406,331)	\$ -	\$ (383,516)	\$ (4,320,361)	\$ (6,015,555)	\$ (20,592,210)	\$ -
Disposals	4,447	-	-	-	1,832	7,593	13,872	-
Depreciation charge for the year	(4,757,760)	(394,907)	-	(16,066)	(84,382)	(756,596)	(6,009,711)	-
Accumulated depreciation as of 31 March 2020	\$ (13,219,760)	\$ (1,801,238)	\$ -	\$ (399,582)	\$ (4,402,910)	\$ (6,764,558)	\$ (26,588,049)	\$ -
Net book value as of 31 March 2020	\$ 60,838,254	\$ 3,182,562	\$ -	\$ 540,991	\$ 568,541	\$ 4,461,423	\$ 69,591,770	\$ -

During the fiscal year ended 31 March 2017, the Company finalized its plans to relocate its headquarters to a more suitable facility in close proximity to its previous headquarters. As a result, the headquarters facility was put up for sale. Land and buildings with a cost basis of \$21.8 million, accumulated depreciation of \$7.3 million and net book value of \$14.5 million were reclassified to Assets held for sale. Subsequently, a bona fide purchase offer was received from a third party and accepted by the Company at an amount below the carrying value of the property. Based on the letter of intent from the buyer, approximately \$2.0 million was recorded as an impairment on that property, to align the carrying value with the net proceeds to be received and the fair value of the property less costs to dispose. This amount was recorded within Other expenses in the Income Statement for the year ended 31 March 2017. The sale was completed on 30 April 2018 with no material gain or loss.

4. Other financial assets (non-current)

Other financial assets consist of assets held in trust for four former Land Rover employees to be paid in monthly installments. This plan is a non-qualified plan. At 31 March 2020 and 2019, these assets amounted to \$2.1 million and \$2.3 million, respectively. See *Supplemental Death and Retirement Income Plan* as described in Note 18 for additional information.

5. Income taxes

On 22 December 2017, the United States Congress passed the Tax Cuts and Jobs Act (“TCJA”) effective for tax years beginning after 31 December 2017. This legislation reduced the federal corporate tax rate from 35% to 21%. For the years ended 31 March 2020 and 2019, JLRNA utilized a corporate tax rate of 21% in accordance with the provisions of the TCJA.

Jaguar Land Rover North America, LLC

The components of income tax expense were:

	<u>31 March 2020</u>	<u>31 March 2019</u>
Current taxes:		
For current year	\$ 110,096,209	\$ 38,378,739
Prior period adjustments	527,807	(728,924)
Deferred taxes:		
For current year	(83,528,419)	(10,080,426)
Effect of changed tax rate	(378,323)	252,532
Prior period adjustments	(576,423)	581,268
Total income tax expense	\$ 26,140,851	\$ 28,403,189

Income tax expense recognized in the Income Statements consist of the following:

	<u>31 March 2020</u>	<u>31 March 2019</u>
Current	\$ 110,624,017	\$ 37,649,815
Deferred	(84,483,166)	(9,246,626)
Total income tax expense	\$ 26,140,851	\$ 28,403,189

The reconciliation of expected income tax to income tax expense is as follows:

	<u>31 March 2020</u>	<u>31 March 2019</u>
Profit before tax	\$ 113,596,372	\$ 112,137,334
Income tax expense at applicable tax rates	23,855,238	23,548,840
Effect of changed tax rate	(378,323)	252,532
Current state and local taxes (net of federal benefit)	2,866,280	5,410,592
Total permanent differences	183,589	105,097
Other	(385,933)	(913,872)
Income tax expense	\$ 26,140,851	\$ 28,403,189

As a limited risk distributor, JLRNA operates under an advanced transfer pricing agreement (“APA”) with JLR Limited whereby pretax operating profit is set at 1.25% of revenue.

The effective tax rate during the 12 months ended 31 March 2020 and 31 March 2019 were 23.01% and 25.33%, respectively.

Jaguar Land Rover North America, LLC

Deferred tax assets have been recognized in the Balance Sheets in respect of deductible temporary differences. Significant components of deferred tax assets and liabilities for the year ended 31 March 2020 were as follows:

	Opening balance	Recognized in Income statement	Recognized in / reclassified from Statement of comprehensive income	Closing balance
Deferred tax assets:				
Expenses deductible in future years - provisions, allowances for doubtful receivables, finance receivables	\$ 39,076,445	\$ 79,452,022	\$ -	\$ 118,528,467
Provisions	705,631	(359,789)	-	345,842
Depreciation	-	506,990	-	506,990
Compensated absences and retirement benefits	694,638	-	2,977	697,615
Deferred Revenue	46,284,595	4,872,407	-	51,157,002
Total deferred tax assets	\$ 86,761,309	\$ 84,471,630	\$ 2,977	\$ 171,235,916
Deferred tax liabilities:				
Compensated absences and retirement benefits	\$ (913,601)	\$ 8,404	-	\$ (905,197)
Taxable temporary difference – prepaid advertising, Section 481(a) adjustment	(151,996)	(27,253)	-	(179,249)
Depreciation	(30,385)	30,385	-	-
Total deferred tax liabilities	\$ (1,095,982)	\$ 11,536	\$ -	\$ (1,084,446)
Net deferred tax assets	\$ 85,665,327	\$ 84,483,166	\$ 2,977	\$ 170,151,470

Significant components of deferred tax assets and liabilities for the year ended 31 March 2019 were as follows:

	Opening balance	Recognized in Income statement	Recognized in / reclassified from Statement of comprehensive income	Closing balance
Deferred tax assets:				
Expenses deductible in future years - provisions, allowances for doubtful receivables, finance receivables	\$ 44,060,153	\$ (4,983,708)	\$ -	\$ 39,076,445
Provisions	553,444	152,187	-	705,631
Depreciation	346,356	(346,356)	-	-
Compensated absences and retirement benefits	698,531	-	(3,893)	694,638
Deferred Revenue	36,681,332	9,603,263	-	46,284,595
Total deferred tax assets	\$ 82,339,816	\$ 4,425,386	\$ (3,893)	\$ 86,761,309
Deferred tax liabilities:				
Compensated absences and retirement benefits	\$ (872,138)	\$ (41,463)	-	\$ (913,601)
Taxable temporary difference – prepaid advertising, Section 481(a) adjustment	(5,045,084)	4,893,088	-	(151,996)
Depreciation	-	(30,385)	-	(30,385)
Total deferred tax liabilities	\$ (5,917,222)	\$ 4,821,240	\$ -	\$ (1,095,982)
Net deferred tax assets	\$ 76,422,594	\$ 9,246,626	\$ (3,893)	\$ 85,665,327

Jaguar Land Rover North America, LLC

6. Inventories

Inventories consist of vehicles and automotive parts and are classified as finished goods and were comprised as follows:

	As at 31 March	
	2020	2019
Vehicle inventory	\$ 466,142,483	\$ 445,175,451
Parts inventory	188,554,367	174,490,906
Adjustment to lower of cost or net realizable value	(17,313,597)	(12,004,702)
Total inventories	\$ 637,383,253	\$ 607,661,656

Purchase of vehicles and parts recognized as expense and inventory write-down expense included in the Income Statements for the years ended 31 March 2020 and 2019 were as follows:

	Year ended 31 March	
	2020	2019
Purchase of vehicles	\$ 6,047,319,992	\$ 6,453,920,352
Purchase of parts	491,131,559	470,855,257
Import duties	162,869,848	170,319,314
Inventory write-down expense	12,679,186	2,429,627
Total	\$ 6,714,000,585	\$ 7,097,524,551

7. Leases

Lease as a Lessee

The Company leases many assets including buildings and computer equipment. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	Buildings	Computers	Total
Balance at 1 April 2019	\$ 27,882,259	\$ 38,504	\$ 27,920,763
Depreciation charge for the year	(1,659,480)	(14,281)	(1,673,761)
Balance at 31 March 2020	\$ 26,222,779	\$ 24,223	\$ 26,247,002

There were no additions to the right-of-use assets during the year ended 31 March 2020.

Jaguar Land Rover North America, LLC

Lease liabilities

The maturity analysis of the contractual undiscounted cash flows are as follows:

Less than one year	\$ 3,173,166
One to five years	13,230,566
More than five years	38,952,208
Total undiscounted lease obligations as at 31 March 2020	\$ 55,355,940

The following amounts are included in the Balance Sheet as at 31 March 2020:

Lease obligations - short term	\$ (629,694)
Lease obligations - long term	(31,391,585)
Total lease obligations	\$ (32,021,279)

The following amounts are recognised in the income statement for the year ended 31 March 2020:

Interest expense on lease obligations	\$ 2,943,326
Rent expense on lease obligations	\$ 1,673,761
Income from sub-leasing of right-of-use assets	\$ 71,073

The following amounts are recognised in the consolidated statement of cash flow for the year ended 31 March 2020:

Cash payments for the principal portion of lease liabilities (within financing activities)	\$ 510,450
Cash payment for interest expense related to lease liabilities (within financing activities)	2,943,326
Total cash outflow for leases	\$ 3,453,776

The Company has applied IFRS 16 from 1 April 2019 using the modified retrospective method, meaning the comparative information for the year ending 31 March 2019 has not been restated. As a result, the comparative information provided for that fiscal period below continues to be accounted for in accordance with the Company's previous lease accounting policy under IAS 17 *Leases*.

LEASE AS A LESSEE under IAS 17

The future minimum non-cancellable finance lease rentals were payable as follows:

	31 March 2019
Not later than one year	\$ 4,587,401
Later than one year but not later than five years	19,134,412
Later than five years	42,340,341
Total minimum lease commitments	\$ 66,062,153

	31 March 2019
Operating lease rent expense	\$ 3,519,906

Jaguar Land Rover North America, LLC

Lease as a lessor

The Company leases a portion of its headquarters to another company. This is classified as an operating lease, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the asset.

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

Lease as a lessor (sublease income)

	<u>31 March 2020</u>	<u>31 March 2019</u>
Not later than one year	\$ 73,199	\$ 73,199
Later than one year but not later than five years	153,047	226,246
Later than five years	-	-
Total undiscounted lease payments to be received	\$ 226,246	\$ 299,445

8. Finance Receivables

Finance receivables consist of an intercompany loan receivable with the parent company of \$741.7 million and \$975.8 million at 31 March 2020 and 2019, respectively. See Related Party note 23 for further details.

9. Other Current Assets

Other current assets consist of the following:

	<u>As at 31 March</u>	
	<u>2020</u>	<u>2019</u>
Current tax asset	\$ 46,039	\$ 46,589
Prepaid warranty insurance	667,125	900,704
Prepaid marketing costs	699,800	119,487
Prepayments for vehicles	700,070	7,461,650
Prepaid expenses - miscellaneous	1,773,842	703,257
Other current assets	\$ 3,886,876	\$ 9,231,687

10. Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks for operating purposes. At 31 March 2020 and 2019 the Company had cash of \$2.0 million and \$0.5 million, respectively.

Jaguar Land Rover North America, LLC

11. Variable Marketing Provisions

Variable marketing provisions are comprised of liabilities for dealer incentives. Variable marketing provisions were all current and materialized as follows:

Balance at 31 March 2018	\$ (291,866,820)
Provisions made during the year	(583,597,980)
Provisions used during the year	641,385,300
Other adjustments	-
Balance at 31 March 2019	\$ (234,079,500)
Provisions made during the year	(2,100,619,717)
Provisions used during the year	1,913,534,005
Other adjustments	-
Balance at 31 March 2020	\$ (421,165,212)

12. Other current liabilities

Other current liabilities consist of the following:

	As at 31 March	
	2020	2019
Variable dealer margin accruals	\$ (282,919,355)	\$ (287,403,310)
Fixed marketing accruals	(50,424,537)	(51,881,956)
Deferred revenue - service plans	(52,538,393)	(50,719,639)
Deferred revenue - certified pre-owned programs	(34,803,047)	(28,826,709)
Import duties and sales/use tax	(23,365,843)	(25,291,566)
Deferred revenue - connected car	(24,191,163)	(20,863,779)
Customer deposits	(1,007,623)	(568,125)
Total Other current liabilities	\$ (469,249,961)	\$ (465,555,084)

13. Other Non-current Liabilities

Other non-current liabilities consist of the following:

	As at 31 March	
	2020	2019
Deferred revenue - certified pre-owned programs	\$ (71,471,978)	\$ (59,908,647)
Deferred revenue - service plans	(72,851,624)	(85,830,472)
Deferred revenue - customer prepaid plans	(18,220,776)	(18,249,013)
Deferred revenue - connected car	(38,959,306)	(38,627,492)
Defined benefits obligations	(4,093,832)	(4,249,809)
Total Other non-current liabilities	\$ (205,597,516)	\$ (206,865,433)

Jaguar Land Rover North America, LLC

14. Other provisions

Other provisions consist of amounts recognized related to expected future cash outflow for locally offered vehicle services under such programs as roadside assistance and service loaner as well as residual risk sharing agreements on leased vehicles. The Company also completed a restructuring of its business that resulted in the termination of 35 individuals from the headquarters and field operations. These other provisions mature at various intervals over the next five years. The other provisions were segregated between current and non-current as follows:

	Locally Offered			
	Vehicle Services	Residual Risk	Restructuring	Total
Balance at 31 March 2018	\$ (26,362,496)	\$ -	\$ -	\$ (26,362,496)
Provisions made during the year	(55,786,864)	-	(2,269,070)	(58,055,934)
Provisions used during the year	54,326,295	-	1,535,133	55,861,428
Other adjustments	-	-	-	-
Balance at 31 March 2019	\$ (27,823,065)	\$ -	\$ (733,937)	\$ (28,557,002)
Current	\$ (12,296,694)	\$ -	\$ (733,937)	\$ (13,030,631)
Noncurrent	\$ (15,526,371)	\$ -	\$ -	\$ (15,526,371)
Provisions made during the year	(135,534,574)	(158,420,672)	(373,600)	(294,328,846)
Provisions used during the year	134,464,323	-	821,163	135,285,486
Other adjustments	-	-	286,374	286,374
Balance at 31 March 2020	\$ (28,893,316)	\$ (158,420,672)	\$ 0	\$ (187,313,987)
Current	\$ (12,735,326)	\$ (59,989,519)	\$ -	\$ (72,724,845)
Noncurrent	\$ (16,157,989)	\$ (98,431,153)	\$ -	\$ (114,589,142)

During fiscal year 2020, the Company recorded \$158.4 million residual risk provision under its risk sharing agreement with a financial institution. The increase in the residual risk provision was due to residual value losses from decline in wholesale values for used cars and was further increased as result of the COVID-19 pandemic.

15. Employee Costs

Employee costs consist of the following:

	Year ended 31 March	
	2020	2019
Salaries, wages and bonus	\$ 36,822,776	\$ 38,840,522
Benefits	4,173,929	3,214,467
Defined benefit pensions	189,191	254,599
Reorganization costs	52,763	2,269,071
Other	298,516	277,571
Total employee costs	\$ 41,537,175	\$ 44,856,229

Jaguar Land Rover North America, LLC

16. Other Expenses

Other expenses consist of the following:

	Year ended 31 March	
	2020	2019
Consulting costs and other purchased services	\$ 7,779,117	\$ 9,616,443
Facilities costs	2,684,065	5,947,693
Travel and entertainment costs	1,814,901	1,989,869
Information technology costs	2,135,723	2,961,050
Other general operating expenses	5,555,230	13,568,620
Total Other expenses	\$ 19,969,036	\$ 34,083,675

17. Other income

Other income consisted of the following:

	Year ended 31 March	
	2020	2019
Commissions - extended service plans	\$ 1,208,082	\$ 1,419,330
Commissions - oil	3,312,902	3,189,298
Satellite radio activation commissions	6,928,225	6,249,277
Tire and navigation revenue share	2,983,550	3,114,004
Miscellaneous items, net	1,442,188	744,836
Total Other income	\$ 15,874,947	\$ 14,716,745

18. Employee benefits

Defined benefit plans

The Company has a supplemental executive retirement plan that provides for a fixed annual benefit for its participants. This plan is fully funded. The Company also maintains a plan providing postretirement medical benefits covering certain salaried employees which is unfunded. The Company funds the unfunded benefits plan on a pay-as-you go basis. These plans have a total liability of \$4.1 million and \$4.4 million at 31 March 2020 and 31 March 2019, respectively. During the years ended 31 March 2020 and 31 March 2019, the Company recognized expense of \$0.2 million and \$0.2 million related to these plans. The Company expects to contribute \$0.1 million to these plans during the 12 months ending 31 March 2021.

Note 18 – Employee benefits (continued)

Defined contribution plan

Additionally, the Company sponsors and administers a 401(k) Retirement Savings Plan (the “Savings Plan”) for the benefit of its employees. Recordkeeping services are provided by a third party plan administrator. The Savings Plan covers all eligible employees of the Company and enables eligible participants to contribute up to statutory limitations. An employee may elect to participate in the Savings Plan after having met certain minimum requirements. Participants are fully vested in the Savings Plan at all times with respect to their contributions, after 2 years of service with respect to the Company’s contributions (Company Match) and after 3 years of service for the Company's contributions for Profit Sharing and Supplemental Contributions. The Company maintains at its discretion the right to change the level of matching contributions and to amend, modify, or terminate the Savings Plan.

The Company’s contribution to defined contribution plans was \$1.5 million and \$1.6 million for years ended 31 March 2020 and 2019, respectively.

19. Commitments and contingencies

In the normal course, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. The Company records a provision for any claims where the Company has a present obligation as a result of a past event where it is probable an outflow of resources will be required to settle the obligation and a reliable estimate can be made and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a provision in its accounts unless the loss becomes probable. Any claims of a product liability nature are assessed and a provision is recorded, if necessary, by JLR Limited.

Management asserts that none of the claims against the Company are probable or estimable, and it believes that none of the contingencies either individually or in aggregate, would have a material adverse effect on the Company’s financial condition, results of operations or cash flows.

Guarantees

The Company does not provide any guarantees for related parties or unrelated third parties.

Commitments

In the normal course of business, the Company contracts with third parties to provide goods and/or services to the Company in order to operate day to day.

For commitments related to leases, refer to Note 7.

Note 19 – Commitments and contingencies (continued)

Residual Risk

In the normal course of business, the Company has a vehicle residual risk sharing arrangement with a financial institution that underwrites retail leases. The Company is not a party to these retail leases. Under the arrangement that was in effect until 31 March 2018, residual collateral deposits were made quarterly based on the final expected residual values of the underlying vehicle at lease termination. At certain points in the life of the retail leases, an interim review was performed and if there was excess collateral on deposit, the Company was entitled to receive a refund of previously deposited collateral. For leases initiated under this contract, when vehicles are disposed after the lease end date, the Company shares equally in any gains, the counterparty incurs all losses up to 6.5%, any losses between 6.5% and 12% are shared equally, and the Company is responsible for all losses over 12%.

Effective 1 April 2018, a revised residual risk sharing agreement has been executed that revised the risk sharing agreement for future lease contracts. For all leases initiated under the new contract, when vehicles are disposed after the lease end date, the counterparty incurs all losses up to 9.25% and the Company is responsible for all losses above 9.25%.

Taxing Authority Reviews

In the normal course of business, the Company is subject to income taxes in numerous federal, state and local jurisdictions and judgement is required in determining the appropriate provision, if any, for transactions where the ultimate tax determination is uncertain. In such circumstances the Company recognizes liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and estimable.

Income tax related contingent liabilities are assessed continually and as a reliable estimate can be made, or if they become probable, a provision is recognized in the financial statements of the period in which the change in estimate or probability occurs. Where the final outcome of such matters differs from the amount recorded, any differences may impact income taxes in the period in which the final determination is made.

20. Capital Management

The Company is capitalized via investment from its parent company, JLR Limited. The Company purchases the majority of products it sells from JLR Limited and related companies. The cash flow from the sale of vehicles and parts is sufficient to pay JLR Limited and all other suppliers. Any remaining cash after paying all suppliers, vendors and operating expenses is remitted back to JLR Limited in accordance with a cash pooling agreement. As such, no additional financing is required. At both 31 March 2020 and 2019, the Company maintained capital of \$157.3 million.

There were no dividends paid during any of the years presented.

Jaguar Land Rover North America, LLC

21. Disclosures on 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 recognized, 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 2020 and 2019, respectively.

	As at 31 March			
	2020		2019	
	Total Carrying Value	Total Fair Value	Total Carrying Value	Total Fair Value
<u>Financial Assets</u>				
Cash and cash equivalents	\$ 2,032,225	\$ 2,032,225	\$ 493,868	\$ 493,868
Trade receivables	315,206,743	315,206,743	91,802,234	91,802,234
Finance receivables	741,722,542	741,722,542	975,806,565	975,806,565
Other financial assets	2,066,647	2,066,647	2,270,094	2,270,094
Total	\$ 1,061,028,157	\$ 1,061,028,157	\$1,070,372,761	\$ 1,070,372,761
 <u>Financial Liabilities</u>				
Accounts payable	\$ (163,446,328)	\$ (163,446,328)	\$ (549,430,145)	\$ (549,430,145)
Financial liabilities	(355,204)	(355,204)	(343,799)	(343,799)
Other financial liabilities	(1,186,137)	(1,186,137)	(1,381,107)	(1,381,107)
Total	\$ (164,987,669)	\$ (164,987,669)	\$ (551,155,051)	\$ (551,155,051)

The Company does not have any derivative financial instruments.

The short term financial assets and liabilities are stated at amortized cost which is approximately equal to their fair value.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in a sales transaction as of the respective dates. The estimated fair value amounts as of 31 March 2020 and 2019 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.

Note 21 – Disclosures on financial instruments (continued)

b) Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in interest rates, credit risk and liquidity risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which covers risks associated with the financial assets and liabilities like interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment – by reducing the impact of currency and interest rate fluctuations on the Company’s business plan.
- Achieve greater predictability to earnings – by determining the financial value of the expected earnings in advance.

i) Market risk

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

a. Foreign currency exchange rate risk

The Company does not have any material exchange risk due to limited transactions in currencies other than US dollars, nor does it have any material balances at the period end which are denominated in any currency other than USD.

ii) Credit risk

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

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables and finance receivables.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was \$1.06 billion and \$1.07 billion as of 31 March 2020 and 2019, respectively, being the total of the carrying amount of Cash and cash equivalents, Trade receivables, Finance receivables and Other financial assets.

Jaguar Land Rover North America, LLC

Note 21 – Disclosures on financial instruments (continued)

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, are impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired, there were no indications as of 31 March 2020, that any defaults in payment obligations will occur.

Credit quality of financial assets and impairment loss

The ageing of trade receivables and finance receivables as of the balance sheet date is given below. The age analysis has been considered from the due date.

	31 March 2020			31 March 2019		
	Gross	Allowance	Total	Gross	Allowance	Total
Trade Receivables						
Period						
Not due	\$ 312,215,690	\$ -	312,215,690.09	\$ 90,172,946	\$ -	\$ 90,172,946
Overdue 1-3 months	2,381,234	-	2,381,234.33	1,220,209	-	1,220,209
Overdue 3-6 months	82,480	-	82,480.28	88,750	-	88,750
Overdue more than 6 months	527,338	-	527,338.34	320,329	-	320,329
Total	\$ 315,206,743	\$ -	\$ 315,206,743	\$ 91,802,234	\$ -	\$ 91,802,234

	31 March 2020			31 March 2019		
	Gross	Allowance	Total	Gross	Allowance	Total
Finance Receivables						
Period						
Not due	\$ 741,722,542.27	\$ -	\$ 741,722,542	\$ 975,806,565	\$ -	\$ 975,806,565
Overdue 1-3 months	-	-	-	-	-	-
Overdue 3-6 months	-	-	-	-	-	-
Overdue more than 6 months	-	-	-	-	-	-
Total	\$ 741,722,542	\$ -	\$ 741,722,542	\$ 975,806,565	\$ -	\$ 975,806,565

iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that it is available for use as per requirements.

The Company is primarily funded through the sale of vehicles and parts at a profit. Generally, funds generated through that means are sufficient to cover all obligations. Any excess cash is remitted back to the parent company, Jaguar Land Rover Limited.

Jaguar Land Rover North America, LLC

Note 21 – Disclosures on financial instruments (continued)

The table below provides details regarding the contractual maturities of financial liabilities as of 31 March 2020:

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd - 5th year	Due after 5 years	Non-cash amount
Accounts payable	\$ (163,446,328)	\$ (163,446,328)	\$ -	\$ -	\$ -	\$ -
Financial liabilities	(355,204)	-	-	-	-	(355,204)
Other financial liabilities	(1,186,137)	-	-	-	-	(1,186,137)
Total	\$ (164,987,669)	\$ (163,446,328)	\$ -	\$ -	\$ -	\$ (1,541,341)

iv) Derivative financial instruments and risk management

The Company does not have any derivative financial instruments.

22. Collaterals

On 28 January 2013, the Company's intermediary parent, Jaguar Land Rover Automotive PLC, issued \$500 million Senior Notes due 2023 at a coupon of 5.625% per annum. These notes were guaranteed on a senior unsecured basis by JLRNA, Jaguar Land Rover Holdings Limited, Jaguar Land Rover Limited, Land Rover Exports Limited and JLR Nominee Company Limited.

23. Related party transactions

The Company's related parties principally consist of subsidiaries of Tata Motors Ltd (subsidiaries of JLR Ltd) and other Tata related companies. The Company routinely enters into transactions with these related parties in the ordinary course of business.

The Company purchases the majority of its inventory from subsidiaries of the ultimate UK parent company, primarily Jaguar Land Rover Limited. As a result, the Company will incur payables to those entities. Additionally, the Company has entered into a transfer price arrangement with Jaguar Land Rover Limited whereby profitability is fixed as a percentage of revenue. As a result of this arrangement, the Company will transfer profits or losses to this entity to arrive at the appropriate profit target by adjusting cost of sales and offsetting payables to affiliated companies. The Company also has various other operation transactions with Jaguar Land Rover Limited that results in payables to or receivables from that entity. All of these transactions are part of a netting agreement and are settled monthly. At 31 March 2020 and 2019, the Company had approximately a net receivable of \$246.4 million and a net payable of \$368.7 million, respectively with JLR Limited.

As part of the Company's arrangement as a national sales company for JLR Limited, all excess cash after local expenditure requirements is remitted to a central treasury function in the UK on a daily basis. Similarly, if cash collected is not sufficient to cover local expenditures, the Company will receive funding from the central treasury function in the UK. Upon cash transfer between the Company and the central treasury function, an intercompany note receivable is recorded with the parent company. At 31 March 2020 and 2019, the Company had approximately \$741.7 million and \$975.8 million, respectively, recorded as a note receivable from the parent company.

Jaguar Land Rover North America, LLC

Note 23 – Related party transactions (continued)

Additionally, in the normal course of business, the Company transacts with other subsidiaries of JLR Limited. At 31 March 2020 and 2019, the Company had trade receivables with Jaguar Land Rover Canada in the amount of \$0.3 million and \$0.4 million, respectively. At 31 March 2020 and 2019, the Company had trade receivables with JLR Limited in the amount of \$61.8 million and \$5.4 million, respectively.

The Company also provides various services to Jaguar Land Rover Canada including, but not limited to legal, accounting, information technology, purchasing, tax services and training. These services are charged to Jaguar Land Rover Canada under a service level agreement. During the 12 months ended 31 March 2020 and 2019 the Company charged \$2.6 million and \$2.9 million, respectively, to Jaguar Land Rover Canada and received these funds in cash.

Additionally, the Company engages various related entities whereby these entities provide outsourced information technology support, technology development, and marketing purchasing to the Company. During the 12 months ended 31 March 2020 and 2019, the Company recognized expense of \$28.1 million and \$33.0 million, respectively, related to services received during that period. The Company made cash payments to these entities during the 12 months ended 31 March 2020 and 2019 of \$27.3 million and \$34.8 million, respectively. Additionally, the Company had an outstanding accounts payable balances to these entities of \$1.3 million and \$0.5 million at 31 March 2020 and 2019, respectively.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Cumulative compensation of those individuals identified as key management personnel was as follows:

	Year ended 31 March	
	2020	2019
Salaries	\$ 1,573,773	\$ 1,548,202
Incentive compensation	418,544	507,614
Other	369,012	420,921
Total key employee compensation	\$ 2,361,329	\$ 2,476,737

The Company did not have any other transactions with key management personnel.

Refer to Note 18 for information on transactions with post-employment benefit plans.

24. Subsequent events

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported in Wuhan, China. The World Health Organization declared COVID-19 to constitute a “Public Health Emergency of International Concern.” The U.S. federal government declared COVID-19 as a national emergency and together with state and local government implemented several restrictions, including stay-at-home requirements. The restrictions intended to slow the spread of COVID-19 have adversely affected our business, the business of our retailers, and the business of our ultimate parent in several ways. The COVID-19 pandemic has impacted our revenues, cash flow and increased our residual value losses, which ultimately has adversely affected our financial condition, results of operations, and cash flows and may continue to do so if there is not a substantial economic recovery. Our parent company has suspended production in some of its automobile plants, affecting the supply chain and logistics network which will negatively impacted retailer inventory levels in the near future, vehicle sales, and our results of operations. Although the duration and severity of the COVID-19 pandemic is uncertain, and its ultimate impact on our results of operations is difficult to predict, it could have material adverse effect on our business, financial condition and our future results of operations.

There were no other events occurring after the reporting date through 24 June 2020 requiring an accounting adjustment to be disclosed that would have a material impact on the Company's results of operations, financial position or cash flows.

25. Approval of financial statements

The financial statements were approved by the board of directors and authorized for issue on 24 June 2020.



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

June 24, 2020

The Board of Directors
Jaguar Land Rover North America, LLC
Mahwah, New Jersey

Ladies and Gentlemen:

We have audited the financial statements of Jaguar Land Rover North America, LLC (the Company) as of March 31, 2020 and 2019 and for each of the years then ended, and expect to issue our report thereon under date of June 24, 2020. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audits.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the board of directors are presented fairly, in all material respects, in conformity with International Financial Reporting Standards, as issued by the IASB. We have a responsibility to perform our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (AICPA). In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or the board of directors of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the board of directors in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.



Accounting Practices and Alternative Treatments

Significant Accounting Policies are described in Note 2 to the Financial Statements

As described in Note 2p, in order to comply with the requirements of International Financial Reporting Standards, the Company adopted IFRS 16 *Leases* effective April 1, 2019, using the modified retrospective method. The adoption of the new standard did not have material impact to the financial statements.

Unusual Transactions

There have been no unusual transactions that we are aware of that need to be disclosed to you.

Qualitative Aspects of Accounting Practices

We have discussed with management our judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the Company's accounting policies and their application, and the understandability and completeness of the Company's financial statements, which include related disclosures.

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Management's estimate of the marketing provisions is based on the number of in-stock inventory and expected marketing incentive payments, the Company's historical experience, and other relevant factors to arrive at an overall assessment of the expected marketing incentive payments. We evaluated management's analysis of the marketing provisions, including possible management bias in developing the estimate, and determined that it was reasonable in relation to the financial statements as a whole.

Management's estimates for other provisions cover vehicle service programs offered to retail buyers such as roadside assistance and service loaner. These estimates are established using historical information on the nature, frequency, average costs of claims, and management's estimates regarding possible future incidences. We evaluated management's analysis of the other provisions, including possible management bias in developing the estimates, and determined that they were reasonable in relation to the financial statements as a whole.

Management's estimate of residual risk provision covers the residual value risk on vehicles sold by dealers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. We evaluated management's analysis of the residual risk provision, including possible management bias in developing the estimate, and determined that it was reasonable in relation to the financial statements as a whole.

Uncorrected and Corrected Misstatements

Uncorrected Misstatements

In connection with our audit of the Company's financial statements, we have not identified any significant financial statement misstatements that have not been corrected in the Company's books and records as of and for the year ended March 31, 2020 and have communicated that finding to management.



Board of Directors
Jaguar Land Rover North America LLC
Page 3 of 4

Corrected Misstatements

Attached is a copy of the adjustment schedule that has been discussed with management and corrected by the Company.

The Company should consider whether this corrected misstatement was caused by one or more significant deficiencies or material weaknesses in internal controls over financial reporting

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that would have caused a modification of our auditors' report on the Company's financial statements.

Management's Consultation with Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the year ended March 31, 2020.

Significant Issues Discussed, or Subject to Correspondence, with Management

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with you and management each year prior to our retention by you as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Material Written Communications

Attached to this letter please find copies of the following material written communications between management and us:

1. Engagement letter;
2. Management representation letter; and
3. Minutes certification letter.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Independence

Our professional standards and other regulatory requirements specify that we communicate to you in writing, at least annually, all relationships between our firm and the Company and persons in a financial reporting oversight role at the Company and provide confirmation that we are independent accountants with respect to the Company.

The fees paid or payable to our firm relating to our audit of the 2020 financial statements billed/billable in 2020 are \$359,000.



Board of Directors
Jaguar Land Rover North America LLC
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Confirmation of Audit Independence

We hereby confirm that as of June 24, 2020, we are independent accountants with respect to the Company under relevant professional and regulatory standards.

* * * * *

This letter to the board of directors is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Company: Jaguar Land Rover NA, LLC FY19-20
 Summary of Corrected Audit Misstatements
 For Year Ended: 3/31/2020
 Amounts in: USD
 Method Used to Quantify Audit Misstatements: Dual

Detailed instructions on automatically populating the audit misstatements from the Tracker are provided in the "Instructions" tab.

ID	Description of misstatement	Type of misstatement	Identified During	Accounts	Debit	(Credit)	Income Statement Effect	Balance Sheet Effect - Debit (Credit)					Cash Flow Effect - Increase (Decrease)			Statement of Comprehensive	
							Debit (Credit)	Equity	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Operating Activities	Investing Activities	Financing Activities	Income - Debit (Credit)	
				Total income effect of corrected audit misstatements - Interim			0	0	0	0	0	0	0	0	0	0	0
AM-1	<p>The Company records duty/import taxes due to US Customs for vehicles and parts imported to the UK. However, during FY19-20, the Company also recorded transfer price adjustments that are related to duty refunds as "offsets" to the overall duty payable balance recorded in these accounts.</p> <p>IAS 32 specifies that a financial asset and a financial liability should be offset and the net amount reported when, and only when, an entity: [IAS 32.42] 1) has a legally enforceable right to set off the amounts; and 2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. [IAS 32.48]</p> <p>The Company did not meet these requirements to record transfer price adjustments related to duty refunds as an offset to the overall duty payable balance. As such, this entry is to adjust the Duties and Sales/Use Tax Liability account and re-class the duty refund to Trade Receivables account on the balance sheet.</p>	Factual	Final	Trade Receivables	10,004,130	0	0	0	10,004,130	0	0	0	0	(10,004,130)	0	0	0
				Duties and Sales/Use Tax Liability	0	(10,004,130)	0	0	0	0	(10,004,130)	0	0	10,004,130	0	0	0
				Total income effect of corrected audit misstatements - Final			0	0	10,004,130	0	(10,004,130)	0	0	0	0	0	0



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Telephone +1 212 758 9700
Fax +1 212 758 9819
kpmg.com

December 5, 2019

Jaguar Land Rover North America, LLC
100 Jaguar Land Rover Way
Mahwah, NJ 07430

Attention: David Chambers, Chief Financial Officer

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to Jaguar Land Rover North America, LLC ("JLRNA") and Jaguar Land Rover Canada, ULC ("JLRC").

Objectives and Limitations of Services

Audit Services

You have requested that we audit JLRNA's and JLRC's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, with the objective of expressing an opinion as to whether the presentation of the financial statements conforms with International Financial Reporting Standards as issued by the International Accounting Standards Board.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. In conducting the audits, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, based on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud, to provide a reasonable basis for our opinions on the financial statements. We also will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and evaluate the overall financial statement presentation.

Our audits of the financial statements will be planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud, and noncompliance with laws and regulations may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

Subject to the remainder of this paragraph, we will issue written reports upon completion of our audits of JLRNA's and JLRC's financial statements addressed to the board of directors of JLRNA and JLRC, respectively. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add emphasis-of-matter or other-matter paragraphs or withdraw from the engagement. If, during the performance of our audit procedures, such circumstances arise, we will communicate to those charged with governance our reasons for modification or withdrawal.



Internal Control over Financial Reporting

In making our risk assessments as part of planning and performing our audits of the financial statements, we will consider JLRNA's and JLRC's internal control relevant to the preparation and fair presentation of the financial statements in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing opinions on the financial statements but not for the purpose of expressing opinions on the effectiveness of JLRNA's and JLRC's internal control.

The objective of our audits of the financial statements is not to report on JLRNA's and JLRC's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audits of the financial statements. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Registration Statements and Other Offering Documents

Should JLRNA and JLRC wish to include or incorporate by reference these financial statements and our audit reports thereon into a future filing under the Securities Act of 1933, or an exempt offering, prior to our consenting to include or incorporate by reference our reports on such financial statements, we would consider our consent to the inclusion of our reports and the terms thereof at that time. We will be required to perform procedures as required by the standards of the Public Company Accounting Oversight Board (United States) or auditing standards generally accepted in the United States of America, including, but not limited to, reading other information incorporated by reference in the registration statement or other offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future filings or other offering documents will be determined at the time the services are to be performed.

Our Responsibility to Communicate with Those Charged with Governance

While the objective of our audits of the financial statements is not to report on JLRNA's and JLRC's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audits of the financial statements, we will communicate, in writing, material weaknesses or significant deficiencies to the board of directors to the extent they come to our attention.

We will report to the board of directors, in writing, the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
- Uncorrected misstatements accumulated by us during the audits and the effect that they, individually or in the aggregate, may have on our opinions in the auditor's reports, and the effect of uncorrected misstatements related to prior periods.
- Significant difficulties and disagreements with management, if any, encountered during our audits.



- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to the board of directors and determine that the board of directors has received copies of all material written communications between ourselves and management. We will also determine that the board of directors has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the appropriate level of management about any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to our attention, we also will communicate directly to the board of directors any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the financial statements.

Management Responsibilities

The management of JLRNA and JLRC acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that JLRNA and JLRC complies with laws and regulations applicable to its activities, and for informing us of any instances of noncompliance or suspected noncompliance with laws and regulations. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of JLRNA and JLRC also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audits; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence and of whom we determine it is necessary to make inquiries. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain representation letters from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming opinions on the financial statements.



Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letters that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole. Because of the importance of management's representations to the effective performance of our services, JLRNA and JLRC will release KPMG LLP (KPMG) and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter attributable to any misrepresentations in the representation letters referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

Dispute Resolution

Any dispute or claim between the parties shall be submitted first to non-binding mediation and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution ("IICPR"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forgo litigation over such disputes in any court of competent jurisdiction.

Mediation shall take place at a location to be designated by the parties using Mediation Procedures of the IICPR, with the exception of paragraph 2 (Selecting the Mediator). Arbitration shall take place in New York, New York and shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1, et seq. Party-selected arbitrators shall be selected from the lists of neutrals maintained by either the IICPR or by JAMS, Inc., but the chair of the arbitration panel does not have to be selected from those specific lists. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in IICPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm, enforce or vacate any final award entered in arbitration, in any court of competent jurisdiction, provided that any party moving to enforce, confirm or vacate any such agreement or award, as the case may be, will file such motion under seal unless prohibited under applicable court rules. Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

Other Matters

All disputes between the parties (whether based in contract, tort, statute, regulation, or otherwise and whether pending in court or in an arbitral forum) shall be governed by and construed in accordance with the substantive and procedural laws of the State of New York, including without limitation, its statutes of limitations, without regard to the conflict of laws provisions of New York or any other state or jurisdiction. In the event that any term or provision of this Engagement Letter shall be held to be invalid, void or



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unenforceable, then the remainder of the Engagement Letter shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

This letter shall serve as JLRNA's and JLRC's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and JLRNA and JLRC and between KPMG and outside specialists or other entities engaged by either KPMG or JLRNA and JLRC. JLRNA and JLRC acknowledge that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Except as permitted by law or as set forth in this paragraph, neither party shall acquire hereunder any right to use the name nor the logo of the other party or any part thereof, nor shall any such use require the express written consent of the owner party. JLRNA and JLRC agree that KPMG may list JLRNA and JLRC as a client in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "JLRNA/JLRC is an Audit client of KPMG LLP").

Further, for purposes of the services described in this letter only, JLRNA and JLRC hereby grant to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of JLRNA and JLRC solely for presentations or reports to JLRNA and JLRC or for internal KPMG presentations and intranet sites.

JLRNA, JLRC and KPMG acknowledge and agree that each shall comply with all applicable United States export control laws and regulations in the performance of each party's respective responsibilities under the Engagement Letter. Unless requested by KPMG to allow it to complete its audits, JLRNA and JLRC will not provide KPMG, or grant KPMG access to, (a) information (including technical data or technology), verbally, electronically, or in hardcopy, (b) software or (c) hardware, that is controlled for export by the United States government under the Arms Export Control Act of 1976, Export Administration Act of 1979, the International Traffic in Arms Regulations ("ITAR"), Export Administration Regulations ("EAR"), Department of Energy Part 810 Regulations or Nuclear Regulatory Commission Part 110 Regulations, except information, software or hardware that is classified as EAR99 under the EAR ("Export Controlled Information"). If KPMG requests Export Controlled Information from JLRNA or JLRC, JLRNA or JLRC shall provide KPMG with notice of provision of Export Controlled Information at least 48 hours prior to providing such Export Controlled Information to KPMG.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

The audit documentation for this engagement is the property of KPMG. If KPMG receives a subpoena; other validly issued administrative, judicial, government or investigative regulatory demand or request; or other legal process requiring it to disclose JLRNA's and JLRC's confidential information ("Legal Demand"), KPMG shall, unless prohibited by law or such Legal Demand, provide prompt written notice to JLRNA and JLRC of such Legal Demand in order to permit it to seek a protective order. So long as KPMG gives notice as provided herein, KPMG shall be entitled to comply with such Legal Demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event KPMG is requested or authorized by JLRNA and JLRC, or is required by law, rule, regulation or Legal Demand in a proceeding or investigation to which KPMG is not a named party or respondent, to produce KPMG's documents or personnel as witnesses or for interviews, or otherwise to make information relating to the service under the Engagement Letter available to a third party, or JLRNA



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and JLRC, shall reimburse KPMG for its professional time, at its then-current standard hourly rates, and expenses, including reasonable attorneys' fees and expenses, incurred in producing documents or personnel or providing information pursuant to such requests, authorizations or requirements.

Any non-disclosure or confidentiality agreements the parties entered into prior to the date hereof shall not apply to this engagement and shall not be deemed to prevent KPMG from performing services in accordance with this Engagement Letter and applicable professional standards. Certain professional standards, including AICPA Code of Professional Conduct Section 1. 700, "Confidential Client Information Rule," adopted by the American Institute of Certified Public Accountants and similar rules adopted by the boards of accountancy of many states, prohibit the disclosure of client confidential information without client consent, except in limited circumstances. KPMG represents to JLRNA and JLRC that KPMG will treat JLRNA's and JLRC's confidential information received in connection with this audit engagement in accordance with applicable professional standards.

KPMG may work with and use the services of other members of the international KPMG network of independent firms and entities controlled by, or under common control with, one or more KPMG member firms (together with KPMG, the "KPMG Firms") to provide services to JLRNA and JLRC. In connection with the performance of services under this Engagement Letter, the KPMG Firms may, in their discretion, utilize the services of third party service providers within or outside of the United States to complete the services under this Engagement Letter. KPMG Firms and such third parties may have access to your confidential information from offshore locations. In addition, KPMG uses third party service providers within and outside of the United States to provide, at its direction, back-office administrative and clerical, or analytical services to KPMG and these third party service providers may in the performance of such services have access to your confidential information. In particular, KPMG's audit technologies, software productivity tools and certain technology infrastructure and, necessarily, your confidential information, may be hosted in cloud environments operated by KPMG Firms or such third party service providers. In addition, KPMG Firms may have access to certain of your information in respect to engagement acceptance and other KPMG professional responsibilities such as maintaining independence and performing conflict checks. KPMG represents that it has technical, legal and/or other safeguards, measures and controls in place to protect your confidential information from unauthorized disclosure or use.

You also understand and agree that the KPMG Firms, with the assistance of third parties as outlined above, may use all JLRNA's and JLRC's information for other purposes consistent with our professional standards, such as improving the delivery or quality of audit and other services or technology to you and to other clients, thought leadership projects, to allow you and other clients to evaluate various business transactions and opportunities, and for use in presentations to you, other clients and non-clients. When your information is used outside of the KPMG Firms or such third parties assisting them as outlined above, JLRNA and JLRC will not be identified as the source of the information.

It may be necessary or convenient for JLRNA and JLRC to use KPMG-owned or -licensed software, software agents, scripts, technologies, tools or applications (collectively "KPMG Technology") designed to extract data from JLRNA's and JLRC's electronic books and records systems or other systems (collectively, "Systems"), in connection with the audits. JLRNA and JLRC understand and agree that they are solely responsible for following appropriate change management policies, processes and controls relating to use of such technology (including without limitation appropriate backup of JLRNA and JLRC information and Systems) (collectively, "Change Management Processes") before such KPMG Technology is utilized to extract data from the Systems. In the event JLRNA and JLRC fail to use such Change Management Processes or if such Change Management Processes prove to be inadequate, JLRNA and JLRC acknowledge that the Systems and/or KPMG Technology may not function as intended. In consideration of the foregoing, KPMG hereby grants JLRNA and JLRC the right to use



KPMG Technology solely to facilitate JLRNA's and JLRC's necessary or convenient provision of information to KPMG in connection with the audits, and this grant does not extend to any other purposes or use by third parties outside of your organization without our prior written approval, provided that third party contractors of JLRNA and JLRC having a need to know in order to perform their services to JLRNA and JLRC are permitted to use KPMG Technology to the extent necessary for such parties to perform such services, so long as JLRNA and JLRC has technical, legal and/or other safeguards, measures and controls in place to protect such KPMG Technology and the KPMG confidential information therein from unauthorized disclosure or use. Other than as expressly permitted hereby, JLRNA and JLRC agrees to keep KPMG Technology confidential, using no less than a reasonable standard of care to protect it from unauthorized disclosure or use, and to notify KPMG of any legal compulsions to disclose it, in accordance with the provisions governing legal demand of confidential information which appear in this engagement letter with respect to which the KPMG Technology is being used, mutatis mutandis. If the KPMG Technology is subject to any third party license terms and conditions before being provided to JLRNA and JLRC, JLRNA and JLRC may be required to accept such terms and conditions before using the KPMG Technology, in which case KPMG will provide such license terms and conditions to JLRNA and JLRC in writing before JLRNA and JLRC elects to use the KPMG Technology.

Except as otherwise provided for in this Engagement Letter, neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to this Engagement Letter (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld. Any assignment in violation hereof shall be null and void. JLRNA and JLRC agree to provide prompt notification if JLRNA and JLRC or any of its subsidiaries whose financial statements are being audited by KPMG LLP, currently are, become subject to, or were previously but are no longer subject to, the laws of a foreign jurisdiction that require regulation of any securities issued by JLRNA and JLRC or such subsidiary. Such situations could include but are not limited to the listing or selling of securities on a foreign securities market or exchange or the submission of filings to a foreign securities regulator.

Additional Reports and Fees for Services

Appendix I to this letter lists the additional reports we will issue as part of this engagement and our fees for professional services to be performed under this letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this letter.

* * * * *

Our engagement herein is for the provision of annual audit services for the financial statements for the period described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this letter, we will provide the services set forth in Appendix I as a single engagement for each of JLRNA's and JLRC's subsequent fiscal years until either those charged with governance or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by the management of JLRNA and JLRC.

This Engagement Letter and any exhibits, attachments and appendices hereto, and amendments thereto agreed in writing by the parties, shall constitute the entire agreement between KPMG and JLRNA and



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JLRC with respect to the subject matter hereof and thereof, and supersede all other previous oral and written representations, understandings or agreements relating to the subject matter of this agreement.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audits of the financial statements including our respective responsibilities.

Very truly yours,

KPMG LLP

Howard B. Meltzer
Partner

ACCEPTED

Jaguar Land Rover North America, LLC & Jaguar Land Rover Canada, ULC

David Chambers, Chief Financial Officer

Date



Appendix I

Fees for Services

Based upon our discussions with and representations of management, our total service fees of \$429,000 will cover the followings:

- Interoffice audit report on the Jaguar Land Rover North America, LLC and Jaguar Land Rover Canada, ULC reporting packages for the year ended March 31, 2020.
- Statutory audit of the balance sheet of Jaguar Land Rover North America, LLC as of March 31, 2020, the related statements of income, changes in equity, and cash flows for the year ended March 31, 2020.
- Statutory audit of the balance sheet of Jaguar Land Rover Canada, ULC as of March 31, 2020, the related statements of income, changes in equity, and cash flows for the year ended March 31, 2020.

The above estimates are based on the level of experience of the individuals who will perform the services. In addition, expenses are billed for reimbursement as incurred. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be JLRNA's and JLRC's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.



June 24, 2020

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Gentlemen:

We are providing this letter in connection with your audits of the balance sheets of Jaguar Land Rover North America, LLC (JLRNA or the Company) as of March 31, 2020 and 2019, the related statements of income, changes in equity, and cash flows for each of the years in the two-year period ended March 31, 2020, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Company in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of June 24, 2020:

1. We have fulfilled our responsibilities as set out in the terms of the audit engagement letter dated December 5, 2019, for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Additionally, we acknowledge that we are responsible for the preparation and fair presentation in the financial statements of the Company's balance sheets and related statements of income, changes in equity, and cash flows in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.



2. The accounting policies selected and applied comply with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in the notes to the financial statements.
3. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audits;
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. All minutes of the meetings of directors, and committees of directors, as described in our minute's representation letter dated June 24, 2020.
4. Except as disclosed to you in writing, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
5. We have disclosed to you, in writing, all known instances of non-compliance or suspected non-compliance with laws and regulations, whose effects should be considered when preparing the financial statements.
6. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have disclosed to you all side agreements or other arrangements (either written or oral).
8. All events subsequent to the date of the financial statements and through the date of this letter for which International Financial Reporting Standards requires adjustment or disclosure have been adjusted or disclosed.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with International Accounting Standard (IAS) 37, *Provisions, Contingent Liabilities and Contingent Assets*.
10. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.



11. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements, and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term “fraud” is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
12. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Company’s ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control over financial reporting, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Company’s financial statements communicated by employees, former employees, analysts, regulators, or others.
16. We have no knowledge of any officer or director of the Company, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate or mislead you during your audit.
17. Significant assumptions used by us in making accounting estimates are reasonable.



18. We have disclosed to you the identity of our related parties and all the related party relationships and transactions of which we are aware.
19. The following have been properly recorded or disclosed in the financial statements:
- a. Related party relationships and transactions, of which we are aware in accordance with IAS 24, *Related Party Disclosures*, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Company is contingently liable, including guarantee contracts and indemnification agreements pursuant to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.
 - c. Significant judgments, estimates and sources of estimation uncertainty assumptions that are required to be disclosed in accordance with IAS 1, *Presentation of Financial Statements* or IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.
- Significant estimates are estimates at the reporting date that could change materially within the next year. Sources of estimation uncertainty assumptions are those having a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
20. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as disclosed in the financial statements or notes to the financial statements.
21. The Company has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
22. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Company's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.



23. We have no loans to executive officers, non-accrued loans, or zero-interest loans.
24. We have no plans or intentions that may materially affect the carrying amount or classification of assets and liabilities.
25. We have considered all financial instruments within the scope of impairment requirements of IFRS 9, other than those for which loss allowance is always measured at an amount equal to lifetime expected credit losses, in assessing whether credit risk on these instruments has increased significantly since their initial recognition. For all instruments where credit risk has increased significantly since initial recognition, loss allowance in the financial statements is measured at an amount equal to lifetime expected credit losses.
26. We believe the assumptions and techniques used by us, including those used by specialists engaged by us, are appropriate and that all fair value measurements are determined in accordance with IFRS 13, *Fair Value Measurement*. In circumstances where the fair value of a financial asset or liability at initial recognition is different from the transaction price, we have immediately recognized a gain or loss equal to the difference in the income statement if and only if the fair value measurement is evidenced by a quoted price in an active market for an identical asset or liability, or is based on a valuation technique that uses only data from observable markets. If the fair value measurement at initial recognition does not meet either of these conditions, then the difference is deferred and subsequently recognized as a gain or loss only to the extent it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.
27. We have disclosed the methods and assumptions applied in determining the fair values of each class of financial instrument.
28. We have disclosed to you any condition that may result in losses due to our inability to fulfill our sales commitments.
29. We confirm that we have disclosed to you all information in relation to onerous contracts, i.e. those contracts under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received under it, including losses arising from sale and purchase commitments that are onerous contracts under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.
30. We have disclosed to you any condition that may result in losses due to excess or obsolete inventory.



31. We have disclosed to you any condition associated with our purchase commitments that may result in losses in the values of our inventories.
32. We have fully disclosed to you all sales terms, including rights of return or price adjustments that would result in an adjustment to the warranty reserve.
33. The financial statements disclose all of the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and our plans.
34. We believe that the tax-planning strategies used in determining the amount of the deferred tax assets recognized are prudent and feasible strategies that would, if necessary, be implemented.
35. The Company has the ability and the intent to recover, in a tax-free manner, assets (or liabilities) with book/tax basis differences for which no deferred taxes have been provided in accordance with the provisions of IAS 12, *Income Taxes*.
36. Deferred tax assets have been recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized in accordance with IAS 12, *Income Taxes*.
37. The calculations of current and deferred tax expense (benefit) and the measurement of the related current and deferred tax assets and liabilities have been determined in accordance with IAS 12, *Income Taxes*, and based on appropriate provisions of applicable enacted tax laws and regulations.
38. When we have based our position on tax exposure items on an opinion issued by a qualified third-party tax adviser, we have provided you access to the third-party tax advisor's opinion.
39. We have not received any advice or opinion that:
 - Contradicts the Company's support for the tax accrual related matters,
 - Contradicts the Company's financial statement amounts and presentations,
 - Has not been provided to you, but may be necessary to understand the Company's tax accrual and related matters.



40. We confirm that we have disclosed to you our assessment of the Company's exposures to risks related to taxation, that we have appropriately accounted for such risks and that we have disclosed information that is adequate to enable users to evaluate the nature and extent of the risks to which the Company is exposed at the end of the reporting period.
41. We agree with the findings of specialists in evaluating the release of deferred revenue related to Certified Pre-owned services and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
42. There are no agreements to purchase assets previously sold.
43. We have disclosed in the financial statements information relevant to assessing the possible impact that application of IFRSs, that have been issued but are not yet effective, will have on the Company's financial statements in the period of initial application in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, to the extent that this information is known or reasonably estimable.
44. There are no violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss provision.
45. Receivables reported in the financial statements represent valid claims against debtors for sales or other charges arising on or before the date of the statement of financial position and have been appropriately reduced to their amortized cost that includes any reduction for impairment or uncollectibility.
46. We believe that all material expenditures that have been deferred to future periods will be recoverable.
47. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
48. Provision, when material, has been made for:



- Losses to be sustained from inability to fulfill any sales commitments.
 - Losses to be sustained as a result of onerous contracts.
 - Losses to be sustained as a result of the reduction of excess or obsolete inventories to their estimated net realizable value.
49. All sales transactions entered into by the Company are final and there are no side agreements with customers, or other terms in effect, which allow for the return of merchandise, except for defectiveness or other conditions covered by usual and customary warranties.
50. Gross revenue includes only the sales of goods or the rendering of services for which the Company has acted as a principal in the transaction when it has exposure to the significant risks and rewards associated with it. The sale of goods or the rendering of services for which the Company has acted as an agent or broker without assuming the significant risks and rewards associated with it have been reported on a net basis.
51. The financial statements disclose all of the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and our plans.
52. We have confirmed to you that revenue is recognized when vehicles are allocated to a dealer (i.e. segregated for dispatch at the port).
53. We used the appropriate measurement processes, including related assumptions and models, in determining accounting estimates in the context of the applicable financial reporting framework and the consistency in the application of the processes for marketing provisions recognized and disclosed in the financial statements. The assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Company when relevant to the accounting estimates and disclosures. The disclosures related to the accounting estimates are complete and appropriate under the applicable financial reporting framework. No subsequent event has occurred that would require adjustment to the accounting estimates and disclosures included in the financial statements. For those accounting estimates not recognized or disclosed in the financial statements, we used the appropriate basis for determining that the criteria of the applicable financial reporting framework for recognition or disclosure have not been met, including the basis to overcome a presumption relating to the use of fair value set forth under the Company's applicable financial reporting framework.



54. We have confirmed to you that the legal liability for cases regarding, but not limited to, product defects/damage, warranties, lemon-law, patent infringement matters, asbestos, and insurance is the responsibility of Jaguar Land Rover Automotive plc.
55. The residual risk reserve is adequately stated to cover future costs related to the Chase Residual Value Risk Sharing and Subvention Program Agreement as of March 31, 2020. The assumptions used in developing the residual risk reserve are management's best estimates based on information available.
56. The Company has not received any communications from any of its dealers, nor have become aware of any other information that would have material impact to the estimates used in preparation of the financial information as of March 31, 2020.
57. We have identified all leases where the Company is a lessee or a lessor, including having regard to the definition of a lease in IFRS 16 Leases, and accounted for them in accordance with IFRS 16.
58. On the basis of the process established by us, and having made appropriate enquiries, we are satisfied that the assumptions applied in determining the lease term, lease payments and discount rate are appropriate.



Very truly yours,

Jaguar Land Rover North America, LLC
Joe Eberhardt
Digitally signed by Joe Eberhardt
Date: 2020.06.24 16:48:53 -04'00'

Joachim Eberhardt,
President and CEO, JLRNA, LLC.

David Chambers
Digitally signed by David Chambers
Date: 2020.06.24 16:39:16 -04'00'

David Chambers,
Vice President, Finance and CFO, JLRNA, LLC.

Michael Goldman
Digitally signed by Michael Goldman
Date: 2020.06.24 16:04:14 -04'00'

Michael Goldman,
Controller/Assistant Treasurer, North America Accounting, JLRNA, LLC.



KPMG LLP
345 Park Avenue
New York, NY 10154

June 24, 2020

Ladies and Gentleman:

In connection with your audit of Jaguar Land Rover North America, LLC's ("JLRNA") consolidated financial statements for the period ended March 31, 2020, I, Ramsey Ong, General Counsel and Secretary of JLRNA hereby certify as of June 24, 2020 that to the best of my knowledge and belief:

- 1) The following is a complete list of the contents of the meeting resolutions and written consents of JLRNA from April 1, 2019 through the date of this letter:

<u>Identification Number or Letter</u>	<u>Period Covering</u>	<u>Contents</u>
Resolution	4/29/2019	Severance Pay Plan
Written Consent	4/29/2019	Written Consent of Managers and Sole Member
Written Consent	5/21/2019	Amendment to Agreement
Written Consent	11/22/2019	Written Consent of Managers
Apointment of Agent	11/26/2019	Appointment of Agent For Service of Process Certificate

- 2) The minutes as recorded in the minute books described above are a true and correct record of all business transacted at meetings of Board of Directors, the Finance Committee, and the Audit Committee of the Company from April 1, 2019 through the date of this certificate.

Very truly yours,

Ramsey Ong
General Counsel and Secretary