

Jaguar Land Rover (South Africa) Holdings Limited

Annual report and financial statements

For the year ended 31 March 2017

(Company registered number: 07769130)

Directors and Advisor

Directors

L. E. Kretzschmar
R. Gouverneur

Company secretary

S. L. Pearson

Registered office

Abbey Road
Whitley
Coventry
CV3 4LF

Auditor

Deloitte LLP
Statutory Auditor
Four Brindleyplace
Birmingham
B1 2HZ
United Kingdom

Contents

Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10-20

Strategic report

The directors present their strategic report and the audited financial statements of Jaguar Land Rover (South Africa) Holdings Limited (the company) for the year ended 31 March 2017.

Principal activity

The company's principal activity is to act as a holding company for investments in group companies.

Review of business and future developments

The company does not trade and therefore reported no turnover in the current or prior year. During the year ended 31 March 2017 a dividend of R1,658 million representing R8.29 million per ordinary share of was proposed and paid to the sole shareholder Jaguar Land Rover Limited in respect of the interim financial results for the period ended 31 October 2016. The directors recommend that no further dividend should be proposed or paid on the ordinary shares (2016: Rnil).

Key performance indicators

The directors do not consider any key performance indicators to be relevant to the understanding of the financial performance or financial position of the company.

Principal risks and uncertainties

The directors do not consider that the company has any principal risks and uncertainties.

Approved by the Board of Directors and signed on behalf of the Board of Directors by:

S. L. Pearson
Company secretary
13 July 2017

Registered Office:
Abbey Road
Whitley
Coventry
CV3 4LF

Directors' report

The directors present their report and the audited financial statements for the company for the year ended 31 March 2017.

Going concern

The directors have considered the financial position of the company at 31 March 2017, net assets of R1,982 million (2016: R3,578 million), the projected cash flows and financial performance of the company for at least 12 months from the date of approval of these financial statements and the directors believe it is appropriate to prepare these financial statements on a going concern basis.

Directors

The directors who held office during the year and subsequent to the year end to the date of this report are as follows:

L. E. Kretzschmar
R. Gouverneur

Directors' indemnities

An intermediate parent, Jaguar Land Rover Automotive plc, maintained directors' liability insurance for all directors during the financial year.

Independent auditor

At the completion of its audit tenure (year ended 31 March 2017), Deloitte will stand down as auditor. A formal selection process has commenced to identify a successor auditor and a resolution to appoint will be proposed at the 2017 Tata Motors Limited Annual General Meeting.

Statement of disclosure of information to auditor

In the case of the persons who were directors at the time when the report is approved, under Section 418(2) of the Companies Act 2006, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board of Directors and signed on behalf of the Board of Directors by:

S. L. Pearson
Company secretary
13 July 2017

Registered Address
Abbey Road
Whitley
Coventry
CV3 4LF

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, International Accounting Standard 1 requires that the directors:

- properly select and apply accounting policies consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditor's report to the members of Jaguar Land Rover (South Africa) Holdings Limited

We have audited the financial statements of Jaguar Land Rover (South Africa) Holdings Limited for the year ended 31 March 2017 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Jaguar Land Rover (South Africa) Holdings Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Peter Gallimore FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, UK
13 July 2017

Income statement

	<i>Note</i>	Year ended 31 March 2017 Rm	Year ended 31 March 2016 Rm
Finance income	3	86	368
Net income before tax		<u>86</u>	<u>368</u>
Income tax charge	6	(24)	(26)
Net income attributable to shareholders		<u>62</u>	<u>342</u>

There were no gains or losses other than the result for both the current and prior financial years. Accordingly, no separate statement of comprehensive income has been presented.

Balance sheet

As at	<i>Note</i>	31 March 2017 Rm	31 March 2016 Rm
Non-current assets			
Investments	7	1,950	1,950
Current assets			
Finance receivables	8	83	1,654
Total assets		2,033	3,604
Current liabilities			
Accounts payable	9	51	26
Total liabilities		51	26
Equity attributable to equity holders of the parent			
Ordinary shares	10	-	-
Share premium		1,950	1,950
Other reserves	11	32	1,628
Equity attributable to equity holders of the parent		1,982	3,578
Total liabilities and equity		2,033	3,604

These financial statements were approved by the Board of Directors and authorised for issue on 13 July 2017 and were signed by:

Liaan Kretschmar
Director

Company registered number: 07769130

Statement of Changes in Equity

	<i>Note</i>	Ordinary shares Rm	Share premium Rm	Reserves Rm	Total equity Rm
Balance at 1 April 2016		-	1,950	1,628	3,578
Income for the year	11	-	-	62	62
Dividends paid	12	-	-	(1,658)	(1,658)
Total changes in equity		-	-	(1,596)	(1,596)
Balance at 31 March 2017		-	1,950	32	1,982

		Ordinary shares Rm	Share premium Rm	Reserves Rm	Total equity Rm
Balance at 1 April 2015		-	1,950	1,286	3,236
Income for the year	11	-	-	342	342
Total changes in equity		-	-	342	342
Balance at 31 March 2016		-	1,950	1,628	3,578

Cash Flow Statement

	Year ended 31 March 2017 Rm	Year ended 31 March 2016 Rm
Cash flows generated from/(used in) operating activities		
Net income attributable to shareholders	62	342
Income tax expense	24	26
Finance income received	(86)	(94)
Dividends received	-	(274)
	<hr/>	<hr/>
Cash flows generated from operating activities before movements in working capital	-	-
Movement in accounts payable	25	-
	<hr/>	<hr/>
Cash flows generated from operations	25	-
Income tax paid	(25)	(37)
	<hr/>	<hr/>
Net cash outflow from operating activities	-	(37)
	<hr/> <hr/>	<hr/> <hr/>
Cash flows generated from investing activities		
Dividends received	-	274
Repayment of loan to group undertakings	1,658	-
	<hr/>	<hr/>
Net cash generated from investing activities	1,658	274
	<hr/> <hr/>	<hr/> <hr/>
Cash flows used in financing activities		
Repayment of loan from group undertakings	-	(237)
Dividends paid	(1,658)	-
	<hr/>	<hr/>
Net cash used in financing activities	(1,658)	(237)
	<hr/> <hr/>	<hr/> <hr/>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
	<hr/>	<hr/>
Cash and cash equivalents at end of year	-	-
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

1 Background and operations

Jaguar Land Rover (South Africa) Holdings Limited (the company) is a limited company incorporated and domiciled in the United Kingdom and has its registered office at Abbey Road, Whitley, Coventry, CV3 4LF. The company is an indirect subsidiary of Tata Motors Limited, India. The company's principal activity is to act as a holding company for investments in group companies.

The company has a functional currency of Pound Sterling (GBP). These financial statements have been presented in South African Rand and rounded to the nearest million Rand (Rm) unless otherwise stated.

2 Accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretation Committee interpretations as adopted by the European Union (EU) and the requirements of the United Kingdom Companies Act 2006 applicable to companies reporting under IFRS.

The company is exempt from preparing consolidated group accounts under Section 400 of the Companies Act 2006 and therefore these financial statements contain information about the company and not its group. The company is included in the consolidated accounts of Jaguar Land Rover Automotive plc which are available from the company's registered office.

Basis of preparation

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

Going concern

The directors have considered the financial position of the company at 31 March 2017, net assets of R1,982 million (2016: R3,578 million) and the projected cash flows and financial performance of the company for at least 12 months from the date of approval of these financial statements. The directors consider that the company has adequate resources to continue in operation as a going concern for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

Use of estimates and judgements

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

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

Income recognition

Dividend income is recognised from subsidiary undertakings once receivable.

Foreign currency

The company has a functional currency of GBP and a presentational currency of South African Rand in both the current and prior financial years.

All of the company's transactions were in South African Rand during the current and previous years.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Income taxes

Income tax expense comprises current tax. Income tax expense is recognised in the income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity, whereby tax is also recognised outside of profit or loss).

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

Where possible, the company utilises group relief from other group companies with no payment.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividend payable recognition

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Financial instruments

Classification, initial recognition and measurement

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

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

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

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

Notes to the financial statements (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Classification, initial recognition and measurement (continued)

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

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

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

Embedded derivatives relating to prepayment options on senior notes are not considered as closely related and are separately accounted unless the exercise price of these options is approximately equal on each exercise date to either the amortised cost of the senior notes or the present value of the lost interest for the remaining term of the senior notes.

Equity instruments

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

Other financial liabilities

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

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Subsequent to initial recognition, the 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. Valuation techniques include discounted cash flow method and other valuation models.

Derecognition of financial assets and financial liabilities

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Notes to the financial statements (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets and financial liabilities (continued)

When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the income statement.

Impairment of financial assets

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

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

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

New accounting pronouncements

The following IFRS pronouncements have been issued by the IASB and have not yet been adopted:

IAS 7 has been amended to required additional disclosure to help users evaluate changes in borrowings. The amendment is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The company expects to include a net debt reconciliation within its disclosures following the adoption of this amendment.

IFRS 7 additional disclosure requirements are being assessed and disclosure will be given as required when IFRS 9 is adopted by the company.

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. The company has undertaken an assessment of classification and measurement and the company does not expect a significant impact on the financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. The company does not expect significant changes to the nature or extent of disclosures in respect of financial instruments.

Notes to the financial statements (continued)

2 Accounting policies (continued)

New accounting pronouncements (continued)

IFRS 15 Revenue from Contracts with Customers provides a new comprehensive framework for revenue recognition and establishes new principles and the disclosure requirements thereof. The new standard specifies a uniform, five-step model for revenue recognition, which is to be applied to all contracts with customers. The new disclosure requirements aim to create a more transparent view of how a company generates its revenue and aims to provide more consistent and standardised information to users of financial statements about the nature, timing and amount arising from an entity's contracts with customers. Under IFRS 15 revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations (such as IFRIC 13 Customer Loyalty Programmes). The company does not expect a significant impact on the financial statements from IFRS 15.

The company does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Notes to the financial statements (continued)

3 Finance income

	Year ended 31 March 2017 Rm	Year ended 31 March 2016 Rm
Interest received	86	94
Dividend received from subsidiary undertaking	-	274
	<hr/>	<hr/>
Total finance income	86	368
	<hr/> <hr/>	<hr/> <hr/>

4 Net income before tax

Auditor's remuneration for both the current and prior financial years is borne by the immediate parent company, Jaguar Land Rover Limited and is not recharged. The company's allocation for fees payable to the company's auditor for the audit of the annual financial statements is R0.1 million (2016: R0.1 million). The company incurred no non-audit fees in either the current or prior financial year.

5 Employees and directors emoluments

The company did not have any employees other than the directors in either the current or prior financial year.

The directors did not receive remuneration for their services specifically to this company (2016: Rnil). Emoluments are paid by Jaguar Land Rover (South Africa) (Pty) Ltd, a related group company which makes no recharge to this company.

6 Taxation

As the company is tax resident in South Africa it is subject to Corporation Tax in South Africa.

Recognised in the income statement

	Year ended 31 March 2017 Rm	Year ended 31 March 2016 Rm
Current income tax expense	24	26
	<hr/>	<hr/>
Total income tax expense	24	26
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

	Year ended 31 March 2017 Rm	Year ended 31 March 2016 Rm
Net income attributable to shareholders for the year	62	342
Total income tax expense	24	26
	<hr/>	<hr/>
Net income excluding taxation	86	368
	<hr/> <hr/>	<hr/> <hr/>
Tax using the South African corporation tax rate of 28% (2016: 28%)	24	103
Dividend income not subject to taxation	-	(77)
	<hr/>	<hr/>
Total income tax expense	24	26
	<hr/> <hr/>	<hr/> <hr/>

There are no unrecognised deferred tax assets or liabilities at either 31 March 2017 or 31 March 2016.

Notes to the financial statements (continued)

7 Investments

Investments consist of the following:

				31 March 2017 Rm	31 March 2016 Rm
Balance at start and end of year				1,950	1,950
				<u> </u>	<u> </u>
Name of Company	Interest	Class of share	Principal place of business and country of incorporation	Registered office address	
Jaguar Land Rover (South Africa) (Pty) Ltd	100%	Ordinary	South Africa	28 Victoria Link, Route 21 Corporate Park, Nellmapius Drive, Irene X30, Centurion, Tshwane, Gauteng, South Africa	

8 Finance receivables

Finance receivables consist of loans to fellow group companies, the details of which are as follows:

	31 March 2017 Rm	31 March 2016 Rm
Total loan instalments to be received from group undertakings	83	1,654
	<u> </u>	<u> </u>
Total	83	1,654
	<u> </u>	<u> </u>
Falling due within one year	83	1,654
	<u> </u>	<u> </u>

All finance receivables are loans and interest on loans from other group companies and no impairment is required.

9 Accounts payable

	31 March 2017 Rm	31 March 2016 Rm
Amounts due to group undertakings	51	26
	<u> </u>	<u> </u>
Total	51	26
	<u> </u>	<u> </u>

Amounts due to group undertakings relates to tax payable balances with its subsidiary, Jaguar Land Rover (South Africa) (Pty) Ltd, which settles directly with tax authorities on behalf of the company.

Notes to the financial statements (continued)

10 Share capital

	31 March 2017	31 March 2016
	R	R
Allotted, called up and fully paid		
200 (2016: 200) ordinary shares of R1 each	200	200
	<u>200</u>	<u>200</u>

11 Other reserves

The movement in reserves is as follows:

	31 March 2017	31 March 2016
	Rm	Rm
Balance at start of year	1,628	1,286
Net income for the year	62	342
Dividends paid	(1,658)	-
	<u>32</u>	<u>1,628</u>
Balance at end of year	32	1,628

12 Dividends

During the year ended 31 March 2017, a dividend of R1,658 million representing R8.29 million per ordinary share was proposed and paid to the sole shareholder Jaguar Land Rover Limited in respect of the interim financial results for the period ended 31 October 2016. The directors recommend that no further dividend should be proposed or paid on the ordinary shares (2016: Rnil).

13 Capital management

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

The capital structure and funding requirements are regularly monitored by the Board to ensure sufficient liquidity is maintained by the company. All debt issuance and capital distributions are approved by the Board of Directors.

The company has no external borrowings and is funded by equity, and if required, immediate parent company loans.

	31 March 2017	31 March 2016
	Rm	Rm
Equity	1,982	3,578
	<u>1,982</u>	<u>3,578</u>
Total capital (debt and equity)	1,982	3,578

Notes to the financial statements (continued)

14 Financial instruments

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

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

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 2017:

	Loans and receivables Rm	Fair value Rm
Finance receivables	83	83
	<hr/>	<hr/>
	83	83
	<hr/> <hr/>	<hr/> <hr/>

	Other financial liabilities Rm	Fair value Rm
Accounts payable	51	51
	<hr/>	<hr/>
	51	51
	<hr/> <hr/>	<hr/> <hr/>

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2016:

	Loans and receivables Rm	Fair value Rm
Finance receivables	1,654	1,654
	<hr/>	<hr/>
	1,654	1,654
	<hr/> <hr/>	<hr/> <hr/>

	Other financial liabilities Rm	Fair value Rm
Accounts payable	26	26
	<hr/>	<hr/>
	26	26
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

15 Related party transactions

The company's related parties principally consist of Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited, which includes Tata Motors Limited (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Limited. The company's related party transactions principally consist of intercompany loans and dividends.

The following table summarises related party transactions and balances for the year ended 31 March 2017.

	With subsidiaries	With immediate parent
	2017 Rm	2017 Rm
Finance income received	-	86
Loans outstanding	-	83
Accounts payable	51	-
	<u> </u>	<u> </u>

The following table summarises related party transactions and balances for the period ended 31 March 2016.

	With subsidiaries	With immediate parent
	2016 Rm	2016 Rm
Dividends received	274	-
Finance income received	-	94
Loans outstanding	-	1,654
Accounts payable	26	-
	<u> </u>	<u> </u>

16 Ultimate parent company and parent company of larger group

The immediate parent undertaking is Jaguar Land Rover Limited and ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the largest group to consolidate these financial statements. The smallest group to consolidate these financial statements is headed by Jaguar Land Rover Automotive plc.

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