

## Jaguar Land Rover North America, LLC

Financial statements

Year ended 31 March 2015

### **Conversion into Indian Rupees**

*The financial information is expressed in the local currency of the relevant company (US Dollars) only in the Audited Accounts based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirements of Section 212 of the Indian Companies Act, 1956, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate **USD 1 = Rs 62.533**, and **Rs 59.885** for the years ended 31 March 2015 and 2014 respectively. These transactions should not be constructed as a representative that any or all of the amounts could be converted to Indian Rupees at this or any other rate.*

**Jaguar Land Rover North America, LLC**

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## Jaguar Land Rover North America, LLC

### Jaguar Land Rover North America, LLC

#### Balance Sheets

In INR	Note	As at 31 March	
		2015	2014
<b>Non-current assets</b>			
Property, plant and equipment	3	1,549,973,079	1,200,986,162
Other financial assets	4	714,403,568	605,466,921
Deferred income taxes	5	2,934,845,656	2,100,370,997
<b>Total non-current assets</b>		5,199,222,303	3,906,824,075
<b>Current assets</b>			
Inventories	6	38,205,418,691	32,458,953,490
Trade receivables	23	2,591,593,514	4,554,077,679
Finance receivables	8, 23	20,486,070,687	10,406,624,894
Other current assets	9	162,124,181	250,525,163
Cash and cash equivalents	10	386,468,448	247,773,008
Current income tax assets		-	764,804,410
<b>Total current assets</b>		61,831,675,521	48,682,758,644
<b>Total assets</b>		67,030,897,824	52,589,582,736
<b>Current liabilities</b>			
Accounts payable		(40,238,209,688)	(28,891,193,774)
Marketing provisions	11	(14,448,244,897)	(13,636,512,249)
Financial liabilities		(10,321,072)	-
Other current liabilities	12	(4,260,166,869)	(2,059,795,526)
Provisions	14	(473,064,959)	(1,026,106,850)
Current income tax liabilities		(118,709,020)	(60,774,412)
<b>Total current liabilities</b>		(59,548,716,505)	(45,674,382,811)
<b>Non-current liabilities</b>			
Other non-current liabilities	13	(3,118,828,122)	(2,265,566,284)
Provisions	14	(791,555,721)	(2,234,133,558)
Other financial liabilities		(68,655,418)	-
<b>Total non-current liabilities</b>		(3,979,039,261)	(4,499,699,842)
<b>Total liabilities</b>		(63,527,755,766)	(50,174,082,653)
<b>Equity attributable to shareholders</b>			
Ordinary shares		(2,501,320,000)	(2,395,400,000)
Share premium		(7,335,120,900)	(7,024,510,500)
Retained earnings brought forward		7,253,139,449	7,774,837,302
Profit for the year		(992,299,720)	(828,836,699)
Pension reserve		72,459,113	58,409,815
<b>Equity attributable to shareholders</b>		(3,503,142,058)	(2,415,500,082)
<b>Total liabilities and equity</b>		(67,030,897,824)	(52,589,582,736)

See accompanying notes to the financial statements

## Jaguar Land Rover North America, LLC

### Jaguar Land Rover North America, LLC

#### Income Statements

In INR

	Note	Year ended 31 March	
		2015	2014
<b>Income</b>			
Revenue		313,394,352,457	249,743,838,429
Other income	18	695,311,055	1,033,051,110
<b>Total Income</b>		<b>314,089,663,512</b>	<b>250,776,889,539</b>
<b>Expenditure</b>			
Direct costs	6	(281,232,878,473)	(220,589,508,079)
Employee costs	16	(2,786,226,414)	(2,520,127,608)
Other expenses	17	(28,206,735,484)	(26,155,728,048)
<b>Total expenditure</b>		<b>(312,225,840,371)</b>	<b>(249,265,363,735)</b>
<b>Profit before depreciation, interest, amortization and tax</b>		<b>1,863,823,141</b>	<b>1,511,525,804</b>
Depreciation and amortisation	3	(130,808,405)	(127,815,158)
Miscellaneous Expenses		(1,537,124)	(3,611,454)
Finance income/(expense), net	19	5,666,678	(25,147,001)
<b>Profit before tax</b>		<b>1,737,144,290</b>	<b>1,354,952,191</b>
Income Tax Expense	5	(744,844,570)	(526,115,463)
<b>Profit for the period</b>		<b>992,299,720</b>	<b>828,836,728</b>

### Jaguar Land Rover North America, LLC

#### Statements of Comprehensive Income

In INR

	Year ended 31 March	
	2015	2014
<b>Profit for the period</b>	<b>992,299,720</b>	<b>828,836,728</b>
Items that will not be reclassified subsequently to Income statement:		
Actuarial gain/(loss), net of tax (expense)/benefit of INR (17,359,849) and INR 17,278,080 for fiscal years ended 31 March 2015 and 2014, respectively	11,466,551	(24,863,594)
<b>Other comprehensive income/(loss) for the year</b>	<b>11,466,551</b>	<b>(24,863,594)</b>
<b>Total comprehensive income for the year</b>	<b>1,003,766,271</b>	<b>803,973,134</b>

See accompanying notes to the financial statements

## Jaguar Land Rover North America, LLC

### Statement of Cash Flows

In INR

	For the Fiscal Year Ended 31 March	
	2015	2014
<b>Cash flows from operating activities:</b>		
Net income	992,299,720	828,836,728
Adjustments for noncash items included in net income:		
Depreciation	130,808,405	127,815,158
Inventory write-down	304,165,139	58,560,190
Allowances for trade and other receivables	1,002,467	-
Loss on sale of assets / assets written off	-	7,410,493
Minimum pension liability	(11,466,551)	24,863,594
Income tax expense	744,844,570	526,115,463
Interest (income)/expense	(12,863,976)	14,890,101
<b>Cash flows from operating activities before changes in following assets and liabilities</b>	<b>2,148,789,774</b>	<b>1,588,491,727</b>
(Increase)/decrease in Other Financial Assets (Non-current)	(82,164,047)	1,061,829,330
(Increase) in Deferred tax assets	(741,600,296)	(122,205,601)
(Increase) in Inventories	(4,615,357,560)	(14,462,949,701)
Decrease in Trade receivables	2,162,854,322	88,451,003
(Increase)/decrease in Finance receivables	(9,633,466,098)	2,625,669,786
Decrease in Other Current Assets	99,478,747	1,865,383,020
Decrease/(increase) in Current income tax assets	798,622,575	(764,750,807)
Increase in Trade payables	10,069,502,642	3,546,423,139
(Decrease) in Current income tax liabilities	(74,356,740)	(567,422,399)
Increase in Marketing Provisions	208,752,226	920,035,403
Increase in Financial Liabilities (Current)	10,321,072	-
Increase in Other Current Liabilities	2,143,533,751	355,603,459
(Decrease)/increase in Provisions (Current)	(598,414,359)	551,694,901
Increase in Other Non-Current Liabilities	753,082,793	614,857,712
(Decrease)/increase in Provisions (Non-current)	(1,541,366,975)	1,473,364,257
Increase/(decrease) in Other Financial Liabilities (Non-current)	68,655,418	(2,034,671,765)
Increase in Deferred Tax Liabilities	-	-
<b>Cash generated from operating activities</b>	<b>1,176,867,245</b>	<b>(3,260,196,531)</b>
Income tax (paid)/refunds received	(615,240,488)	102,081,348
<b>Net cash generated from/(used by) operating activities</b>	<b>561,626,757</b>	<b>(3,158,115,183)</b>
<b>Cash flows from investing activities:</b>		
Interest received	27,045,335	24,766,280
Payments for property, plant and equipment	(426,689,986)	(54,939,997)
<b>Net cash used by investing activities</b>	<b>(399,644,651)</b>	<b>(30,173,717)</b>
<b>Cash flows from financing activities:</b>		
Interest paid	(34,242,633)	(35,023,179)
<b>Net cash used by financing activities</b>	<b>(34,242,633)</b>	<b>(35,023,179)</b>
<b>Net change in cash and cash equivalents</b>	<b>127,739,473</b>	<b>(3,223,312,079)</b>
Effect of foreign exchange on cash and cash equivalents		
Cash and cash equivalents, beginning of the year	258,728,975	3,471,085,127
<b>Cash and cash equivalents, end of the year</b>	<b>386,468,448</b>	<b>247,773,048</b>

See accompanying notes to the financial statements

## Jaguar Land Rover North America, LLC

Jaguar Land Rover North America, LLC  
Statement of Changes in Equity  
In INR

	Ordinary Share				Total Equity
	Capital	Share Premium	Retained Profit	Pension Reserve	
<b>Balance at 1 April 2013</b>	<b>(2,043,200,000)</b>	<b>(5,991,684,000)</b>	<b>6,603,788,555</b>	<b>74,807,586</b>	<b>(1,493,678,864)</b>
Income for the year			(828,836,699)		(828,836,699)
Other comprehensive loss for the year, net of tax benefit of INR 17,278,080				(24,863,594)	(24,863,594)
<b>Balance at 31 March 2014</b>	<b>(2,395,400,000)</b>	<b>(7,024,510,500)</b>	<b>6,946,000,612</b>	<b>58,409,815</b>	<b>(2,415,500,073)</b>
Income for the year			(992,299,720)		
Other comprehensive income for the year, net of tax expense of INR 17,359,786				11,466,551	
<b>Balance at 31 March 2015</b>	<b>(2,501,320,000)</b>	<b>(7,335,120,900)</b>	<b>6,260,839,729</b>	<b>72,459,113</b>	<b>(3,503,142,058)</b>

See accompanying notes to the financial statements

## Jaguar Land Rover North America, LLC

### 1. Background and operations

Jaguar Land Rover North America, LLC (the "Company" or "JLRNA") is a distributor of luxury cars and sport utility vehicles in the United States market. The Company's primary areas of business are the distribution, marketing, sales, and service of its products. The parts business is managed under two different relationships. Starting 1 January 2014, the Jaguar parts business was insourced whereby the Company purchased all parts inventory previously owned by a third party logistics provider. That third party remains as the manager of the physical inventory and distribution of the inventory under a global contract. For Land Rover, the Company has an agreement with a different third party logistics provider to manage the physical inventory and distribution. JLRNA owns the inventory and manages the sale and collection function. JLRNA headquarters is located in Mahwah, New Jersey. JLRNA is a wholly-owned subsidiary of Jaguar Land Rover Limited, which is a UK company. The ultimate parent and controlling party is Tata Motors Limited ("TML"), registered and domiciled in India.

### 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 its ultimate parent, TML and these 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 Indian Rupees (INR) unless otherwise stated.

#### 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 3 – Property, plant and equipment – the Company applies judgement in determining the estimate useful life of assets.
- ii) 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.

## Jaguar Land Rover North America, LLC

### Note 2 – Significant accounting policies (continued)

- iii) Note 14 – Provisions – it is necessary for the Company to assess 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. Additionally, the Company is responsible for some of the residual risk arising on vehicles sold by dealers 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.
- iv) Notes 12 & 13 - Other current liabilities and Other noncurrent liabilities - it is necessary for the Company to assess the anticipated payments on locally offered vehicle services under such programs as certified pre-owned, and scheduled maintenance. 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.
- v) Note 20 – 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 upon scheme assets. The Company engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

#### c. **Going concern / Events after the Balance Sheet date**

As a wholly-owned subsidiary of Jaguar Land Rover Limited, the Company's going concern is linked to the going concern of that entity.

The directors of the Company have considered the financial position of Jaguar Land Rover Limited at 31 March 2015 and the projected cash flows and financial performance of Jaguar Land Rover Limited for at least 12 months from the date of approval of these financial statements, and believe that the plan for sustained profitability remains on course.

The directors of the Company have taken actions to ensure that appropriate long term cash resources are in place at the date of signing the accounts to fund the Company's operations.

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

There were no events occurring after the balance sheet date that would have a material impact on the Company's results of operations, financial position or cash flows.

#### d. **Revenue recognition**

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

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

**Note 2 – Significant accounting policies (continued)**

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

For certain service plans, the Company defers revenue 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, the cost of these services is embedded in the price of the vehicle. The Company defers a portion of the revenue attributable to the service plan and recognizes it when the service is provided.

**e. *Cost recognition***

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 liability.

*i) Locally offered vehicle services expenses*

The estimated liability for locally offered vehicle services under such programs as roadside assistance and service loaner are recorded when products are sold. 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.

*ii) 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 current arrangement, residual collateral deposits are 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 is performed and if there is excess collateral on deposit, the Company is entitled to receive a refund of previously deposited collateral. Due to the uncertainty in future residual values as they are impacted by many factors (e.g. economic environment, fuel prices, etc.) management is unable to predict the value, if any, of any future refunds.

**g. *Foreign currency***

These financial statements are presented in Indian Rupees (INR).

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 Statement.

**Note 2 – Significant accounting policies (continued)**

**h. *Income taxes***

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Income Statement 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 tax is also recognized outside profit or loss, or where it arises from the initial accounting for business combination. In the case of a business combination the tax effect is included in the accounting for the business combination.

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

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 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.

**i. *Inventories***

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 the parent company. Profit adjustments, negative or positive, to meet the required profit targets, are reflected in the Income Statement as a component of Direct costs.

**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.

## Jaguar Land Rover North America, LLC

### Note 2 – Significant accounting policies (continued)

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

	<b>Estimated useful life in years</b>
Buildings and leasehold improvements	30
Office machines & equipment	12.5 - 14.5
Vehicles	9
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.

#### k. *Leases*

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement. Currently, the Company only has operating leases. Payments made under operating leases are recognized in the Income Statement on a straight-line basis over the term of the lease.

#### l. *Impairment - Property, plant and equipment*

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment 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 Statement.

As of 31 March 2015, none of the Company's property, plant and equipment were considered impaired.

Note 2 – Significant accounting policies (continued)

m. *Employee benefits*

*Pension plans*

The Company has several defined pension plans which cover certain employees. A participating employee's annual postretirement pension benefit is determined by the employees' credited service and in most plans, final average annual earnings with the Company. The Company's funding policy is to annually contribute the statutory required minimum amount as determined by an actuary. The Company also maintains plans providing other postretirement benefits covering substantially all salaried employees. The Company funds these benefits on a pay-as-you go basis; the following is a brief summary of the plans provided:

**Plan Descriptions:**

- a. *Retirement Plan for Salaried Employees of Jaguar Cars* — Qualified defined benefit plan for Jaguar Legacy employees. The Plan presently covers approximately 31 active employees, 51 inactive with deferred benefits, and 183 in pay status; service frozen in 1996 and pay frozen in October 2009. At 31 March 31 2015 and 2014, this plan was overfunded by INR 38 million and INR 293 million, respectively. During the fiscal year, the Company made efforts to reduce future exposure to adverse market implications by reallocating assets to a fixed income strategy and by offering lump sum buyouts to terminated vested participants. This action resulted in 42 individuals accepting a lump sum buyout of any future payments due from the plan for INR 113 million; the Company also recognized a settlement gain of INR 19 million.
- b. *Land Rover Supplemental Death and Retirement Income Plan* — Non-qualified benefit plan providing monthly benefits for five former Land Rover employees.
- c. *Special Agreement* – A non-qualified agreement with a former Land Rover executive providing monthly benefits.
- d. *Jaguar Land Rover Excess Benefit Plan* - Non-qualified defined contribution plan providing restoration benefits for those restricted by Internal Revenue Service limits under the 401(K) Retirement Savings Plan; presently only has two employees covered.
- e. *Jaguar Land Rover Excess Retiree Medical Plan* — Post retirement health care plan providing a subsidy for health coverage based on years of service. This plan excluded: 1) employees hired after January 1, 2009 and 2) employees who transferred from Ford to JLRNA who were age 55 or older and had 10 years of service with Ford. Presently two retirees are receiving a subsidy.

Additionally, the Company sponsors and administers a 401(k) 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.

Note 2 – Significant accounting policies (continued)

*Actuarial gains and losses*

Actuarial gains and losses relating to retirement benefit plans are recognized directly in the Statement of Comprehensive Income in the period in which they arise. Actuarial gains and losses relating to long-term employee benefits are recognized in the Income Statement in the period in which they arise.

*Measurement date*

The measurement date of retirement plans is March 31.

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.

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.

## Jaguar Land Rover North America, LLC

### Note 2 – Significant accounting policies (continued)

#### 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.

#### iv) *Impairment of financial assets:*

The Company assesses at each balance sheet 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***

During the fiscal year ended March 31, 2012, the Company elected to offer a new certified pre-owned warranty program (“CPO”) for Land Rover vehicles. Concurrently, the Company modified its Accounting policy for the existing Jaguar CPO program to align with the new Land Rover CPO program. 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 actual claims payments over the life of the CPO coverage. The Company does not receive any other revenue related to the sale of the vehicle by the retailer.

#### p. ***New accounting pronouncements***

In the current year, Jaguar Land Rover Limited PLC (the “Group”) adopted/early adopted the following standards, revisions and amendments to standards and interpretations:

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

**Note 2 – Significant accounting policies (continued)**

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

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

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

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

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

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

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

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

**Note 2 – Significant accounting policies (continued)**

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

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

In addition, as part of the IASB's Annual Improvements, a number of minor amendments have been made to standards in the 2012 – 2014 cycles. These amendments are effective for annual periods beginning on or after 1 July 2016, with early application permitted.

## Jaguar Land Rover North America, LLC

### 3. Property, plant and equipment

	Land and buildings	Plant and equipment	Vehicles	Computers	Furniture and fixtures	Total
<b>Cost as of 1 April 2013</b>	2,062,617,995	110,149,738	12,305,505	252,161,562	248,751,545	2,685,986,345
Additions	7,441,132	4,536,109	-	-	42,962,757	54,939,998
Disposal	-	(11,165,838)	(5,125,304)	-	-	(16,291,142)
Capital work-in-progress moved into service	-	-	-	-	-	-
<b>Cost as of 31 March 2014</b>	2,070,059,127	103,520,009	7,180,201	252,161,562	291,714,302	2,724,635,201
<b>Accumulated depreciation as 1 April 2013</b>	(1,040,118,816)	(66,563,231)	(6,584,244)	(157,452,964)	(189,880,464)	(1,460,599,719)
Disposals	-	5,133,712	3,746,988	-	-	8,880,700
Depreciation charge for the year	(57,838,166)	(7,847,811)	(1,352,676)	(22,966,861)	(37,809,643.0)	(127,815,157)
<b>Accumulated depreciation as of 31 March 2014</b>	(1,097,956,982)	(69,277,330)	(4,189,932)	(180,419,825)	(227,690,107)	(1,579,534,176)
<b>Net book value as of 31 March 2014</b>	972,102,145	34,242,679	2,990,269	71,741,737	64,024,195	1,145,101,025
<b>Cost as of 1 April 2014</b>	2,259,820,713	113,343,099	8,083,717	275,320,290	316,459,582	2,973,027,401
Additions	303,423,339	13,975,680	14,152,327	1,123,124	121,858,559	454,533,028
Disposal	(884,083,421)	-	-	-	-	(884,083,421)
Capital work-in-progress moved into service	-	-	-	-	-	-
<b>Cost as of 31 March 2015</b>	1,679,160,631	127,318,779	22,236,044	276,443,414	438,318,140	2,543,477,008
<b>Accumulated depreciation as 1 April 2014</b>	(1,196,039,853)	(75,510,564)	(4,688,763)	(195,895,987)	(246,800,757)	(1,718,935,924)
Disposals	884,083,421	-	-	-	-	884,083,421
Amount cross charged to UK for Portland depreciation	(27,843,047)	-	-	-	-	(27,843,047)
Depreciation charge for the year	(67,455,033)	(7,936,837)	(1,292,274)	(21,398,409)	(32,725,837)	(130,808,389)
<b>Accumulated depreciation as of 31 March 2015</b>	(407,254,513)	(83,447,401)	(5,981,037)	(217,294,395)	(279,526,594)	(993,503,940)
<b>Net book value as of 31 March 2015</b>	1,271,906,118	43,871,378	16,255,007	59,149,019	158,791,546	1,549,973,069

#### Notes:

- The Company did not have any property, plant and equipment under finance lease arrangements.
- Land and buildings includes land of INR 469 million and INR 449 million as of 31 March 2015 and 2014, respectively.

### 4. Other financial assets (non-current)

Other financial assets - non-current consist of the following:

- Deposits with banks whose use in whole or in part are restricted for specific purposes bound by virtue of contracted agreements. For the fiscal years presented, the Company has contractual arrangements with a financial institution requiring it to deposit collateral for the residual value of vehicles that are subject to retail leases financed by the financial institution, which the Company shares in the potential losses upon termination. The Company is also party to various letters of credit to guarantee surety bonds issued by a financial institution on the Company's behalf. At 31 March 2015 and 2014, these deposits amounted to INR 507 million and INR 389 million, respectively.
- Assets held in trust for five former Land Rover employees to be paid in monthly installments. This plan is a non-qualified plan. At 31 March 2015 and 2014, these assets amounted to INR 213 million and INR 216 million, respectively. See *Supplemental Death and Retirement Income Plan* as described in Note 2. m. and Note 20 for additional information.

**Jaguar Land Rover North America, LLC**

**5. Income taxes**

The components of income tax expense were:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Current taxes:		
For current year	1,430,425,210	566,251,241
Prior period adjustments	38,659,652	99,348,024
Deferred taxes:		-
For current year	(765,345,968)	(19,356,291)
Effect of changed tax rate	56,060,858	20,949,719
Prior period adjustments	(14,955,205)	(141,077,225)
<b>Total income tax expense</b>	<b>744,844,547</b>	<b>526,115,468</b>

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

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Current	1,465,000,391	665,599,265
Deferred	(720,155,828)	(139,483,786)
<b>Total income tax expense</b>	<b>744,844,563</b>	<b>526,115,479</b>

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

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Profit before income taxes	1,737,144,291	1,354,952,201
		-
Income tax expense at tax rates applicable to individual entities	584,128,868	478,662,797
Effect of changed tax rate	56,060,858	20,949,731
Current state and local taxes (net of federal benefit)	76,190,127	66,810,126
		-
Total permanent differences	14,802,048	9,039,197
Change in Income Tax Reserves	14,458,273	(41,729,202)
Others	(795,586)	(7,617,192)
<b>Income tax expense reported</b>	<b>744,844,588</b>	<b>526,115,457</b>

**Jaguar Land Rover North America, LLC**

**Note 5 – Income taxes (continued)**

The effective tax rate during the 12 months ended 31 March 2015 and 31 March 2014 were 42.88% and 38.47%, respectively.

Deferred tax assets have been recognized in the Balance Sheet in respect of deductible temporary differences. Significant components of deferred tax asset and liability for the year ended 31 March 2015 were as follows:

	<u>Opening balance</u>	<u>Recognized in Income statement</u>	<u>Recognized in / reclassified from Statement of comprehensive income</u>	<u>Closing balance</u>
Deferred tax assets:				
Expenses deductible in future years - provisions, allowances for doubtful receivables, finance receivables	166,033,182	70,115,932	-	236,149,114
Provisions	2,772,489,790	(92,790,084)	-	2,679,699,706
Depreciation carry forwards	24,718,545	24,680,440	-	49,398,985
Compensated absences and retirement benefits	35,170,123	(5,242,456)	21,444,410	51,372,077
<b>Total deferred tax asset</b>	<b>2,998,411,640</b>	<b>(3,236,168)</b>	<b>21,444,410</b>	<b>3,016,619,882</b>
Deferred tax liabilities:				
Compensated absences and retirement benefits	(61,182,225)	(20,591,992)	-	(81,774,217)
I.R.S. Section 481(a) adjustment - expense provisions	(640,425,341)	640,425,341	-	-
I.R.S. Section 481(a) adjustment - revenue provisions	(103,558,588)	103,558,588	-	-
<b>Total deferred tax liability</b>	<b>(805,166,154)</b>	<b>723,391,937</b>	<b>-</b>	<b>(81,774,217)</b>
<b>Net assets</b>	<b>2,193,245,486</b>	<b>720,155,769</b>	<b>21,444,410</b>	<b>2,934,845,665</b>

**Jaguar Land Rover North America, LLC**

**Note 5 – Income taxes (continued)**

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

	<u>Opening balance</u>	<u>Recognized in Income statement</u>	<u>Recognized in Statement of comprehensive income</u>	<u>Closing balance</u>
Deferred tax assets:				
Expenses deductible in future years - provisions, allowances for doubtful receivables, finance receivables	150,708,578	8,293,809	-	159,002,387
Provisions	3,263,111,961	(608,025,011)	-	2,655,086,950
Depreciation carry forwards	-	23,671,833	-	23,671,833
Compensated absences and retirement benefits	56,904,945	(5,946,044)	(17,278,062)	33,680,839
<b>Total deferred tax asset</b>	<b>3,470,725,484</b>	<b>(582,005,413)</b>	<b>(17,278,062)</b>	<b>2,871,442,009</b>
Deferred tax liabilities:				
Depreciation carry forwards	(2,309,824)	2,309,824	-	-
Compensated absences and retirement benefits	(50,825,777)	(7,765,647)	-	(58,591,424)
I.R.S. Section 481(a) adjustment - expense provisions	(1,239,064,426)	625,758,307	-	(613,306,119)
I.R.S. Section 481(a) adjustment - revenue provisions	(200,360,059)	101,186,726	-	(99,173,333)
<b>Total deferred tax liability</b>	<b>(1,492,560,086)</b>	<b>721,489,210</b>	<b>-</b>	<b>(771,070,876)</b>
<b>Net assets</b>	<b>1,978,165,398</b>	<b>139,483,797</b>	<b>(17,278,062)</b>	<b>2,100,371,133</b>

The deductible temporary differences do not expire under current tax legislation.

**6. Inventories**

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

	<u>As at 31 March</u>	
	<u>2015</u>	<u>2014</u>
Vehicle inventory	31,236,983,417	26,703,717,059
Parts inventory	7,474,111,785	6,194,372,974
Obsolescence provisions	(505,676,544)	(439,136,543)
<b>Total inventories</b>	<b>38,205,418,658</b>	<b>32,458,953,490</b>

Direct cost of inventories (including cost of purchased products) recognized as expense and inventory write-down expense during the years ended 31 March 31 2015 and 2014 were as follows:

	<u>As at 31 March</u>	
	<u>2015</u>	<u>2014</u>
Direct costs	281,232,878,475	220,589,508,079
	-	-
<b>Inventory write-down expense</b>	<b>304,165,149</b>	<b>58,560,190</b>

## Jaguar Land Rover North America, LLC

### 7. Operating Leases

The Company has taken land, buildings, plant and equipment, computers and furniture and fixtures under operating leases. The Company does not have any finance leases. The following is a summary of future minimum lease rental payments under non-cancellable operating leases entered into by the Company:

	Minimum Lease Payments	
	31 March 2015	31 March 2014
Not later than one year	63,880,162	62,271,327
Later than one year but not later than five years	164,173,752	185,960,827
Later than five years	100,559,943	113,845,346
<b>Total minimum lease commitments</b>	<b>328,613,857</b>	<b>362,077,500</b>

	31 March 2015	31 March 2014
Operating lease rent expense	86,546,439	41,655,099

### 8. Finance Receivables

Finance receivables consist of an intercompany loan receivable with the parent company of INR 20,468 million and INR 10,408 million at 31 March 2015 and 2014, respectively. See Related Party note 26 for further detail.

### 9. Other Current Assets

Other current assets consist of the following:

	As at 31 March	
	2015	2014
Current tax asset	1,853,791	1,743,851
Prepaid warranty insurance	40,874,980	91,564,918
Prepaid marketing costs	49,124,014	122,062,468
Prepaid expenses - miscellaneous	70,271,386	35,153,926
<b>Other current assets</b>	<b>162,124,171</b>	<b>250,525,163</b>

### 10. Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks for operating purposes. At 31 March 2015 and 2014 the Company had cash of INR 386 million and INR 246 million, respectively.

**Jaguar Land Rover North America, LLC**

**11. Marketing Provisions**

Variable marketing accruals are comprised of liabilities for dealer incentives. Variable dealer margin consists of retailer funds held pending distribution upon completion of certain performance metrics. Fixed marketing accruals are comprised of liabilities for advertising and promotion. Maturities of these accruals are detailed in Note 24 - Disclosures on financial instruments. These accruals amounted to:

	<b>As at 31 March</b>	
	<b>2015</b>	<b>2014</b>
Variable marketing	(4,681,009,213)	(4,684,171,074)
Variable dealer margin	(7,562,085,705)	(6,277,582,602)
Fixed marketing	(2,205,150,010)	(2,674,758,562)
<b>Total marketing accruals</b>	<b>(14,448,244,928)</b>	<b>(13,636,512,238)</b>

**12. Other current liabilities**

Other current liabilities consist of the following:

	<b>As at 31 March</b>	
	<b>2015</b>	<b>2014</b>
Import duties and sales/ use tax	(1,975,548,326)	(1,445,598,203)
Unearned revenue - financial services	(375,198,000)	(359,310,000)
Deferred revenue - certified pre-owned programs	(916,689,235)	(254,887,323)
Deferred revenue - service plans	(992,731,316)	-
<b>Total Other current liabilities</b>	<b>(4,260,166,877)</b>	<b>(2,059,795,526)</b>

**13. Other Non-current Liabilities:**

Other non-current liabilities consist of the following:

	<b>As at 31 March</b>	
	<b>2015</b>	<b>2014</b>
Deferred revenue - certified pre-owned programs	(2,074,548,080)	(1,902,167,347)
Deferred revenue - service plans	(659,709,191)	-
Defined benefits obligations	(384,570,824)	(363,398,929)
<b>Total Other non-current liabilities</b>	<b>(3,118,828,095)</b>	<b>(2,265,566,276)</b>

**Jaguar Land Rover North America, LLC**

**14. Provisions**

Provisions consist of accruals for the Company's expected future cash flow related to locally offered vehicle services under such programs as roadside assistance and service loaner as well as residual risk sharing agreements on leased vehicles. The provisions were segregated between current and non-current as follows and mature at various intervals over the next five years:

	Locally Offered Vehicle Services	Residual Risk	Total
<b>Balance at March 31, 2013</b>	<b>(3,410,321,903)</b>	<b>(402,881,013)</b>	<b>(3,813,202,916)</b>
Provisions made during the year	(2,974,302,833)	(531,533,252)	(3,505,836,085)
Provisions used during the year	3,528,408,435	704,295,568	4,232,704,003
<b>Balance at March 31, 2014</b>	<b>(2,856,216,301)</b>	<b>(230,118,697)</b>	<b>(3,086,334,998)</b>
Current	(999,182,592)	(26,924,277)	(1,026,106,869)
Noncurrent	(2,012,565,301)	(221,568,264)	(2,234,133,565)
Provisions made during the year	(1,884,484,264)	(248,648,246)	(2,133,132,510)
Provisions used during the year	2,386,707,962	119,031,979	2,505,739,941
Other adjustments	1,767,173,914	-	1,767,173,914
<b>Balance at March 31, 2015</b>	<b>(586,818,689)</b>	<b>(359,734,964)</b>	<b>(946,553,653)</b>
Current	(434,365,872)	(38,699,110)	(473,064,982)
Noncurrent	(441,158,152)	(350,397,562)	(791,555,714)

**15. Equity**

The Company maintained total issued capital in the amount of INR 9,836 and 9,420 INR million at 31 March 2015 and 2014, respectively.

**16. Employee Cost**

Employee cost consists of the following:

	<b>Year ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Salaries, wages and bonus	2,353,817,534	2,048,498,008
Benefits	396,422,454	367,584,999
Defined benefit pensions	8,266,119	26,112,179
Other	27,720,285	77,932,411
<b>Total employee costs</b>	<b>2,786,226,392</b>	<b>2,520,127,597</b>

Other primarily consists of amounts paid for short term and long term contract employment arrangements.

**Jaguar Land Rover North America, LLC**

**17. Other Expenses**

Other expenses consist of the following:

	<b>Year ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Warranty (Scheduled maintenance, Goodwill, Service loaner and Roadside assistance)	4,295,028,104	3,304,481,739
Depots and distribution costs, prep and handling	4,699,860,908	3,293,442,358
Information technology costs	287,338,510	672,002,559
Fixed Marketing	17,008,875,308	17,227,194,738
Travel and entertainment costs	238,049,862	256,703,079
Facilities costs	227,533,919	162,230,081
Consulting costs and other purchased services	572,872,545	648,958,444
Other general operating expenses	877,176,309	590,715,050
<b>Total Other expenses</b>	<b>28,206,735,465</b>	<b>26,155,728,048</b>

**18. Other income**

Other income consisted of the following:

	<b>Year ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Commissions - extended service plans	(173,490,348)	(158,134,702)
Certified pre-owned income	-	(375,277,136)
Satellite radio activation commissions	(252,178,311)	(216,149,219)
Driving schools revenue share	(73,128,247)	(42,313,273)
Miscellaneous items, net	(196,514,129)	(241,176,779)
<b>Total Other income</b>	<b>(695,311,035)</b>	<b>(1,033,051,109)</b>

**19. Finance income, net**

Finance income, net, was comprised of interest on loans from Jaguar Cars Ltd (UK) and other miscellaneous interest and consisted of the following:

	<b>Year ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Interest income	39,951,817	20,041,777
Interest expense	(34,285,134)	(45,188,778)
<b>Finance (expense)/income, net</b>	<b>5,666,683</b>	<b>(25,147,001)</b>

## Jaguar Land Rover North America, LLC

### 20. Employee benefits

The Company has several defined pension plans which cover certain employees. A participating employee's annual postretirement pension benefit is determined by the employees' credited service and in most plans, final average annual earnings with the Company. The Company's funding policy is to annually contribute the statutory required minimum amount as determined by an actuary. The Company also maintains plans providing other postretirement benefits covering substantially all salaried employees. The Company funds these benefits on a pay-as-you go basis; the following is a brief summary of the plans provided:

#### Plan Descriptions:

- a. *Retirement Plan for Salaried Employees of Jaguar Cars* — Qualified defined benefit plan for Jaguar Legacy employees. The Plan presently covers approximately 31 active employees, 51 inactive with deferred benefits, and 183 in pay status; service frozen in 1996 and pay frozen in October 2009. At 31 March 2015 and 2014, this plan was overfunded by INR 38 million and INR 293 million, respectively. During the fiscal year, the Company made efforts to reduce future exposure to adverse market implications by reallocating assets to a fixed income strategy and by offering lump sum buyouts to terminated vested participants. This action resulted in 42 individuals accepting a lump sum buyout of any future payments due from the plan for INR 113 million; the Company also recognized a settlement gain of INR 19 million.
- b. *Land Rover Supplemental Death and Retirement Income Plan* — Non-qualified benefit plan providing monthly benefits for five former Land Rover employees.
- c. *Special Agreement* — A non-qualified agreement with a former Land Rover executive providing monthly benefits.
- d. *Jaguar Land Rover Excess Benefit Plan* - Non-qualified defined contribution plan providing restoration benefits for those restricted by Internal Revenue Service limits under the 401(K) Retirement Savings Plan; presently only has two employees covered.
- e. *Jaguar Land Rover Excess Retiree Medical Plan* — Post retirement health care plan providing a subsidy for health coverage based on years of service. This plan excluded: 1) employees hired after January 1, 2009 and 2) employees who transferred from Ford to JLRNA who were age 55 or older and had 10 years of service with Ford. Presently two retirees are receiving a subsidy.

Additionally, the Company sponsors and administers a 401(k) 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.

**Jaguar Land Rover North America, LLC**

**Note 20 – Employee benefits (continued)**

The plans typically expose the Company to actuarial risks such as follows:

Investment Risk - The present value of the designed benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and debit securities to leverage the return generated by the fund.

Interest Risk - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity Risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Jaguar Land Rover North America, LLC**

**Note 20 – Employee benefits (continued)**

***Defined Benefit Plan***

***Pension and postretirement medical plans***

The following table details the Company's defined benefit obligation for the plans and the fair value of the plan assets:

	Post Retirement Medical Plan		Pension Plans	
	As at 31 March		As at 31 March	
	2015	2014	2015	2014
<b>Change in defined benefit obligation</b>				
Defined benefit obligation at end of prior year	95,935,440	106,088,553	2,150,449,463	2,235,169,119
Current service cost	4,631,757	5,537,386	-	-
Settlement (gains)	-	-	(20,930,858)	-
Interest expense	4,142,061	4,312,259	80,458,272	73,936,476
Benefit payments from plan	-	-	(129,013,145)	(123,767,503)
Benefit payments from employer	(771,907)	(858,990)	(31,217,474)	(29,895,550)
Settlement payments from plan assets	-	-	(112,587,915)	-
Effect of changes in demographic assumptions	4,669,339	(10,238,718)	212,639,464	8,682,606
Effect of changes in financial assumptions	10,571,454	(3,517,765)	128,558,218	(89,686,351)
Effect of experience adjustments	(1,742,420)	(9,449,733)	6,403,817	(15,051,496)
<b>Defined benefit obligation at end of year</b>	<b>117,435,724</b>	<b>91,872,992</b>	<b>2,284,759,842</b>	<b>2,059,387,301</b>
<b>Change in fair value of plan assets</b>				
Fair value of plan assets at end of prior year	-	-	2,174,341,947	2,000,232,120
Interest income	-	-	85,045,568	69,427,375
Employer direct benefit payments	771,907	858,990	31,217,474	29,895,550
Benefit payments from plan	-	-	(129,013,145)	(123,767,503)
Benefit payments from employer	(771,907)	(858,990)	(31,217,474)	(29,895,550)
Settlement payments from plan assets	-	-	(112,587,915)	-
Administrative expenses paid from plan assets	-	-	(16,623,773)	(11,784,290)
Return on plan assets (excluding interest income)	-	-	51,455,592	148,160,341
<b>Fair value of plan assets at end of year</b>	<b>-</b>	<b>-</b>	<b>2,052,618,274</b>	<b>2,082,268,043</b>

Net pension and post retirement medical cost consists of the following components:

	Post Retirement Medical Plan		Pension Plans	
	As at 31 March		As at 31 March	
	2015	2014	2015	2014
<b>Components of pension cost recognized in Income Statements</b>				
Current service cost	4,631,757	5,537,386	-	-
(Gain) on settlement	-	-	(20,930,858)	-
Interest expense on DBO	4,142,061	4,312,259	80,458,272	73,936,476
Interest (income) on plan assets	-	-	(85,045,568)	(69,427,375)
Interest expense on effect of (asset ceiling)/onerous liability	-	-	12,503,849	2,466,364
Administrative expenses and taxes	-	-	12,506,600	11,977,000
<b>Defined benefit cost included in Income Statements</b>	<b>8,773,818</b>	<b>9,849,645</b>	<b>(507,705)</b>	<b>18,952,465</b>

**Jaguar Land Rover North America, LLC**

**Note 20 – Employee benefits (continued)**

Amount recognized in Statement of Comprehensive Income consists of:

	Post Retirement Medical Plan		Pension Plans	
	As at 31 March		As at 31 March	
	2015	2014	2015	2014
<b>Remeasurements (recognized in other comprehensive income)</b>				
Effect of changes in demographic assumptions	4,669,339	(10,238,718)	212,639,464	8,682,606
Effect of changes in financial assumptions	10,571,454	(3,517,765)	128,558,218	(89,686,351)
Effect of experience adjustments	(1,742,420)	(9,449,733)	6,403,817	(15,051,496)
(Return) on plan assets (excluding interest income)	-	-	(47,338,419)	(148,353,051)
Changes in asset ceiling/onerous liability (excluding interest income)	-	-	(284,935,116)	224,686,843
<b>Total remeasurements included in OCI</b>	<b>13,498,373</b>	<b>(23,206,216)</b>	<b>15,327,964</b>	<b>(19,721,449)</b>
<b>Total defined benefit cost recognized in P&amp;L and OCI</b>	<b>22,272,191</b>	<b>(13,356,571)</b>	<b>14,820,259</b>	<b>(768,984)</b>

Information on funding status for all plans is as follows:

	Post Retirement Medical Plan		Pension Plans	
	As at 31 March		As at 31 March	
	2015	2014	2015	2014
<b>Funded plans with a defined benefit obligation in excess of plan assets</b>				
Benefit obligation at end of year	-	-	242,591,896	243,225,383
Fair value of plan assets at end of year	-	-	209,518,442	214,937,445
<b>Funded plans with a defined benefit obligation less than plan assets</b>				
Benefit obligation at end of year	-	-	2,016,313,114	1,786,605,257
Fair value of plan assets at end of year	-	-	2,052,618,273	2,082,268,042
<b>Unfunded plans</b>				
Benefit obligation at end of year	117,435,723	91,872,992	25,854,832	29,556,661

The defined benefit obligation is impacted by discount rate and mortality fluctuations as follows:

	Post Retirement Medical Plan		Pension Plans	
	As at 31 March		As at 31 March	
	2015	2014	2015	2014
<b>Discount rate sensitivity</b>				
Discount rate decrease of 25 basis points	122,316,549	95,315,122	2,341,047,546	2,108,033,983
Assumption	3.50%	4.10%	1.20% - 3.20%	1.45% - 3.80%
Weighted average duration of defined benefit obligation (in years)	16.29	14.71	2.28 - 10.37	2.75 - 9.97
Discount rate increase of 25 basis points	112,844,926	88,550,273	2,229,894,013	2,011,910,234
Assumption	4.00%	4.60%	1.70% - 3.70%	1.95% - 4.30%
Weighted average duration of defined benefit obligation (in years)	15.95	14.73	2.27 - 10.37	2.74 - 9.97
<b>Mortality sensitivity</b>				
Mortality - one year shorter	116,129,159	90,824,525	1,950,393,577	1,730,469,537
Assumption	one year set back	one year shorter	one year set back	one year shorter
Mortality one year longer	118,698,140	92,887,144	2,081,620,391	1,842,459,877
Assumption	one year set forward	one year longer	one year set forward	one year longer

There is no sensitivity to inflation as the payment obligations amounts are fixed.

## Jaguar Land Rover North America, LLC

### Note 20 – Employee benefits (continued)

The assumptions used in accounting for the pension and post retirement medical plans are set out below:

	Post Retirement Medical Plan		Pension Plans	
	As at 31 March		As at 31 March	
	2015	2014	2015	2014
<b>Significant actuarial assumptions</b>				
<i>Weighted-average assumptions to determine benefit obligations</i>				
Discount rate	3.75%	4.35%	1.45% - 3.45%	1.70% - 4.05%
Rate of salary increase	N/A	N/A	N/A	N/A
Rate of price inflation	N/A	N/A	N/A	N/A
Rate of pension increases	N/A	N/A	N/A	N/A
	RP-2014 White Collar Generational based on Scale MP- 2014	PPA Generational	RP-2014 White Collar Generational based on Scale MP- 2014	PPA Generational
Post-retirement mortality table				
<i>Weighted-average assumptions to determine defined benefit cost</i>				
Discount rate	4.35%	4.10%	1.70% - 4.05%	1.45% - 3.60%
Rate of salary increase	N/A	N/A	N/A	N/A
Rate of price inflation	N/A	N/A	N/A	N/A
Rate of pension increases	N/A	N/A	N/A	N/A
Post-retirement mortality table	PPA Generational	PPA Generational	PPA Generational	PPA Generational

The expected return on plan assets is determined considering several applicable factors mainly including the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

#### Plan Assets

The assets of the Company's defined benefit plans are managed on a commingled basis in a Master Trust. The investment policy and allocation of the assets in the Master Trust were approved by the Company's Investment Committee, which has oversight responsibility for the Company's retirement plans.

The Company's pension plan asset allocation as of 31 March 2015 and 2014 by category are as follows:

	As at 31 March	
	2015	2014
Equity securities	28.6%	51.4%
Debt securities	71.4%	48.6%
Balances with banks	0.0%	0.0%

The pension fund assets are invested in accordance with the statement of Investment Policies and Procedures adopted by the Company, which are reviewed annually. Pension fund assets are invested on a going-concern basis with the primary objective of providing reasonable rates of return consistent with available market opportunities, a quality standard of investment, and moderate levels of risk. All securities held have a quoted market price in an active market.

The Company expects to contribute INR 6 million to the pension plans and nil to the post retirement medical plan during the 12 months ended 31 March 2016.

Since the benefit to be received under the Company's post retirement medical plan is a fixed amount per year based on years of service, the liabilities are not sensitive to fluctuations in trend rate assumptions.

**Note 20 – Employee benefits (continued)**

***Defined contribution plan***

The Company's contribution to defined contribution plans was INR 56 million and INR 42 million for years ended 31 March 2015 and 2014, respectively.

**21. 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 liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable. Any claims of a product liability nature are assessed and a liability is recorded, if necessary, by Jaguar Land Rover Limited, a UK enterprise and parent of the Company.

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 make 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 Note 7.

***Contingent Asset on 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 current arrangement, residual collateral deposits are 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 is performed and if there is excess collateral on deposit, the Company is entitled to receive a refund of previously deposited collateral. Due to the uncertainty in future residual values as they are impacted by many factors (e.g. economic environment, fuel prices, etc.) management is unable to predict the value, if any, of any future refunds.

***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.

The Company has income-tax related contingent liabilities where the ultimate tax determination is uncertain. No provision has been recognized for income tax-related contingencies as no reliable estimate can be made or it is not probable the tax uncertainty will result in a future economic outflow. 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.

## Jaguar Land Rover North America, LLC

### 22. Capital Management

The Company is capitalized via investment from its parent company, Jaguar Land Rover Limited. The Company purchases the majority of products it sells from the parent company and related companies. The cash flow from the sale of vehicles and parts is sufficient to pay the parent company and all other suppliers. Any remaining cash after paying all suppliers, vendors and operating expenses is remitted back to the parent company. As such, no additional financing is required. At both 31 March 2015 and 2014, the Company maintained capital of INR 9,836 million and INR 9,420 million respectively.

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

### 23. 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 2015 and 2014, respectively.

	As at 31 March			
	2015		2014	
	Total Carrying Value	Total Fair Value	Total Carrying Value	Total Fair Value
<b><u>Financial Assets</u></b>				
Cash and cash equivalents	386,468,448	386,468,448	247,773,008	247,773,008
Trade receivables	2,591,593,514	2,591,593,514	4,554,077,679	4,554,077,679
Finance receivables	20,486,070,687	20,486,070,687	10,406,624,894	10,406,624,894
Other financial assets	714,403,568	714,403,568	605,466,921	605,466,921
<b>Total</b>	<b>24,178,536,217</b>	<b>24,178,536,217</b>	<b>15,813,942,503</b>	<b>15,813,942,503</b>
<b><u>Financial Liabilities</u></b>				
Accounts payable	(40,238,209,688)	(40,238,209,688)	(28,891,193,774)	(28,891,193,774)
Marketing provisions	(14,448,244,897)	(14,448,244,897)	(13,636,512,249)	(13,636,512,249)
Financial liabilities	(10,321,072)	(10,321,072)	-	-
Provisions (current)	(473,064,959)	(473,064,959)	(1,026,106,850)	(1,026,106,850)
Other non-current liabilities	(384,570,824)	(384,570,824)	(2,265,566,284)	(2,265,566,284)
Provisions	(791,555,721)	(791,555,721)	(2,234,133,558)	(2,234,133,558)
<b>Total</b>	<b>(56,345,967,161)</b>	<b>(56,345,967,161)</b>	<b>(48,053,512,716)</b>	<b>(48,053,512,716)</b>

**Note 23 – Disclosures on financial instruments (continued)**

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 2015 and 2014 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

**b) Financial risk management**

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.

**b. Interest rate risk**

The Company's interest rate risk is limited to any short term borrowings, which are at market rates.

**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.

## Jaguar Land Rover North America, LLC

### Note 23 – Disclosures on financial instruments (continued)

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables and finance receivables. None of the financial instruments of the Company result in material concentrations of credit risks.

#### *Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was INR 24,175 million and INR 15,816 million as of 31 March 2015 and 2014, respectively, being the total of the carrying amount of Cash and cash equivalents, Trade receivables, Finance receivables and Other financial assets.

#### *Financial assets that are neither past due nor impaired*

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as of 31 March 2015, 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 balance sheet date is given below. The age analysis has been considered from the due date.

	31 March 2015			31 March 2014		
	Gross	Allowance	Total	Gross	Allowance	Total
<b>Trade Receivables</b>						
Period						
Not due	2,450,595,215	-	2,450,595,215	3,372,972,758	-	3,372,972,758
Overdue 1-3 months	11,184,495	-	11,184,495	1,037,551,662	-	1,037,551,662
Overdue 3-6 months	7,437,300	(1,002,467)	6,434,833	2,030,721	-	2,030,721
Overdue more than 6 months	123,378,963	-	123,378,963	141,522,542	-	141,522,542
<b>Total</b>	2,592,595,973	- (1,002,467)	2,591,593,506	4,554,077,683	-	4,554,077,683

\* Balance represents receivable from Jaguar Land Rover China that will remain unsettled due to regulatory constraints.

	31 March 2015			31 March 2014		
	Gross	Allowance	Total	Gross	Allowance	Total
<b>Finance Receivables</b>						
Period						
Not due	20,486,070,687	-	20,486,070,687	10,406,624,894	-	10,406,624,894
Overdue 1-3 months	-	-	-	-	-	-
Overdue 3-6 months	-	-	-	-	-	-
Overdue more than 6 months	-	-	-	-	-	-
<b>Total</b>	20,486,070,687	-	20,486,070,687	10,406,624,894	-	10,406,624,894

## Jaguar Land Rover North America, LLC

### Note 23 – Disclosures on financial instruments (continued)

#### 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.

The table below provides details regarding the contractual maturities of financial liabilities as of 31 March 2015:

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd - 5th year	Due after 5 years	Non-cash amount
Accounts payable	(40,238,209,667)	(40,238,209,667)	-	-	-	-
Marketing provisions	(14,448,244,928)	(14,448,244,928)	-	-	-	-
Financial liabilities	(10,321,062)	(10,321,062)	-	-	-	-
Other current liabilities	(4,260,166,876)	(4,260,166,876)	-	-	-	-
Provisions (current)	(473,064,947)	(473,064,947)	-	-	-	-
Current income tax liabilities	(118,709,051)	(118,709,051)	-	-	-	-
Other non-current liabilities	(3,118,828,096)	(32,442,996)	(1,557,867,111)	(1,301,527,438)	(226,990,551)	-
Provisions (non-current)	(791,555,699)	-	(259,164,005)	(532,391,694)	-	-
Other financial liabilities	(68,655,415)	-	-	-	-	(68,655,415)
<b>Total</b>	<b>(63,527,755,741)</b>	<b>(59,581,159,527)</b>	<b>(1,817,031,116)</b>	<b>(1,833,919,132)</b>	<b>(226,990,551)</b>	<b>(68,655,415)</b>

#### iv) Derivative financial instruments and risk management

The Company does not have any derivative financial instruments.

### 24. Collaterals

On May 13 2011, March 27 2012 and January 28 2013, the Company's intermediary parent, Jaguar Land Rover Automotive PLC, issued £1 billion (equivalent), £500 million and \$500 million (respectively) senior unsecured notes with maturity dates between 2018 and 2023. These notes are guaranteed on a senior unsecured basis by JLRNA. As of 31 March 2015, Jaguar Land Rover Automotive PLC had the following amounts outstanding on each of these notes:

- \$84 million Senior Notes due 2021 at a coupon of 8.125% per annum – issued 13 May 2011
- £58 million Senior Notes due 2020 at a coupon of 8.250% per annum – issued 27 March 2012
- \$500 million Senior Notes due 2023 at a coupon of 5.625% per annum – issued 28 January 2013

The Company is also a guarantor of a £1,485 million revolving credit facility held by Jaguar Land Rover Automotive PLC. At 31 March 2015, no amounts were drawn on this facility.

### 25. Segment reporting

The Company operates in one segment: the sale of Jaguar Land Rover vehicles, parts and accessories and one geographic segment, the USA.

## Jaguar Land Rover North America, LLC

### 26. Related party transactions

The Company's related parties principally consist of subsidiaries of Tata Motors Ltd (subsidiaries of Jaguar Cars 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 revenues and offsetting payables to affiliated companies. At 31 March 2015 and 2014, the Company had approximately INR 33,749 million and INR 24,559 million, respectively, recorded as payables owed to Jaguar Land Rover Limited.

As part of the Company's arrangement as a national sales company for Jaguar Land Rover 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 2015 and 2014, the Company had approximately INR 20,486 million and INR 10,408 million, respectively, recorded as a note receivable from the parent company.

Additionally, in the normal course of business, the Company transacts with other subsidiaries of Jaguar Land Rover Limited. At 31 March 2015 and 2014, the Company had trade receivables with Jaguar Land Rover China in the amount of INR 144 million and INR 96 million, respectively. At 31 March 2015 and 2014, the Company had trade receivables with Jaguar Land Rover Canada in the amount of INR 19 million and INR 138 million, respectively. At 31 March 2015 and 2014, the Company had trade receivables with Jaguar Land Rover Limited in the amount of INR 369 million and INR 1,994 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 2015 and 2014 the Company charged INR 163 million and INR 150 million, respectively, to Jaguar Land Rover Canada and received these funds in cash.

Additionally, the Company engages a subsidiary of the Tata Group, Tata Technologies (TTL) whereby TTL provides outsourced information technology support and development to the Company. During the 12 months ended 31 March 2015 and 2014, the Company recognized expense of INR 219 million and INR 204 million, respectively, related to services received during that period. The Company made cash payments to TTL during the 12 months ended 31 March 2015 and 2014 of INR 200 million and INR 198 million, respectively. Additionally, the Company had an outstanding accounts payable balance of INR 19 million and INR 6 at 31 March 2015 and 2014, respectively.

## Jaguar Land Rover North America, LLC

### Note 26 – Related party transactions (continued)

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:

	<b>Year ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Salaries	92,811,476	88,216,039
Incentive compensation	83,811,135	42,009,590
Other	17,304,212	19,543,867
<b>Total key employee compensation</b>	<b>193,926,823</b>	<b>149,769,496</b>

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

Refer Note 20 for information on transactions with post-employment benefit plans.

### 27. Subsequent events

There were no events occurring after the balance sheet date that would have a material impact on the Company's results of operations, financial position or cash flows.

### 28. Approval of financial statements

The financial statements were approved by the board of directors and authorized for issue on 3 June 2015.