2010/11 ANNUAL REPORT

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This report refers to: group, company, Jaguar Land Rover, JLR etc which refers to Jaguar Land Rover PLC and its subsidiaries.

KEY FIGURES

	Year ended 31 March		
	2011	**2010**	**% Change**
Volume (in 000's)			
Retail	**241**	**208**	**16**
Wholesales	**244**	**194**	**26**
£ in millions			
Income Statement			
Revenue	**9,871**	**6,527**	**51**
EBITDA	**1,502**	**349**	
EBITDA Margin %	**15.2**	**5.4**	
Net Income (PAT)	**1,036**	**24**	
Net Income (PAT) %	**10.5**	**0.4**	
Balance Sheet			
Net assets / (liabilities)	**1,475**	**(463)**	
Cash	**1,028**	**680**	
Debt	**1,382**	**3,030**	
Net Debt (Debt less Cash)	**354**	**2,350**	
Cash Flow			
Free Cash flow (Cash from operations plus Cash used in investing)	**876**	**(101)**	

KEY MILESTONES FOR THE YEAR ENDED 31 MARCH 2011

50th Anniversary of the E-Type

Jaguar hosted E-Type drives at the Parc des Eaux Vives in Geneva, where the original car was launched by the marque's founder Sir William Lyons half a century ago.

The appeal of the E-Type transcended the automotive world. Such is the inherent rightness of its proportions, stance and purity of line, that it is a permanent exhibit in New York's Museum of Modern Art.

Its influence is still apparent in Jaguar's modern range - products that offer a peerless blend of performance, comfort, cutting-edge technology and award-winning design.

75th Anniversary of the Jaguar marque

23 September 2010 marked the 75th anniversary of the Jaguar marque. To celebrate the occasion, a group of 75 individually-numbered, iconic Jaguars from across the years made a two-day journey from Coventry to Goodwood. This exclusive celebration drive, started in Coventry, took in London's May Fair Hotel – site of the original Jaguar model launch in 1935 – and finished at the UK's largest heritage motor festival, the Goodwood Revival.

Further celebrations of Jaguar's 75th anniversary were unveiled on 30 September 2010 with the C-X75 concept car, embracing 4 wheel electronic drive technology, supported by micro gas turbines to generate power to extend the range to 560 miles, whilst delivering supercar performance and producing only 28 grams of CO_2 per kilometre.

40th Anniversary of the 'iconic' Range Rover

The Range Rover celebrated its 40th birthday on 17 June 2010. Recognised as one of the most significant vehicles in the history of motoring, the Range Rover was the world's first vehicle to be as good on-road as it was off-road. It was the first fully capable, luxury 4x4 and was a milestone in the development of the Sport Utility Vehicle.

The iconic Range Rover's credentials have attracted attention and ultimately ownership from a broad range of high profile individuals including sports personalities, actors, politicians, fashion models and royal households around the globe.

3rd addition to Range Rover product range - Range Rover Evoque

To coincide with the 40th anniversary celebrations Land Rover revealed the Range Rover Evoque. This all-new coupe will join Range Rover and Range Rover Sport in the product line-up during the summer of 2011. The Range Rover Evoque will be the smallest, lightest and most fuel efficient Range Rover ever produced. Customers will have a choice of both 4WD and 2WD versions, with sub 130g/km CO_2. The Range Rover Evoque will be built at the company's Halewood plant. In addition the appointment of Victoria Beckham as Creative Design Executive was announced; she will be collaborating on future special edition Range Rover design projects, starting with a Special Edition Range Rover Evoque.

DIRECTORS' REPORT

The Directors of Jaguar Land Rover PLC present the Annual Report and Audited consolidated Financial Statements of Jaguar Land Rover PLC and its subsidiary companies ('the company'), for the year ended 31st March 2011.

The company was formed by Tata Motors on 18 January 2008 to acquire Jaguar Cars Limited and Land Rover from Ford. The transaction was completed on 2 June 2008. The company is a wholly-owned subsidiary and integrated business division of Tata Motors, a part of the Tata Group, an Indian business conglomerate with operations in more than 80 countries across six continents. Tata Motors is India's leading automobile company and ranks as the third largest bus manufacturer and the fourth largest truck manufacturer in the world.

Operating review

Business background

The company designs, develops, manufactures and sells Jaguar premium sports saloons and sports cars and Land Rover premium all-terrain vehicles, as well as related parts and accessories. The company has a long tradition as a manufacturer of premium passenger vehicles with internationally recognised brands, an exclusive product portfolio of award-winning vehicles, a global distribution network and strong research and development (''R&D'') capabilities. Jaguar and Land Rover collectively received over 80 awards from leading international motoring writers, magazines and opinion formers during the year to 31 March 2011.

The company operates three major production facilities and two advanced design and engineering facilities all in the United Kingdom. At 31 March 2011, the company employed 18,059 employees globally (including agency staff of 2,849).

The company operates a global sales and distribution network designed to achieve worldwide sales and facilitate growth in key markets. The company's three principal regional markets are North America, the United Kingdom and the Rest of Europe (including Russia), which respectively accounted for 21.6%, 24.0% and 27.2% of the company's wholesale volumes in the year ended 31 March 2011 and 19.4%, 28.4% and 27.2% in 2010. The company have also increased its presence in China, which accounted for 11.0% of the wholesale volumes in the year ended 31 March 2011 and 9.7% in 2010.

Product design, development and technology

The company's vehicles are designed and developed by award-winning design teams, and the company is committed to a programme of periodic enhancements in product design. The company's two design and development centres are equipped with computer-aided design, manufacturing and engineering tools, and are configured for competitive product development cycle time and efficient data management. In recent years, the company has refreshed the entire Jaguar range under a unified concept and design language and continued to enhance the design of Land Rover's range of all-terrain vehicles.

The company's R&D operations look for synergies through sharing premium technologies, powertrain designs and vehicle architecture. All of the company's products are designed and engineered primarily in the United Kingdom. The company endeavours to implement the best technologies into the company's product range to meet the requirements of a globally competitive market. The company aims to develop vehicles running on alternative fuels and hybrids and also invest in other programmes for the development of technologies aiming to improve the environmental performance of its vehicles including the reduction of CO_2 emissions.

The company's vehicles

Jaguar Models and Update

Jaguar designs, develops and manufactures premium sports saloons and sports cars recognised for their performance, design and unique British style. Jaguar's range of products comprises the XK sports car (coupe and convertible), the XF saloon and the new XJ saloon.

- Launched in 2006, the all-aluminium XK is Jaguar's premium luxury sports car, combining performance and luxury in coupe and convertible models. The XK was significantly updated in 2009 with a new engine and exterior and interior design enhancements, and the XK range has been further revised, with a new look for 2011. The new XKR-S was unveiled at the Geneva Motor Show on 1 March 2011, which is the sporting flagship for the company's revitalised XK line-up. The XKR-S is the fastest and most powerful production sports GT that Jaguar has ever built.

- The XF, launched in 2008, is a premium executive car that merges sports car styling with the sophistication of a luxury saloon. The Jaguar XF is Jaguar's best-selling model across the world by volume and it has garnered more than 80 international awards since its launch, including being named ''Best Executive Car'' by What Car? Magazine in every year since its launch. For 2011, fundamental design changes to the front and rear of the XF aim to bring a more assertive, purposeful stance to the XFR, which the company believes is now a bolder and more appealing automobile closer to the original C-XF concept car. In addition, the Jaguar 2012 Model Year (12MY) line-up was introduced at the New York Auto Show in April 2011, including a new four-cylinder 2.2-litre diesel version of the XF with Intelligent Stop-Start Technology, making it the most fuel-efficient Jaguar yet and allowing Jaguar to compete more effectively with competitors in the UK fleet and company car markets.

- The XJ is Jaguar's largest luxury saloon vehicle, powered by a choice of supercharged and naturally aspirated 5.0-litre V8 petrol engines and a 3.0-litre diesel engine. A 3.0-litre V6 petrol engine was launched in the Chinese market in early 2011 which provides significant savings on duty in that market. Using Jaguar's aerospace inspired aluminium body architecture, the XJ's lightweight aluminium body provides improved agility and economy. In May 2010, customer deliveries of the new XJ started and it received more than 20 international awards in 2010, including ''Best Luxury Car'' from China's Auto News, ''Annual Limousine King'' from Quattroroute (Italy), ''Luxury Car of the Year'' from Top Gear (UK), Automobile Magazine's ''2011 Design of the Year'' and ''Best Executive Sedan'' at the Bloomberg Awards in the United States. For 2011, the XJ has been upgraded to include a new Executive Package and a Rear Seat Comfort package, which makes the company's flagship model the ultimate executive limousine experience.

- The Jaguar C-X75 concept car was showcased at the Paris Motorshow in September 2010 to mark the brand's 75th anniversary. This dominated all media outlets at the show. It revealed next-generation powertrain technology in the form of electric motors and a Bladon Jets developed turbine generator. The design also received great praise, leading the way for Jaguars of the future. In May 2011, the company announced its decision to build production versions of the C-X75 in association with Williams F1.

Land Rover models and update

Land Rover designs, develops and manufactures premium all-terrain vehicles that aim to differentiate themselves from the competition by their simplicity, ability, strength and durability. Land Rover's range of products comprises the Defender, Freelander 2 (LR2), Discovery 4 (LR4), Range Rover Sport and Range Rover.

- The Defender is Land Rover's most capable off-roader, and is recognised as a leading vehicle in the segment targeting extreme all-terrain abilities.

- The Freelander 2 is a versatile vehicle for both urban sophistication and off-road capability. For the 2011 Model Year, the company introduced a choice of 4WD and 2WD, with an eD4 engine capable of 4.98L/100km which was especially well received in major European markets.

- The Discovery 4 is a mid-size SUV that features genuine all-terrain capability. A range of new features, including the new 3.0-litre LR-TDV6 diesel engine, helped the Discovery win the What Car? Magazine award for the Best 4x4 for the seventh successive year.

- The Range Rover Sport combines the performance of a sports tourer with the versatility of a Land Rover.

- The Range Rover is the flagship of the brand with a unique blend of British luxury, classic design with distinctive, high-quality interiors and outstanding all-terrain ability. The 2011 Model Year Range Rover, with an all-new 4.4-litre TDV8 engine, aiming to achieve a 14% reduction in CO_2 emissions and a 19% improvement in fuel consumption to 7.81L/100km compared to the 2010 Model Year, has been particularly well received in the UK, Europe and overseas.

- Land Rover products offer a range of powertrains, including turbocharged V6 diesel, V6 petrol engines and V8 naturally aspirated and supercharged petrol engines, with manual and automatic transmissions.

- The Range Rover Evoque, a class leading urban 4x4 was launched on 4 July 2011.

Facilities

The company operates three automotive manufacturing facilities in the United Kingdom. At Solihull, the company produces the Land Rover Defender, Discovery 4, Range Rover and Range Rover Sport models. At Castle Bromwich, the company produces the Jaguar XK, XJ and XF models. At Halewood, the company produces the Freelander and will commence production of the Range Rover Evoque at this facility in 2011. The company believes that its three existing automotive manufacturing facilities at Solihull, Castle Bromwich and Halewood provide a flexible manufacturing footprint to support its product plans. In addition to its automotive manufacturing facilities, the company also has two product development, design and engineering facilities in the United Kingdom. The facility located at Gaydon houses the company's design and engineering centre and global headquarters, and the facility located at Whitley houses a second design and engineering centre.

Sales and distribution

The company markets Jaguar products in 101 markets and Land Rover products in 174 markets, through a global network of 18 national sales companies (“NSCs”), 83 importers, 61 export partners and 2,241 franchise sales dealers, of which 524 are joint Jaguar and Land Rover dealers.

The company has established robust business processes and systems to ensure that its production plans meet anticipated retail sales demand and to enable the active management of its inventory of finished vehicles and dealer inventory throughout its network. These measures include continuous monitoring of retail volumes (i.e. sales from its dealers to end customers) and the level of inventory of finished vehicles at dealers and inventory en-route from the company's manufacturing facilities to the company's NSCs and dealers. The company monitors those inventory levels versus internal “ideal stock” targets that it believes are appropriate for each market and model. The “ideal stock” target reflects specific distribution requirements for each market, including the transit times for those markets. The company conducts a monthly “global forecast review” to assess sales running rates and volume expectations over the coming months and uses that information to plan sales actions and production actions to meet the market requirements. The company has a monthly “sales and programming committee” at which it reviews the sales forecast and plans, and reviews and modifies the company's production plans as required in order to meet anticipated sales levels and ensure that the company's inventory and dealer inventory of finished vehicles is managed to “ideal stock” levels.

The company has entered into arrangements with independent partners to provide financing to its customers, including FGA Capital, a joint venture between Fiat Auto and Credit Agricole, for the United Kingdom and European markets, Chase Auto Finance for the US market, and local providers in a number of other key markets. The company's financing partners offer its customers a full range of consumer financing options.

Objectives and Strategies

The company has a multifaceted strategy to position itself as a leading manufacturer of premium vehicles offering high-quality products tailored to specific markets. The company's success is tied to its investment in product development, and is reflected in the strategic focus on capital expenditure, R&D and product design.

Grow the business through new products and market expansion

The company offers products in the premium performance car and all-terrain vehicle segments, and the company intends to grow the business by diversifying the product range within these segments, for example by offering different powertrain combinations. The new Range Rover Evoque will help expansion into a market segment that is attracted by a smaller, lighter and more ‘‘urban’’ off-road vehicle than the market segment in which the company's Range Rover models traditionally compete, while the new 2.2-litre diesel XF will cater for a much wider group of potential customers, particularly company car drivers.

In addition, the company has a strategy of expanding regional coverage into select geographic locations where it has identified an opportunity to grow within its core segments. As a producer of distinctive, premium products, the company believes it is well positioned to increase revenues in emerging affluent countries with growing sales potential. There are three specific aspects to the company's strategy of geographic expansion.

- The company aims to establish new manufacturing facilities, assembly points and suppliers in selected markets. For example, the company has established a product development operation in India and the company sell vehicle kits to be assembled in CKD facilities in India, Kenya, Malaysia, Turkey and Pakistan. The company is also seeking to establish a manufacturing base in China. In addition, the company will continue to look for opportunities to source materials and components in a cost-efficient manner and, in pursuit of that objective, the company has already opened purchasing offices in China and India.

- The company aims to increase its marketing and dealer network in emerging markets. For example, the company will continue to grow its presence in the Indian market by opening additional dealerships across the country. In China, the company has established an NSC to expand its presence in this key market and plans to increase the network of sales dealerships across the country, up to 100 dealerships by the end of 2011.

- The company aims to leverage its relationship with Tata Motors and the synergies it can achieve in the areas of research and product development, supply sourcing, manufacturing and assembly and other vital operations, including the co-development of a small efficient diesel engine.

Transform the business structure to deliver sustainable returns

The automobile industry is highly cyclical. To mitigate the impact of cyclicality and provide a foundation from which to invest in new products, designs and technologies in line with its overall strategy, the company plans to strengthen operations by gaining a significant presence across a select range of products and a wide diversity of geographic markets. One key component of this strategy, which delivered positive results over the last six quarters, is the company's focus on improving the mix of products and the mix of markets.

The company also plans to continue to strengthen business operations in addition to vehicle sales, such as spare part sales, service and maintenance contracts.

The company undertakes a variety of internal and external benchmarking exercises, market testing and internal comparative analysis across its own vehicles, which help it to identify cost improvement opportunities for components, systems and sub-systems. The company also explores opportunities to source materials from low-cost countries as well as sharing components across platforms in order to gain economies of scale and reduce engineering costs. The company believes its strategy to enhance global sourcing will enable it to take advantage of low-cost bases in countries such as India and China. The company is taking the same approach with engineering, where it is progressively building up capability through its product development operation in India by allowing incremental levels of design responsibility to be tested on successive programmes. In addition, the company has intensified efforts to review and realign its cost structure through a number of measures, such as the reduction of manpower costs through increased employee flexibility between sites and a rationalisation of the company's other fixed costs.

Investment in product development and technology to maintain high quality

One of the company's principal goals is to enhance its status as a leading manufacturer of premium passenger vehicles by investment in products, R&D, quality improvement and quality control. The company's strategy is to maintain and improve its competitive position by developing technologically advanced vehicles. Over the years, the company has enhanced its technological strengths through extensive in-house R&D activities, particularly through two advanced engineering and design centres, which centralise its capabilities in product design and engineering. In pursuit of this strategy, the company has recently embarked upon a programme of product development and improvement involving investment in research, design and technical innovation. The substantial majority of this planned product investment relates to new and replacement models, derivatives, powertrain actions and other upgrades and the associated investment in tools and facilities and other equipment.

The company considers technological leadership to be a significant factor in its continued success, and therefore continues to devote significant resources to upgrading its technological capabilities. In line with this objective, the company is involved in a number of advanced research consortia that bring together leading manufacturers, suppliers and academic specialists in the United Kingdom, supported by funding from the government's Technology Strategy Board.

The company is pursuing various quality improvement programmes, both internally and at its suppliers' operations, in an effort to enhance customer satisfaction and reduce future warranty costs. The company has also established a procedure for ensuring quality control of outsourced components, and products purchased from approved sources undergo a supplier quality improvement process. Reliability and other quality targets are built into a new product introduction process. Assurance of quality is further driven by the design team, which interacts with downstream functions like process-planning, manufacturing and supplier management to ensure quality in design processes and manufacturing. The company believes its extensive sales and service network has also enabled it to provide quality and timely customer service. Through close coordination supported by IT systems, the company monitors quality performance in the field and implements corrections on an ongoing basis to improve the performance of its products.

Products and environmental performance

The company's strategy is to invest in products and technologies that position its products ahead of expected stricter environmental regulations and ensure that it benefits from a shift in consumer awareness of the environmental impact of the vehicles they drive. The company is committed to continued investment in new technologies, including developing sustainable technologies to improve fuel economy and reduce CO_2 emissions. The company is the largest investor in automotive R&D in the United Kingdom. The company also believes that it is also the leader in automotive green-technology in the United Kingdom. The company's environmental vehicle strategy focuses on new propulsion technology, weight reduction and reducing parasitic losses through the driveline. Projects like REEVolution, REHEV and Range-e are some examples of the company's research into the electrification of premium sedan and all-terrain vehicles.

The company is a global leader in the use of aluminium and other lightweight materials to reduce vehicle weight and it is ahead its competitors in the implementation of aluminium construction. The company already offers two aluminium vehicles, the Jaguar XJ and Jaguar XK. The company plan to deploy its core competency in aluminium construction across more models in its range. The new, all-aluminium Jaguar XJ 3.0 V6 twin-turbo diesel has CO_2 emissions rated at 184g/km. The company is also developing more efficient vehicle technologies. Range Rover's 2011 Model Year has been updated with an all-new 4.4-litre TDV8 with 8-speed transmission, resulting in a 14% reduction in CO_2 and an improvement in fuel consumption of nearly 19% to 7.81L/100km. The 2011 Model Year Freelander 2, which went on sale in December 2010, features a new eD4 diesel engine capable of 4.98L/100km and CO_2 emissions of 158g/km in 2WD. Jaguar's C-X75 concept car incorporates electric plus twin gas turbines and demonstrates some of the technologies the company are developing for the future.

The company is also taking measures to reduce emissions, waste and the use of natural resources from all of its operations. The company recognises the need to use resources responsibly, produce less waste and reduce its carbon footprint. The company has set itself a target for a 25% reduction in CO_2 and waste to landfill and a 10% reduction in water usage from 2007 levels by 2012. The company is implementing life cycle techniques so that it can evaluate and reduce its environmental footprint throughout the value chain.

The company has been certified to the international environmental management standard, ISO14001, since 1998. As part of integrated CO_2 management strategy it has have one of the largest voluntary CO_2 offset programmes. The company offsets all its own manufacturing CO_2 emissions and provides programmes to enable the company's customers to offset the emissions from vehicle use.

General trends in performance (including results of operations)

Results and prospects

Successful financial year

The company has had a successful year as a result of better than anticipated GDP growth in mature economies; the continuation of monetary policy and stimulus programmes deployed; and favourable exchange rates coupled with its own cost reduction and efficiency improvement initiatives. Rapid growth economies, for example China and Russia where GDP was significantly higher resulting in increased demand for premium vehicles, also helped the company's performance. The demand growth for premium car and SUV vehicle segments ranged from 14% in mature markets up to 109% in China, where the company experienced similar levels of retail growth.

Record revenue and earnings

The company generated record revenue and earnings during the year ended 31 March 2011. This was primarily driven by increased demand for both brands as well as a strong product and market mix.

Consolidated revenues for the year ended 31 March 2011 were £9,871 million, an increase of 51% compared to the year ended 31 March 2010. This was mainly driven by a combination of increased volume, product and market mix, particularly in China and Russia, for both brands and favourable exchange rate movements.

EBITDA growth

Consolidated EBITDA for year ended 31 March 2011 was £1,502 million, an increase of £1,153 million compared to the year ended 31 March 2010, a significant improvement mainly driven by increased revenue and improved margins. Increases in material costs and other expenses within the EBITDA growth is explained below.

The improvement in results of operations, particularly in EBITDA, net income and the cash and general liquidity position, were attributable to an increase in wholesale volumes and an improvement in product mix associated with the introduction of the new Jaguar XJ and the continued strength of the Range Rover and Range Rover Sport. The company also experienced an improvement in market mix, in particular the strengthening of business in China, which was supported by the launch of an NSC in China in mid-2010. Further, the company's performance was also improved by the positive impact of the strengthening of the US dollar against the pound sterling and the Euro, improving the company's revenues (a portion of which comprises wholesale volumes in US dollars) against the backdrop of a largely pound sterling and euro cost base. The improvement in the company's results of operations in the year ended 31 March 2011 was also partially attributable to further cost-efficiency improvements in material costs and manufacturing costs, supported by increased production volume levels. The company continues to benefit from cost efficiencies and effective cash management initiatives that it adopted in response to the challenging operating conditions in 2008 and 2009, including the alignment of production with demand, active management of working capital through extension of the term of trade payables and acceleration of the term of trade receivables while reducing inventories, and scaling down the cost base across its business. The company expects its strong operating cash generation to fund most product investment requirements and allow for profitable growth in the future.

Material costs of sale for the year ended 31 March 2011 were £6,178 million, an increase of £1,741 million (39%) compared to the year ended 31 March 2010. The main drivers of this increase in costs are the increase in volume, together with product and market mix (including higher duties), exchange and increases in raw materials, partially offset by cost efficiencies. For the year ended 31 March 2011 the material cost of sale as a percentage of revenue has improved over year ended 31 March 2010 by 55%. Employee costs for year ended 31 March 2011 were £789 million (5%), an increase of £42 million compared to the year ended 31 March 2010. This reflects an increase in permanent and agency headcount, primarily in Product Development, and the latest two-year wage rate agreement signed in November 2010. Other expense for the year ended 31 March 2011 was £1,969 million, an increase of £490 million (33%) compared to the year ended 31 March 2010. These costs include manufacturing and launch costs, freight and distribution costs, warranty costs, product development expense, selling and fixed marketing. Some of these were attributable to spend on the Range Rover Evoque that goes on sale during September of 2011 as well as on XJ which was launched in May 2010. Expenditure capitalised for year ended 31 March 2011 of £531 million increased by £73million compared to the year ended 31 March 2010.This reflected the increased spend on future model development for both brands.

Net Income growth

Consolidated Net Income (PAT) for the year ended 31 March 2011 was £1,036 million, an increase of £1,012 million compared to the year ended 31 March 2010. Depreciation and amortisation costs were £396 million, an increase of £79 million compared to the year ended 31 March 2010, reflecting the additional product development and facilities spend within the year. The net foreign exchange gain was £33 million, a decrease of £20 million compared to the year ended 31 March 2010. Finance income was £10 million, an increase of £7 million compared to the year ended 31 March 2010, due to the significant increase in additional cash generated by the company during year ended 31 March 2011. Finance Expense (net of capitalised interest) was £33 million, a decrease of £20 million compared to the year ended 31 March 2010. The reduction is due to the increase in capital expenditure eligible for capitalisation.

Strong volume growth

Overall consolidated retail volumes were 240,905 units, an increase of 16% compared to the prior year. Retail volumes for the year ended 31 March 2011 were 51,818 units for Jaguar and 189,087 units for Land Rover growth of 2% and 20% respectively.

Retail volumes in the UK were 58,134 units, a 2% increase on the prior period, whilst the North American retail volumes were 50,280, an increase of 21%. Retail volumes in key growth markets saw significant increases with China retail volumes ending the reporting period at 28,893 and Russia at 11,689, up on the prior reporting period by 70% and 32% respectively. There was moderate growth in Europe of 6% resulting in a retail volume of 53,711. Across all other markets the retail volume of 38,198 represented 16% growth on the prior reporting period.

Wholesale volumes for the year ended 31 March 2011 were 243,621 units, an increase of 26% on the prior reporting period. At a brand level wholesale volumes were 190,628 units for Land Rover and 52,993 units for Jaguar (30% and 12% growth respectively).

Performance in key geographical markets on retail basis

United States

United States premium car segment volumes increased by 14.4% compared to the year ended 31 March 2010, with Jaguar up 16.3%. United States premium SUV segment volumes were up 45% compared to the prior year with Land Rover up 49%.

United States retail volumes for year ended 31 March 2011 for the combined brands were 46,881 units. Jaguar retail volumes for year ended 31 March 2011 increased by 16% compared to the year ended 31

March 2010, leading to a 0.1% increase in market share. Land Rover retail volumes for the year ended 31 March 2011 increased by 23% compared to the year ended 31 March 2010, maintaining market share.

UK

In the UK, the premium car segment volumes increased by 18.4% in the year ended 31 March 2011 compared to the year ended 31 March 2010, with Jaguar up by 18.8% for the year ended 31 March 2011. The UK the premium SUV segment volumes increased by 30% in the year ended 31 March 2011 compared to the year ended 31 March 2010, with Land Rover up 9% for the same period.

UK retail volumes for the year ended 31 March 2011 for the combined brands were 58,134 units. Jaguar retail volumes for the year ended 31 March 2011 decreased by 11% (an increase of 19% when X-Type, which ceased production in December 2009, is excluded) compared to the year ended 31 March 2010, leading to a 0.1% increase in market share. Land Rover retail volumes for year ended 31 March 2011 increased by 8% compared to the year ended 31 March 2010, maintaining market share.

Europe (excluding Russia)

The European premium car segment volume increased by 18.6% compared to the year ended 31 March 2010, and premium SUV segment volume increased by 29.7% compared to the year ended 31 March 2010.

European retail volume for year ended 31 March 2011 for the combined Jaguar Land Rover brands were 53,711 units, representing a 6.6% increase compared to the year ended 31 March 2010. Jaguar retail volume for year ended 31 March 2011 decreased by 4.5% (increase of 20% when X-Type, which ceased production in December 2009, is excluded) compared to the year ended 31 March 2010. Jaguar increased its share of the segment by 0.1 percentage points to 2.4%. Land Rover retail volume for the year ended 31 March 2011 increased by 9.8% compared to the year ended 31 March 2010, whilst its segment share decreased by 0.5 percentage points to 2.9%. Trading within certain European markets remained challenging during the period, especially with the recent uncertainty in Greece, Portugal, Spain, Ireland and Italy which has prompted the downgrading of sovereign debt ratings and has led to additional pressure on financial markets.

Russia

Russia premium car segment volume increased by 61.1% in the year ended 31 March 2011 compared to the year ended 31 March 2010, with Jaguar up 70.8% for year ended 31 March 2011 and the premium SUV segment volume increased 52% in the year ended 31 March 2011 compared to year ended 31 March 2010 with Land Rover up 33% for the year ended 31 March 2011.

The Russia retail volume for year ended 31 March 2011 for the combined brands were 11,689 units. Jaguar retail volume for the year ended 31 March 2011 increased by 27% compared to the year ended 31 March 2010, leading to a 0.2% increase in market share. Land Rover retail volume for the year ended 31 March 2011 increased by 33% compared to the year ended 31 March 2010, leading to a 2% decrease in market share. The Russian market was showing signs of recovery from the global economic crisis, driven particularly by the sharp fall in oil prices and the drying-up of foreign credits on which Russian banks and companies tend to rely heavily.

China

The China premium car segment volumes (for imports) increased by 46% in the year ended 31 March 2011 compared to the year ended 31 March 2010, with Jaguar up 51% for year ended 31 March 2011. The China premium SUV segment volumes (for imports) increased by 109% in the year ended 31 March 2011 as compared to the year ended 31 March 2010, with Land Rover up 73% for the year ended 31 March 2011.

The China retail volume for year ended 31 March 2011 for the combined brands were 28,893 units. Jaguar retail volume for the year ended 31 March 2011 increased by 41% compared to the year ended 31 March 2010, leading to a 0.1% increase in market share. Land Rover retail volume for the year ended 31 March 2011 increased by 74% compared to the year ended 31 March 2010, leading to a 2% decrease in market share.

Growth within the Chinese market was further enhanced through the strengthening of the company's business in China, which was supported by the launch of an NSC in China in mid-2010.

Business risks and mitigating factors

Global economic environment

The company is focused on the premium end of the automotive industry, and can be heavily influenced by general economic conditions around the world. The demand for its vehicles is influenced by a variety of factors, including, among other things, the growth rate of the global economy, availability of credit, disposable income of consumers, interest rates, environmental policies, tax policies, safety regulations, freight rates and fuel prices. As a result of the recent global financial crisis, the company's business sustained significant losses in financial period 2009 due to the combination of global recession, lack of credit availability and increasing fuel prices. The global economic climate has improved since then, and whilst some key markets, such as the UK and US are growing more slowly than expected, the company's global reach and recognised brand names have enabled it to benefit from significant growth in Chinese and Russian markets. The company continues to monitor economic indicators within key markets as well as retail volume trends in order to manage production and vehicle distribution. The company is continuing to develop vehicles which are specifically aimed at these markets, such as a 3.0 litre petrol engine to minimise China import duties and enhanced rear seat entertainment systems reflecting the different priorities of the company's customers. The company's product development programme is aimed at ensuring the company has the right vehicles available for the right markets at the right price, reflecting different priorities and uses across the globe.

Government regulations

The company is subject throughout the world to comprehensive and constantly changing laws, regulations and policies. The company expects the number and extent of legal and regulatory requirements and the related costs of changes to the company's product line-up to increase significantly in the future. In Europe and the United States, for example, governmental regulation is primarily driven by concerns about the environment (including greenhouse gas emissions), vehicle safety, fuel economy and energy security. The European Union passed legislation in April 2009 to begin regulating vehicle carbon dioxide emissions in 2012. The legislation sets a target of a fleet average of 130 grams per kilometre by 2012 and an ambitious target of 95 grams per kilometre by 2020, with the specific requirements for each manufacturer based on the average weight of the vehicles it sells. The company has applied to receive a permitted derogation from this emissions requirement available to small volume and niche manufacturers. If the company's derogation request is successful, the company would be permitted to reduce the company's emissions by 25% from 2007 levels rather than meeting a specific CO_2 emissions target. Moreover, in 2007 the European Parliament adopted the latest in a series of more stringent standards for emissions of other air pollutants from passenger vehicles, to be phased in from September 2009 (Euro 5) and September 2014 (Euro 6). At the national level, an increasing number of EU Member States have adopted some form of fuel consumption or carbon dioxide-based vehicle taxation system.

Additional measures have been proposed or adopted in the European Union to regulate safety features, tyre-rolling resistance, vehicle air conditioners, tyre-pressure monitors and gear shift indicators.

In the United States, the Corporate Average Fuel Economy ("CAFE"), standards for passenger cars will require manufacturers of passenger vehicles and light trucks to meet an estimated combined average fuel economy level of at least 6.75L / 100km by 2020. California is implementing more stringent fuel economy standards. Moreover, under new US federal greenhouse gas regulations, passenger cars and light trucks for model years 2012 through 2016 must meet an estimated combined average emissions level of 250 grams of carbon dioxide per mile.

To comply with current and future environmental norms, the company may have to incur additional capital expenditure and R&D expenditure to upgrade products and manufacturing facilities, which would have an impact on the company's cost of production and the results of operations and may be difficult to pass through to the company's customers. If the company is unable to develop commercially viable technologies within the time frames set by the new standards, the company could face significant civil penalties or be forced to restrict product offerings drastically to remain in compliance.

Changes in corporate and other taxation policies, import or tariff policies, which are beyond the company's control and unpredictable could adversely affect the company's results of operations.

The company's product development plan is structured to allow it to develop vehicles which comply with current and expected future environmental regulations particularly in the United States covered by the CAFE and in other countries such as China.

Interest rate, currency and exchange rate fluctuations

The company has both interest-bearing assets (including cash balances) and interest-bearing liabilities, many of which bear interest at variable rates. The company is therefore exposed to changes in interest rates in the various markets in which the company borrow. While the directors revisit the appropriateness of these arrangements in light of changes to the size or nature its operations, the company may be adversely affected by the effect of changes in interest rates.

The company's operations are also subject to fluctuations in exchange rates with reference to countries in which the company operate. The company sells vehicles in the United Kingdom, North America, the Rest of Europe, China, Russia and many other markets and therefore generates revenue in, and has significant exposure to movements of, the US Dollar, Euro, Chinese Renminbi, Russian Rouble and other currencies relative to pounds sterling. The company sources the majority of its input materials and components and capital equipment from suppliers in the United Kingdom and Europe with the balance from other countries, and therefore has cost in, and significant exposure to the movement of, the euro and other currencies relative to pounds sterling. The majority of the company's product development and manufacturing operations and the company's global headquarters are based in the United Kingdom, but the company also has national sales companies which operate in the major markets in which the company sell vehicles.

Moreover, the company has outstanding foreign currency denominated debt and is sensitive to fluctuations in foreign currency exchange rates. The company has experienced, and expects to continue to experience, foreign exchange losses and gains on obligations denominated in foreign currencies in respect of the company's borrowings and foreign currency assets and liabilities due to currency fluctuations.

The company has managed to mitigate, to a certain extent, the foreign exchange risk in the short and medium term by making appropriate hedging arrangements. Adequacy of hedging lines, limitations on tenor and inherent risks of hedging arrangements themselves continue. These are being continuously monitored for timely action within the overall constraints.

Supply chain

The company relies on third parties for sourcing raw materials, parts and components used in the manufacture of the company's products. The company's ability to procure supplies in a cost effective and timely manner or at all is subject to various factors, some of which are not within the company's control. While the company manages its supply chain as part of the its supplier management process, any significant problems with suppliers or shortages of essential raw materials in the future could have an impact on the company's operations.

Risks of disruption due to natural disasters, could impact the supply chain. A natural disaster could cause suppliers to halt, delay or reduce production, which could reduce or disrupt the supply of such raw materials, pre-products and vehicle parts and / or an increase in their cost. Any significant interruption in the supply of key inputs could adversely affect the company's ability to maintain its current and expected levels of production and therefore negatively affect its revenues.

The recent tragic earthquake and tsunami in Japan shows the vulnerability of the automotive supply chain to external shocks. Several suppliers to the automotive industry, including those to the company, were severely impacted by the earthquake and tsunami and its after-effects. The company, however, managed to avoid any production disruption by working with its overall supply base to temporarily resource components and help Japanese suppliers to restart production.

In managing a complex supply chain the company has developed close relationships with both direct and indirect suppliers. The company continues to develop long-term strategic relationships with suppliers to support the development of parts, technology and production facilities.

Seasonality and cyclicality

The sales volumes and prices for the company's vehicles are influenced by the cyclicality and seasonality of demand for these products. The company is affected by the biannual registration of vehicles in the United Kingdom, when new vehicle registrations take place in March and September, which in turn has an impact on the resale value of vehicles. This leads to an increase in sales during the period when the aforementioned change occurs. Most other markets, such as the United States, are driven by the introduction of new model year vehicles, which typically occurs in the autumn of each year. Furthermore, Western European markets tend to be impacted by the summer and winter holidays. The resulting sales profile influences operating results on a quarter-to-quarter basis. Sales in the automotive industry have been cyclical in the past and the company expects this cyclicality to continue.

With the lessons learned during the recent global crisis and downturn that followed, the company keeps a close watch on inventory, including pipeline and dealer stock, with a view to quickly respond to any such signals from the market.

Product development

Over the past few years, the global market for automobiles, particularly in established markets, has been characterised by increasing demand for more environmentally friendly vehicles and technologies. In addition, the climate debate and promotion of new technologies are increasingly resulting in the automotive industry's customers no longer looking for products only on the basis of the current standard factors, such as price, design, performance, brand image or comfort / features, but also on the basis of the technology used in the vehicle or the manufacturer or provider of this technology. This could lead to shifts in demand and the value-added parameters in the automotive industry.

The company endeavours to take account of climate protection and the ever more stringent laws and regulations that have been and are likely to be adopted. The company is focusing on researching, developing and producing new drive technologies, such as hybrid engines and electric cars. The company is also investing in development programmes to reduce fuel consumption through the use of lightweight materials, reducing parasitic losses through the driveline and improvements in aerodynamics.

One of the company's principal goals is to enhance the company's status as a leading manufacturer of premium passenger vehicles by investment in the company's products, R&D, quality improvement and quality control. The company's strategy is to maintain and improve the company's competitive position by developing technologically advanced vehicles. Over the years, the company has enhanced the company's technological strengths through extensive in-house R&D activities, particularly through the company's two advanced engineering and design centres, which centralise the company's capabilities in product design and engineering. In pursuit of this strategy, the company has recently announced a programme of future product development and improvement involving investment in research, design and technical innovation. The substantial part of the company's product investment relates to investment in new and replacement models, derivatives, powertrain actions and other upgrades and the associated investment in tools and facilities and other equipment.

The company's R&D operations currently consist of a single engineering team, with a co-managed engineering function for Jaguar and Land Rover, sharing premium technologies, powertrain designs and vehicle architecture. The company endeavors to implement the best technologies into the company's product range to meet the requirements of a globally competitive market. One example of the company's development capabilities is Jaguar's aluminium body architecture, which the company expects will be a significant contributor to further efficiencies in manufacturing and engineering, as well as the reduction of CO_2 emissions. The company aim to develop vehicles running on alternative fuels and hybrids and also invest in other programmes for the development of technologies aiming to improve the environmental performance of the company's vehicles.

The company considers technological leadership to be a significant factor in its continued success, and therefore intends to continue to devote significant resources to upgrading the company's technological capabilities. In line with this objective, the company is involved in a number of advanced research consortia that bring together leading manufacturers, suppliers and academic specialists in the United Kingdom, supported by funding from the government's Technology Strategy Board. The technology showcased in the C-X75, and the Technology Strategy Board (TSB) supported Range-e and REEVolution (Range Extended Electric Vehicle) projects demonstrate the company's commitment to growth through design and product technology innovation.

The company is pursuing various quality improvement programmes, both internally and at the company's suppliers' operations, in an effort to enhance customer satisfaction and reduce the company's future warranty costs. The company has also established a procedure for ensuring quality control of outsourced components, and products purchased from approved sources undergo a supplier quality improvement process. Reliability and other quality targets are built into the company's new product introduction process. Assurance of quality is further driven by the design team, which interacts with downstream functions like process-planning, manufacturing and supplier management to ensure quality in design processes and manufacturing. The company believes its extensive sales and service network has also enabled it to provide quality and timely customer service. Through close coordination supported by the company's IT systems, the company monitors quality performance in the field and implement corrections on an ongoing basis to improve the performance of its products.

The company will examine collaborative opportunities with Tata Motors, to optimise synergetic strengths, which may include the development of engines.

Patent protection and intellectual property

The company does not regard any of its businesses as being dependent upon any single patent or related group of patents, and its inability to protect this intellectual property generally, or the illegal breach of some or a large group of the company's intellectual property rights, would have a materially adverse effect on the company's operations, business and / or financial condition.

The company owns or otherwise has rights in respect of a number of patents and trademarks relating to the products that it manufactures, which have been obtained over a period of years. In connection with the design and engineering of new vehicles and the enhancement of existing models, the company seeks to regularly develop new technical designs for use in its vehicles. The company also uses technical designs which are the intellectual property of third parties with such third parties' consent. These patents and trademarks have been of value in the growth of the company's business and may continue to be of value in the future.

The company may be affected by restrictions on the use of intellectual property rights held by third parties and the company may be held legally liable for the infringement of the intellectual property rights of others in the company's products.

Dealer performance

The company's products are sold and serviced through a network of authorised dealers and service centres across the company's domestic market, and a network of distributors and local dealers in international markets. The company monitors the performance of the company's dealers and distributors and provides them with support to assist them to perform to its expectations.

Manufacturing and engineering

The company has three manufacturing facilities and two design and engineering centres, all of which are located in the United Kingdom.

The Solihull site currently manufactures Land Rover and Range Rover products, except the Freelander and Range Rover Evoque which are produced in Halewood. The Castle Bromwich site, which originally housed the largest Spitfire factory in the UK, is used to produce all the company's Jaguar models. It is expected that these sites will become more cross-branded. The company is assessing investment opportunities for establishing a manufacturing base in China and benefit from third-party facilities overseas which build a number of its vehicles from CKD kits. In India, since April 2011, Freelander vehicle kits have been assembled by Tata Motors in a "complete knock down" ("CKD") assembly facility.

The company's design and engineering centres, in Whitley and Gaydon, are being reorganised to maximise efficiency in design and development.

The company could experience disruption to its manufacturing, design and engineering capabilities for a variety of reasons, including, among others, extreme weather, fire, theft, system failures, natural calamities, mechanical or equipment failures and similar risks. Any significant disruptions could adversely affect the company's ability to design, manufacture and sell the company's products and, if any of those events were to occur, the company cannot be certain that the company would be able to shift its design, engineering and manufacturing operations to alternative sites in a timely manner or at all. Any such disruption could therefore materially affect the company's business, financial condition or results of operations.

Regulation of production facilities

The company's production facilities are subject to a wide range of environmental, health and safety requirements. These requirements address, among other things, air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the investigation and clean-up of contamination, process safety and the maintenance of safe conditions in the workplace. Many of the company's operations require permits and controls to monitor or prevent pollution. The company has incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future environmental, health and safety laws and regulations or their more stringent enforcement. Other environmental, health and safety laws and regulations could impose restrictions or onerous conditions on the availability or the use of raw materials the company need for the company's manufacturing process.

The company's manufacturing process results in the emission of greenhouse gases such as carbon dioxide. The EU Emissions Trading Scheme, an EU-wide system in which allowances to emit greenhouse gases are issued and traded, is anticipated to cover more industrial facilities and become progressively more stringent over time, including by reducing the number of allowances that will be allocated free of cost to manufacturing facilities. In addition, a number of further legislative and regulatory measures to address greenhouse gas emissions, including national laws and the Kyoto Protocol, are in various phases of discussion or implementation. These measures could result in increased costs to: (i) operate and maintain the company's production facilities; (ii) install new emissions controls; (iii) purchase or otherwise obtain allowances to emit greenhouse gases; and (iv) administer and manage the company's greenhouse gas emissions programme.

Many of the company's sites have an extended history of industrial activity. The company may be required to investigate and remediate contamination at those sites, as well as properties the company formerly operated, regardless of whether the company caused the contamination or the activity causing the contamination was legal at the time it occurred. In connection with contaminated properties, as well as the company's operations generally, the company also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage resulting from hazardous substance contamination or exposure caused by the company's operations, facilities or products. The company could be required to establish or substantially increase financial reserves for such obligations or liabilities and, if the company fails to accurately predict the amount or timing of such costs, the related impact on the company's business, financial condition or results of operations could be material.

The company has a reasonable good health and safety record. The company maintains its plant and facilities well with a view to meeting these regulatory requirements and has also in place a compliance reporting and monitoring process which should help to mitigate risk.

Input prices

Prices of commodities used in manufacturing automobiles, including steel, aluminium, copper, zinc, rubber, platinum, palladium and rhodium, have become increasingly volatile over the past two years. Further, with the global economy coming out of recession and increasing consumption in the emerging markets, prices of these commodities are likely to remain high and may rise significantly.

In addition, an increased price and supply risk could arise from the supply of rare and frequently sought raw materials for which demand is high, especially those used in vehicle electronics such as rare earths, which are predominantly found in China. In the past, China limited the export of rare earths from time to time, and has announced that it will further reduce their production and export in 2011. If the company is unable to find substitutes for such raw materials or pass price increases on to customers by raising prices, or to safeguard the supply of scarce raw materials, the company's vehicle production, business and results from operations could be affected.

The company continues to pursue cost reduction, value engineering and such other initiatives to mitigate the risk of increasing input costs and supplements these efforts through the use of fixed price supply contracts with tenors of up to 12 months for energy and commodities wherever possible.

Product liability recall and warranty

The company is subject to risks and costs associated with product liability, warranties and recalls in connection with performance, compliance or safety-related issues affecting its products. In addition, product recalls can cause the company's consumers to question the safety or reliability of the company's vehicles and harm the company's reputation. Any harm to the reputation of any one of the company's models can result in a substantial loss of customers.

Furthermore, the company may also be subject to class actions or other large-scale product liability or other lawsuits in various jurisdictions in which the company have a significant presence. The use of shared components in vehicle production increases this risk because individual components are deployed in a number of different models across the company's brands. Any costs incurred or lost sales caused by product liability, warranties and recalls could materially adversely affect the company's business.

The company monitors its warranty performance very closely as this is a significant potential cost to the business and to customers expectations of its brands.

The company expends resources in connection with product recalls and these resources typically include the cost of the part being replaced and the labour required to remove and replace the defective part to ensure that consumers do not question the safety or reliability of its vehicles and harm its reputation.

The company constantly monitor vehicles in service through regular data feeds from dealerships globally in order to identify trends and customer satisfaction. This enables the company to put in place appropriate actions to manage recalls and minimise warranty claims. The company also develops dealer technical updates to provide awareness of known vehicle faults, which is in line with general industry practices.

Information Technology

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes, among other things, losses that are caused by a lack of controls within internal procedures, violation of internal policies by employees, disruption or malfunction of IT systems, computer networks and telecommunications systems, mechanical or equipment failures, human error, natural disasters or malicious acts by third parties. Like any other business with complex manufacturing, research, procurement, sales and marketing and financing operations, the company is exposed to a variety of operational risks and, if the protection measures put in place prove insufficient, the company's results of operations and financial conditions can be materially affected.

As part of the long-term development strategy under Tata, the company is reviewing its IT resources to ensure that they provide it with a "best in class" framework for running and managing its business.

The company has a number of IT controls to help prevent significant issues in the case of IT failure. These include back-up systems and a comprehensive disaster recovery plan. These controls are monitored by the company's internal audit function and are S-Ox compliant.

The company has an IT usage policy which is communicated to all staff when they join the company and there are regular reminders provided by the IT department. This policy is designed to prevent unauthorised software being used in breach of licensing rules and potentially introducing malicious software onto the system. The policy also aims to support the company's diversity policy by preventing the use of offensive, sexist or racist language through IT communications.

Competition

The global automotive industry, including the premium passenger car segment, is highly competitive and competition is likely to further intensify in view of the continuing globalisation and consolidation in the worldwide automotive industry. There is a strong trend among market participants in the premium automotive industry towards intensifying efforts to retain their competitive position in established markets while also developing a presence in more profitable and fast growing emerging markets, such as China, India, Russia, Brazil and other parts of Asia. A range of factors affect the competitive environment, including, among other things, quality and features of vehicles, innovation, development time, ability to control costs, pricing, reliability, safety, fuel economy, environmental impact and perception thereof, customer service and financing terms. The company places emphasis on monitoring markets and competitors in order to develop the appropriate strategies to remain competitive.

Customer demands

Customer preferences, especially in many of the more mature markets, show an overall trend towards fuel efficient, small and environmentally friendly vehicles. In many markets, these preferences are driven by customers' environmental concerns, increasing fuel prices and government regulations, such as regulations regarding the level of CO_2 emissions, speed limits and higher taxes on sports utility vehicles or premium automobiles.

Such a general shift in consumer preference towards smaller and more environmentally friendly vehicles could materially affect the company's ability to sell premium passenger cars and large or medium-sized all-terrain vehicles at current or targeted volume levels. In addition, there is a risk that the company's quality standards can only be maintained by incurring substantial costs for monitoring and quality assurance. For the company's customers, one of the determining factors in purchasing the company's vehicles is the high quality of the products. A decrease in the quality of the company's vehicles (or if the public were to have the impression that such a decrease in quality had occurred) could damage the company's image and reputation as a premium automobile manufacturer and in turn materially affect the company's business, results of operations and financial condition.

The company operates in the premium performance car and all-terrain vehicle segments, which are very specific segments of the premium passenger car market. Accordingly, the company's performance is linked to market conditions and consumer demand in those two market segments. Other premium performance car manufacturers operate in a broader spectrum of market segments, which makes them comparatively less vulnerable to reduced demand for any specific segment. Any downturn or reduced demand for premium passenger cars and all-terrain vehicles in the geographic markets in which the company operate could have a more pronounced effect on the company's performance and earnings than would have been the case if the company had operated in a larger number of different market segments.

In order to cater to the changing customer demand for fuel efficient, small and environmentally friendly vehicles the company focuses on weight reduction, new propulsion technologies and the introduction of smaller models like the Range Rover Evoque (September 2011). The Evoque is the lightest, most fuel efficient Range Rover ever and is a demonstration of the company's commitment to environmental sustainability. The new state-of-the-art petrol and diesel engines come with direct injection and stop-start. The addition of a front wheel drive variant ensures that optimum efficiency is achieved.

As lighter vehicles require less energy (and emit less CO_2) the usage of aluminium for automobile manufacturing increasingly attracts the interest of car manufacturers. With already two aluminium monocoque vehicles on offer – Jaguar XJ and Jaguar XK – the company is one of the pioneers of deploying aluminium technology in the automotive sector. The company plans to extend this core competency in aluminium construction to more of its model range.

In the area of new propulsion technologies the company is involved in a number of advanced research projects which all aim at a significant reduction in CO_2 emissions, both of the current range and future models. Range_e is the company's hybrid research prototype that uses a Range Rover Sport platform and has a range of 20 miles using electric power only, emitting less than 100g/km of CO_2, and a top speed of around 120mph. A number of prototypes have been built and are in trial.

Customers also demand continued improvement in quality. As a premium manufacturer, the company recognises this and has in place a higher level of focus on the key levers that affect quality. In particular, the company's product design and development process has been reorganised to proactively address any potential risks to achieving a high quality product, but also manufacturing plants all the way to dealerships globally and their interaction with the customer.

Consumer finance and used car valuations

During the recent global financial crisis, several providers of customer finance reduced their supply of consumer financing for the purchase of new vehicles. Any reduction in the supply of available consumer finance in the future would make it more difficult for some of the company's customers to purchase the company's vehicles and could put it under commercial pressure to offer new (or expand existing) retail or dealer incentives to maintain demand for the company's vehicles.

Further, the company offers residual value guarantees on the purchase of certain leases in some markets. The value of these guarantees is dependent on used car valuations in those markets at the end of the lease, which is subject to change. Consequently, the company may be adversely affected by movements in used car valuations in these markets.

The company has arrangements in place with FGA Capital, a joint venture between Fiat Auto and Credit Agricole (FGAC) for UK and European consumer finance, Chase Auto Finance in North America, and has similar arrangements with local providers in a number of other key markets. The company works closely with its commercial finance providers to minimize the risk around residual values which in turn reduces the level of lease subvention.

Key markets

The company has a significant presence in the United Kingdom, North American and continental European markets from which the company derives approximately two-thirds of the company's revenues. The global economic downturn significantly impacted the automotive industry in these markets in 2009. Even though sales of passenger cars were aided by government-sponsored car-scrap incentives, these incentives primarily benefited the compact and micro-compact car segments and had virtually no slowing effect on the sales declines in the premium car or all-terrain vehicle segments in which the company operates. Although demand in these markets has recovered strongly, a decline in demand for the company's vehicles in these major markets may in the future significantly impair the company's business, financial position and results of operations. The company's strategy, which includes new product launches and expansion into growing markets, such as China, India, Russia and Brazil is designed to mitigate a decrease in demand for the company's products in mature markets in the future.

The company's growth strategy relies on the expansion of the company's operations in other parts of the world, including China, India, Russia, Brazil and other parts of Asia, which feature higher growth potential than many of the more mature automotive markets. If the company is unable to manage risks related to the company's expansion and growth in other parts of the world and therefore fail to establish a strong presence in those higher growth markets, the company's business, results of operations and financial condition could be adversely affected or the company's investments could be lost.

Credit and liquidity risks

The company's main sources of liquidity are cash generated from operations, external debt in the form of working capital and other similar revolving credit facilities, external term debt, various factoring and VAT discount facilities and, during the economic downturn in 2010, financial support from the company's parent company. The company maintains short-term debt finance and intergroup funding arrangements that are designed to ensure that the company has sufficient credit and liquidity available for the company's operations. In addition, the company has issued long-term preference shares to Tata Motors Limited Holdings (TMLH). However, adverse changes in the global economic and financial environment may result in lower consumer demand for vehicles, and prevailing conditions in credit markets may adversely affect both consumer demand and the cost and availability of finance for the company's business and operations. If the global economy goes back into recession and consumer demand for the company's vehicles drops, as a result of higher oil prices, excessive public debt or for any other reasons, and the supply of external financing becomes limited, the company may again face significant liquidity risks.

The company is also subject to various types of restrictions or impediments on the ability of its subsidiary NSC's in certain countries to transfer cash across to the Company's head office. These restrictions or impediments are caused by exchange controls, withholding taxes on dividends and distributions and other similar restrictions in the markets in which the company operate. At 31 March 2011, the company had £1,028.3 million of cash and cash equivalents, of which £331.2 million was cash held in subsidiaries outside the United Kingdom. A portion of this amount is subject to various restrictions or impediments in certain countries. For example, the company's subsidiary in China is subject to foreign exchange controls and thereby restricted from transferring cash outside of China. China is further imposing a withholding tax on dividends and distributions to parent companies of Chinese subsidiaries, which creates additional disincentives and costs in relation to the remittance of cash outside of China. Brazil and Russia are also restricting the ability of the company's local subsidiaries to participate in cash pooling arrangements and to transfer cash balances outside of the relevant countries, but they do not restrict the ability of those entities to make intragroup loans or pay dividends. South Africa is also imposing a withholding tax. The company believes that these restrictions have not had and are not expected to have any impact on the company's ability to meet the company's cash obligations.

Labour relations

In general, the company considers its labour relations with all of the its employees, a substantial portion belong to unions, to be good. However, in the future the company may face labour unrest, at the company's own facilities or those of the company's suppliers, which may delay or disrupt the company's operations in the affected regions, including the sourcing of raw materials and parts, the manufacture, sales and distribution of vehicles and the provision of services. If work stoppages or lock-outs at the company's facilities or at the facilities of the company's major suppliers occur or continue for a long period of time, the company's business, financial condition and results of operations may be materially affected. The company manages union relations with proactive consultation.

Key personnel

The company believes that the company's growth and future success depend in large part on the skills of the company's workforce, including executives and officers, as well as the designers and engineers. The loss of the services of one or more of these employees could impair the company's ability to continue to implement its business strategy. The company's success also depends, in part, on the company's continued ability to attract and retain experienced and qualified employees, particularly qualified engineers with expertise in automotive design and production. The competition for such employees is intense, and the company's inability to continue to attract, retain and motivate employees could adversely affect its business and plans to invest in the development of new designs and products.

Pension obligations

The company provides post-retirement and pension benefits to the company's employees, some of which are defined benefit plans. The company's pension liabilities are generally funded and the pension plan assets are particularly significant. As part of the company's Strategic Business Review process, the company closed the Jaguar Land Rover defined benefit pension plans to new joiners as at 19 April 2010. All new employees have joined a new defined contribution pension plan.

Under the arrangements with the trustees of the defined benefit pension schemes, an actuarial valuation of the assets and liabilities of the schemes is undertaken every three years. The most recent valuation, as at April 2009, indicated a shortfall in the assets of the schemes as at that date, versus the actuarially determined liabilities as at that date, of £403.0 million.

As part of the valuation process the company agreed a schedule of contributions, which together with the expected investment performance of the assets of the schemes, is expected to eliminate the deficit by

2018. The company also granted a second and floating charge on its assets in favour of the pension fund trustees as security for its obligations under the pension schemes.

The next actuarial valuation is presently expected to be in April 2012.

Lower return on pension fund assets, changes in market conditions, changes in interest rates, changes in inflation rates and adverse changes in other critical actuarial assumptions, may impact the company's pension liabilities and consequently increase funding requirements, which in future could adversely affect the company's financial condition and results of operations.

Insurance coverage

While the company believes that the insurance coverage that the company it maintains is reasonably adequate to cover all normal risks associated with the operation of the company's business, there can be no assurance that any claim under the company's insurance policies will be honoured fully or timely, the company's insurance coverage will be sufficient in any respect or the company's insurance premiums will not increase substantially. Accordingly, to the extent that the company suffers loss or damage that is not covered by insurance or which exceeds the company's insurance coverage, or have to pay higher insurance premiums, the company's financial condition may be affected.

Corporate governance and public disclosure

The company is affected by the corporate governance and disclosure requirements of the company's parent, Tata Motors, which is listed on the Bombay Stock Exchange, the National Stock Exchange of India and the New York Stock Exchange (the “NYSE”). Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and SEC regulations, Securities and Exchange Board of India (the “SEBI”) regulations, the NYSE listing rules and Indian stock market listing regulations, have increased the compliance complexity for the company's parent company and, indirectly, for the company. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. The company is committed to maintaining high standards of corporate governance and public disclosure. However, the company's efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses. In addition, there can be no guarantee that the company will always succeed in complying with all applicable laws, regulations and standards.

Impact of political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages / prices, epidemics, labour strikes and other risks

The company's products are exported to a number of geographical markets and the company plan to expand the company's international operations further in the future. Consequently, the company is subject to various risks associated with conducting the company's business both within and outside the company's domestic market and the company's operations may be subject to political instability, wars, terrorism, regional and / or multinational conflicts, natural disasters, fuel shortages, epidemics and labour strikes. In addition, conducting business internationally, especially in emerging markets, exposes it to additional risks, including adverse changes in economic and government policies, unpredictable shifts in regulation, inconsistent application of existing laws and regulations, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures. Any significant or prolonged disruptions or delays in the company's operations related to these risks could adversely impact the company's results of operations.

Other business factors

Employees

The company has a highly skilled and committed workforce, many of whom have spent their entire working lives with the Jaguar and Land Rover brands. The company is committed to providing its employees with the best work environment, including training and development of opportunities to improve their skills and ensuring continuous development for all.

The company is the largest automotive employer in the UK and the company's apprenticeship scheme provides world-class engineering training, which is vital for the continued success of the business. The company's graduate recruitment scheme led to it being listed in the Times Top 100 graduate employers this year for the first time.

Wellbeing – The company offers a variety of initiatives designed to enhance the wellbeing of its employees to promote satisfaction, motivation and productivity. The company is committed to helping employees live a healthy lifestyle, with a good work-life balance. For example the company offers:

- Flexible working options including job-sharing, part-time work, working from home, and variable hours where an individual's role allows.
- A highly competitive maternity leave package of one year at full pay.
- The option to request a career break of up to four years for employees who have been working for the company for more than two years, for reasons ranging from childcare responsibilities to study and travelling.
- Nurses at on-site occupational health centres to advise staff on maintaining a good work-life balance.
- A free counselling service to all employees.
- Physiotherapy to those who are recovering from injury.
- On-site sports facilities to encourage employees to keep fit.
- In 2009, Jaguar Land Rover won the Working Families "Family Friendly employer" of the year award.

Diversity

The company is committed to treating its employees with respect, regardless of age, disability, gender, race, religion or sexual orientation. The company promotes equal opportunities in the work place, and its recruitment process is designed to be inclusive and ensure no one is put at a disadvantage. The company encourages everyone to challenge unacceptable behaviour and report any incidents of discrimination. All employees must comply with the "Dignity and Work" policy, designed to prevent harassment, bullying and victimisation. This is included in induction training for new starters. The company's Diversity and Inclusion Council oversees implementation of the policy and diversity champions sit on each of the company's People Development Committees. The company train diversity champions on the business case for diversity and how to challenge stereotypes and prejudice.

The company's annual Diversity and Inclusion Awards recognise employees' best practice in promoting diversity, within and outside the business.

- Gender – The automotive industry traditionally attracts more men than women. The company is working to increase the number of women working at Jaguar Land Rover, and offers a range of initiatives to help employees balance work and family commitments. In 2009 women represented 8% of the company's employees, including 12% of managers and 1% of senior managers.

- The company launched a leadership training programme for women in 2009, with support from the UK government, to help more women reach senior roles. 120 women have already completed the training, which includes coaching and workshops on leadership skills and career development planning.

- The company's graduate recruitment process encourages female students to consider a technical career at Jaguar Land Rover. In 2010, Jaguar Land Rover sponsored the Institute of Engineering and Technology Young Woman Engineer of the Year Award, which honoured the UK's best engineers under the age of 30.

- Ethnic minorities – Around 8% of the company's employees are from ethnic minorities (defined as non-white British). This includes 5% of the company's managers and 1% of the company's senior managers.

- Disability - Jaguar Land Rover has been awarded the '"two ticks" disability badge by Jobcentre Plus in recognition of the company's commitment to employ, retain and develop people with disabilities.

All the company's sites have an occupational health department that gives support to employees with disabilities and those who are recovering from injury. The company's recruitment centres are designed to be accessible to people with disabilities and the company will make any adjustments necessary to meet their needs.

Apprenticeships give young people the chance to take their first step on the path to a career in manufacturing or engineering.

The company's advanced apprenticeships last for around 3 years, including an initial period studying at college. Apprenticeships gain a qualification in engineering, as well as technical certificates.
In 2009, the company took on 31 advanced apprenticeships, most from local communities, with a further 38 starting in 2010. 13 more joined the company each year as part of the company's Apprenticeships Expansion Programme which supports smaller engineering and manufacturing businesses by training people who go on to work for other local companies.

The company recruited 130 engineering and business graduates to take part in the company's graduate development programme in 2010. The company offers approximately 30 product development placements for engineering undergraduates each year, for a period of either 3 or 12 months.

Charitable donations

The company and those that work for it are involved in many charitable activities across the globe. It is the company's strong belief that it should play an active role in the communities, both local and worldwide. Given the number of charities and the need to assess the impact of any donations and potential tax consequences, the company can only make contributions to a limited number of charitable causes which have been formally approved. As a result, no one is authorised to make any charitable contributions on behalf of the company without the necessary approval.

Political involvement and contributions

The company encourages employees to participate as individual citizens in political and government affairs. The company respects an employee's right to use their own time and resources to support the political activities of their choice. The company itself operates under legal limitations on its ability to engage in political activities, and even where there are no legal restrictions, the company does not typically make contributions to political candidates or political parties or permit campaigning on its property by political candidates (including those who work for Jaguar land Rover) or persons working on their behalf. There have not been any political donations in any of the periods covered by these financial statements.

Liquidity and capital resources

Financial restructuring

The company reorganised its share capital and reregistered itself as a public limited company, effective 6 April 2011, as part of the preparation for the bond issue and completed the following capital restructuring on 31 March 2011:

- converted 1,001,284,322 $1.00 ordinary shares to 644,642,161 £1.00 ordinary shares;
- converted two £1.00 deferred ordinary shares to two £1.00 ordinary shares, ranking *pari passu* with the other ordinary shares;
- converted 11,015,000 7.25% $100.00 preference shares into 856,000,000 £1.00 ordinary shares ranking *pari passu* with the other ordinary shares, and 407,052,620 7.25% £1.00 non-cumulative redeemable preference shares; and
- redeemed 250,000,000 7.25% £1.00 preference shares to reduce the outstanding balance of preference shares to 157,052,620.

In May 2011, the company successfully raised £1 billion through a bond issue. The bond is listed on the Euro MTF market. Around 50% of the bonds were denominated in USD and 50% in pounds sterling. The bond provides long-term debt for the company, thus stabilising its funding position and providing funds for continued investment in product development. The bond is 75% repayable in 7 years, with the remainder in 10 years. The currency split reflects the company's global income and the interest of international investors in the company's future. Of the proceeds £250 million was used to repay funding from Tata Motors, £380 million was used to repay debt and £370 million was retained for future use in the business.

The details of the tranches of the bond are as follows:

- £500 million Senior Notes due 2018 at a coupon of 8.125% per annum.
- $410 million Senior Notes due 2018 at a coupon of 7.75% per annum.
- $410 million Senior Notes due 2021 at a coupon of 8.125% per annum.

The Notes are guaranteed on a senior unsecured basis by the company's subsidiaries - Jaguar Cars Limited, Land Rover, Jaguar Land Rover North America LLC, Land Rover Exports Limited and Jaguar Cars Exports Limited. This represents a significant step by the company to improve its capital structure by raising unsecured funds and extending its debt maturity profile.

Liquidity and capital resources

The company finances its capital requirements through cash generated from operations, external debt in the form of working capital and revolving credit facilities, external term debt, various factoring and VAT discount facilities and, during the downturn in the second and third quarters of 31 March 2010, financial support received from its parent company in the form of credit lines and preference shares helped maintain liquidity. In the ordinary course of business, the company also enters into, and maintains, letters of credit, cash pooling and cash management facilities, performance bonds and guarantees and other similar facilities. As at 31 March 2011, on a consolidated level, the company had cash and cash equivalents of £1028.3 million and undrawn committed facilities of £355.6 million. The total amount of cash and cash equivalents includes £331.2 million in subsidiaries of the Jaguar Land Rover outside the United Kingdom. A portion of this amount is subject to various restrictions or impediments on the ability of the company's subsidiaries in certain countries to transfer cash across the group, such as foreign exchange controls by withholding taxes on dividends and distributions and other similar measures. As at 31 March 2011, this includes £220.6 million held by subsidiaries in China, a portion of which could be used to satisfy current liabilities in China. In addition, the company has cash affected by such restrictions or impediments (but not foreign exchange controls) in South Africa, Brazil, Russia and other countries. In each of these countries, the company can access its cash by using certain transaction structures that are common in the relevant country.

The company believes that it has sufficient resources available to meet its planned capital requirements. However, it sources of funding could be adversely affected by an economic slowdown or other macroeconomic factors, which are beyond the company's control.

The company's capitalisation

The company financed the acquisition of the Jaguar and Land Rover businesses (for a total purchase price of US$2.5 billion) by way of a US$3.0 billion bridge loan arranged and guaranteed by Tata Motors with external lenders. The company refinanced part of this bridge loan (US$983.8 million) by issuing US dollar denominated ordinary shares (with aggregate cash proceeds of US$471.3 million) and preference shares (with aggregate cash proceeds of US$1,101.5 million) to Tata Motors Limited Holding (TMLH), the company's immediate parent company. The balances of the proceeds from these share issuances, together with additional facilities, were used to finance the business in Financial Period 2009 in the context of the economic downturn.

In the year ended 31 March 2010, to refinance the balance of the company's bridge loan (US$2,016.2 million) and finance the business in challenging trading conditions, the company issued US dollar denominated ordinary shares (with aggregate cash proceeds of US$530.0 million) and preference shares (with aggregate cash proceeds of US$1,620.8 million) to the company's immediate parent and entered into secured and unsecured short-term borrowings (with aggregate cash proceeds of £277.6 million), and long-term borrowings with third party lenders, including the £338.0 million Regional Development Bank Facilities.

On 31 May 2010, preference shares were cancelled for an aggregate amount of US$79.2 million. On 5 November 2010, the company redeemed US dollar denominated preference shares for an aggregate amount of US$298.0 million (giving rise to a short-term unsecured debt of £184.8 million at 31 March 2011).

During the company's corporate reorganisation, the company further restructured its capitalisation by, among other things, converting its US dollar denominated ordinary shares into pound sterling denominated ordinary shares, converting its outstanding US Dollar denominated preference shares into an aggregate of £856.0 million pound sterling denominated ordinary shares and £407.1 million of pound sterling denominated preference shares and reducing capital to create a capital redemption reserve of £166.7 million. The company also redeemed an aggregate of £250.0 million of pound sterling denominated preference shares (giving rise to an equivalent liability that the company since extinguished by using part of the net proceeds of the recently completed bond issue). As of the 31 March 2011, the company has outstanding an aggregate amount of £157.1 million preference shares.

Preference shares

As at the 31 March 2011, the company has outstanding an aggregate amount of £157.1 million preference shares. The 7.25% non-cumulative redeemable preference shares of £1.00 each entitle TMLH to a fixed non-cumulative preferential dividend of £0.0725 per preference share to be paid out of the profits available for distribution in each fiscal year. On each dividend date, a payable preference dividend gives rise to a liability immediately payable by the company to TMLH. The preference shares have a maturity of ten years, but can be redeemed partially or totally by the company at any time prior to maturity. On redemption, the company has to pay £1.00 per preference share and the sum equal to any arrears of the preference dividend, whether or not such dividend has been declared or earned. On a return of capital on liquidation or otherwise, the assets of the company available for distribution among the shareholders will be applied first in repaying the holders of the preference shares, in preference to ordinary shareholders. To date, in the absence of available reserves for distribution the company has not paid or accrued any preference dividends to TMLH.

Borrowings and description of indebtedness

The following table shows details of the company's financing arrangements as at 31 March 2011.

Facility	Facility Amount	Maturity	Amount outstanding as at 31 March 2011	Amount undrawn as at 31 March 2011
	£ in millions		£ in millions	£ in millions
Single-currency bilateral term loan facility	120.0	31 March 2012(1)	0	120.0
Single-currency secured syndicated borrowing-base revolving loan facility	116.0	11 November 2014	50.0	66.0
Regional development bank facilities	338.0	5 March 2018	338.0	0.0
£50.0 million three-year single-currency secured syndicated term loan facility	50.0	Three years after first drawdown	0.0	50.0
£70.0 million three-year term loan and overdraft facility	70.0	12 June 2012	35.4	34.6
£175.0 million single-currency term loan	175.0	30 September 2011	90.0	85.0
Receivables factoring facilities -1	280.0	31 Dec 2011	269.0	11.0
Receivables factoring facilities -2	60.0	31 Jan 2012	0.0	60.0
Receivables factoring facilities-3	340.0	—	0.0	340.0
Intercompany loan payable to TMLH	434.8	—	434.8	0.0
Preference shares	157.0		157.0	0.0
Other facilities	43.9	—	43.9	0.0
Capitalised costs	—	—	(36.5)	—
Total	2,009.7	—	1,381.6	766.6

(1) The company expects this facility to be extended to 30 September 2012 as an unsecured facility to finance the general working capital requirements of Land Rover, Jaguar Cars Limited and their respective subsidiaries.

£120 million single-currency bilateral term loan facility

On 29 January 2009 Land Rover entered into a £120 million single-currency bilateral term loan facility with a bank to finance its general working capital requirements. At 31 March 2011 the facility was undrawn. The facility is guaranteed by Jaguar Cars Exports Limited, Land Rover Exports Limited, Jaguar Cars Limited and Jaguar Land Rover North America, LLC. The group is subject to a maximum total debt to EBITDA ratio under this facility.

At 31 March 2011 the facility was secured by certain assets of the group and matured on 31 March 2012. In May 2011 the maturity date of the facility was extended to September 2012 and the security arrangements removed.

£116.0 million 5-year single currency secured syndicated borrowing—base revolving loan facility

On 11 November 2009 Land Rover entered into a £116 million 5-year single currency secured syndicated borrowing (a finished vehicle financing facility) arranged by a commercial lender to finance its general working capital requirements. The facility is guaranteed by Jaguar Cars Exports Limited, Land Rover Exports Limited, Jaguar Cars Limited and Jaguar Land Rover North America, LLC. At 31 March 2011, the principal drawn amount under the facility is £50.0 million. All principal, interest and other sums must be repaid in full on 11 November 2014. The group is subject to the following financial covenants under this facility: maximum debt to EBITDA ratio; minimum EBITA to interest payable ratio; minimum current assets to current liabilities ratio; and maximum debt to equity ratio.

£338 million regional development bank facilities

On 24 February 2010 Land Rover entered into three finance contracts with a regional development bank for borrowing facilities of £338 million. Upon completion of the bond issue in May 2011 the aggregate principal drawn amount under the three facilities has been reduced to £109.0 million. Each finance contract is supported by a primary guarantee granted by a different bank in each case, and a counter guarantee granted by a different group of banks in each case. All principal, interest and other sums under each finance contract must be repaid in full on 5 March 2018. The purpose of each facility is to finance research and engineering activities aimed at achieving CO2 targets set by the European Commission. There are various covenants with which the borrower and the guarantor must comply including a financial covenant of maximum total debt to EBITDA ratio.

£50 million three-year single currency secured syndicated term loan facility

This facility was undrawn as of 31 March 2011. Upon completion of the bond issue in May 2011 this facility was cancelled.

£70 million three-year term loan and overdraft facility

At 31 March 2011, the principal drawn amount under the facility is £35.0 million. Upon completion of the bond issue in May 2011 the aggregate principal drawn amount under this facility was repaid and the entire facility was cancelled.

£175 million single-currency term loan

At 31 March 2011, the principal drawn amount under the facility is £90.0 million. Upon completion of the bond issue in May 2011 the aggregate principal drawn amount under this facility was repaid and the entire facility was cancelled.

Receivables factoring facilities

On 11 March 2011 Jaguar Cars Exports Limited and Land Rover Exports Limited entered into invoice discounting facilities with a bank as a buyer. Each company is party to the facility as a guarantor of the other company and is jointly and severally liable under the facility agreement. Of the total facilities £250.0 million is on a committed basis. Receivables are generated from sales of finished goods and Land Rover spare parts and accessories. At 31 March 2011 £269.0 million was drawn under these facilities. The facility terminates on 31 December 2011 save the buyer may on 90 days' notice terminate earlier.

Intercompany loan payable to TMLH

The intercompany loan payable to TMLH arises from the obligation to repay £184.0 million and £250.0 million as a result of the November 2010 and March 2011 redemption of preference shares.

Preference shares

A description of preference shares is provided above.

Liquidity and cash flows

The company's principal sources of cash are cash generated from operations (primarily wholesale volumes of finished vehicles and parts) and external financings, which include term financings and revolving credit financings and similar committed liquidity lines. The company uses its cash to purchase raw materials and consumables, for maintenance of the company's plants, equipment and facilities, for capital expenditure on product development, to service or refinance the company's debt, to meet general operating expenses and for other purposes in the ordinary course of business. While global credit markets witnessed an improvement in liquidity and reduction in risk aversion, following the exceptional circumstances of Financial Period 2009, the recent events of the European sovereign debt crises continue to create uncertainty.

As the company's subsidiary, Land Rover is the main entity used for financing and borrowing purposes, the company has a policy of aggregating and pooling cash balances within that entity on a daily basis. Certain of the company's subsidiaries and equity method affiliates have contractual and other limitations in respect of their ability to transfer funds to the company in the form of cash dividends, loans or advances.

Cash flow data

Net cash provided by operating activities was £1,645.2 million in the twelve months ended 31 March 2011 compared to £662.1 million during the twelve months ended 31 March 2010. This is primarily attributable to the improvement in the company's net income to £1,035.9 million in the twelve months ended 31 March 2011 from a net income of £23.5 million in the twelve months ended 31 March 2010. A recovery in the world economy, resulting in a significant improvement in sales volumes, positively impacted the company's income and operating cash flow in the twelve months of 31 March 2011.

Net cash used in investing activities marginally increased to £769.4 million in the twelve months ended 31 March 2011, compared with £763.1 million in the equivalent period in 2010. Purchase of property, plant and equipment and expenditure on intangible assets (product development projects) was £781.1 million in the twelve months of 31 March 2011 and £737.8 million in the equivalent period of 2010. The company's capital expenditure relates mostly to capacity expansion of its production facilities, quality and reliability improvement projects, and the introduction of new products, including the costs associated with the development of the Range Rover Evoque.

Net cash used in financing activities was £527.4 million in the twelve months ended 31 March 2011 compared to net cash received from financing activities of £652.4 million in the twelve months ended 31 March 2010. Cash used in financing activities in the twelve months ended 31 March 2011 included cash used to repay short-term debt (net £468.5 million), new long-term debt (net £19.4 million) and interest and fees paid on existing debt (£74.2 million). Cash generated from financing activities in the twelve months ended 31 March 2010 reflected the £1,035.2 million proceeds from the issue of preference shares to TMLH as a result of the financial support extended to the company during the economic downturn and the proceeds from the issue of £361.0 million of ordinary shares to the company's parent company, offset by the repayment of £1,036.4 million (net) of short-term debt in the same period.

Sources of financing and capital structure

The company funds its short-term working capital requirements with cash generated from operations, overdraft facilities with banks, short and medium-term borrowings from lending institutions and banks. The maturities of these short and medium-term borrowings and debentures are generally matched to particular cash flow requirements. At 31 March 2011, the company had several drawn long-term borrowings on the company's balance sheet as well as additional undrawn available facilities, details of which are set out under "*Borrowings*" section.

Capital expenditure

Capital expenditure, including capitalised product development spending, was £869.0 million (2010: £750.1 million, 2009: £607.1 million), which mainly included expenditure on tooling and product development for proposed product introductions. The company continues to make investments in new technologies through R&D activities to develop products that meet the requirements of the premium segment including developing sustainable technologies to improve fuel economy and reduce CO_2

emissions. In pursuit of this objective, annual capital spending (including capitalised product development costs) is expected to increase to approximately £1,500.0 million in 31 March 2012, slightly above 50% of which is expected to be research and development costs (with approximately 80% to 90% to be capitalised in line with the company's accounting policy) and slightly under 50% of which is expected to be expenditure on tangible fixed assets such as facilities, tools and equipment. The substantial majority of the company's expected product investment relates to investment in new and replacement models, derivatives, powertrain actions and other upgrades and the associated investment in tools and facilities and other equipment. The company intends to grow its team for product development and engineering to over 5,000 engineers and designers from approximately 4,500 at present to support programmes. The company intends to fund its product investment programme with cash generated from operations.

Related party transactions

The group's related parties principally consist of Tata Sons Ltd., subsidiaries of Tata Sons Ltd, associates and joint ventures of the company. The group routinely enters into transactions with these related parties in the ordinary course of business. The group enters into transactions for sale and purchase of products with its associates and joint ventures. Transactions and balances with its own subsidiaries are eliminated on consolidation. Further details of related party transaction are set out in Note 36 to the Consolidated Financial Statements.

Acquisitions and disposals

On 2 June 2008, the company acquired the Jaguar and Land Rover businesses from Ford. The consideration was £1,279.4 million (US$2,300 billion), not including £149.7 million of cash acquired in the business. The company made no other material acquisitions or disposals since 2 June 2008.

Off-balance sheet arrangements

The company has no off-balance sheet financial arrangements.

Contingencies

In the normal course of business, 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 the company's financial statements, if material. Where potential losses are considered possible, but not probable, the company provides disclosure in the company's financial statements, if material, but the company does not record a liability in the company's accounts unless the loss becomes probable.

There are various claims against the company, the majority of which pertain to motor accident claims and consumer complaints. Some of the cases also relate to replacement of parts of vehicles and/or compensation for deficiency in the services by the company or its dealers. The company believes that none of these contingencies, either individually or in aggregate, would have a material adverse effect on the company's financial condition, results of operations or cash flow.

Commitments

The company has entered into various contracts with suppliers and contractors for the acquisition of plant and machinery, equipment and various civil contracts of a capital nature aggregating £451.5 million at 31 March 2011. The company has entered into various contracts with suppliers and contractors which include obligations aggregating £689.0 million at 31 March 2011, to purchase minimum or fixed quantities of material.

Board of Directors

Jaguar Land Rover PLC is a public limited company incorporated under the laws of England and Wales. The business address of the directors and senior management of Jaguar Land Rover is Banbury Road, Gaydon, Warwickshire, CV35 0RG, United Kingdom.

The following table provides information with respect to members of the Board of Directors of Jaguar Land Rover:

Name	Position	Year appointed as Director, Chief Executive Officer or Secretary
Ratan N. Tata.........	Chairman and Director	2008
Ravi Kant................	Director	2008
Andrew M. Robb	Director	2009
Dr. Ralf D. Speth....	Chief Executive Officer and Director	2010
Carl-Peter Forster ..	Director	2010

Board practices

The Board consists of two executive directors and two non executive directors and an independent non executive director. Appointments of new directors are considered by the full Board.

The roles of the Chairman and the Chief Executive Officer are distinct and separate with appropriate powers being delegated to the Chief Executive Officer to perform the day-to-day activities of the company.

The Board, along with its committees, provides leadership and guidance to the company's management, particularly with respect to corporate governance, business strategies and growth plans, the identification of risks and their mitigation strategies, entry into new businesses, product launches, demand fulfilment and capital expenditure requirements, and the review of the company's plans and targets.

Corporate governance

The Board has delegated powers to the committees of the Board through written / stated terms of reference and oversees the functioning operations of the Committees through various circulars and minutes. The Board also undertakes the company's subsidiaries' oversight functions through review of their performance against their set targets, advises them on growth plans and, where necessary, gives strategic guidelines.

Audit Committee

The Audit Committee independently reviews the adequacy and effectiveness of risk management across the company together with the integrity of the financial statements, including a review of the significant financial reporting judgments contained in them.

It is comprised of two directors, one of whom is an independent director, who is financially literate and has relevant financial and/or audit exposure. The scope of the Audit Committee includes:

- Reviewing the annual and all interim financial statements prior to submission to the Board and the shareholder, with particular reference to.
- Critical accounting policies and practices and any changes to them, off-balance sheet structures, related party transactions and contingent liabilities.
- Audit, legal and tax and accounting updates.
- Unusual or exceptional transactions.

    - Major accounting entries involving estimates based on the exercise of judgment, including provisions for impairment and other major items.

    - The auditors' report and any qualifications or emphases therein, taking particular note of any audit differences or adjustments arising from the audit.

- Reviewing the effectiveness of financial reporting, internal control and risk management procedures within the company's group, with particular regard to compliance with the Sarbanes Oxley legislation and other relevant regulations and to disclosures from the Chief Executive Officer or Chief Financial Officer, with particular reference to any significant weaknesses or deficiencies in the design or operation of internal controls which are reasonably likely to adversely affect the company's ability to record, process and report financial data and to receive reports from the external and internal auditors with respect to these matters.

- Assessing the reliability and integrity of the company's accounting policies and financial reporting and disclosure practices and processes.

- In relation to internal audits, the Audit Committee has responsibility to:

    - review on a regular basis the adequacy of internal audit functions, including the internal audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and the frequency of internal audit;

    - review the regular internal reports to management prepared by the internal audit department as well as management's response thereto;

    - review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

    - discuss with internal auditors any significant findings and follow-up thereon; and

    - review internal audit reports relating to internal control weaknesses.

- In relation to external auditors, the Audit Committee has responsibility to:

    - oversee the appointment of the external auditors, to approve their terms of engagement, including fees, and the nature and scope of their work;

    - review their performance and independence every year and to pre-approve any provision of non-audit services by the external auditors;

    - establish a clear hiring policy in respect of employees or former employees of the external auditors and monitor the implementation of that policy; and

    - evaluate the external auditors by reviewing annually the firm's independence, its internal quality control procedures, any material issues raised by the most recent quality control or peer review of the firm, and the findings of any enquiry or investigation carried out by government or professional bodies with respect to one or more independent audits carried out by the firm within the last five years.

- In relation to subsidiary company oversight, the appointment, compensation and oversight of auditors is covered by the Audit Committee. A working procedure has evolved which facilitates dual oversight and compliance between the company and its subsidiaries. The Audit Committee has responsibility to review the financial statements. The Audit Committee will perform and review the following:

    - the appointment of the auditors;

    - the fixing of remuneration of the auditors;

- the pre-approval of all services;
- compliance regarding prohibited services; and
- oversight of the work done by the auditors.

- To oversee the operation and maintenance of procedures for receiving, processing and recording complaints regarding accounting, internal controls or auditing matters and for the confidential submission by employees of concerns regarding allegedly questionable or illegal practices. The Audit Committee shall ensure that these arrangements allow independent investigation of such matters and appropriate follow-up action.
- To oversee controls designed to prevent fraud and to review all reports of instances of fraud.
- To satisfy itself that group policy on ethics is followed and to review any issues of conflict of interest, ethical conduct or compliance with law, including competition law, brought to its attention.
- To oversee legal compliance in the company's group.
- To conduct and supervise such investigations or enquiries as the Board may require.

Remuneration Committee

The Remuneration Committee is comprised of members appointed by the company's Board of Directors. The Remuneration Committee may, at the company's expense, obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The scope of the Remuneration Committee is to:

- review and approve any proposals regarding the remuneration (including base salary, bonus, long-term incentives, retention awards and pension arrangements) of directors;
- review and approve all bonus plans and long-term incentive plans at leadership level 5 and above (including the structure of the plans, and whether, and at what level, the plans should pay out);
- review and approve changes to any pension plans; and
- regularly review independent data regarding the competitive position of salaries and benefits and make recommendations, as appropriate.

Executive Committee

The Executive Committee is comprised of the Chief Executive Officer and his direct reports. The objective of the Executive Committee is to provide strategic management, to achieve business results and to ensure compliance and control using various assurance tools and functions such as an independent internal audit function, a risk and assurance committee and a legal compliance office.

The Executive Committee is responsible for the executive management of the business and the strategic direction of the company. It is also responsible for risk management across the company, the communication of policy requirements and the review and approval of the risk management policy and framework. The Executive Committee identifies strategic risk, debates strategies and commits the allocation of key resources to manage key and emerging risk factors. Within this role, the Executive Committee defines, sponsors, supports, debates and challenges risk management activity across the group.

Risk and Assurance Committee

The Risk and Assurance Committee is responsible for the ongoing development and co-ordination of the system of risk management as well as the consolidation, challenge and reporting of all risk management information. It provides support and guidance on the application of risk management across the company.

Audit

During the period, Deloitte LLP were re-appointed as auditors to the company and certain subsidiary companies.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 414 of the Companies Act, 2006 the following applies:

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

Acknowledgement

The Directors wish to convey their appreciation to all of the employees for their continued commitment, effort and contribution in supporting the delivery of the company's record performance. The Directors would also like to extend thanks to all other key stakeholders for the continued support to the company and their confidence in its management.

By order of the board

Gaydon, Warwickshire
July 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable 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 (EU). The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 2006.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- 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 are 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 proper accounting records that 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge the financial statements, prepared in accordance with International Financial Reporting Standards as approved by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole.

Independent auditors' report to the members of Jaguar Land Rover PLC (previously JaguarLandRover Limited)

We have audited the financial statements of Jaguar Land Rover PLC for the year ended 31 March 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 50. 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 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 group's and the parent 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. 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 group's and of the parent company's affairs as at 31 March 2011 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the group financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 2 to the group financial statements, the group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Jane Lodge BSc FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, United Kingdom

Jaguar Land Rover PLC (previously JaguarLandRover Limited)

CONSOLIDATED FINANCIAL STATEMENTS

Registered number 06477691

Year ended 31 March 2011

Consolidated Income Statement

	Note	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Revenue	*4*	**9,870.7**	**6,527.2**	**4,949.5**
Material cost of sales	*6*	(6,178.1)	(4,437.0)	(3,375.0)
Employee cost	*7*	(789.0)	(746.8)	(587.8)
Other expenses	*6*	(1,969.4)	(1,479.4)	(1,508.6)
Addback R&D costs		650.5	505.3	438.4
R&D costs not capitalised		(119.4)	(47.8)	(27.8)
Other income		36.4	27.6	27.4
Earnings before interest, tax, depreciation and amortisation		**1,501.7**	**349.1**	**(83.9)**
Depreciation and amortisation		(396.3)	(316.4)	(209.1)
Excess of fair value of net assets acquired over cost of acquisition	*3*	-	-	116.0
Foreign exchange gain/(loss) (net)		32.9	68.3	(129.9)
Finance income	*10*	9.7	3.4	10.0
Finance expense (net of capitalised interest)	*10*	(33.1)	(53.0)	(78.8)
Net income / (loss) before tax	*5*	**1,114.9**	**51.4**	**(375.7)**
Income tax expense	*18*	(79.0)	(27.9)	(26.7)
Net income /		**1,035.9**	**23.5**	**(402.4)**

(loss) attributable to shareholders

Consolidated Statement of Comprehensive Income

	Note	**Year ended 31 March 2011**	**Year ended 31 March 2010**	**Period ended 31 March 2009**
		£m	**£m**	**£m**
Net income / (loss)		**1,035.9**	**23.5**	**(402.4)**
Other comprehensive income:				
Currency translation differences		123.4	100.8	(607.5)
Cash flow hedges booked in equity		42.7	-	-
Cashflow hedges moved from equity and recognised in the income statement		(13.2)	-	-
Actuarial gains and losses	*30*	(321.1)	(21.3)	(200.5)
Total comprehensive income / (loss) for the period		**867.7**	**103.0**	**(1,210.4)**

Consolidated Balance Sheet

	Note	**31 March 2011 £m**	**31 March 2010 £m**	**31 March 2009 £m**
Non-current assets				
Investments	*13*	0.3	0.3	0.3
Other financial assets	*17*	68.5	73.3	32.8
Property, plant and equipment	*19*	1,230.8	1,236.2	1,239.8
Pension asset	*30*	0.9	0.4	36.0
Intangible assets	*20*	2,144.6	1,676.0	1,269.3
Deferred income taxes	*23*	112.2	45.4	31.6
Total non current assets		**3,557.3**	**3,031.6**	**2,609.8**
Current assets				
Cash and cash equivalents	*11*	1,028.3	679.9	128.5
Trade receivables		567.2	669.4	439.3
Other financial assets	*14*	61.5	20.1	12.3
Inventories	*15*	1,155.6	995.4	928.0
Other current assets	*16*	293.2	225.5	166.0
Current income tax assets		12.5	2.4	-
Total current assets		**3,118.3**	**2,592.7**	**1,674.1**
Total assets		**6,675.6**	**5,624.3**	**4,283.9**
Current liabilities				
Accounts payable	*25*	2,384.8	1,931.2	1,482.7
Short term borrowings and current portion of	*26*	863.4	904.9	1,953.1

	Note	31 March 2011 £m	31 March 2010 £m	31 March 2009 £m
long term debt				
Other financial liabilities	*21*	132.9	142.3	116.3
Provisions	*24*	246.3	303.2	484.9
Other current liabilities	*22*	360.2	295.1	89.8
Current income tax liabilities		79.8	12.9	17.9
Total current liabilities		**4,067.4**	**3,589.6**	**4,144.7**
Non-current liabilities				
Long term debt	*26*	518.1	2,125.5	769.5
Other financial liabilities	*21*	20.4	29.3	34.0
Deferred income taxes	*23*	1.6	1.6	-
Provisions	*24*	592.7	341.1	262.5
Total non current liabilities		**1,132.8**	**2,497.5**	**1,066.0**
Total liabilities		**5,200.2**	**6,087.1**	**5,210.7**

Consolidated Balance Sheet (continued)

	Note	**31 March 2011 £m**	**31 March 2010 £m**	**31 March 2009 £m**
Equity attributable to equity holders of the parent				
Ordinary shares	*27*	1,500.6	644.6	283.6
Capital redemption reserve	*28*	166.7	-	-
Reserves/accumulated deficit	*28*	(191.9)	(1,107.4)	(1,210.4)
Equity attributable to equity holders of the parent		1,475.4	(462.8)	(926.8)
Total liabilities and equity		**6,675.6**	**5,624.3**	**4,283.9**

These financial statements were approved by the board of directors on and were signed on its behalf by:

Director

Company registered number: 6477691

Consolidated Statement of Changes in Equity

	Ordinary shares £m	Capital redemption reserve £m	Reserves / Accumulated deficit £m	Total equity £m
Balance at 31 March 2010	**644.6**	**-**	**(1,107.4)**	**(462.8)**
Income for the year	-	-	1,035.9	1,035.9
Other comprehensive income for the year	-	-	(168.2)	(168.2)
Total comprehensive income	**-**	**-**	**867.7**	**867.7**
Cancellation of preference shares	-	-	47.8	47.8
Issue of ordinary shares	856.0	166.7	-	1,022.7
Balance at 31 March 2011	**1,500.6**	**166.7**	**(191.9)**	**1,475.4**

	Ordinary shares £m	Capital redemption reserve £m	Reserves / Accumulated deficit £m	Total Equity £m
Balance at 31 March 2009	**283.6**	**-**	**(1,210.4)**	**(926.8)**
Income for the year	-	-	23.5	23.5
Other comprehensive income for the year	-	-	79.5	79.5
Total comprehensive income	**-**	**-**	**103.0**	**103.0**
Issue of ordinary shares	361.0	-	-	361.0
Balance at 31 March 2010	**644.6**	**-**	**(1,107.4)**	**(462.8)**

	Ordinary shares	Capital redemption reserve	Reserves / Accumulated deficit	Total Equity

	£m	£m	£m	£m
Balance at 18 January 2008	**-**	**-**	**-**	**-**
Loss for the period	-	-	(402.4)	(402.4)
Other comprehensive income for the period	-	-	(808.0)	(808.0)
Total comprehensive income	**-**	**-**	**(1,210.4)**	**(1,210.4)**
Issue of ordinary shares	283.6	-	-	283.6
Balance at 31 March 2009	**283.6**	**-**	**(1,210.4)**	**(926.8)**

Consolidated Cash Flow Statement

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Cash flows from operating activities			
Net income / (loss) attributable to shareholders	**1,035.9**	**23.5**	**(402.4)**
Adjustments for:			
Depreciation and amortisation	396.3	316.4	209.1
Excess of fair value of net assets acquired over cost of acquisition	-	-	(116.0)
Loss on sale of property, plant, equipment and software	5.8	31.8	15.2
Foreign exchange losses / (gains) on loans	(17.1)	43.9	(12.0)
Income tax expense	79.0	27.9	26.7
Finance expense (net)	33.1	53.0	78.8
Finance income	(9.7)	(3.4)	(10.0)
Foreign exchange loss on derivatives	0.5	-	-
Dividends received included in other income	(2.0)	-	-
Cash flows from / (used in) operating activities	**1,521.8**	**493.1**	**(210.6)**
Cash paid on option premia	(16.2)	-	-
Trade receivables	102.2	(230.1)	515.1
Other financial assets	16.9	(19.0)	(12.3)
Other current assets	(67.7)	(59.5)	(166.0)
Inventories	(160.2)	(67.4)	251.8
Other non-current assets	(0.5)	35.6	(36.0)
Accounts Payable	421.4	443.9	(423.7)
Other current liabilities	65.1	205.3	89.8
Other financial liabilities	(18.2)	31.3	114.6
Other non-current liabilities	(132.3)	6.8	(186.9)
Provisions	5.8	(130.4)	(3.6)
Cash generated from / (used in) operations	**1,738.1**	**709.6**	**(67.8)**

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Income tax paid	(92.9)	(47.5)	(13.3)
Net cash from / (used in) operating activities	**1,645.2**	**662.1**	**(81.1)**

Consolidated Cash Flow Statement (continued)

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Cash flows used in investing activities			
Acquisition of subsidiary, net of cash acquired	-	-	(1,279.4)
Movements in other restricted deposits	(3.1)	(28.7)	(32.8)
Purchases of property, plant and equipment	(207.7)	(266.1)	(188.8)
Proceeds from sale of property, plant and equipment	3.7	-	-
Acquisition of intangible assets	(573.4)	(471.7)	(410.6)
Finance income received	9.1	3.4	10.0
Dividends received	2.0	-	-
Net cash used in investing activities	**(769.4)**	**(763.1)**	**(1,901.6)**
Cash flows from financing activities			
Finance expenses and fees paid	(74.2)	(69.2)	(66.9)
Proceeds from issue of ordinary shares	-	361.0	283.6
Proceeds from issuance of short term debt	9.2	530.3	1,582.8
Repayment of short term debt	(477.7)	(1,566.7)	-
Payments of lease liabilities	(4.1)	(4.0)	-
Proceeds from issuance of long term debt	20.4	1,448.8	162.0
Repayment of long term debt	(1.0)	(47.8)	-
Net cash (used in) / from financing activities	**(527.4)**	**652.4**	**1,961.5**
Net change in cash and cash equivalents	**348.4**	**551.4**	**(21.2)**
Cash and cash equivalents at beginning of year/period	679.9	128.5	-
Cash acquired on	-	-	149.7

acquisition			
Cash and cash equivalents at end of year/period	**1,028.3**	**679.9**	**128.5**

Notes (forming part of the financial statements)

1 Background and operations

Jaguar Land Rover PLC (the company) was set up on 18 January 2008. The second comparative period is therefore the period from incorporation to 31 March 2009.

The company acquired the Jaguar Land Rover business for USD 2.5 billion on 2 June 2008, which included three manufacturing facilities and two advanced engineering centres in the UK and a worldwide sales network.

The company and its subsidiaries, collectively referred to as ("the group" or "JLR"), designs, manufactures and sells a wide range of automotive vehicles.

The company is a public limited company incorporated and domiciled in the UK and has its registered office at Gaydon, Warwickshire, England.

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

Tata Sons Limited (or Tata Sons), together with its subsidiaries, owns 28% of the ordinary shares and 50.97% of "A" ordinary shares of Tata Motors Limited, the ultimate parent company of JLR, and has the ability to influence the company's operations significantly.

The company became a public limited company (PLC) on 6 April 2011. The company was formerly known as JaguarLandRover Limited, and was a limited liability company for the period covered by these accounts.

2 Accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as "IFRS") as approved by the EU. There is no difference between these accounts and the accounts for the group prepared under IFRS as adopted by the International Accounting Standards Board ("IASB").

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

In the prior year, the company took advantage of s.401 of the Companies Act 2006 and did not produce group accounts. The individual statutory accounts were prepared under UK GAAP.

The company has therefore converted to IFRS in these financial statements and has followed the requirements of IFRS 1 in the conversion. The prior period statements for the company have been restated in IFRS. There are no differences between the prior periods under UK GAAP and IFRS as adopted by the EU for the company.

Basis of preparation

The consolidated financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value.

Going concern

The directors have considered the financial position of the group at 31 March 2011 (net assets of £1,475.4 million (2010: net liabilities of £462.8 million, 2009: net liabilities of £926.8 million)) and the projected cash flows and financial performance of the group for at least 12 months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

Notes (continued)

2 *Accounting policies* (continued)

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

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

Basis of consolidation

Subsidiaries

The consolidated financial statements include Jaguar Land Rover PLC and its subsidiaries. Subsidiaries are entities controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the company holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

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

When the company transacts with an associate or jointly controlled entity of the company, profits and losses are eliminated to the extent of the company’s interest in its associate or jointly controlled entity.

Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognised in net income / (loss) as incurred. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standard.

Purchase consideration in excess of the company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, in the consolidated income statement.

Notes (continued)

2 Accounting policies (continued)

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 recognised in the year 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 recognised in the consolidated financial statements are included in the following notes:

(i) Note 20 – Property, plant and equipment – the group applies judgement in determining the estimate useful life of assets.

(ii) Note 21 – Intangible assets – management applies significant judgement in establishing the applicable criteria for capitalisation of appropriate product development costs.

(iii) Note 24 – Deferred tax – management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses.

(iv) Note 25 – Provision for product warranty - it is necessary for group to assess the provision for anticipated lifetime warranty and campaign costs. The valuation of warranty and campaign provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs.

(v) Note 31 – 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 group engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

(vi) Note 34 – Financial Instruments – the group enters into complex financial instruments and therefore appropriate accounting for these requires judgement around the valuations.

Revenue recognition

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

Sale of products

The group recognises revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer. Sale of products includes export and other recurring and non-recurring incentives from Governments at the national and state levels. Sale of products is presented net of excise duty where applicable and other indirect taxes.

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

Cost recognition

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

Expenditure capitalised represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction of product development undertaken by the group.

Notes (continued)

2 Accounting policies (continued)

Provisions

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

Product warranty expenses

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The timing of outflows will vary as and when a warranty claim will arise, being typically up to four years.

Residual risk

In certain markets, the group is responsible for 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 up to three years.

Foreign currency

At 31 March 2011, the parent company, Jaguar Land Rover PLC, has a functional currency of GBP. The presentation currency of the group consolidated accounts is GBP as that is the functional currency of the group's key manufacturing and selling operations.

Prior to the capital reorganisation in Jaguar Land Rover PLC on 31 March 2011, the company had a functional currency of USD.

For the period to 31 March 2009, the non-UK based selling operations had a functional currency based on their location. Following a reorganisation of overseas management after the acquisition, the functional currency of the non-UK selling operations changed to GBP from 1 April 2009.

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

For the purpose of consolidation, the assets and liabilities of the group's operations with a non-GBP functional currency are translated to GBP at the exchange rate prevailing on the balance sheet date, and the income and expenses at the average rate of exchange for the year. Exchange differences arising are recognised in other comprehensive income.

Notes (continued)

2 Accounting policies (continued)

Income taxes

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

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

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

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

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

Notes (continued)

2 Accounting policies (continued)

Inventories

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

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

Property, plant and equipment

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

Freehold land is measured at cost and is not depreciated.

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

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

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

	Estimated useful life (years)
Buildings	**20 to 40**
Plant and equipment	**3 to 30**
Computers	**3 to 6**
Vehicles	**3 to 10**
Furniture and fixtures	**3 to 20**

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

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

Notes (continued)

2 Accounting policies (continued)

Intangible assets

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

Amortisation is provided on a straight-line basis over the estimated useful lives of the intangible assets.

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

Capital-work-in-progress includes capital advances.

Customer related intangibles consist of order backlog and dealer network.

	Estimated amortisation period
Patents and technological know-how	2 to 12 years
Customer related – Dealer network	20 years
Product development	3 to 10 years
Intellectual property rights and other	Indefinite life
Software	2 to 8 years

Internally generated intangible assets

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

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

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

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

Product development cost is amortised over a period of between 36 months and 120 months.

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

Notes (continued)

2 Accounting policies (continued)

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.

Assets taken on finance lease

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

Assets taken on operating lease

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

Impairment

Property, plant and equipment and other intangible assets

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

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

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

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

As of 31 March 2011, 2010 and 2009, none of the group's property, plant and equipment and intangible assets were considered impaired.

Notes (continued)

2 Accounting policies (continued)

Employee benefits

Pension plans

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

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

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

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

Post-retirement Medicare scheme

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

Actuarial gains and losses

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

Measurement date

The measurement date of retirement plans is 31 March.

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 net income / (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 net income / (loss) and other financial liabilities.

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

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

Financial assets and financial liabilities at fair value through net income / (loss): Derivatives, including embedded derivatives separated from the host contract, unless they are designated as hedging instruments, for which hedge accounting is applied, are classified into this category. Financial assets and liabilities are measured at fair value with changes in fair value recognised in the consolidated income statement.

Notes (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 net income / (loss) or financial assets available-for-sale. Subsequently, these are measured at amortised cost using the effective interest method less any impairment losses.

These include cash and cash equivalents, trade receivables, finance receivables and other financial assets.

Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequently, these are measured at fair value and changes therein, other than impairment losses which are recognised directly in other comprehensive income, net of applicable deferred income taxes.

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.

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

Equity instruments

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

Other financial liabilities

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

Determination of fair value:

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 group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Derecognition of financial assets and financial liabilities:

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

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

Impairment of financial assets:

The group 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.

Notes (continued)

2 Accounting policies (continued)

Financial instruments *(continued)*

Loans and receivables:

Objective evidence of impairment includes default in payments with respect to amounts receivable from customers.

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

Equity investments

Impairment loss on equity investments carried at cost is not reversed.

Hedge accounting:

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

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

For options, the time value is not considered part of the hedge, and this is treated as an ineffective hedge portion and recognised immediately in the consolidated income statement.

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

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

Notes (continued)

2 Accounting policies (continued)

New accounting pronouncements

The company adopted/early adopted following standards/amendments to standards and interpretations:

IAS 27 *Consolidated and Separate Financial Statements*: Amendments to IAS 27 are applicable for annual periods beginning on or after July 1, 2009. However, the company early adopted IAS 27 in its financial statements for the year ended March 31, 2010.

The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the group's interests in its subsidiaries. The adoption of the revised Standard has affected the accounting of

- the retained interest in a subsidiary subsequent to disposal of controlling interest;
- the changes in the ownership interest in a subsidiary that do not result in the change in control;
- the non-controlling interests having a deficit balance.

The above changes have been applied from April 1, 2009 in accordance with the relevant transitional provisions.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the company derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained equity interest in the former subsidiary is recognised at its fair value at the date control is lost, with the resultant gain or loss recognised in profit or loss.
In prior years, in the absence of specific requirements in IFRSs, increase in interest in existing subsidiaries was treated in the same manner as the acquisition of subsidiaries (with certain exceptions), with goodwill being recognised, where appropriate. For decreases in interests in existing subsidiaries that did not result in a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under the amended IAS 27, all such increases and decreases are dealt with in equity, with no impact on goodwill or profit or loss.

In prior years, share in total comprehensive income attributable to the non-controlling interests in excess of the non-controlling interest's interest in the subsidiary's equity were attributed against the interests of the company except to the extent that the non-controlling interests has a binding obligation and is able to make an additional investment to cover the losses. Under the amended IAS 27, total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

This has not impacted on the group results in any period.

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

IFRS 9 Financial Instruments was issued by IASB in November 2009 as part of its project for revision of the accounting guidance for financial instruments. The new standard provides guidance with respect to classification and measurement of financial assets. The standard will be effective for annual periods beginning on or after January 1, 2013, with early application permitted. This Standard has not yet been endorsed by the EU.

IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments: IFRIC 19 is applicable for annual periods beginning on or after July 1, 2010. This interpretation addresses accounting of equity instruments issued in order to extinguish all or part of a financial liability. The issue of equity instruments to extinguish an obligation constitutes consideration paid. The consideration is measured at the fair value of the equity instruments issued, unless that fair value is not readily determinable, in which case the equity instruments should be measured at the fair value of the obligation extinguished. Any difference between the fair value of the equity instruments issued and the carrying value of the liability extinguished is recognised in profit or loss.

Notes (continued)

2 Accounting policies (continued)

IFRS 7 was amended in *May 2010* and *October 2010*, as part of Improvements to IFRSs 2010. The effect of the amendments were to provide (a) qualitative disclosures in the context of quantitative disclosures to enable users to link related disclosures to form an overall picture of the nature and extent of risks arising from financial instruments and (b) help users of financial statements to evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. The amendments issued in May 2010 are effective for annual periods beginning on or after January 1, 2011 and those issued in October 2010 are effective for annual periods beginning on or after July 1, 2011. Early application is permitted. These amendments have not yet been endorsed by the EU.

IFRS 3 (2008) Business Combinations was amended by the IASB in *May 2010* effective for annual periods beginning on or after July 01, 2010. Early application is permitted. The amendments were as follows:

- Measurement of non-controlling interests: The option to measure non-controlling interests either at fair value or at the present ownership instrument's proportionate share of the acquiree's net identifiable assets.
- Share-based payment transactions: The amendment clarifies that a liability or an equity instrument related to share based transactions of the acquiree would be measured in accordance with *IFRS 2 Share-based Payment* at the acquisition date.

In May 2010, IASB issued an amendment to *IFRIC 13 Customer Loyalty Programmes* to provide a clarification on the measurement of the fair value award credits. The amendment stated that the fair value of the award credit should take into account the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale and the proportion of award credits that are not expected to be redeemed by customers. This amendment is effective for annual periods beginning on or after January 01, 2011. Earlier application is permitted.

Amendment to IAS 12 Income Taxes was issued by the IASB in *December 2010* to clarify that recognition of deferred tax should have regard to the expected manner of recovery or settlement of the asset or liability. The amendment and consequential withdrawal of SIC 21 Deferred Tax: Recovery of Underlying Assets is effective for annual periods beginning on or after January 01, 2012. This Standard has not yet been endorsed by the EU.

An amendment to *IAS 24 Related Party Disclosures* was issued by the IASB in *December 2010* to simplify the disclosure requirements for entities that are controlled, jointly controlled or are significantly influenced by a
Government (referred to as government-related entities) and to clarify the definition of a related party. This amendment is effective for annual periods beginning on or after January 01, 2011.

An amendment to *IFRIC 14 Prepayments of a Minimum Funding Requirement* was issued by the IASB in *December 2010* to address an unintended consequence of IFRIC 14, where entities are in some circumstances not permitted to recognise prepayments of minimum funding contributions as an asset. This amendment is effective for annual periods beginning on or after January 01, 2011.

The following new IFRSs were issued during the year and are applicable to annual reporting periods beginning on or after January 01, 2013. None of these Standards have yet been endorsed by the EU

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

IFRS 11 Joint Arrangements classifies joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (equivalent to the existing concept of a jointly controlled entity). Joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires the use of the equity method of accounting for interests in joint ventures thereby eliminating the proportionate consolidation method.

Notes (continued)

2 Accounting policies (continued)

IFRS 12 Disclosure of Interests in Other Entities applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The IFRS requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 Fair value measurement defines 'fair value' and sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. It seeks to increase consistency and comparability in fair value measurements and related disclosures through a fair value hierarchy. IFRS 13 is applicable prospectively from the beginning of the annual period in which the Standard is adopted.

Improvements to IAS 39 Financial Instruments: Recognition and Measurement issued in April 2010: An additional criteria for assessment of whether a call, put or prepayment option is a closely related embedded derivative or not was issued by way of improvements to IAS 39 in April 2010. The amendments are applicable for annual periods beginning on or after 1 January 2010. However, the group early adopted the improvements.

As per the amendment, if the prepayment penalty reimburses the lender for the present value of the lost interest for the remaining term of the loan contract, it is treated as closely related to the host contract. Lost interest is the interest lost by the lender on account of changes in market interest rate.

The impact of the early adoption is not material.

In April 2009 and May 2010, IASB issued "improvements to IFRS" – a collection of amendments to certain International Financial Reporting Standards – as part of its program of annual improvements to its standards, which is intended to make necessary, but non-urgent, amendments to standards that will not be included as part of another major project. The amendments resulting from these improvements mainly have effective dates for annual periods beginning on or after 1 July, 2010, although entities are permitted to adopt them earlier. The group is evaluating the application of improvements.

Notes (continued)

3 *Acquisitions of subsidiaries*

Acquisitions

Jaguar Land Rover Businesses (JLR)

On 2 June 2008, the company acquired the Jaguar and Land Rover businesses (JLR) from Ford Motor company.

JLR is engaged in the design, development, manufacture and sale of high performance luxury saloons, specialist sports cars and four wheel drive off-road vehicles and related components. The JLR businesses include three major manufacturing facilities and two advanced design and engineering centres in the United Kingdom, a worldwide sales and dealership network, intellectual property rights, patents and trademarks.

The consideration was £1,279.4 million (US$ 2.5 billion) which was financed through a bridge loan facility provided by a syndicate of banks.

The excess of fair value of net assets acquired over the cost of acquisition is £116.0 million and represents approximately 9% of the total acquisition cost. This excess is mainly attributable to significant value of two iconic brands - Jaguar and Land Rover.

The company has accounted for the acquisition under the purchase method in accordance with IFRS 3 - Business Combinations. Accordingly the financial results of the acquired businesses since 2 June 2008 have been included in the consolidated financial statements of the company.

The acquisition had the following effect on the group's assets and liabilities on the acquisition date.

Effect of acquisition

The acquisition had the following effect on the group's assets and liabilities.

	Book value	Fair value adjustment	Recognised values on acquisition
	£m	£m	£m
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	1,116.8	96.7	1,213.5
Intangible assets	502.7	398.1	900.8
Inventories	1,095.7	84.1	1,179.8
Trade and other receivables	954.4	-	954.2
Cash and cash equivalents	149.7	-	149.7
Deferred tax asset	27.3	-	27.3
Interest bearing loans and borrowings	(402.0)	-	(402.0)
Trade and other payables	(1,906.4)	-	(1,906.4)
Provisions	(721.5)	-	(721.5)
Net identifiable assets and liabilities			**1,395.4**
Consideration paid – cash			1,279.4
Cash acquired			149.7
Excess of fair value of net assets acquired over cost of acquisition			**116.0**

Notes (continued)

3 *Acquisition of subsidiaries* (continued)

Since the date of acquisition to 31 March 2009, the acquired entities contributed loss of £453.1 million to the consolidated net loss for the year.

A deferred tax liability of £162.1 million was recognised on the fair value adjustments. Also, a deferred tax asset of an equivalent amount has been recognised on unused tax losses and capital allowances. It is expected that any reversals of the deferred tax liability would be able to offset against the reversal of the deferred tax asset.

4 *Revenue*

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Sale of goods	9.870.7	6,527.2	4,949.5
Total revenues	**9,870.7**	**6,527.2**	**4,949.5**

5 *Net income*

Included in net income / (loss) for the year/period are the following:

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Excess of fair value of net assets acquired over cost of acquisition	-	-	(116.0)
Net foreign exchange	(32.9)	(68.3)	129.9
Depreciation of property, plant and equipment	242.8	237.1	159.3
Amortisation of intangible assets (excluding internally generated development costs)	48.1	26.9	47.2
Amortisation of internally generated development costs	105.4	52.4	2.6
Research and development expense	119.4	47.8	38.9
Operating lease rentals in respect of plant, property and equipment	16.4	16.5	12.3
Loss on disposal of fixed assets	5.8	31.8	15.2
Government grants	-	(0.3)	(0.6)
Auditor remuneration – audit services (see below)	2.4	2.2	1.8

Government grant income relates to contributions towards a research project received in the year and for which expenditure has been incurred.

Notes (continued)

5 Net income (continued)

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Fees payable to the company's auditors for the audit of the company's annual accounts	0.1	0.1	0.1
Fees payable to the company's auditors and their associates for other services to the group			
- audit of the company's subsidiaries pursuant to legislation	2.0	1.9	1.7
Total audit fees	**2.1**	**2.2**	**1.8**
Other services pursuant to legislation – quarterly reviews	0.3	-	-
Total audit and related fees	**2.4**	**2.2**	**1.8**

During the period, the group incurred non-audit fees totalling £5,000 (2009: Nil, 2008: £0.9 million).

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

Notes (continued)

6 Material cost of sales and other expenses

:

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Included in material cost of sales:			
Changes in inventories of finished goods and work in progress	171.6	49.3	(260.4)
Purchase of products for sale	(714.3)	(603.1)	(497.5)
Raw materials and consumables	(5,635.4)	(3,883.2)	(2,617.1)
Included in other expenses:			
Stores, spare parts and tools	76.7	66.4	42.7
Freight cost	216.6	172.4	175.0
Works, operations and other costs	784.2	577.2	610.9
Repairs	20.8	23.6	26.3
Power and fuel	41.7	31.8	42.1
Rent, rates and other taxes	20.7	19.2	15.2
Insurance	11.2	13.0	12.0
Warranty	332.4	246.6	281.1
Publicity	465.1	328.6	283.1

7 Staff numbers and costs

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Wages and salaries	617.4	577.8	542.5
Social security costs and benefits	82.6	72.5	39.7
Pension costs	89.0	96.5	5.6
Total staff costs	**789.0**	**746.8**	**587.8**

Staff numbers	**Average number in the year**	**Average number in the year**	**Average number in the period**
Manufacturing	9,237	8,926	9,635
Research and development	4,325	3,853	4,253
Other	3,693	3,605	3,641
Total staff numbers	**17,255**	**16,384**	**17,529**

Notes (continued)

8 Directors emoluments

:

	Year ended 31 March 2011 £	Year ended 31 March 2010 £	Period ended 31 March 2009 £
Directors' emoluments	2,114,209	50,000	50,000
	2,114,209	**50,000**	**50,000**

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £1,345,291 *(2010 and 2009:£50,000)*. During the year, the highest paid director did not exercise share options.

Notes (continued)

9 Share based payments

The group operates a share based payment arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of shares and the share price of Tata Motors Limited at the vesting date. The number of shares is dependent on the achievement of internal profitability targets over the vesting period and continued employment at the end of the vesting period.

	Year ended 31 March 2011		**Year ended 31 March 2010**	
	Number	Weighted average excise price	Number	Weighted average excise price
Outstanding at the beginning of the period	-	-	-	-
Granted during the period	351,392	-	-	-
Outstanding at the end of the period	351,392	-	-	-
Exercisable at the end of the period	-	-	-	-

The weighted average share price of options exercised in the year was nil as no share options were exercised during the year.

At the balance sheet date, the exercise price of the outstanding options nil. The weighted average remaining contractual life of the outstanding options is 2 years.

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

	Year ended 31 March 2011	**Year ended 31 March 2010**
Volatility (%)	14.6	-
Risk-Free rate (%)	1.55	-
Dividend yield (%)	1.17	-
Weighted average fair value per share	£18.31	-

Notes (continued)

10 Finance income and expense

Recognised in net income / (loss)

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Finance income	9.7	3.4	10.0
Total finance income	**9.7**	**3.4**	**10.0**

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Total interest expense on financial liabilities measured at amortised cost	83.8	67.3	70.6
Unwind of discount on provisions	0.1	(0.8)	15.9
Interest transferred to capital	(50.8)	(13.5)	(7.7)
Total finance expense	**33.1**	**53.0**	**78.8**

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 7.1% (2010: 4.8%, 2009: 4.8%)

Notes (continued)

11 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Cash and cash equivalents	1,028.3	679.9	128.5
	1,028.3	**679.9**	**128.5**

The group holds £1,028.3 million (2010: £679.9 million, period ended 31 March 2009: £128.5 million) cash and cash equivalents of which £220.6 million (2010: £32.8 million, period ended 31 March 2009: £2.8 million) is in China. The cash held in the group can be utilised across all the group's manufacturing and sales operations except for China (see details below). Certain loan covenant restrictions prevent the cash being utilised by Jaguar Land Rover PLC, the parent company or paid to shareholders until either the loan is repaid or June 2011.

Due to Chinese foreign exchange controls, there are restrictions on taking cash out of the country. These controls limit the group's ability to utilise the cash held in China in all markets. At 31 March 2011, it is considered that all (2010: £24.7 million, 2009: £nil) of this cash will be utilised against current liabilities in China and therefore the restrictions on movement do not curtail the group's liquidity position.

12 Allowances for trade and other receivables

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

	2011 £m	2010 £m	2009 £m
At beginning of year/period	16.3	15.7	-
Acquisition of subsidiary		-	10.1
Allowance made during the year/period net	1.5	10.4	6.6
Written off	(7.7)	(9.6)	(1.6)
Foreign exchange translation differences	-	(0.2)	0.6
At end of year/period	**10.1**	**16.3**	**15.7**

Notes (continued)

13 Investments

Investments consist of the following:

	2011 £m	2010 £m	2009 £m
Unquoted equity investments, at cost	**0.3**	**0.3**	0.3
	0.3	**0.3**	**0.3**

The group consolidates the following subsidiaries:

Subsidiary Undertaking	**Interest**	**Class of shares**	**Country of Incorporation and registration**	**Principal activity**
Jaguar Cars Limited	100%	Ordinary shares	England and Wales	Manufacture of motor Vehicles
Land Rover	100%	Ordinary shares	England and Wales	Manufacture of motor Vehicles

Details of the indirect subsidiary undertakings are as follows:

Name of Group	**Interest**	**Class of shares**	**Country of incorporation and operation**	**Principal activity**
Jaguar Cars Exports Limited	100%	Ordinary shares	England and Wales	Export sales
Land Rover Exports Limited	100%	Ordinary shares	England and Wales	Export sales
Jaguar Belgium N.V.	100%	Ordinary shares	Belgium	Distribution and sales
Jaguar Deutschland GmbH	100%	Ordinary shares	Germany	Distribution and sales
Jaguar Hispania SL	100%	Ordinary shares	Spain	Distribution and sales
Jaguar Italia SpA	100%	Ordinary shares	Italy	Distribution and sales
Jaguar Land Rover Austria GmbH	100%	Capital contribution €145,300	Austria	Distribution and sales
Jaguar Land Rover North America LLC	100%	Ordinary shares	USA	Distribution and sales
Jaguar Cars (South Africa) (Pty) Ltd	100%	Ordinary shares	South Africa	Dormant

Notes (continued)

13 Investments (continued)

Name of Group	Interest	Class of shares	Country of incorporation and operation	Principal activity
Jaguar Cars Overseas Holdings Limited	100%	Ordinary shares	England and Wales	Holding company
The Jaguar Collection Limited	100%	Ordinary shares	England and Wales	Dormant
The Daimler Motor Company Limited	100%	Ordinary shares	England and Wales	Dormant
Daimler Transport Vehicles Limited	100%	Ordinary shares	England and Wales	Dormant
The Lanchester Motor Company	100%	Ordinary shares	England and Wales	Dormant
SS Cars Limited	100%	Ordinary shares	England and Wales	Dormant
Jaguar & Land Rover Asia Pacific Company Limited	100%	Ordinary shares	Thailand	Distribution and sales
Jaguar Land Rover Japan Limited	100%	Ordinary shares	Japan	Distribution and sales
Jaguar Land Rover Korea Group Limited	100%	Ordinary shares	Korea	Distribution and sales
Jaguar Land Rover Mexico SA de CV	100%	Ordinary shares	Mexico	Distribution and sales
Land Rover Group Limited	100%	Ordinary shares	England and Wales	Holding company
Jaguar Landrover Portugal-Veiculos e Pecas, Lda	100%	Ordinary shares	Portugal	Distribution and sales
Land Rover Espana SL	100%	Ordinary shares	Spain	Distribution and sales
Land Rover Nederland BV	100%	Ordinary shares	Holland	Distribution and sales
Jaguar Land Rover Brand Management Consulting (Shanghai) Ltd	100%	Ordinary shares	China	Distribution and sales
Jaguar Land Rover Australia Pty Limited	100%	Ordinary shares	Australia	Distribution and sales
Land Rover Belux SA/NV	100%	Ordinary shares	Belgium	Distribution and sales
Land Rover Ireland Limited	100%	Ordinary shares	Ireland	Distribution and sales
Land Rover Italia SpA	100%	Ordinary shares	Italy	Distribution and sales
Land Rover Deutschland GmbH	100%	Ordinary shares	Germany	Distribution and sales

Notes (continued)

13 *Investments* (continued)

Name of Group	Interest	Class of shares	Country of incorporation and operation	Principal activity
Jaguar Land Rover Canada ULC	100%	Ordinary Shares	Canada	Distribution and sales
Jaguar Land Rover (South Africa) (Pty) Ltd	100%	Ordinary Shares	South Africa	Distribution and sales
Jaguar Land Rover France SAS	100%	Ordinary Shares	France	Distribution and sales
Jaguar Land Rover Brazil LLC	100%	Ordinary Shares	Brazil	Distribution and sales
Jaguar Land Rover Russia	100%	Ordinary Shares	Russian	Distribution and sales
Land Rover Parts Limited	100%	Ordinary Shares	England and Wales	Distribution and sales
Land Rover Parts NA LLC	100%	Ordinary Shares	USA	Distribution and sales

In addition, the group has the following investments:

Jaguar Land Rover Schweiz AG	10% interest in the ordinary share capital
Jaguar Cars Finance Limited	49.9% interest in the ordinary share capital

The principal activity of Jaguar Land Rover Schweiz AG is the sale of automotive vehicle and parts. The principal activity of Jaguar Cars Finance Limited is the provision of credit finance.

The total assets, liabilities and profit of Jaguar Cars Finance Limited at the balance sheet date of 30 September 2010 are below. The group share of these assets is 49.9%. In December 2010, Jaguar Cars Finance Limited paid a dividend of £4 million to shareholders, The group has recognised their share of the dividend of £2 million in other income. The group hold their share of the remaining net assets of £0.2 million as investments. The group do not account for this company as an associate as it is a non-trading dormant entity.

	2011 £000	2010 £000	2009 £000
Total assets	5,904	789	782
Total liabilities	(1,441)	(22)	(23)
Revenues	5,133	12	38
Net income	3,696	8	27

14 *Other financial assets - current*

	2011 £m	2010 £m	2009 £m
Advances and other receivables recoverable in cash	8.1	11.4	12.2
Derivative financial instruments	49.7	-	-
Other	3.7	8.7	0.1
	61.5	**20.1**	**12.3**

Notes (continued)

15 Inventories

	2011 £m	2010 £m	2009 £m
Raw materials and consumables	38.5	49.9	31.8
Work in progress	87.1	79.6	95.8
Finished goods	1,030.0	865.9	800.4
	1,155.6	**995.4**	**928.0**

Inventories of finished goods include £117.1 million (2010: £124.2 million, 2009 £104.1 million), relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements.

Cost of inventories (including cost of purchased products) recognised as expense during the year amounted to £7,011.7 million (2010: £5,123.7 million, 2009: £4,038.6 million).

During the year, the group recorded inventory write-down expense of £12.2 million (2010: £19.5 million, 2009: £13.0 million). The write-down is included in other expenses. No previous write-downs have been reversed in any period.

The carrying amount of inventories carried at fair value less costs to sell amounted to £32.7 million (2010: £262.2 million, 2009: £244.6 million).

Inventories with a net book value of £66.7 million (2010: £94.4, 2009 £nil) are pledged as security in respect of certain bank loans.

16 Other current assets

	2011 £m	2010 £m	2009 £m
VAT	258.2	189.0	95.6
Prepaid expenses	35.0	36.5	69.5
Others	-	-	0.9
	293.2	**225.5**	**166.0**

17 Other financial assets (non current)

	2011 £m	2010 £m	2009 £m
Restricted cash	64.6	61.5	32.8
Others	3.9	11.8	-
	68.5	**73.3**	**32.8**

£59.4 million (2010: £49.1 million, 2009 £32.8 million) of the restricted cash is held as security in relation to vehicles ultimately sold on lease, a on-going legal case and a bank loan. The amount is pledged until either the lease, legal case or loan reaches their respective conclusion.

Notes (continued)

18 Taxation

Recognised in the income statement

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Current tax expense			
Current year/period	113.5	36.3	30.6
Adjustments for prior years	32.3	3.8	0.4
Current income tax expense	**145.8**	**40.1**	**31.0**
Deferred tax expense			
Origination and reversal of temporary differences	(34.7)	(10.5)	(4.3)
Prior years	(32.1)	(1.7)	-
Deferred tax expense	**(66.8)**	**(12.2)**	**(4.3)**
Total income tax expense	**79.0**	**27.9**	**26.7**

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

Reconciliation of effective tax rate

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Net income / (loss) attributable to shareholders for the year/period	1,035.9	23.5	(402.4)
Total income tax expense	79.0	27.9	26.7
Net income / (loss) excluding taxation	**1,114.9**	**51.4**	**(375.7)**
Income tax expense using the tax rates applicable to individual entities of 27.4% (2010; 40% , 2009: 26.4%)	305.6	20.6	(98.4)
Enhanced deductions for research and development	(27.0)	(26.2)	(27.3)
Non-deductible expenses	6.2	14.8	21.5
Recognition of deferred tax on property, plant and equipment that was not previously recognised	(132.2)	-	-
Losses on which deferred tax was not previously recognised	(106.6)	-	-
Other timing differences	(3.3)	16.6	130.5
Deferred tax on employee	13.7	-	-

benefits not previously recognised			
Overseas unremitted earnings	22.4	-	-
Under / (over) provided in prior years	0.2	2.1	0.4
Total income tax expense	**79.0**	**27.9**	**26.7**

Notes (continued)

19 *Property, plant and equipment*

	Land and Buildings £m	Plant and Equipment £m	Vehicles £m	Computers £m	Fixtures & Fittings £m	Leased Assets £m	Under Construction £m	Total £m
Cost								
Balance at 18 January 2008	-	-	-	-	-	-	-	-
Acquisitions through business combinations	332.1	790.7	2.6	17.7	1.8	35.1	33.5	1,213.5
Effect of movements in foreign exchange	9.3	1.9	-	-	8.2	-	-	19.4
Additions	7.8	179.4	-	-	1.6	-	-	188.8
Disposals	(0.2)	(53.4)	-	-	(3.3)	-	(4.7)	(61.6)
Balance at 31 March 2009	**349.0**	**918.6**	**2.6**	**17.7**	**8.3**	**35.1**	**28.8**	**1,360.1**
Balance at 1 April 2009	349.0	918.6	2.6	17.7	8.3	35.1	28.8	1,360.1
Additions	6.9	246.4	0.6	1.9	9.1	-	-	264.9
Disposals	(21.3)	(22.1)	(1.7)	(7.8)	-	-	(0.1)	(53.0)
Balance at 31 March 2010	**334.6**	**1,142.9**	**1.5**	**11.8**	**17.4**	**35.1**	**28.7**	**1,572.0**
Balance at 1 April 2010	334.6	1,142.9	1.5	11.8	17.4	35.1	28.7	1,572.0
Additions	6.2	166.6	10.0	2.2	5.5	-	54.3	244.8
Disposals	(3.8)	(45.0)	(0.9)	(2.6)	(6.0)	-	-	(58.3)
Balance at 31 March 2011	**337.0**	**1,264.5**	**10.6**	**11.4**	**16.9**	**35.1**	**83.0**	**1,758.5**

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Notes (continued)

19 Property, plant and equipment *(continued)*

	Land and Buildings £m	Plant and Equipment £m	Vehicles £m	Computers £m	Fixtures & Fittings £m	Leased Assets £m	Under Construction £m	Total £m
Depreciation and impairment								
Balance at 18 January 2008	-	-	-	-	-	-	-	-
Depreciation charge for the period	31.8	110.2	0.8	3.1	10.3	3.1	-	159.3
Disposals	(2.5)	(40.9)	-	-	(3.0)	-	-	(46.4)
Effects of movements in foreign exchange	5.3	2.1	-	-	-	-	-	7.4
Balance at 31 March 2009	**34.6**	**71.4**	**0.8**	**3.1**	**7.3**	**3.1**	**-**	**120.3**
Balance at 1 April 2009	34.6	71.4	0.8	3.1	7.3	3.1	-	120.3
Depreciation charge for the period	12.7	212.0	0.4	2.0	6.0	4.0	-	237.1
Disposals	(6.1)	(13.0)	(0.3)	(1.2)	(1.0)	-	-	(21.6)
Balance at 31 March 2010	**41.2**	**270.4**	**0.9**	**3.9**	**12.3**	**7.1**	**-**	**335.8**
Balance at 1 April 2010	41.2	270.4	0.9	3.9	12.3	7.1	-	335.8
Depreciation charge for the period	11.0	220.2	2.0	1.0	4.5	4.1	-	242.8
Disposals	(3.6)	(39.7)	(0.4)	(2.6)	(4.6)	-	-	(50.9)
Balance at 31 March 2011	**48.6**	**450.9**	**2.5**	**2.3**	**12.2**	**11.2**	**-**	**527.7**

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Notes (continued)

19 Property, plant and equipment (continued)

	Land and Buildings £m	Plant and Equipment £m	Vehicles £m	Computers £m	Fixtures & Fittings £m	Leased Assets £m	Under Construction £m	Total £m
Net book value								
At 31 March 2009	314.4	847.2	1.8	14.6	1.0	32.0	28.8	1,239.8
At 31 March 2010	293.4	872.5	0.6	7.9	5.1	28.0	28.7	1,236.2
At 31 March 2011	**288.4**	**813.6**	**8.1**	**9.1**	**4.7**	**23.9**	**83.0**	**1,230.8**

The group had £113.9 million of freehold land at the end of all 3 periods. This land is not depreciated.

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Notes (continued)

20 Intangible assets

	Software	Patents and technological know-how	Customer related	Intellectual property rights and other intangibles	Product development in progress	Capitalised product development	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
Balance at 18 January 2008	-	-	-	-	-	-	-
Acquisitions through business combinations	24.0	147.0	88.7	618.3	22.8	-	900.8
Other acquisitions – internally developed	-	-	-	-	344.6	73.7	418.3
Balance at 31 March 2009	**24.0**	**147.0**	**88.7**	**618.3**	**367.4**	**73.7**	**1,319.1**
Balance at 1 April 2009	24.0	147.0	88.7	618.3	367.4	73.7	1,319.1
Other acquisitions – internally developed	47.6	-	-	-	122.2	301.2	471.0
Other acquisitions – externally purchased	14.2	-	-	-	-	-	14.2
Disposals	(2.9)	-	-	-	-	-	(2.9)
Balance at 31 March 2010	**82.9**	**147.0**	**88.7**	**618.3**	**489.6**	**374.9**	**1,801.4**
Balance at 1 April 2010	82.9	147.0	88.7	618.3	489.6	374.9	1,801.4
Other acquisitions	42.3	-	-	-	-	-	42.3
Other acquisitions – internally developed	-	-	-	-	457.7	124.2	581.9
Disposals	(4.7)	-	-	-	-	-	(4.7)
Balance at 31 March 2011	**120.5**	**147.0**	**88.7**	**618.3**	**947.3**	**499.1**	**2,420.9**

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Notes (continued)

20 *Intangible assets (continued)*

	Software	Patents and technological know-how	Customer related	Intellectual property rights and other intangibles	Product development in progress	Capitalised product development	Total
	£m	£m	£m	£m	£m	£m	£m
Amortisation and impairment							
Balance at 18 January 2008	-	-	-	-	-	-	-
Amortisation for the period	4.0	12.8	30.4	-	-	2.6	49.8
Balance at 31 March 2009	**4.0**	**12.8**	**30.4**	**-**	**-**	**2.6**	**49.8**
Balance at 1 April 2009	4.0	12.8	30.4	-	-	2.6	49.8
Amortisation for the year	7.3	16.6	3.0	-	-	52.4	79.3
Disposals	(3.7)	-	-	-	-	-	(3.7)
Balance at 31 March 2010	**7.6**	**29.4**	**33.4**	**-**	**-**	**55.0**	**125.4**
Balance at 1 April 2010	7.6	29.4	33.4	-	-	55.0	125.4
Amortisation for the year	38.2	12.3	3.0	-	-	100.0	153.5
Disposals	(2.6)	-	-	-	-	-	(2.6)
Balance at 31 March 2011	**43.2**	**41.7**	**36.4**	**-**	**-**	**155.0**	**276.3**
Net book value							
At 31 March 2009	20.0	134.2	58.3	618.3	367.4	71.1	1,269.3
At 31 March 2010	75.3	117.6	55.3	618.3	489.6	319.9	1,676.0
At 31 March 2011	**77.3**	**105.3**	**52.3**	**618.3**	**947.3**	**344.1**	**2,144.6**

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Notes (continued)

20 Intangible assets (continued)

Impairment testing

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

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

	2011	*2010*	*2009*
Period on which management approved forecasts are based	*5 years*	*5 years*	*5 years*
Growth rate applied beyond approved forecast period	*0%*	*0 %*	*0 %*
Pre-tax discount rate	*12.4%*	*10.9 %*	*9.3 %*

The growth rates used in the value in use calculation reflect those inherent within the Business Plan, approved by the Board through to 2015/6. The cashflows are then extrapolated into perpetuity assuming a zero growth rate.

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

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Notes (continued)

21 *Other financial liabilities*

	2011	2010	2009
Current	**£m**	**£m**	**£m**
Finance lease obligations	5.2	5.5	5.6
Interest accrued	1.1	1.8	3.7
Financial instruments	5.2	0.5	-
Liability for vehicles sold under a repurchase arrangement	121.4	134.5	107.0
	132.9	**142.3**	**116.3**
Non Current			
Finance lease obligations	18.7	22.5	26.4
Other payables	1.7	6.8	7.6
	20.4	**29.3**	**34.0**

22 *Other current liabilities*

	2011	2010	2009
	£m	**£m**	**£m**
Liabilities for advances received	162.8	153.9	34.9
VAT	178.6	123.5	52.4
Others	18.8	17.7	2.5
	360.2	**295.1**	**89.8**

Notes (continued)

23 Deferred tax assets and liabilities – group

Significant components of deferred tax asset and liability for the year ended March 2009:

	Balance at acquisition £m	Recognised in net income / (loss) £m	Closing balance £m
Deferred tax assets			
Depreciation brought forward	120.5	(3.0)	117.5
Expenses deductible in future years:			
Provisions, allowances for doubtful receivables, finance receivables	50.4	(37.8)	12.6
Compensated absences and retirement benefits	-	-	-
Others	0.2	3.9	4.1
Total deferred tax asset	**171.1**	**(36.9)**	**134.2**
Deferred tax liabilities			
Intangible assets	114.7	(12.1)	102.6
Others	29.1	(29.1)	-
Total deferred tax liability	**143.8**	**(41.2)**	**102.6**
Total net deferred tax asset	**27.3**	**4.3**	**31.6**
Held as deferred tax asset	27.3	4.3	31.6
Held as deferred tax liability	-	-	-

Notes (continued)

23 Deferred tax assets and liabilities – group *(continued)*

Significant components of deferred tax asset and liability for the year ended March 2010:

	Opening balance	Recognised in net income / (loss)	Closing balance
	£m	£m	£m
Deferred tax assets			
Depreciation brought forward	117.5	61.6	179.1
Expenses deductible in future years:			
Provisions, allowances for doubtful receivables, finance receivables	12.6	27.3	39.9
Compensated absences and retirement benefits	-	46.9	46.9
Unrealised profit in inventory	-	8.6	8.6
Others	4.1	19.0	23.1
Total deferred tax asset	**134.2**	**163.4**	**297.6**
Deferred tax liabilities			
Property, plant and equipment			
Intangible assets	102.6	151.2	253.8
Total deferred tax liability	**102.6**	**151.2**	**253.8**
Total net deferred tax asset	**31.6**	**12.2**	**43.8**
Held as deferred tax asset	31.6	13.8	45.4
Held as deferred tax liability	-	(1.6)	(1.6)

Notes (continued)

23 Deferred tax assets and liabilities – group *(continued)*

Significant components of deferred tax asset and liability for the year ended March 2011:

	Opening balance £m	Recognised in net income / (loss) £m	Recognised in other comprehensive income £m	Closing balance £m
Deferred tax assets				
Depreciation brought forward	179.1	44.7	-	223.8
Expenses deductible in future years:				
Provisions, allowances for doubtful receivables, finance receivables	39.9	65.0	-	104.9
Compensated absences and retirement benefits	46.9	(5.8)	7.7	48.8
Unrealised profit in inventory	8.6	34.8	-	43.4
Others	23.1	(22.9)	-	0.2
Total deferred tax asset	**297.6**	**123.5**	**7.7**	**421.1**
Deferred tax liabilities				
Property, plant and equipment	-	1.5	-	1.5
Intangible assets	253.8	21.3	-	275.1
Derivative financial instruments	-	3.9	7.7	11.6
Overseas unremitted earnings	-	22.3	-	22.3
Total deferred tax liability	**253.8**	**56.7**	**7.7**	**310.5**
Total net deferred tax asset	**43.8**	**66.8**	**-**	**110.6**

Held as deferred tax asset	45.4	66.8	-	112.2
Held as deferred tax liability	(1.6)	-	-	(1.6)

The unrecognised deferred tax asset amounted to £422.1 million (2010: £664.0 million) at the end of the period. These relate to retirement benefits (£32.4 million) and tax losses (£389.7 million). The deferred tax asset has not been recognised on the basis that its recovery is not probable in the foreseeable future. The unrecognised deferred tax asset does not have an expiry date and can be carried forward indefinitely.

The level of deferred tax asset recognised on the balance sheet is necessarily reviewed at each balance sheet date. The extent of any such recognition is based on the latest available evidence as to whether sufficient taxable profits will be available in future against which deferred tax assets can be utilised.

Notes (continued)

24 Provisions

Provisions

	2011 £m	2010 £m	2009 £m
Current			
Product warranty	226.3	270.7	383.1
Product liability	19.1	30.6	24.7
Provisions for residual risk	0.9	1.9	77.1
Total current	**246.3**	**303.2**	**484.9**
Non current			
Defined benefit obligations	290.5	101.4	72.6
Other employee benefits obligations	1.0	1.3	2.0
Product warranty	276.8	205.7	148.8
Provision for residual risk	6.1	13.9	18.3
Provision for environmental liability	18.3	18.8	20.8
Total non current	**592.7**	**341.1**	**262.5**

Product warranty

	2011 £m	2010 £m	2009 £m
Opening balance	476.4	531.9	-
Amounts arising on acquisition	-	-	548.9
Provision made during the year/period	332.4	246.6	281.1
Provision used during the year/period	(305.8)	(301.3)	(314.0)
Impact of discounting	0.1	(0.8)	15.9
Closing balance	**503.1**	**476.4**	**531.9**

Product liability

	2011 £m	2010 £m	2009 £m
Opening balance	30.6	24.7	-
Amounts arising on acquisition	-	-	16.3
Provision made during the year/period	6.8	11.1	10.2
Provision used during the year/period	(18.3)	(5.2)	(1.8)
Closing balance	**19.1**	**30.6**	**24.7**

Notes (continued)

24 Provisions *(continued)*

Residual risk

	2011 £m	2010 £m	2009 £m
Opening balance	15.8	95.4	-
Amounts arising on acquisition	-	-	74.9
Provision made during the year/period	22.5	-	75.2
Provision used during the year/period	(31.3)	(15.2)	(54.7)
Unused amounts released in the period	-	(64.4)	-
Closing balance	**7.0**	**15.8**	**95.4**

Environmental liability

	2011 £m	2010 £m	2009 £m
Opening balance	18.8	20.8	-
Amounts arising on acquisition	-	-	20.4
Provision made during the year/period	-	-	1.5
Provision used during the year/period	(0.5)	(0.2)	(1.1)
Unused amount released in the period	-	(1.8)	-
Closing balance	**18.3**	**18.8**	**20.8**

Warranty provision

The group offers warranty cover in respect of manufacturing defects, which become apparent within a year of up to four years after purchase, dependent on the market in which the purchase occurred. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The warranty provision was previously presented with the impact of inflation included in the discounting rate.

A change in accounting estimate increased warranty provisions in the year by £9.2 million (2010 and 2009: nil)

Product liability provision

A product liability provision is maintained in respect of known litigation which the group is party to.

Residual risk provision

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

Environmental risk provision

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

Notes (continued)

25 Accounts payable

	2011 £m	2010 £m	2009 £m
Trade payables	1,627.4	1,442.5	902.2
Liabilities to employees	75.5	54.1	58.9
Liabilities for expenses	681.9	400.0	521.6
Others	-	34.6	-
	2,384.8	**1,931.2**	**1,482.7**

26 Interest bearing loans and borrowings

	2011 £m	2010 £m	2009 £m
Others:			
Loan from banks	789.5	1,221.9	1,953.1
Redeemable preference shares classified as debt	157.1	1,795.5	769.5
Other loans	434.9	13.0	-
Finance lease liabilities	23.9	28.0	32.0
	1,405.4	**3,058.4**	**2,754.6**
Less:			
Current portion of bank loan	(428.5)	(892.9)	(1,953.1)
Current portion of other loans	(434.9)	(12.0)	-
Short term borrowings	**(863.4)**	**(904.9)**	**(1,953.1)**
Current portion of finance lease liabilities	(5.2)	(5.5)	(5.6)
Long term debt	**536.8**	**2,148.0**	**795.9**
Held as long term debt	518.1	2,125.5	769.5
Held as long term finance leases	18.7	22.5	26.4

Notes (continued)

26 Interest bearing loans and borrowings *(continued)*

	2011 £m	2010 £m	2009 £m
Bank loan	428.5	892.9	1,953.1
Loans from parent	434.9	12.0	-
Short term borrowings	**863.4**	**904.9**	**1,953.1**
Bank loan	361.0	329.0	-
Redeemable preference shares classified as debt	157.1	1,795.5	769.5
Other loans	-	1.0	-
Long term debt	**518.1**	**2,125.5**	**769.5**

Certain loans from banks availed by some of the subsidiary companies carry covenants placing certain restrictions on repayment of intra group loans and payments of dividends.

Preference shares classified as debt

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend is payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the sum of £1 per share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. On redemption, the company shall pay £1 per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2011 is set out below, including estimated interest payments and excluding the effect of netting agreements. The analysis assumes the annual coupon rate of 7.25% will be paid on the preference shares each year and the debt will be repaid at the maturity date.

	2011 £m	2010 £m	2009 £m
Due in			
1 year or less	898.7	927.2	1,966.0
2nd and 3rd years	213.8	21.4	59.3
4th and 5th years	149.0	250.6	230.4
More than 5 years	298.3	1,983.4	1,051.5
	1,559.8	**3,182.6**	**3,307.2**

Notes (continued)

27 Capital and reserves

	2011 £m	2010 £m	2009 £m
Allotted, called up and fully paid			
Nil (2010: 1,001,284,322, 2009: 471,284,322) Ordinary shares of USD $1 each	-	644.6	283.6
Nil (2010: 27,222,877, 2009: 11,015,000) 7.25% non cumulative preference shares of USD $100	-	1,795.5	769.5
1,500,642,163 (2010 and 2009: Nil) Ordinary shares of £1 each	1,500.6	-	-
157,052,620 (2010 and 2009: Nil) 7.25% Preference shares of £1 each	157.1	-	-
	1,657.3	**2,440.1**	**1,053.1**
Held as equity	1,500.6	644.6	283.6
Held as debt	157.1	1,795.5	769.5

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend shall be payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the sum of £1 per share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. On redemption, the company shall pay £1 per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

Movements in share capital of the company

In May 2010, £47.8 million of USD preference shares were cancelled.

In November 2010, $298 million of preference shares were converted to short term debt.

In March 2011, the USD ordinary shares and the USD preference shares were converted to GBP ordinary shares and preference shares. The total share capital was reduced and a capital redemption reserve of £166.7 million was created. £250 million of the new preference shares were converted into short-term debt.

All dividends due on the preference shares were waived by the parent for no cost to the company.

Notes (continued)

28 Other reserves

The movement of other reserves is as follows:

	Translation reserve	Hedging reserve	Pension reserve	Accumulated deficit: profit &loss reserve	Total Reserves / accumulated deficit
	£m	£m	£m	£m	£m
Balance at 31 March 2010	(506.7)	-	(221.8)	(378.9)	(1,107.4)
Net profit for the year	-	-	-	1,035.9	1,035.9
Foreign currency translation	123.4	-	-	-	123.4
Movements in employee benefit plan	-	-	(321.1)	-	(321.1)
Cashflow hedges	-	29.5	-	-	29.5
Cancellation of preference shares	-	-	-	47.8	47.8
Tax booked through other comprehensive income	-	(7.7)	7.7	-	-
Balance at 31 March 2011	**(383.3)**	**21.8**	**(535.2)**	**704.8**	**(191.9)**

	Translation reserve	Hedging reserve	Pension Reserve	Accumulated deficit: profit and loss reserve	Total Reserves / accumulated deficit
	£m	**£m**	**£m**	**£m**	**£m**
Balance at 1 April 2009	(607.5)	-	(200.5)	(402.4)	(1,210.4)
Net profit for the year	-	-	-	23.5	23.5
Foreign currency translation	100.8	-	-	-	100.8
Movements in employee benefit plan	-	-	(21.3)	-	(21.3)
Balance at 31 March 2010	**(506.7)**	**-**	**(221.8)**	**(378.9)**	**(1,107.4)**

Notes (continued)

*28 **Other reserves** (continued)*

	Translation reserve	Hedging reserve	Pension Reserve	Accumulated deficit: profit &loss reserve	Total Reserves / accumulated deficit
	£m	£m	£m	£m	£m
Balance at 18 January 2008	-	-	-	-	-
Net loss for the period	-	-	-	(402.4)	(402.4)
Foreign currency translation	(607.5)	-	-	-	(607.5)
Movements in employee benefit plan	-	-	(200.5)	-	(200.5)
Balance at 31 March 2009	**(607.5)**	**-**	**(200.5)**	**(402.4)**	**(1,210.4)**

Notes (continued)

28 Other reserves *(continued)*

The movement in capital redemption reserve is as follows:

	2011 £m	2010 £m	2009 £m
Balance at beginning of year/period	-	-	-
Created in the year on cancellation of share capital	166.7	-	-
Balance at end of year/period	**166.7**	-	-

29 Dividends

During 2009, 2010 and 2011, no dividends were paid or proposed on the ordinary shares. No dividend was paid or proposed on the non-cumulative preference shares.

30 Employee benefits

Jaguar Cars Ltd and Land Rover UK, have pension arrangements providing employees with defined benefits related to pay and service as set out in the rules of each fund. The following table sets out the disclosure pertaining to employee benefits of Jaguar Cars Limited and Land Rover, UK.

Change in defined benefit obligation

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Defined benefit obligation, beginning of the year/period	3,871.3	3,045.1	-
Liability on acquisition	-	-	3,189.6
Service cost	106.4	63.4	62.3
Interest cost	216.1	205.3	162.5
Actuarial (gain) /loss	226.3	647.3	(339.0)
Benefits paid	(128.6)	(109.0)	(77.6)
Member contributions	6.6	19.5	30.6
Prior service costs	5.0	-	-
Other adjustments	(1.4)	(0.3)	7.9
Foreign currency translation	(1.6)	-	8.8
Defined benefit obligation, at end of year/period	**4,300.1**	**3,871.3**	**3,045.1**

Notes (continued)

30 *Employee benefits (continued)*

Change in plan assets

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Fair value of plan assets, beginning of the year/period	3,806.5	3,109.0	-
Asset on acquisition	-	-	3,518.0
Expected return on plan assets	241.6	173.6	220.4
Actuarial gain /(loss) being actual return on assets differing from expected return on assets	30.5	562.2	(673.1)
Employer's contributions	218.3	52.5	76.1
Members contributions	6.6	19.5	30.6
Benefits paid	(128.6)	(109.0)	(77.6)
Plan combinations	(1.4)	-	7.5
Foreign currency translation	(1.5)	(1.3)	7.1
Fair value of plan assets at end of year/period	**4,172.0**	**3,806.5**	**3,109.0**

Amount recognised in the balance sheet consist of

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Present value of unfunded defined benefit obligations	(1.1)	(1.6)	(11.0)
Present value of funded defined benefit obligations	(4,299.0)	(3,869.7)	(3,034.1)
Fair value of plan assets	4,172.0	3,806.5	3,109.0
Restriction of pension asset (as per IFRIC 14)	(33.7)	(2.9)	(40.0)
Onerous obligation	(127.8)	(33.3)	(60.0)
Net liability	**(289.6)**	**(101.0)**	**(36.1)**
Other	**-**	**-**	(0.5)
Non current assets	0.9	0.4	36.0
Non current liabilities	(290.5)	(101.4)	(72.6)
Total net liability	**(289.6)**	**(101.0)**	**(36.6)**

Notes (continued)

30 Employee benefits (continued)

Experience adjustments

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Present value of defined benefit obligation	(4,300.1)	(3,871.3)	(3,045.1)
Fair value of plan assets	4,172.0	3,806.5	3,109.0
Surplus/ (deficit)	(120.1)	(64.8)	63.9
Experience adjustments on plan liabilities (as a percentage of plan liabilities)	97.5 / 2.0%	(170.5) / (4.0%)	33.2 / (1.09%)
Experience adjustments on plan assets (as a percentage of plan assets)	30.5 / 0.7%	562.2 / 14.8%	673.1 / (21.6%)

Amount recognised in other comprehensive income

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Actuarial loss	(195.8)	(85.1)	(334.1)
Change in restriction of pension asset (as per IFRIC 14)	(30.8)	37.1	133.6
Change in onerous obligation	(94.5)	26.7	-
	(321.1)	**(21.3)**	**(200.5)**

Net pension and post retirement cost consists of the following components

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Period ended 31 March 2009 £m
Current service cost	106.4	63.4	62.3
Prior service cost	5.0	-	-
Interest cost	216.1	205.3	162.5
Expected return on plan assets	(241.6)	(173.6)	(220.4)
Net periodic pension cost	**85.9**	**95.1**	**4.4**

Notes (continued)

30 Employee benefits (continued)

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

	Year ended 31 March 2011	Year ended 31 March 2010	Period ended 31 March 2009
Discount rate	5.5%	5.5%	6.7%
Rate of increase in compensation level of covered employees	3.9%	4.0%	3.8%
Inflation increase	3.4%	3.5%	3.3%
Expected rate of return on plan assets	6.2%	6.5%	5.8%

For the valuation at 31 March 2011, the mortality assumptions used are the SAPS base table, in particular S1PMA for males, S1PFA for females and the Light table for members of the Jaguar Executive Pension Plan, with a scaling factor of 90% for males and 115% for females for all members. There is an allowance for future improvements in line with the CMI (2010) projections and an allowance for long term improvements of 1.00% per annum

For the valuations at 31 March 2010 and 2009, the mortality assumptions used are "92 series" base table (based on a year of use of 2009), with medium cohort improvements applied from 2005, and an underpin to future mortality improvements of 1% p.a. for males and 0.5% for females. In addition there is a scaling factor of 135% (males and females) for the Jaguar Pension Plan and Land Rover Pension Scheme, and 110% (males) / 115% (females) for the Jaguar Executive Pension Plan.

Changes in the mortality assumptions used in the current period compared to the prior period have increased the liability by £283.7 million in the year.

Pension plans asset allocation by category is as follows:

	Year ended 31 March 2011	Year ended 31 March 2010	Period ended 31 March 2009
	%	%	%
Asset category			
Debt	62	47	62
Equities	29	51	35
Others	9	2	3

The expected return on assets assumptions are derived by considering the expected long-term rates of return on plan investments. The overall rate of return is a weighted average of the expected returns of the individual investments made in the group plans. The long-term rates of return on equities are derived from considering current risk free rates of return with the addition of an appropriate future risk premium from an analysis of historic returns in various countries. The long-term rates of return on bonds are set in line with market yields currently available at the statement of financial position date.

The expected net periodic pension cost for the year ended 31 March 2012 is £100.1 million. The group expects to contribute £116.5 million to its plans in the year ended 31 March 2012.

Defined contribution plan

The group's contribution to defined contribution plans aggregated £3.4 million, (2010: £0.2 million, *2009: £1.0 million)*.

Notes (continued)

31 Commitments and contingencies

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

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

Litigation

The group is involved in legal proceedings, both as plaintiff and as defendant and there are claims of £10.8 million which management have not recognised as they are not considered probable.

Other claims

There are other claims against the group, the majority of which pertains to motor accident claims and consumer complaints. Some of the cases also relate to replacement of parts of vehicles and/or compensation for deficiency in the services by the group or its dealers.

The Group has not provided £1.3 million for tax matters in dispute as it is not considered probable that these will be settled in an adverse position for the Group.

Commitments

The group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating £451.5 million (2010: £216.3 million, 2009: £232.0 million) and £3.5 million (2010 and 2009 nil) relating to the acquisition of intangible assets.

The group has entered into various contracts with vendors and contractors which include obligations aggregating £689.0 million (2010: £431.0 million, 2009: £468.0 million) to purchase minimum or fixed quantities of material.

For commitments related to leases, see note 34.

Inventory of £66.7 million (2010: £94.4 million, 2009: Nil) and trade receivables with a carrying amount of £268.9 million (2010: £296.8, 2009: £164.0 million) and property, plant and equipment with a carrying amount of £463.4 million (2010 £714.8, 2009: £139.7 million) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of £23.3 million, of which £14.3 million are to HMRC.

Notes (continued)

32 Capital management

The group’s objectives for managing capital are to create value for shareholders, to safeguard business continuity and support the growth of the group.

The group determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through a mixture of equity, convertible or non-convertible debt securities and other long-term/short-term borrowings. The group's policy is aimed at combination of short-term and long-term borrowings.

The group monitors the capital structure on basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the group.

Total debt includes all long and short-term debts and finance lease payables. Equity comprises all components.

The following table summarises the capital of the group:

	2011 **£m**	**2010** **£m**	**2009** **£m**
Equity	1,475.4	(462.8)	(926.8)
Short term debt	868.6	910.4	1,958.7
Long term debt	536.8	2,148.0	795.9
Total debt	**1,405.4**	**3,058.4**	**2,754.6**
Total capital (debt and equity)	**2,880.8**	**2,595.6**	**1,827.8**

Notes (continued)

33 Financial instruments

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

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

(a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2009:

Financial assets

	Cash and loans and receivables £m	Total carrying value £m	Total fair value £m
Cash and cash equivalents	128.5	128.5	128.5
Unquoted equity instruments	0.3	0.3	-*
Trade receivables	439.3	439.3	439.3
Other financial assets - current	12.3	12.3	12.3
Other financial assets – non-current	32.8	32.8	32.8
	613.2	**613.2**	**612.9**

* the fair value in respect of the unquoted equity investments cannot be reliably measured.

Financial liabilities

	Other financial liabilities £m	Total carrying value £m	Total fair value £m
Accounts payable	1,482.7	1,482.7	1,482.7
Short-term debt	1,953.1	1,953.1	1,953.1
Long-term debt	769.5	769.5	769.5
Other financial liabilities – current	116.3	116.3	116.3
Other financial liabilities - non-current	34.0	34.0	34.0
	4,355.6	**4,355.6**	**4,355.6**

Notes (continued)

33 *Financial Instruments* (continued)

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2010:

Financial assets

	Cash and loans and receivables £m	Total carrying value £m	Total fair value £m
Cash and cash equivalents	679.9	679.9	679.9
Short term deposits with bank	-		
Trade receivables	669.4	669.4	669.4
Unquoted equity investments	0.3	0.3	-*
Other financial assets - current	20.1	20.1	20.1
Other financial assets - non-current	73.3	73.3	73.3
	1,443.0	**1,443.0**	**1,442.7**

* The fair value in respect of the unquoted equity investments cannot be reliably measured.

Financial liabilities

	Other financial liabilities £m	Total carrying value £m	Total fair value £m
Accounts payable	1,931.2	1,931.2	1,931.2
Short-term debt	904.9	904.9	904.9
Long-term debt	2,125.5	2,125.5	2,125.5
Other financial liabilities – current	142.3	142.3	142.3
Other financial liabilities - non-current	29.3	29.3	29.3
	5,133.2	**5,133.2**	**5,133.2**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2011:

Financial assets

	Cash and loans and receivables £m	Derivatives in cash flow hedging relationship	Derivatives not hedge accounted	Total carrying value £m	Total fair value £m
Cash and cash equivalents	1,028.3	-	-	1,028.3	1,028.3
Trade receivables	567.2	-	-	567.2	567.2
Unquoted equity investments	0.3	-	-	0.3	-*
Other financial assets - current	11.9	34.7	14.9	61.5	61.5
Other financial assets - non-current	68.5	-	-	68.5	68.5
	1,676.2	**34.7**	**14.9**	**1,725.8**	**1,725.5**

Notes (continued)

33 *Financial Instruments* (continued)

* The fair value in respect of the unquoted equity investments cannot be reliably measured.

Financial liabilities

	Other financial liabilities	Derivatives in cash flow hedging relationship	Total carrying value	Total fair value
	£m		£m	£m
Accounts payable	2,384.8	-	2,384.8	2,384.8
Short-term debt	863.4	-	863.4	863.4
Long-term debt	518.1	-	518.1	520.3
Other financial liabilities – current	127.7	5.2	132.9	132.9
Other financial liabilities - non-current	20.4	-	20.4	20.4
	3,914.4	**5.2**	**3,919.6**	**3,921.8**

Fair value hierarchy

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

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category mainly includes quoted equity shares, quoted corporate debt instruments and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

All financial instruments held at fair value are valued using Level 2 valuation techniques.

Notes

1. The short term financial assets and liabilities, except for derivative instruments, are stated at amortised cost which is approximately equal to their fair value.
2. The fair value of finance receivables have been estimated by discounting expected cash flows using rates at which loans of similar credit quality and maturity would be made as of March 31, 2011.

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 group could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2011, 31 March 2010 and 31 March 2009 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.

Notes (continued)

*33 **Financial Instruments** (continued)*

(b) Cash flow hedging

As of 31 March 2011, the group has taken out a number of cash flow hedging instruments. The group uses both USD/GBP forward and option contracts and USD/Euro forward contracts to hedge future cash flows from sales and purchases. The hedging risk management policy covers forecast sales and purchases up to 3 years into the future. At 31 March 2011, all derivative contracts have a maturity of less than 1 year.

The group also has a number of USD/Euro options which are entered into as an economic hedge of the financial risks of the group. These contracts do not meet the hedge accounting criteria of IAS 39, so the change in fair value is recognised immediately in the income statement.

The time value of options is considered ineffective in the hedge relationship and the change in fair value is recognised immediately in the income statement.

As at March 31, 2010 and 31 March 2009, there are no designated cash flow hedges.

As per its risk management policy, the group uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to highly probable forecast sales transactions. The fair value of such forward contracts as of 31 March 2011 was £29.5 million (Nil in period ended 31 March 2010 and 31 March 2009).

Changes in fair value of forward exchange contracts to the extent determined to be an effective hedge is recognised in the statement of other comprehensive income and the ineffective portion of the fair value change is recognised in income statement. Accordingly, the fair value change of net gain of £29.5 million was recognised in other comprehensive income during the year ended 31 March 2011 (Nil in period ended 31 March 2010 and 31 March 2009).

(c) Financial risk management

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

The group has a risk management policy which not only covers the foreign exchange risks but also the 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 to the group's business plan.

Achieve greater predictability to earnings – by determining the financial value of the expected earnings in advance.

Notes (continued)

33 *Financial Instruments* (continued)

(d) Market risk

Market risk is the risk of any loss in future earnings in realisable 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.

The following table set forth information relating to foreign currency exposure below as of 31 March 2011:

	US Dollar	Chinese Yuan	Euro	JPY	*Others	Total
	£m	£m	£m	£m	£m	£m
Financial assets	206.3	279.3	209.7	40.3	364.9	1,100.5
Financial liabilities	(256.7)	(281.9)	(321.8)	(16.5)	(328.7)	(1,205.6)
Net exposure asset/ (liability)	**(50.4)**	**(2.6)**	**(112.1)**	**23.8**	**36.2**	**(105.1)**

* Others include Russian Rouble, Singapore dollars, Swiss Franc, Australian dollars, South African Rand, Thai baht, Korean won etc.

10% appreciation/ depreciation of the Euro, USD, Yen and Chinese Yuan would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £10.2 million, £4.6 million, £2.2 million and £0.2 million respectively for the year ended 31 March 2011.

The following table set forth information relating to foreign currency exposure below as of 31 March 2010:

	US Dollar	Euro	JPY	Russian Rouble	*Others	Total
	£m	£m	£m	£m	£m	£m
Financial assets	280.7	150.8	23.4	25.1	164.4	644.4
Financial liabilities	(2,074.9)	(452.5)	(62.7)	(5.9)	(61.1)	(2,657.1)
Net exposure asset / (liability)	**(1,794.2)**	**(301.7)**	**(39.3)**	**19.2**	**103.3**	**(2,012.7)**

* Others include Singapore dollars, Swiss Franc, Australian dollars, South African Rand, Chinese Yuan, Thai baht, Korean won etc.

10% appreciation/ depreciation of the Euro, USD and Yen would result in an increase/ decrease in the group's net profit before tax and net assets by approximately £3.0 million, £17.9 million and £0.4 million respectively for the year ended 31 March 2010.

Notes (continued)

33 *Financial Instruments* (continued)

(d) Market risk *(continued)*

The following table set forth information relating to foreign currency exposure as of 31 March 2009:

	US Dollar £m	Euro £m	JPY £m	*Others £m	Total £m
Financial assets	44.5	48.0	26.7	103.6	222.8
Financial liabilities	(2,444.2)	(109.3)	(9.2)	(155.4)	(2,718.1)
Net exposure asset / (liability)	**(2,399.7)**	**(61.3)**	**17.5**	**(51.8)**	**(2,495.3)**

* Others include currencies such as Swiss Franc, Singapore dollars, Chinese Yuan, Australian dollars etc.

10% weakening/strengthening of the Euro, USD and Yen would result in a decrease/increase in the group's net loss before tax and net assets by approximately £0.1 million, £0.7 million and £0.1 million respectively for the year ended 31 March 2011.

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

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

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the cash flows as well as costs.

The group is subject to variable interest rates on some of its interest bearing liabilities. The group's interest rate exposure is mainly related to debt obligations. The group also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible bonds and short term loans.

In its financing business, the group enters into transactions with customers which primarily result receivables at fixed rates. In order to manage this risk, the group has a policy to match funding in terms of maturities and interest rates and also for certain part of the portfolio; the group does not match funding with maturities in order to take advantage of market opportunities.

The group also enters into arrangements of securitisation of receivables in order to reduce the impact of interest rate movements.

As of 31 March 2011 net financial liability of £451.3 million *(2010: £945.4 million)* was subject to the variable interest rate. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £4.5 million (2010: £8.0 million) in the consolidated income statement.

Notes (continued)

33 *Financial Instruments* (continued)

(e) Liquidity risk

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

The group's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund ongoing operations without the need to carry significant net debt over the medium term. The group's principal borrowing facilities are provided by its parent group (Tata Motors Limited, India, the ultimate parent undertaking and the immediate parent company, TML Singapore Pte Limited) in the form of redeemable preference shares classified as debt. The quantum of committed borrowing facilities available to the group is reviewed regularly and is designed to exceed forecast peak gross debt levels.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	31 March 2011					
	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <3years £m	3 to <5years £m	5years and over £m
Non-derivative financial liabilities						
Long term bank loans and preference shares	518.1	686.5	25.4	213.8	149.0	298.3
Short-term borrowings	863.4	873.4	873.4	-	-	-
Finance lease liabilities	23.9	27.6	5.2	5.3	13.6	3.5
Other financial liabilities	129.4	129.4	127.7	1.7	-	-
Accounts payable	2,384.8	2,384.8	2,384.8	-	-	-
	3,919.6	**4,101.7**	**3,416.5**	**220.8**	**162.6**	**301.8**

	31 March 2010					
	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2years £m	2 to <5years £m	5years and over £m
Non-derivative financial liabilities						
Secured bank loans	1,221.9	1,341.0	871.6	15.2	273.6	180.6
Unsecured bank facility	13.0	13.0	12.0	1.0	-	-
	1,234.9	**1,354.0**	**883.6**	**16.2**	**273.6**	**180.6**
Finance lease liabilities	28.0	33.1	5.5	5.2	15.2	7.2
Redeemable preference shares classified as debt	1,795.5	1,795.5	-	-	-	1,795.5
Other financial liabilities	143.6	143.6	136.8	6.8	-	-
Accounts payable	1,931.2	1,931.2	1,931.2	-	-	-
	5,133.2	**5,257.4**	**2,957.1**	**28.2**	**288.8**	**1,983.3**

Notes (continued)

33 *Financial Instruments* *(continued)*

(e) Liquidity risk *(continued)*

	31 March 2009					
	Carrying amount £m	**Contractual cash flows £m**	**1 year or less £m**	**1 to <2years £m**	**2 to <5years £m**	**5years and over £m**
Non-derivative financial liabilities						
Secured bank loans	351.1	353.4	353.4	-	-	-
Unsecured bank facility	1,602.0	1,607.0	1,607.0	-	-	-
	1,953.1	**1,960.4**	**1,960.4**	**-**	**-**	**-**
Finance lease liabilities	32.0	38.6	5.6	5.5	14.9	12.6
Redeemable preference shares classified as debt	769.5	1,308.2	-	53.9	215.5	1,038.8
Other financial liabilities	118.3	118.3	110.7	7.6	-	-
Accounts payable	1,482.7	1,482.7	1,482.7	-	-	-
	4,355.6	**4,908.2**	**3,559.4**	**67.0**	**230.4**	**1,051.4**

Notes (continued)

33 Financial Instruments (continued)

(f) Credit risk

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

Financial instruments that are subject to concentrations of credit risk principally consist of investments classified as loans and receivables, trade receivables and finance receivables. None of the financial instruments of the group result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was £1,720.0 million (2010: £1,442.7 million, 2009: £612.9 million), being the total of the carrying amount of financial assets excluding unquoted equity investments.

Financial assets that are neither past due nor impaired

None of the group'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 at 31 March 2011, that defaults in payment obligations will occur.

	2011 Gross £m	**2011 Impairment £m**
Not yet due	531.9	-
Overdue < 3 months	34.5	-
Overdue >3<6 months	-	-
Overdue >6 months	10.9	10.1
	577.3	**10.1**

Included within trade receivables is £268.9 million of receivables which are part of a debt factoring arrangement. These assets do not qualify for derecognition due to the recourse arrangements in place. The related liability is in short term borrowings.

None of the group'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 at 31 March 2010, that defaults in payment obligations will occur.

	2010 Gross £m	**2010 Impairment £m**
Not yet due	600.6	0.8
Overdue < 3 months	60.8	0.2
Overdue >3<6 months	21.3	14.8
Overdue >6 months	3.0	0.5
	685.7	**16.3**

Notes (continued)

33 Financial Instruments (continued)

(f) Credit risk *(continued)*

Included within trade receivables is £296.8 million of receivables which are part of a debt factoring arrangement. These assets do not qualify for derecognition due to the recourse arrangements in place. The related liability is in short term borrowings.

None of the group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables, there were no indications as at 31 March 2009, that defaults in payment obligations will occur.

	2009 Gross £m	**2009 Impairment £m**
Not yet due	366.7	1.5
Overdue < 3 months	63.1	0.3
Overdue >3<6 months	20.9	11.0
Overdue >6 months	4.4	2.9
	455.1	**15.7**

Included within trade receivables is £164.0 million of receivables which are part of a debt factoring arrangement. These assets do not qualify for derecognition due to the recourse arrangements in place. The related liability is in short term borrowings.

Derivative financial instruments and risk management

The group risk management policy allows the use of currency and interest derivative instruments to manage its exposure to fluctuations in foreign exchange and interest rates. To the extent possible under IAS 39, these instruments are hedge accounted under that Standard.

The gain on hedged derivative contracts recognised in equity was £29.5 million. The loss on derivative contracts not eligible for hedging and recognised in the consolidated income statement was £1.1 million.

A 10% depreciation/appreciation of the foreign currency underlying such contracts would have resulted in an approximate additional gain/loss of £3.0 million in equity and a loss/gain of £0.1 million in the consolidated income statement.

Notes (continued)

34 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2011 £m	2010 £m	2009 £m
Less than one year	10.5	7.8	6.7
Between one and five years	18.9	14.9	12.4
More than five years	-	-	3.5
	29.4	**22.7**	**22.6**

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

Leases as lessor

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

	2011 £m	2010 £m	2009 £m
Less than one year	2.3	11.8	5.1
Between one and five years	0.3	0.2	0.2
More than five years	-	-	-
	2.6	**12.0**	**5.3**

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

Notes (continued)

35 Segment reporting

The JLR group operates in the automotive segment. The group has only one operating segment, so no separate segmental report is given.

The geographic spread of sales and assets is as disclosed below

31 March 2011	UK £m	US £m	China £m	Rest of Europe £m	Rest of World £m
Revenue	1,923.8	2,005.3	1,642.7	2,042.8	2,256.1
Segment assets	3,336.3	15.6	9.3	4.0	10.2
Capital expenditure	850.1	1.0	11.1	1.1	5.7

31 March 2010	UK £m	US £m	China £m	Rest of Europe £m	Rest of World £m
Revenue	1,536.7	1,266.7	635.2	1,666.0	1,422.7
Segment assets	2,874.1	15.4	0.6	5.4	16.6
Capital expenditure	744.6	4.3	0.3	0.6	1.5

31 March 2009	UK £m	US £m	China £m	Rest of Europe £m	Rest of World £m
Revenue	2,111.1	684.7	256.0	1,026.3	871.3
Segment assets	2,473.2	13.3	0.6	5.4	16.6
Capital expenditure	602.5	0.7	0.3	0.8	2.8

Notes (continued)

36 Related party transactions

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

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements for the year ended 31 March 2011.

	With associates 2011 £m	With immediate or ultimate parent 2011 £m
Sale of products	-	38.7
Services received	34.0	-
Trade and other receivables	-	5.5
Accounts payable	10.5	-
Loans given	-	434.9

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements for the year ended 31 March 2010.

	With associates 2010 £m	With immediate or ultimate parent 2010 £m	With associates 2009 £m	With immediate or ultimate parent 2009 £m
Sale of products	-	12.5	-	-
Services received	26.7	0.3	12.9	-
Loan transactions in the period	-	1,026.0	-	769.5
Trade and other receivables	3.6	0.6	-	-
Loans given	-	1,795.7	-	769.5

The following table summarises related party transactions and balances included in the consolidated financial statements for the year ended 31 March 2011:

Compensation of key management personnel

	2011 £m	2010 £m	2009 £m
Short term benefits	7.4	3.4	2.3
Post-employment benefits	0.3	0.2	0.3
	7.7	**3.6**	**2.6**

Notes (continued)

37 Ultimate parent company and parent company of larger group

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

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

38 Subsequent events

As part of the group's capital management and to ensure availability of long-term debt, the group has been identifying additional borrowing facilities.

On 19 May 2011, the company issued £1,000 million of listed bonds. The bonds are listed on the Euro MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

The bonds are fixed rate and £500 million denominated in GBP and £500 million denominated in USD. £750 million is due for repayment in 2018 and the remaining is due in 2021.

The bond funds raised will be used to repay both long and short term debt and provide additional cash facilities for the group.

Parent Company Balance Sheet
at 31 March 2011

	Note	2011 £m	2010 £m	2009 £m
Non-current assets				
Investments	*40*	1,874.8	1,605.2	1,605.2
Total non current assets		**1,874.8**	**1,605.2**	**1,605.2**
Current assets				
Cash and cash equivalents	*39*	3.7	0.9	0.1
Other Financial Assets	*41*	404.6	411.1	357.8
Total current assets		**408.3**	**412.0**	**357.9**
Total assets		**2,283.1**	**2,017.2**	**1,963.1**
Current liabilities				
Short term borrowings and current portion of long term debt	*43*	434.8	-	1,408.5
Total current liabilities		**434.8**	**-**	**1,408.5**
Non-current liabilities				
Long term debt	*43*	157.1	1,795.5	769.5
Total non current liabilities		**157.1**	**1,795.5**	**769.5**
Total liabilities		**591.9**	**1,795.5**	**2,178.0**
Equity attributable to equity holders of the parent				
Ordinary shares	*44*	1,500.6	644.6	283.6
Capital redemption reserve		166.7	-	-
Foreign currency on change to presentational currency		-	(371.2)	(462.0)
Accumulated reserves / (deficit)		23.9	(51.7)	(36.5)
Equity attributable to equity holders of the parent		**1,691.2**	**221.7**	**(214.9)**
Total liabilities and equity		**2,283.1**	**2,017.2**	**1,963.1**

These financial statements were approved by the board of directors on and were signed on its behalf by:

Director

Company registered number: 6477691

Parent Company Statement of Changes in Equity
For the year ended 31 March 2011

	Ordinary share Capital £m	Capital redemption reserve £m	Foreign currency on change to presentational currency £m	Accumulated reserves / (deficit) £m	Total Equity £m
Balance at 31 March 2010	644.6	-	(371.2)	(51.7)	221.7
Income / (loss) for the year	-	-	-	21.9	21.9
Foreign currency on change to presentational currency	-	-	371.2	-	371.2
Cancellation of redeemable preference shares	-	-	-	48.8	48.8
Issue of ordinary shares	856.0	166.7	-	4.9	1,027.6
Balance at 31 March 2011	**1,500.6**	**166.7**	**-**	**23.9**	**1,691.2**

	Ordinary share Capital £m	Capital redemption reserve £m	Foreign currency on change to presentational currency £m	Accumulated reserves / (deficit) £m	Total Equity £m
Balance at 31 March 2009	283.6	-	(462.0)	(36.5)	(214.9)
Loss for the year	-	-	-	(15.2)	(15.2)
Foreign currency on change to presentational currency	-	-	90.8	-	90.8
Issue of ordinary shares	361.0	-	-	-	361.0
Balance at 31 March 2010	**644.6**	**-**	**(371.2)**	**(51.7)**	**221.7**

Parent Company Cash Flow Statements
for the year ended 31 March 2011

	Year ended 31 March 2011 £m	Year 31 March 2010 £m
Cash flows from operating activities		
Net income / (loss)	**21.9**	(15.2)
Adjustments for:		
Finance income / (expense) (net)	**(21.9)**	12.8
Net cash from operating activities	**-**	(2.4)
Cash flows used in investing activities		
Finance income received	2.8	
Net cash used in investing activities	**2.8**	-
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**-**	370.3
Finance expense paid	**-**	(29.7)
Repayment of short term debt	**-**	(1,179.1)
Proceeds from issuance of long term debt	**-**	841.7
Net cash from financing activities	-	3.2
Net change in cash and cash equivalents	2.8	0.8
Cash and cash equivalents at beginning of year	0.9	0.1
Cash and cash equivalents at end of year	**3.7**	**0.9**

Notes (continued)

39 Cash and Cash equivalents

Cash and cash equivalents consist of the following:

	Year ended 31 March 2011 £m	Year ended 31 March 2010 £m	Year ended 31 March 2010 £m
Balances with banks	3.7	0.9	0.1
	3.7	**0.9**	**0.1**

40 Investments

Investments consist of the following:

	2011 £m	2010 £m	2009 £m
Unquoted equity investments, at cost	1,874.8	1,605.2	1,605.2
	1,874.8	**1,605.2**	**1,605.2**

The movement in investments in the period is due to the conversion of the functional currency of the company from USD to GBP. The company has not made any additional investments or disposals of investments in the year.

The company has the following investments in subsidiaries:

Subsidiary Undertaking	**Interest**	**Class of shares**	**Country of Incorporation and Registration**	**Principal activity**
Jaguar Cars Limited	100%	Ordinary shares	England and Wales	Manufacture and sale of motor vehicles
Land Rover	100%	Ordinary shares	England and Wales	Manufacture and sale of motor vehicles

Notes (continued)

40 Investments (continued)

The shareholdings above are recorded at acquisition values in the company's accounts. Details of the indirect subsidiary undertakings are as follows:

Name of Company	Interest	Class of shares	Country of incorporation and operation	Principal activity
Jaguar Cars Exports Limited	100%	Ordinary shares	England and Wales	Export sales
Land Rover Exports Limited	100%	Ordinary shares	England and Wales	Export sales
Jaguar Belgium N.V.	100%	Ordinary shares	Belgium	Distribution and sales
Jaguar Deutschland GmbH	100%	Ordinary shares	Germany	Distribution and sales
Jaguar Hispania SL	100%	Ordinary shares	Spain	Distribution and sales
Jaguar Italia SpA	100%	Ordinary shares	Italy	Distribution and sales
Jaguar Land Rover Austria GmbH	100%	Capital contribution €145,300	Austria	Distribution and sales
Jaguar Land Rover North America LLC	100%	Ordinary shares	USA	Distribution and sales
Jaguar Cars (South Africa) (Pty) Ltd	100%	Ordinary shares	South Africa	Dormant
Jaguar Cars Overseas Holdings Limited	100%	Ordinary shares	England and Wales	Holding company
The Jaguar Collection Limited	100%	Ordinary shares	England and Wales	Dormant
The Daimler Motor Company Limited	100%	Ordinary shares	England and Wales	Dormant
Daimler Transport Vehicles Limited	100%	Ordinary shares	England and Wales	Dormant
The Lanchester Motor Company	100%	Ordinary shares	England and Wales	Dormant
SS Cars Limited	100%	Ordinary shares	England and Wales	Dormant
Jaguar Land Rover Japan Limited	100%	Ordinary shares	Japan	Distribution and sales
Jaguar Land Rover Korea Group Limited	100%	Ordinary shares	Korea	Distribution and sales
Jaguar Land Rover Mexico SA de CV	100%	Ordinary shares	Mexico	Distribution and sales
Land Rover Group Limited	100%	Ordinary shares	England and Wales	Holding company
Jaguar Landrover Portugal-Veiculos e Pecas, Lda	100%	Ordinary shares	Portugal	Distribution and sales

Notes (continued)

40 **Investments** *(continued)*

Name of Company	Interest	Class of shares	Country of incorporation and operation	Principal activity
Land Rover Espana SL	100%	Ordinary shares	Spain	Distribution and sales
Land Rover Nederland BV	100%	Ordinary shares	Holland	Distribution and sales
Jaguar Land Rover Auto Trade (Shanghai) Co Ltd	100%	Ordinary shares	China	Distribution and sales
Jaguar Land Rover Australia Pty Limited	100%	Ordinary shares	Australia	Distribution and sales
Land Rover Belux SA/NV	100%	Ordinary shares	Belgium	Distribution and sales
Land Rover Ireland Limited	100%	Ordinary shares	Ireland	Distribution and sales
Land Rover Italia SpA	100%	Ordinary shares	Italy	Distribution and sales
Land Rover Deutschland GmbH	100%	Ordinary shares	Germany	Distribution and sales
Jaguar Land Rover Canada ULC	100%	Ordinary Shares	Canada	Distribution and sales
Jaguar Land Rover (South Africa) (Pty) Ltd	100%	Ordinary Shares	South Africa	Distribution and sales
Jaguar Land Rover France SAS	100%	Ordinary Shares	France	Distribution and sales
Jaguar Land Rover Brazil LLC	100%	Ordinary Shares	Brazil	Distribution and sales
Jaguar Land Rover	100%	Ordinary Shares	Russia	Distribution and sales
Land Rover Parts Limited	100%	Ordinary Shares	England and Wales	Distribution and sales
Land Rover Parts NA LLC	100%	Ordinary Shares	USA	Distribution and sales

In addition, the group has the following investments:

Jaguar Land Rover Schweiz AG	10% interest in the ordinary share capital
Jaguar Cars Finance Limited	49.9% interest in the ordinary share capital

The principal activity of Jaguar Land Rover Schweiz AG is the sale of automotive vehicle and parts. The principal activity of Jaguar Cars Finance Limited was the provision of credit finance. The company has been dormant in the period covered by these accounts.

Notes (continued)

41 Other financial assets

	2011 £m	2010 £m	2009 £m
Receivables from subsidiaries	404.6	411.1	357.8

42 Deferred tax assets and liabilities

The company has no deferred tax assets or liabilities either recognised or unrecognised.

43 Interest bearing loans and borrowings

	2011 £m	2010 £m	2009 £m
Others:			
Bank loans	-	-	1,408.5
Redeemable preference shares classed as debt	157.1	1,795.5	769.5
Loans from parent	434.8	-	-
	591.9	**1,795.5**	**2,178.0**
Less:			
Current portion of bank loan	-	-	(1,408.5)
Current portion of parent loan	(434.8)	-	-
Long term debt	**157.1**	**1,795.5**	**769.5**
Held as long term debt	157.1	1,795.5	1,795.5

Preference shares classified as debt

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend is payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the par value of each share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. On redemption, the company shall pay the par value per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

The dividend on the preference shares has been waived by the shareholder in the current and preceding year.

The contractual cash flows of interest bearing debt and borrowings as of 31 March 2011 is set out below, including estimated interest payments and excluding the effect of netting agreements. The analysis assumes the annual coupon rate of 7.25% will not be paid on the preference shares each year and the debt will be repaid at the maturity date.

Notes (continued)

43 *Interest bearing loans and borrowings (continued)*

	2011 £m	2010 £m	2009 £m
Due in			
1 year or less	434.8	-	1,408.5
1 to 2 years	-	-	-
2 to 5 years	-	-	-
More than 5 years	157.1	1,795.5	769.5
	591.9	**1,795.5**	**2,178.0**

Notes (continued)

44 Capital and reserves

	2011 £m	2010 £m	2009 £m
Allotted, called up and fully paid			
1,500,600,000 (2010 and 2009: Nil) ordinary shares of £1 each	1,500.6	-	-
157,100,000 (2010 and 2009: Nil) 7.25% preference shares of £1 each	157.1	-	-
Nil, (2010: 1,001,284,322, 2009: 471,284,322) Ordinary shares of USD $1 each	-	644.6	283.6
Nil, (2010: 27,222,877, 2009: 11,015,000) 7.25% non cumulative preference shares of USD $100	-	1,795.5	769.5
	1657.7	**2440.1**	**1,053.1**
Held as equity	1,500.6	644.6	283.6
Held as debt	157.1	1,795.5	769.5

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The holders of the preference shares are entitled to be paid out of the profits available for distribution of the company in each financial year a fixed non-cumulative preferential dividend of 7.25% per annum. The preference share dividend shall be payable in priority to any payment to the holders of other classes of capital stock.

On a return of capital on liquidation or otherwise, the assets of the company available for distribution shall be applied first to holders of preference shares the sum of $100 per share together with a sum equal to any arrears and accruals of preference dividend.

The company may redeem the preference shares at any time, but must do so, not later than ten years after the date of issue. On redemption, the company shall pay $100 per preference share and a sum equal to any arrears or accruals of preference dividend.

Preference shares contain no right to vote upon any resolution at any general meeting of the company.

Movements in share capital of the company

On 31 May 2010, 792,000 USD $100 preference shares were cancelled.

On November 5 2010, 2,890,000 USD $100 were cancelled and converted into short term debt.

On 31 March 2011, the remaining USD preference shares and USD ordinary shares were converted into the GBP ordinary shares and preference shares. A capital contribution reserve was set up as a result of this reorganisation.

Due to the conversion of the share capital of the company, the functional currency changed from USD to GBP.

45 Dividends

During 2011, 2010 and 2009, no dividends were paid or proposed on the ordinary shares. No dividend was paid or proposed on the non-cumulative preference shares.

Notes (continued)

46 Commitments and contingencies

The company does not have any commitments or contingencies.

47 Capital management

The company's objectives for managing capital are to create value for shareholders, to safeguard business continuity and support the growth of the company.

The company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through a mixture of equity, convertible or non-convertible debt securities and other long-term/short-term borrowings. The company's policy is aimed at combination of short-term and long-term borrowings.

The company monitors the capital structure on basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the company.

Total debt includes all long and short-term debts and finance lease payables. Equity comprises all components excluding loss on cash flow hedges and foreign currency translation reserve.

The following table summarises the capital of the company:

	2011 £m	**2010 £m**	**2009 £m**
Equity	1,691.2	221.7	(214.9)
Short term debt	434.8	-	1,408.5
Long term debt	157.1	1,795.5	769.5
Total debt	**591.9**	**1,795.5**	**2,178.0**
Total capital (debt and equity)	**2,283.1**	**2,017.2**	**1,963.1**

Notes (continued)

48 Financial instruments

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

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

(a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2011:

Financial assets

	Cash and loans and receivables £m	**Total carrying value £m**	**Total fair value £m**
Cash and cash equivalents	3.7	3.7	3.7
Other financial assets - current	404.6	404.6	404.6
	408.3	408.3	408.3

Financial liabilities

	Other financial liabilities £m	**Total carrying value £m**	**Total fair value £m**
Short-term	434.8	434.8	434.8
Long-term debt	157.1	157.1	157.1
	591.9	591.9	591.9

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2010:

Financial assets

	Cash and loans and receivables £m	**Total carrying value £m**	**Total fair value £m**
Cash and cash equivalents	0.9	0.9	0.9
Other financial assets - current	411.1	411.1	411.1
	412.0	412.0	412.0

Notes (continued)

48 Financial Instruments (continued)

Financial liabilities

	Other financial liabilities £m	Total carrying value £m	Total fair value £m
Long-term debt	1,795.5	1,795.5	1,795.5

Fair value hierarchy

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

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category mainly includes quoted equity shares, quoted corporate debt instruments and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes

1. The short term financial assets and liabilities are stated at amortised 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 realised in a sales transaction as of respective dates. The estimated fair value amounts as of March 31, 2011 and 31 March 2010 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) Cash flow hedging

As at March 31, 2011 and 31 March 2010, there are no designated cash flow hedges.

(c) Financial risk management

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

The company has a risk management policy which not only covers the foreign exchange risks but also the 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 to the company's business plan.

Achieve greater predictability to earnings – by determining the financial value of the expected earnings in advance.

Notes (continued)

48 Financial Instruments (continued)

(d) Market risk

Market risk is the risk of any loss in future earnings in realisable 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.

(i) Foreign currency exchange rate risk:

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

The company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in the GBP:US Dollar rate as the company has USD assets and liabilities and a GBP functional currency.

The following analysis has been worked out based on the gross exposure as of the Balance Sheet date which could affect the income statement.

The following table set forth information relating to foreign currency exposure below as of 31 March 2011:

	US Dollar £m
Financial assets	434.8
Financial liabilities	(154.6)
Net exposure asset	280.2

10% appreciation/ depreciation of the USD would result in an increase/ decrease in the company's net profit before tax and net assets by approximately £25.5 million.

The following table set forth information relating to foreign currency exposure as of 31 March 2010:

	US Dollar £m
Financial assets	411.1
Financial liabilities	(1,795.5)
Net exposure liability	(1,384.4)

10% weakening/strengthening of the Euro, USD and Yen would result in a decrease/increase in the company's net loss before tax and net assets by approximately £138.4 million for the year ended 31 March 2010.

(e) Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the cash flows as well as costs.

The company is subject to variable interest rates on some of its interest bearing liabilities. The company's interest rate exposure is mainly related to debt obligations. The company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like preference shares and short term loans.

Notes (continued)

48 Financial instruments (continued)

As of 31 March 2011 net financial assets of £411.1 million *(2010: £404.6 million)* were subject to the variable interest rate. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £4.1 million (2009: £4.0 million).

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

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

This analysis assumes that all other variables, in particular foreign currency rates, remain constant

(f) 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 of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was £408.3 million *(2009: £412.0 million)*, being the total of the carrying amount of cash balance with banks and other finance receivables.

Financial assets that are neither past due nor impaired

None of the company's cash equivalents or other financial receivables, including time deposits with banks, are past due or impaired.

49 Related party transactions

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

The following table summarises related party transactions and balances not eliminated in the consolidated financial statements for the year ended 31 March 2011.

	With subsidiaries	**With immediate parent**	With subsidiaries	With immediate parent
	2011	**2011**	2010	2010
	£m	**£m**	£m	£m
Loans from parent	-	591.9	-	1,795.5
Loans to subsidiaries	404.6	-	411.1	-

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

Apart from the directors, the company did not have any employees and had no employee costs.

Notes (continued)

50 Ultimate parent company and parent company of larger group

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

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