TML HOLDINGS PTE. LTD.

TML HOLDINGS PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS

(Incorporated in Singapore)
(Registration Number: 200802595C)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31-March-23

TML HOLDINGS PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS

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TML
HOLDINGS PTE LIMITED

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements for the financial year ended 31 March 2023 (the "financial year").

In the opinion of the directors:

a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 11 to 76 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 31 March 2023; and

b) as at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Kottamasu Venkateswara Rao
Ajit Chandrashekar Prabhu
Maloy Kumar Gupta
Dhiman Gupta
Namrata Divekar

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and company in which interest is held	Shareholding registered in the name of director	
	At beginning of year	At end of year
Tata Motors Limited		
1) Ordinary shares of Indian Rupees 2 each		
-Kottamasu Venkateswara Rao	1,508	1,508
-Maloy Kumar Gupta	Nil	Nil
-Dhiman Gupta	Nil	Nil
-Namrata Divekar	100	100
-Ajit Chandrashekar Prabhu	Nil	Nil
2) "A" ordinary shares of Indian Rupees 2 each		
-Maloy Kumar Gupta	Nil	Nil
-Dhiman Gupta	Nil	Nil

TML Holdings Pte Limited
Registered Office 78 Shenton Way # 17-01/02 Singapore 079120
Tel +65 6220 9718 # 301 Fax +65 6226 2130

-Namrata Divekar	250	250
-Ajit Chandrashekar Prabhu	Nil	Nil

4 **SHARE OPTIONS**

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of options to take up unissued shares.

(c) *Unissued shares under options*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 **AUDITORS**

The auditors, KPMG LLP have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Maloy Kumar Gupta

....
Namrata Divekar

Date: June 27, 2023

KPMG LLP
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Members of the Company
TML Holdings Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TML Holdings Pte. Ltd. ('the Company') and its subsidiary corporations ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 76.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters: including our assessment of risks of material statement

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	The risk	Our response
Going Concern *Refer to note 2*	**Disclosure quality:** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and the parent Company's business model, in particular risks associated with semi-conductor shortages, and how those risks might affect the Group and parent Company's financial resources or ability to continue operations over the going concern period of assessment (a period of at least a year from the date of approval of the financial statements). The risks most likely to adversely affect the Group and parent Company's available financial resources and compliance with covenant thresholds over this period are: • The impact of semiconductor shortages on the Group's supply chain and production capacity risks	We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity or covenant issue, taking into account the Group's current and projected cash and facilities (a reverse stress test). Our procedures also included: • **Assessment of management's process:** Inspected management's process to produce forecasts, including the assessment of internal and external factors used to determine the risks to the business, and the process management used to complete the reverse stress test. • **Funding assessment:** Agreed current Group and parent Company financing facilities available by obtaining relevant facility agreements. Inspected existing and new loan agreements in order to determine covenants attached and recalculated the forecast covenant calculations based on the terms of the Group's borrowing facilities.

	• The diminishing impacts of the COVID-19 pandemic and the impact of inflationary pressures on material costs. The risk for our audit was whether or not those risks were such that they amount to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to be disclosed.	• **Key dependency assessment:** Evaluated and critically challenged management on whether the key assumptions underpinning the forecast cash flows, which the Directors have used to support the Directors' going concern basis of preparation and to assess whether the Group can meet its financial commitments as they fall due, were realistic, achievable and consistent with the external environment and other matters identified in the audit. The key assumptions include sales volumes, including the variable profit optimisation strategy, together with material cost inflation in variable profit. • **Historical comparisons:** Evaluated the historical cash flow forecasting accuracy of the Group by comparing historical cash flows to actual results reported, as well as assessing the accuracy of key assumptions previously applied. • **Benchmarking assumptions:** Assessed the appropriateness of the Group's key assumptions used in the cash flow forecasts by benchmarking them to externally derived data, with particular focus on forecast sales volumes. • **Sensitivity analysis:** Considered sensitivities over the key assumptions underlying the Group's cash flow forecasts and their impact on the covenant test and the level of available financial resources. • **Our sector experience:** We used our industry specialists to critically challenge the key assumptions made by the Directors in their forecast cash flows.

		• **Assessing transparency:** Considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.
Impairment of property plant and equipment, intangible, and right-of-use non-current assets *Carrying value of property plant and equipment, intangible, and right-ofuse non-current assets £11,120 million; (31 March 2022: £11,811 million)* *Refer to note 11*	**Forecast-based assessment** The Group holds a significant amount of property, plant and equipment, intangible assets and right-of-use assets on its balance sheet and the cash generating unit of which these assets form a part is at risk of being impaired. In particular, there are execution risks associated with the Group's transition to Battery Electric Vehicles ('BEV') resulting from its previously announced 'Reimagine' strategy. In addition, there are other headwinds facing the Group and the industry, including the continuation of semi-conductor and other supply constraints, production constraints, cost inflationary pressures, COVID related lockdowns and the conflict in Ukraine. Collectively these risks relate to the key assumptions of volumes and variable profit. It is also important to consider the effect of this economic uncertainty on the discount rate.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: • **Historical accuracy:** Evaluated historical forecasting accuracy of discounted cash flow forecasts, including key assumptions, by comparing them to the actual results. Key assumptions include volumes, variable profit, execution risk adjustments and discount rate. • **Historical comparison:** Assessed the appropriateness of the Group's key assumptions used in the discounted cash flow forecasts by comparing those, where appropriate, to historical trends. • **Our industry expertise:** Assessed the appropriateness of the Group's estimated value in use amount by comparing the implied trading multiples to market multiples of comparative companies with the assistance of our valuation specialists. Assessed and critically challenged the appropriateness of the Group's assumptions used in the cash flow projections by comparing a key assumption of sales volumes to externally derived data.

	The effect of these matters is that, as part of our risk assessment, we determined that the calculation of the value in use of property, plant and equipment, intangible assets, and right-of-use assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	Compared the Group's discount rate and long-term growth rate to external benchmark data and comparative companies and re-performed the discount rate calculation using the capital asset pricing model with the assistance of our valuation specialists. • **Sensitivity analysis:** Performed a sensitivity analysis on key assumptions, to independently estimate a range for comparison, taking account of the Group's Reimagine strategy and risks facing the industry. • **Comparing valuations:** Assessed the Group's reconciliation between the estimated market capitalisation of the Group, by reference to the overall market capitalisation of the Tata Motors Limited Group and compared to the estimated recoverable amount of the cash generating unit. • **Update to period end:** Assessed whether there had been a significant effect on management's VIU measurement after the date of the impariment test (31 January 2023) but before the end of the reporting period. • **Impairment reversal:** Assessed whether the Group's estimated value in use was indicative of an impairment reversal. • **Assessing transparency:** Assessed whether the Group's disclosures about the sensitivity relating to key assumptions on the valuation of property, plant and equipment, intangible assets, and right-of-use non-current assets are adequate.

Capitalisation of product engineering costs *£729 million; (2022: £462 million)* *Refer to note 30*	**Accounting treatment** The Group has historically capitalised a high proportion of product development cost and there is a key judgement in determining whether the nature of the product engineering costs satisfy the criteria for capitalisation to 'Intangible Assets, Product Development In Progress' and when this capitalisation should commence. The judgement of when capitalisation should commence requires the satisfaction of a number of SFRS(I) 1-38 capitalisation criteria and a key judgement in assessing whether development projects will generate probable future economic benefit. There are more projects meeting the capitalisation gateway in the current year as the Group's product development spend is increasingly incurred in relation to its transition to Battery Electric Vehicles (BEV) resulting from its previously announced "Reimagine" strategy. This has elevated this risk in relation to the timing of capitalisation judgement. It is also noted that there is a risk of fraud around the allocation of directly attributable expenditure to the correct project codes to ensure appropriate costs are being capitalised.	Our procedures included: • **Control operation:** Tested controls including in relation to the Directors' assessment as to whether product engineering costs are eligible for capitalisation. • **Personnel interviews:** Corroborated judgements made by the Directors around the timing of commencement of capitalisation of product engineering costs through discussions with project level staff. • **Our sector experience:** Critically assessed the Directors' judgements regarding product engineering costs identified by the Directors as being eligible for capitalisation against both the accounting standards and our experience of practical application of these standards in other companies. • **Consider alternatives:** Critically assessed internal consistency between assumptions used in the Group's assessment of economic viability on key development projects and assumptions used in cash flow forecasts in calculation of Group's value in use assessed through our response to the significant risk of 'Impairment of property plant and equipment, intangible, and right-of use noncurrent assets.

	The financial statements (page 28) disclose that had the value of central overheads not been identified by the Directors as being eligible for capitalisation it would have reduced the amount capitalised by £77 million (2022: £52 million).	• **Tests of details:** For a sample of product engineering costs identified by the Directors as being eligible for capitalisation, agreed that their nature was consistent with the description of the account to which those costs were recorded, and the timing of recognition was appropriate. In addition, we inspected any reallocations from accounts ineligible for capitalisation to accounts that are eligible as capitalised project engineering costs, which we would consider to meet the criteria of a high risk journal, and obtained evidence to confirm appropriateness. • **Assessing transparency:** Assessed the adequacy of the Group's disclosures in respect of the key judgements made relating to the nature of the costs capitalised and the point at which capitalisation commences.
Valuation of defined benefit plan obligations *£5,089 million (2022: £7,522 million)* *Refer to note 22*	**Subjective valuation** Small changes in the key assumptions and estimates, being the discount rate, RPI, CPI and mortality/life expectancy, used to value the Group's pension obligation (before deducting scheme assets) would have a significant effect on the amount of the Groups' net defined benefit plan obligation asset. The risk is that these assumptions are inappropriate resulting in an inappropriate valuation of plan obligations.	Our procedures included: • **Control Operation:** Tested controls over the assumptions applied in the valuation and inspected the Group's annual validation of the assumptions used by its actuarial expert. Tested the Group's controls operating over selection and monitoring of its actuarial expert for competence and objectivity. • **Benchmarking assumptions:** Challenged, with the support of our own actuarial specialists, the key assumptions applied to the valuation of the liabilities, being the discount rate, inflation rate and mortality/ life expectancy against externally derived data.

	The effect of these matters is that, as part of our risk assessment, we determined that valuation of the pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 22) disclose the sensitivity estimated by the Group.	• **Assessing actuaries' credentials:** Evaluating the competency, capability and objectivity of the Group's external experts who assisted in determining the actuarial assumptions used to determine the defined benefit obligation. • **Assessing transparency:** Considered the adequacy of the Group's disclosures in respect of the sensitivity of the Groups' net defined benefit plan asset to these assumptions.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained Directors' statement prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Gerald Low Gin Cheng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 June 2023

TML HOLDINGS PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF FINANCIAL POSITION
As at 31 MARCH 2023

(£ millions)

	Note	Group 31-March-23	Group 31-March-22	Company 31-March-23	Company 31-March-22
ASSETS					
Current assets					
Cash and cash equivalents	4	**3,922**	4,382	**179**	96
Short-term deposits		**124**	177	**19**	-
Trade receivables		**1,041**	751	**-**	-
Other financial assets	6	**409**	416	**29**	18
Inventories	7	**3,424**	2,965	**-**	-
Other current assets	8	**611**	517	**-**	-
Current income tax assets		**16**	20	**-**	-
Assets classified as held-for-sale	33	**85**	4	**1**	-
Total current assets		**9,632**	**9,232**	**228**	**114**
Non-current assets					
Other financial assets	6	**257**	225	**105**	37
Property, plant and equipment	9	**5,869**	6,362	**-**	-
Intangible assets	10	**4,609**	4,874	**-**	-
Right-of-use asset	12	**642**	575	**-**	-
Investment in equity accounted investees	13	**329**	321	**-**	-
Investment in subsidiary corporations	14	**-**	-	**1,913**	1,916
Other Investment	15	**43**	30	**-**	-
Pension assets	22	**659**	434	**-**	-
Other non-current assets	8	**75**	36	**-**	-
Deferred tax assets	16	**373**	357	**-**	-
Total non-current assets		**12,856**	13,214	**2,018**	1,953
Total assets		**22,488**	22,446	**2,246**	2,067
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings	17	**1,608**	1,830	**97**	-
Accounts payable	18	**6,022**	5,320	**18**	17
Other financial liabilities	19	**940**	888	**12**	10
Provisions	20	**1,100**	997	**-**	-
Other current liabilities	21	**559**	698	**-**	-
Current income tax liabilities		**111**	116	**-**	-
Liability directly associated with Assets held-for-sale	33	**21**	-	**-**	-
Total current liabilities		**10,361**	9,849	**127**	27
Non-current liabilities					
Long-term borrowings	17	**5,656**	6,191	**1,034**	943
Other financial liabilities	19	**1,147**	877	**19**	1
Provisions	20	**1,104**	1,127	**-**	-
Other non-current liabilities	21	**487**	405	**-**	-
Employee benefit obligations	22	**22**	25	**-**	-
Deferred tax liabilities	16	**128**	105	**-**	-
Total non-current liabilities		**8,544**	8,730	**1,053**	944
Total liabilities		**18,905**	18,579	**1,180**	971

TML HOLDINGS PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF FINANCIAL POSITION (cont'd)
As at 31 MARCH 2023

(£ millions)

	Note	Group		Company	
		31-March-23	31-March-22	**31-March-23**	31-March-22
Equity					
Share capital	23	**1,628**	1,628	**1,628**	1,628
Reserves		**1,962**	2,246	**(562)**	(532)
Equity attributable to owners of the Company		**3,590**	3,874	**1,066**	1,096
Non-controlling interests		**(7)**	(7)	**-**	-
Total equity		**3,583**	3,867	**1,066**	1,096
Total liabilities and equity		**22,488**	22,446	**2,246**	2,067

* Amount is less than £1 million.

See accompanying notes to financial statements.

TML HOLDINGS PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

		(£ millions)	
		Group	
		Year ended March 31	
	Note	**2023**	2022
Revenues	25	**23,416**	18,876
Change in inventories of finished goods and work-in-progress		**496**	(255)
Purchase of products for sale		**(1,501)**	(1,398)
Material and other cost of sales	26	**(13,421)**	(9,968)
Employee cost	28	**(2,612)**	(2,344)
Exceptional items	27	**161**	(43)
Depreciation and amortisation		**(2,056)**	(1,957)
Other expenses	29	**(4,812)**	(3,763)
Engineering costs capitalised	30	**729**	462
Other income (net)		**258**	191
Foreign exchange (loss)/gain and fair value adjustments		**(118)**	151
Finance income	31	**72**	10
Finance expense (net)	31	**(555)**	(411)
Share of gain/(loss) from equity accounted investees	13	**15**	(18)
Profit/(loss) before income tax		**72**	(467)
Income tax expense	32	**(162)**	(371)
Loss for the year		**(90)**	(838)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)
FOR THE YEAR ENDED 31 MARCH 2023

			(£ millions)
		Group	
	Note	**31-March-23**	31-March-22
Loss for the year		**(90)**	(838)
Items that will not be reclassified subsequently to profit or loss :			
Remeasurement (losses)/gains on defined benefit obligations (net)		**(15)**	707
Income tax relating to items that will not be reclassified subsequently	16	**4**	(92)
		(11)	615
Items that may be reclassified subsequently to profit or loss :			
Loss on cash flow hedges (net)		**(124)**	(896)
Currency translation differences		**13**	16
Income tax relating to items that may be reclassified subsequently	16	**(108)**	204
		(219)	(676)
Other comprehensive expenses for the year, net of tax		**(230)**	(61)
Total comprehensive expenses for the year		**(320)**	(899)
Loss attributable to:			
Owners of the Company		**(90)**	(834)
Non-controlling interests		**-**	(4)
		(90)	(838)
Total comprehensive expenses attributable to:			
Owners of the Company		**(320)**	(895)
Non-controlling interests		**-**	(4)
		(320)	(899)

See accompanying notes to financial statements.

TML HOLDINGS PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

Group

(£ millions)

	Share capital	Capital reserve on currency conversion	Capital reserve	Currency translation reserve	Hedging reserve	Cost of hedging reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		Reserves									
	(Note 23)	(Note 24)	(Note 24)								
Balance at 1 April 2021	1,628	(206)	(165)	(342)	136	-	28	3,571	4,650	2	4,652
Total comprehensive (expense)/income for the year											
-Loss for the year	-	-	-	-	-	-	-	(834)	(834)	(4)	(838)
-Other comprehensive (expense)/income for the year (net of tax)	-	-	-	15	(696)	4	-	615	(62)	-	(62)
Total comprehensive (expense)/income for the year	-	-	-	15	(696)	4	-	(219)	(896)	(4)	(900)
Amounts removed from hedging reserve and recognised in inventory	-	-	-	-	134	13	-	-	147	-	147
Income tax related to amounts removed from hedging reserve and recognised in inventory	-	-	-	-	(25)	(2)	-	-	(27)	-	(27)
Disposal of subsidiaries										(5)	(5)
Balance as at March 31, 2022	1,628	(206)	(165)	(327)	(451)	15	28	3,352	3,874	(7)	3,867
Total comprehensive (expense)/income for the year											
-Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(90)**	**(90)**	**-**	**(90)**
-Other comprehensive income/(expense) for the year (net of tax)	**-**	**-**	**-**	**13**	**(133)**	**(99)**	**-**	**(11)**	**(230)**	**-**	**(230)**
Total comprehensive income/(expense)	**-**	**-**	**-**	**13**	**(133)**	**(99)**	**-**	**(101)**	**(320)**	**-**	**(320)**
Amounts removed from hedging reserve and recognised in inventory	**-**	**-**	**-**	**-**	**40**	**5**	**-**	**-**	**45**	**-**	**45**
Income tax related to amounts removed from hedging reserve and recognised in inventory	**-**	**-**	**-**	**-**	**(8)**	**(1)**	**-**	**-**	**(9)**	**-**	**(9)**
Balance as at March 31, 2023	**1,628**	**(206)**	**(165)**	**(314)**	**(552)**	**(80)**	**28**	**3,251**	**3,590**	**(7)**	**3,583**

TML HOLDINGS PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

Company **(£ millions)**

	Share capital	Reserve: Capital reserve on Equity Currency Conversion	Reserve: Capital reserve	Reserve: Hedging Reserve	Reserve: Cost of Hedging Reserve	Reserve: Accumulated losses	Total equity
	(Note 23)		(Note 24)				
Balance at 1 April 2021	1,628	(206)	(20)	- *	(1)	(275)	1,126
Total comprehensive (expense)/income for the year							
-Loss for the year	-	-	-	-	-	(29)	(29)
Other comprehensive (expense)/income for the year	-	(1)	-	4	(4)	-	(1)
Balance as at 31 March 2022	1,628	(207)	(20)	4	(5)	(304)	1,096
Total comprehensive expense for the year							
-Loss for the year	-	-	-	-	-	**(39)**	**(39)**
-Other comprehensive (expense)/income for the year (net of tax)	**-**	**-**	**-**	**52**	**(43)**	**-**	**9**
Balance as at 31 March 2023	**1,628**	**(207)**	**(20)**	**56**	**(48)**	**(343)**	**1,066**

* Amount is less than £1 million.

See accompanying notes to financial statements.

TML HOLDINGS PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	(£ millions)	
	Group	
	31-March-23	31-March-22
Cash flow from operating activities		
Profit/(loss) before tax for the year	**72**	(467)
Adjustments for:		
Depreciation and amortisation	**2,056**	1,957
Exceptional items	**(161)**	43
Loss/(profit) on disposal of assets	**10**	(1)
Write down of tangible/intangible assets	**-**	12
Unrealised loss/(gain) on commodities*	**163**	(48)
Finance expense	**555**	411
Finance income	**(72)**	(10)
Foreign exchange on debt, derivatives and balance sheet revaluation*	**15**	32
Fair value adjustments in relation to assets held for sale	**26**	-
Fair value gain on equity investment	**(9)**	(4)
Share of loss from equity accounted investees	**(15)**	18
Cash flows before movements in working capital	**2,640**	**1,943**
Trade receivables and other assets*	**(453)**	(271)
Other financial assets	**166**	7
Inventories	**(496)**	183
Accounts payable, other liabilities and retirement benefit obligations*	**700**	(800)
Other financial liabilities	**12**	(109)
Provisions	**41**	(346)
Cash generated from operations	**2,610**	607
Income tax paid	**(239)**	(137)
Net cash generated from operating activities	**2,371**	470

TML HOLDINGS PTE. LTD. AND ITS SUBSIDIARY CORPORATIONS

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE YEAR ENDED 31 MARCH 2023

	(£ millions)	
	Group	
	31-March-23	31-March-22
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(636)**	(725)
Purchase of other investment *	**(8)**	(4)
Proceeds from sale of property, plant and equipment	**7**	7
Cash outflow relating to intangible asset expenditure	**(762)**	(484)
Investment in short-term deposits and other investments	**(868)**	(1,104)
Redemption of short-term deposits and other investments*	**933**	2,165
Movements in other restricted deposits *	**(3)**	(2)
Disposal of subsidiary (net of cash received)	**2**	(10)
Interest received	**62**	7
Purchases of other assets acquired with view to resale	**(24)**	-
Net cash used in investing activities	**(1,297)**	(150)
Cash flows used in financing activities		
Finance expense and fees paid	**(543)**	(446)
Proceeds from issuance of long-term debt	**391**	1,735
Proceeds from issuance of short-term debt	**1,290**	680
Repayment of short-term debt	**(2,477)**	(719)
Payment of lease liabilities	**(72)**	(71)
Repayment of long-term debt	**(225)**	(1,114)
Net cash (used in)/generated from financing activities	**(1,636)**	65
Net (decrease)/increase in cash and cash equivalents	**(562)**	385
Cash and cash equivalents at beginning of period	**4,382**	3,897
Effect of foreign exchange on cash and cash equivalents	**102**	100
Cash and cash equivalents at end of the year	**3,922**	4,382

See accompanying notes to financial statements.

*The comparatives for the year ended 31 March 2022 have been represented to align with presentation changes for the year ended 31 March 2023, to combine foreign exchange on debt, derivatives and balance sheet revaluation into a single line; and to group certain working capital movements. This has not resulted in any change to reported 'cash flows from operating activities before changes in assets and liabilities' or 'cash generated from/(used in) operations'.

1 General

TML Holdings Pte. Ltd. ("the Company") and its subsidiary corporations are collectively referred to as ("the Group"). The Company (Registration No.200802595C) is incorporated in Singapore with its principal place of business and the registered office at 78 Shenton Way, # 14-02, Singapore 079120. The financial statements are expressed in Pound Sterling (£) and rounded to the nearest million £ (£ million) unless otherwise stated.

The principal activity of the Company is that of investment holding. The subsidiary corporations held by the Company include Jaguar Land Rover Automotive plc since date of incorporation and Tata Daewoo Commercial Vehicle Co. Ltd, Tata Motors (Thailand) Ltd, Tata Motors (SA) (Proprietary) Ltd and PT Tata Motors Indonesia which were acquired from its holding Company, Tata Motors Limited during 2014 and 2015.

The principal activities of joint ventures, associates and subsidiary corporations are disclosed in Note 13 and 14 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2023 were authorised for issue by the Board of Directors on 27 June 2023.

2 Summary of significant accounting policies

a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis except for certain financial instruments which are measured at fair value, and are drawn up in accordance with the Singapore Financial Reporting Standards (International) SFRS(I).

Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Going concern

The financial statements have been prepared on a going concern basis, which management considers to be appropriate for the reasons set out below.

Management has assessed the financial position of the Company and the Group as at 31 March 2023, and the projected cash flows of the Company and the Group for the twelve-month period from the date of authorisation of the financial statements (the 'Going Concern Assessment Period').

<u>Assessment for the Company</u>

The Company had a surplus net assets of £1,066 million, net working capital of £101 million as at 31 March 2023 and incurred a loss before taxation of £39 million in the financial year ended 31 March 2023.

The Company had cash and cash equivalent of £179 million as at 31 March 2023**.** The Company raised US$375 million loan notes in Q3 FY 2023 to refinance its existing debt and for general corporate purpose. Cash is adequate to pay expenses and interest up to June 2024.

Further the Company has fully paid US$225 million bond before its maturity in Q3 FY 2023. Therefore, management considers, after making appropriate assessments and taking into consideration the risks and uncertainties facing the Company, that the Company has sufficient financial resources available to it at the date of approval of these financial statements and that it will be able to continue as a going concern in the foreseeable future.

<u>Assessment for significant subsidiary, Jaguar Land Rover ('JLR')</u>

JLR had available liquidity of £5.3 billion at 31 March 2023, including £3.8 billion of cash and the Group's undrawn £1.52 billion revolving credit facility, which was renewed on 16 December 2022 with a maturity date of April 2026. There is a £1 billion minimum quarter-end liquidity covenant in the Group's UKEF loans and RCF facility over the going concern assessment period. There is £1.4 billion of maturing debt in the going concern assessment period, comprising UKEF and CNY loan repayments and EUR bond repayments, and no new funding is assumed. Net debt was reduced by £0.2bn in the year as the Group continues to take actions to reduce net debt in the future.

JLR has assessed its projected cash flows over the going concern assessment period. This base case uses the most recent Board of Directors approved forecasts that include the going concern assessment period taking into account the JLR's expectations of improved semiconductor supply, optimisation of production to prioritise the highest margin products along with the expectations relating to prevailing economic conditions, including the impact of inflationary pressures on material costs and environmental, social and governance ("ESG") commitments.

The base case assumes a steady improvement in wholesale volumes, with associated increases in EBIT, in the going concern assessment period compared to the previous 12 months as semiconductor supply related production constraints are expected to progressively ease, supported by new partnership agreements with key semiconductor suppliers.

JLR has carried out a reverse stress test against the base case to determine the decline in wholesale volume over a 12-month period that would result in a liquidity level that breaches the £1 billion liquidity financial covenant. The reverse stress test assumes continued supply constraints over the 12-month period and optimisation of production to maximise production of higher margin products.

In order to reach a liquidity level that breaches covenants in Q4 of FY24, it would require a sustained decline in wholesale volumes of more than 65% compared to the base case over a 12-month period. The reverse stress test reflects the variable profit impact of the wholesale volume decline, and assumes all other assumptions are held in line with the base case. It does not reflect other potential upside measures that could be taken in such a reduced volume scenario or any new funding.

JLR does not consider this scenario to be plausible given that the stress test volumes are significantly lower than the volumes seen during both the peak of the COVID-19 pandemic and the worst quarter of semiconductor shortages. JLR has a strong order bank as at 31 March 2023 and is confident that it can significantly exceed reverse stress test volumes.

JLR has also considered the impact of severe but plausible downside scenarios, including scenarios that reflect a decrease in variable profit per unit compared with the base case to include additional increases in material costs as a result of inflationary increases and other related production costs. The expected wholesale volumes under all of these scenarios are higher than under the reverse stress test.

Management, after making appropriate enquiries and taking into consideration the risks and uncertainties facing JLR, considers that JLR has adequate financial resources to continue in operational existence throughout the Going Concern Assessment Period, meeting its liabilities as they fall due. Accordingly, management continues to adopt the going concern basis in preparing these consolidated financial statements.

Measurement of fair values

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 quoted prices in an active market includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets and liabilities;

- Level 2 valuation techniques with observable inputs hierarchy includes financial assets and liabilities measured using input 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); and

- Level 3 valuation techniques with significant unobservable inputs include financial assets and liabilities measured using inputs that are not based on observable market data. 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.

Use of estimates and judgements
The preparation of financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Those that are significant to the Group are discussed separately below. Note 11 provides further details of the impairment testing, including disclosing additional sensitivities performed.

(i) Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition: The Group uses judgement to determine when control of its goods, primarily vehicles and parts, pass to the customer. This is assessed with reference to indicators of control, including the risks and rewards of ownership and legal title with reference to the underlying terms of the customer contract. Refer to note 2(c) (Revenue recognition) for further information.

Assessment of cash-generating units: The Group has determined that JLR is one cash-generating unit. This is on the basis that there are no smaller groups of assets that can be identified with certainty that generate specific cash inflows that are independent of the inflows generated by other assets or groups of assets. Refer to note 11.

Capitalisation of product engineering costs: The Group applies judgement in determining at what point in a vehicle program's life cycle the recognition criteria under SFRS(I) 1-38 are satisfied. Refer note 2(j) for further information.

Deferred tax asset recognition: The extent to which deferred tax assets can be recognised is based on an assessment of the availability of future taxable income against which the deductible temporary differences and tax loss carry-forwards can be utilised. The Group has exercised judgement in determining the jurisdictions in which deferred tax assets have not been fully recognised. This has been done based on forecast profitability and historical results of the companies in which the deferred tax assets arise.

Corporate tax uncertainities: Judgement has been exercised in assessing the potential impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Estimates and assumptions
The areas where assumptions and estimates are significant to the financial statements are as described below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Significant estimates are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year. Other estimates are those that may affect carrying amounts in the longer-term.

Significant estimates

Impairment of intangible and tangible fixed assets: The Group has intangible assets with indefinite lives and therefore tests annually whether intangible and tangible fixed assets have suffered any impairment. Key assumptions and sensitivities for impairment are disclosed in note 11.

Retirement benefit obligation: The present value of the post-employment benefit obligations depends on a number of factors and assumptions including discount rate, inflation and mortality assumptions. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in note 22.

Other estimates
Investment in equity accounted investment: refer note 2(m) for further information.

Product warranties: The Group provides product warranties on all new vehicle sales. Provisions are generally recognised when vehicles are sold or when new warranty programs are initiated. Based on historical warranty claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill (representing the Groups constructive obligation to its customers when managing those warranty claims), as well as on possible recall campaigns. These assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information. Refer to note 20.

The Group also has back-to-back contractual arrangements with its suppliers in the event that a vehicle fault is proven to be a supplier's fault. Estimates are made of the expected reimbursement claims based upon historical levels of recoveries by supplier, adjusted for inflation and applied to the population of vehicles under warranty at the balance sheet date. Supplier reimbursement claims are presented as separate assets within "Other financial assets" in note 6.

The Group notes that changes in the automotive environment regarding the increasing impact of battery electric vehicles presents its own significant challenges, particularly due to the lack of historical data available at this time to help inform estimates for future warranty claims, as well as any associated recoveries from suppliers due to such claims. The related provisions are therefore made with the Group's best estimate at this time to settle such obligations in the future but will be required to be continually refined as sufficient, real-world data becomes available. Supplier recoveries are recognised only when the Group considers there to be virtual certainty over the reimbursement, which also requires historical evidence to support.

Variable marketing expense: refer note 2(c) (Sales incentives) for further information.

Uncertain tax provisions: refer note 2(g) (Income taxes) for further information.

Restructuring: refer note 20 (Provision) for further information.

New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new *SFRS (I)s*, interpretations and amendments to *FRSs* are not expected to have a significant impact on the Group's financial statements.

- *SFRS(I) 17* Insurance Contracts
- Classification of Liabilities as Current or Non-current (Amendments to *SFRS(I) 1-1*)
- Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback
- Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants

b) Basis of consolidation

Subsidiary corporations
Subsidiaries are entities controlled by the Company. Control exists when the Company has power over the investee, is exposed or has rights to variable return from its involvement with the investee, and has the ability to use its power to affect its returns. In assessing control, potential voting rights that currently are exercisable are taken into account, as well as other contractual arrangements that may influence control. All subsidiaries of the Group given in note 14 are included in the consolidated financial statements.

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

Joint ventures and associates (equity-accounted investments)
Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for decisions about the relevant activities of the entity, being those activities that significantly affect the Group's returns. Associates are those entities in which the Group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee and is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of the investee.

Joint ventures and associates are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses, other comprehensive income, and equity movements of equity accounted investments, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investment, 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 Group has an obligation or has made payments on behalf of the investee.

When the Group transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in its associate or joint venture.

Dividends received are recognized when the right to receive payment is established.

Subsidiaries, associates and joint ventures in the separate financial statements
Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

c) Revenue recognition
Revenue comprises the consideration earned by the Group in respect of the output of its ordinary activities. It is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties, and net of settlement discounts, bonuses, rebates, and sales incentives. The Group's primary customers from the sale of vehicles, parts and accessories, fleet and corporate customers, and other third-party distributors. The Group recognises revenue when it transfers control of a good or service to a customer, thus evidencing the satisfaction of the associated performance obligation under that contract.

As described in note 40, the Group operates with a single automotive reporting segment, principally generating revenue from the sales of vehicles, parts, and accessories.

The sale of vehicles also can include additional services provided to the customer at the point of sale, for which the individual vehicle and services are accounted for as separate performance obligations, as they are considered separately identifiable. The contract transaction price is allocated among the identified performance obligations based on their stand-alone selling prices. Where the stand-alone selling price is not readily available and observable, it is estimated using an appropriate alternative approach.

Significant Revenue Areas	**Nature, timing of satisfaction of performance obligations, and significant payment terms**
Vehicles, parts, and accessories (and other goods)	The Group recognises revenue on the sale of vehicles, parts, and accessories at the point of 'wholesale', which is determined by the underlying terms and conditions of the contract with the customer as to when control transfers to them. The overall principle of control under SFRS(I) 15 considers which party has the ability to direct the use of an asset and to obtain substantially all of the remaining economic benefits. Determining the transfer of control with regards to the sale of goods is driven by a consideration of a number of factors, including: - The point at which the risks and rewards of ownership pass to the customer; - The point at which the customer takes physical possession of the good or product; - The point at which the customer accepts the good or product;

	- The point at which the Group has a present right to payment for the sale of the good or product, and; - The point at which legal title to the good or product transfers to the customer. In the vast majority of cases, the sale of the relevant good is recognised at the point of dispatch (at release to the carrier responsible for transportation to the customer), or the point of delivery to the customer. In some instances, revenue may be recognised on a bill-and-hold basis where vehicles, for example, are sold to the customer but are retained in the Group's possession at a vehicle holding compound on behalf of the customer ahead of being physically transferred to them at a future time. Such arrangements meet the criteria for bill-and-hold arrangements under SFRS(I) 15 to ensure that the customer has obtained the ultimate control of the product when revenue is recognised. The reason for the bill-and-hold is substantive (as the customer requests the Company to retain possession, usually due to a lack of available space at their own premises), the vehicles are identifiable as separately belonging to the customer (on the basis that each vehicle has a unique Vehicle Identification Number), the vehicle must be ready for physical transfer to the customer (which it is, given that it is fully built and safety-checked off the manufacturing line), and the Group does not have the ability to use the vehicle or direct it elsewhere. The Group operates with financing partners across the world who provide wholesale financing arrangements to the retail network for vehicle sales, which enables cash settlement to occur immediately (usually within 2 working days) for purchases from the Group. For the sale of parts and accessories, the Group typically receives payment in line with the invoice payment terms stipulated and agreed with its customers, which are usually 30 days.
Sales incentives	The costs associated with providing sales support and incentives (variable marketing expense) are considered to be variable components of consideration, thus reducing the amount of revenue recognised by the Group. Under SFRS(I) 15, the Group ensures that variable consideration is recognised to the extent of the amount of consideration to which it ultimately expects to be entitled. To meet this principle, the Group constrains its estimate of variable consideration to include amounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with such variability is subsequently resolved. The Group estimates the expected sales incentive by market and considers uncertainties including competitor pricing, ageing of dealer stock and local market conditions. The constraint on variable consideration is estimated with reference to historical accuracy, current market conditions and a prospective assessment considering relevant geopolitical factors, including global stock positions for both the Group and its third party dealer network reflecting the pipeline of vehicle inventory for sale to end customers. Variable consideration received for contracts with multiple performance obligations is allocated to all such obligations only when applicable. For example, with the sale of a vehicle, the cost of the incentive provided is allocated entirely to the vehicle as its purpose is to incentivise the sale of the vehicle rather than support any additional obligations.
Scheduled maintenance contracts	Scheduled maintenance contracts sold with a vehicle provide the end customer with the benefit of bringing their vehicle to a dealership for the routine maintenance required to maintain compliance for warranty purposes. The majority of plans sold by the Group are complimentary with the vehicle, thus payment is received at

	the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price, which is measured using a cost-plus approach. Revenue is recognised based on the expected performance of the services from the point of a vehicle being retailed to an end customer and aligned to the expected costs to fulfil those services based on historical information.
Telematics	Telematics features provide a service to the customer typically aligned to the warranty period of the vehicle, allowing a vehicle to connect and interact with an end customer's mobile phone. The Group typically receives payment relating to telematics features up-front at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price. For optional features, this is measured at the observable option price and for standard-fit features is measured using a cost-plus basis. The standalone selling price for telematics subscription renewals is measured at the renewal price offered to the customer. Revenue is recognised on a straight line basis over the term of the service from the point of the vehicle being retailed to an end customer in line with the expected costs to fulfil those services.
Warranty considerations as a service	Vehicles and parts sold by the Group include a standard warranty to guarantee the vehicle complies with agreed-upon specifications for a defined period of time. Where the warranty offering to the end customer exceeds the standard market expectation for similar products, or provides a service in excess of the assurance that the agreed-upon specification is met, the Group considers this to constitute a service to the end customer and therefore a separate performance obligation. Revenue is only recognised in the period to which the warranty service relates, up to which point it is recognised as a contract liability.
Repurchase arrangements	Some contracts with customers include an option or obligation for the Group to repurchase the product sold (including repurchasing a product originally sold as part of an amended product). Such instances are common in the Group's arrangements with third party fleet customers or in contract manufacturing arrangements that the Group is party to. The Group does not recognise revenue on the original sale, as it retains ultimate control of that product. The related inventory therefore continues to be recognised on the Group's statement of financial position and the consideration received from the customer is treated as a liability. Where the contractual repurchase price is less than the original sale price, the transaction is accounted for as a lease and where the contractual repurchase price is more than or equal to the original sale price the transaction is accounted for as a financing arrangement. Revenue recognised under such lease arrangements is outside of the scope of SFRS(I)15 and instead is recognised in line with SFRS(I)16 Leases. Revenue relating to the good or product is recognised only when it is sold by the Group with no repurchase obligation or option attached.
Returns obligations, refunds and similar obligations	Vehicle sales do not typically include allowances for returns or refunds, although in some markets there is legislative requirement for Jaguar Land Rover as an automotive manufacturer to repurchase or reacquire a vehicle if quality issues arise that have been remedied a number of times and where the owner no longer wishes to own the vehicle as a result. Regarding other goods, where rights of return may be prevalent, the Group estimates the level of returns based on the historical data for specific products, adjusted as necessary to estimate returns for new products. Revenue is not recognised for expected returns - instead the Group recognises a refund liability and asset where required.

d) Cost recognition

Costs and expenses are recognised when incurred and are classified according to their nature.
Expenditures are capitalised, where appropriate, in accordance with the policy for internally generated intangible assets and represent employee costs, stores and other manufacturing supplies, and other expenses incurred for product development undertaken by the Group.

Material and other cost of sales as reported in the statement of profit or loss is presented net of the impact of realised foreign exchange relating to derivatives hedging cost exposures.

e) 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. When the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are held for product warranty, legal and product liabilities, residual risks, environment liabilities, other employee benefit obligations and restructuring as detailed in note 20 to the consolidated financial statements.

f) Foreign currency transactions and translation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Pound Sterling (£), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date.Exchange differences are recognised in the statement of profit or loss as foreign exchange gain/(loss). For the purpose of consolidation, the assets and liabilities of the Company's foreign operations are translated to Pound Sterling at the exchange rate prevailing at the end of the reporting period, and the income and expenses at the average rate of exchange for the respective months. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

g) Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of profit or loss, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity), or where related to 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. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits.

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, and on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and 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.

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised.

Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Group will be required to settle that tax. Measurement is dependent on management's expectations of the outcome of decisions by tax authorities in the various tax jurisdictions in which the Group operates. This is assessed on a case-by-case basis using in-house experts, professional firms and previous experience. Where no provision is required the exposure is disclosed as a contingent liability in note 36 unless the likelihood of an outflow of economic benefits is remote.

Judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials, components and consumables are ascertained on a first-in-first-out basis. Cost, 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.

i) Property, plant and equipment

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

Freehold land is measured at cost and is not depreciated.

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

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

Particulars	Estimated useful life
Buildings	20 to 40 years
Plant and equipments and leased assets	3 to 30 years
Vehicles	3 to 10 years
Computers	3 to 6 years
Furniture and fixtures	3 to 20 years

The depreciation for property, plant and equipment with finite useful lives is reviewed at least each year end. Changes in expected useful lives are treated as change in accounting estimates.

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. Freehold land is measured at cost and is not depreciated. Residual values are reassessed on an annual basis.

Depreciation is not recorded on assets under construction until construction and installation are complete and the asset is ready for its intended use. Assets under construction includes capital advances. Depreciation is not recorded on heritage assets as the Group considers their residual value to approximate their cost.

An item of property, plant and equipment is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition is included in profit or loss.

An annual review of the carrying value of heritage assets is performed as the assets are held at cost and not depreciated. Any write-down in the carrying value of heritage assets is recognised immediately in the consolidated income statement.

j) Intangible assets

Acquired 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.

For intangible assets with finite lives, amortisation is charged on a straight-line basis over the estimated useful lives of the acquired intangible assets as per the estimated amortisation periods below:

Particulars	Estimated amortisation period
Patents and technological know-how	2 to 12 years
Customer related - retailer network	20 years
Software	2 to 8 years
Intellectual property rights and other intangible	3 years to indefinite

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

Capital work-in-progress includes capital advances. Customer related intangible acquired in a business combination consists of dealer network. Intellectual property rights and other intangibles mainly consist of brand names, which are considered to have indefinite lives due to the longevity of the brands.

Internally generated intangible assets

Research costs are charged to the statement of profit or loss in the period in which they are incurred.

Product engineering 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 labor 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 engineering cost is amortised over the life of the related product being a period between 2 and 10 years. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is not recorded on product engineering in progress until development is complete.

The Group undertakes significant levels of research and development activity, and for each vehicle programme a periodic review is undertaken. The Group applies judgement in determining at what point in a vehicle programme's life cycle the recognition criteria under SFRS(I) 1-38 are satisfied and estimates the proportion of central overhead allocated. If a later point had been used then this would have had the impact of reducing the amounts capitalised as product engineering costs. If central overheads had not been allocated it would have reduced the amount capitalised by £77 million (2022: £52 million).

k) Leases

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

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is allocated, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the useful life of the leased asset and the expected lease term. If ownership of the leased asset is automatically transferred at the end of the lease term or the exercise of a purchase option is reflected in the lease payments, the right-of-use asset is amortised on a straight-line basis over the expected useful like of the leased asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as a discount rate. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group associates the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Lease payments include fixed payments, i.e. amounts expected to be payable by the Company under residual value guarantee, the exercise price of a purchase option and lease payments in relation to lease extension option if the Company is reasonably certain to exercise purchase or extension options and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise termination option.

The Group applies the practical expedient to not assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic that meet the following conditions are lease modifications:

- The change in lease payments results in revised consideration that is substantially the same, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There no substantive change to other terms and conditions of the lease.

Changes to lease payments for such leases are accounted for as if they are not lease modifications.

l) Impairment of property plant and equipment and intangible assets

At each balance sheet date, the Group assesses whether there is any indication that any property plant and equipment and intangible assets 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 any indication that the asset may be impaired.

Recoverable amount is the higher of fair value less cost of disposal 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 (or cash generating unit) 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 statement of profit or loss.

An asset or (cash-generating unit) impaired in prior years is reviewed at each balance sheet date to determine whether there is any indication of a reversal of impairment loss recognised in prior years.

An annual review of the carrying value for heritage assets is performed as the assets are held at cost and not depreciated and any write-down in the carrying value is recognised immediately in the statement of profit or loss.

m) Impairment of equity accounted investments: joint ventures and associates

The requirements of *SFRS(I) 1-28 Investments in Associates and Joint Ventures* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture or an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with *SFRS(I) 1-36 Impairment of Assets* as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with *SFRS(I) 1-36* to the extent that the recoverable amount of the investment subsequently increases.

n) Government grants and incentives

Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received. Government grants are recognised as income either on a systematic basis when the Group recognises, as expenses, the related costs that the grants are intended to compensate or, immediately, if the costs have already been incurred.

Government grants related to assets are deducted from the cost of the asset and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure and Government grants that are awarded as incentives with no ongoing performance obligations to the Group are recognised as other income in the period the grant is received.

Sales tax incentives received from Governments are recognised in the statement of profit or loss at the reduced tax rate and revenue is reported net of these sales tax incentives.

o) Employee benefits

i) Pension schemes

One of the subsidiary Jaguar Land Rover operate several defined benefit pension ('DB') plans; these include two large and one smaller defined benefit plan in the UK. The UK DB plans are administered by a separate trustee, the assets of the plans are generally held in separate funds selected and overseen by the trustee. These plans were contracted out of the state second pension ('S2P') scheme until 5 April 2016. The plans provide benefits for members including a monthly pension after retirement based on salary and service as set out in the rules of each plan.

Contributions to the plans by the Group take into consideration the results of actuarial valuations.

The UK defined benefit plan were closed to the new joiners in April 2010. The Group also operate a number of small benefit arrangements worldwide (the liabilities for these amount to around 0.6% of the Group total).

For defined benefit plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial updates being carried out at the end of each reporting period.

Defined benefit costs are split into four categories:

- Current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest cost
- Administrative expenses; and
- Remeasurement.

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding interest) is recognised immediately in the consolidated balance sheet with a charge or credit to the consolidated statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

Past service cost, including curtailment gains and losses, is generally recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability, adjusted for expected cash flows during the period. From the year ended 31 March 2020, at the point a past service cost is incurred re-measurement of the Income statement cost is considered and will be re-calculated if there is a material change.

The Group presents these defined benefit costs within ‘employee cost’ in the statement of profit or loss.

Separate defined contribution plans are available to all other employees of Jaguar Land Rover. Costs in respect of those schemes are charged to the statement of profit or loss as incurred.

ii) Severance indemnity
Tata Daewoo Commercial Vehicle Company Limited (‘TDCV’), a subsidiary corporation incorporated in Korea has an obligation towards severance indemnity, a defined benefit retirement plan, covering eligible employees. The plan provides for a lump sum payment to all employees with more than one year of employment equivalent to 30 days’ salary payable for each completed year of service. Liability for severance indemnity is accounted based on an annual actuarial valuation.

iii) Post-retirement Medicare scheme
Under this unfunded scheme, employees of some of its 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 may also be covered under the scheme. The applicable subsidiaries (and therefore, the Group) account for the liability for post-retirement medical scheme based on an annual actuarial valuation where appropriate.

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.

Measurement date
The measurement date of all retirement plans is 31 March.

p) Financial instruments

i) Recognition and derecognition
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 instruments are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated statement of profit or loss unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings.

Financial assets are written-off when there is no reasonable expectation of recovery. The Group reviews the facts and circumstances around each asset before making a determination. Financial assets that are written-off could still be subject to enforcement activities.

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

ii) Initial measurement
Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequently, financial instruments are measured according to the category in which they are classified.

iii) Classification and measurement – financial assets
Classification of financial assets is based on the business model in which the instruments are held as well as the characteristics of their contractual cash flows. The business model is based on management's intentions and past pattern of transactions. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets are classified into three categories:

Financial assets at amortised cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows. Subsequently, these are measured at amortised cost using the effective interest method less impairment losses, if any. These include cash and cash equivalents, contract assets, finance receivables and other financial assets.

Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows as well as to sell the financial asset. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income apart from any expected credit losses or foreign exchange gains or losses, which are recognised in profit or loss. This category can also include financial assets that are equity instruments which have been irrevocably designated at initial recognition as fair value through other comprehensive income. For these assets, there is no expected credit loss recognised in profit or loss.

Financial assets at fair value through profit or loss are financial assets with contractual cash flows that do not consist solely of payments of principal and interest. This category includes derivatives, embedded derivatives separated from the host contract, or investments in certain convertible loan notes. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in profit or loss, with the exception of derivative instruments designated in a hedging relationship, for which hedge accounting is applied

iv) Classification and measurement – financial liabilities
Financial liabilities are classified as subsequently measured at amortised cost unless they meet the specific criteria to be recognised at fair value through statement of profit or loss.

Other financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss includes derivatives, embedded derivatives separated from the host contract as well as financial liabilities held for trading. Subsequent to initial recognition, these are measured at fair value with gains or losses being recognised in statement of profit or loss. Embedded derivatives relating to prepayment options on senior notes are not considered as closely related and are separately accounted unless the exercise price of these options is approximately equal on each exercise date to either the amortised cost of the senior notes or the present value of the lost interest for the remaining term of the senior notes.

Impairment
The Group recognises a loss allowance in profit or loss for expected credit losses on financial assets held at amortised cost or at fair value through other comprehensive income. Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability weighted amount, takes into account the time value of money (values are discounted back using the applicable effective interest rate) and uses reasonable and supportable information.

Lifetime expected credit losses are calculated for assets that were deemed credit impaired at initial recognition or have subsequently become credit impaired as well as those where credit risk has increased significantly since initial recognition.

The Group adopts the simplified approach permitted in SFRS(I) 9 to apply lifetime expected credit losses to trade receivables and contract assets where credit risk is deemed low at the reporting date or to have not increased significantly, credit losses for the next 12 months are calculated.

Credit risk has increased significantly when the probability of default has increased significantly. Such increases are relative and assessment may include external ratings (where available) or other information such as past due payments. Historic data and forward looking information are both considered. Objective evidence for a significant increase in credit risk may include where payment is overdue by 90 or more days as well as other information about significant financial difficulties of the borrower.

Equity instruments
An equity instrument is 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.

Investments in equity instruments are measured at fair value; however, where a quoted market price in an active market is not available, equity instruments are measured at cost (investments in equity instruments that are not held for trading). The Group has not elected to account for these investment at fair value through other comprehensive income.

Determination of fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of a financial instrument on initial recognition is normally the transaction price.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Subsequent to initial recognition, the 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.

Hedge accounting
The Group uses foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates these foreign currency forward contracts, foreign currency options and borrowing denominated in foreign currency in a cash flow hedging relationship by applying hedge accounting principles under SFRS(I) 9.

The Group uses cross-currency interest rate swaps to convert some of its foreign currency denominated fixed-rate borrowings to £ floating rate borrowings. Hedge accounting is applied using both fair value and cash flow hedging relationships. The designated risks are foreign currency and interest rate risks.

Derivative contracts are stated at fair value on the statement of financial position at each reporting date.

At inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of hedged item. The Group documents its risk management objective and strategy for undertaking its hedging transactions. The Group designates only the intrinsic value of foreign exchange options in the hedging relationship. The Group designates amounts excluding foreign currency basis spread in the hedging relationship for both foreign exchange forward contracts and cross-currency interest rate swaps. Changes in the fair value of the derivative contracts that are designated and effective as hedges of future cash flows are recognised in the cash flow hedge reserve within other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the consolidated statement of profit and loss.

Changes in both the time value of foreign exchange options and foreign currency basis spread of foreign exchange forwards and cross-currency interest rate swaps are recognised in other comprehensive income (net of tax) in the cost of hedging reserve to the extent that they relate to the hedged item (the 'aligned' value).

Changes in the fair value of contracts that are designated in a fair value hedge are taken to the consolidated statement of profit and loss. They offset the change in fair value, attributable to the hedged risks, of the borrowings designated as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Amounts accumulated in equity are reclassified to the consolidated statement of profit and loss in the periods in which the forecast transactions affect profit or loss or as an adjustment to a non-financial item (e.g. inventory) when that item is recognised on the statement of financial position. These deferred amounts are ultimately recognised in statement of profit or loss as the hedged item affects profit or loss (for example through cost of goods sold).

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss in equity, including deferred costs of hedging, is immediately transferred and recognised in the consolidated statement of profit and loss.

Interest rate benchmark reform
A reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ('IBORs') with alternative risk-free rates ('RFR'). The Group has adopted Interest Rate Benchmark Reform (Phase 2) Amendments to SFRS(I)9, SFRS(I)39, SFRS(I) 7, SFRS(I)4 and SFRS(I)16 (effective 1 January 2022). The amendments permit modifications to asset and liability values as a direct consequence of the interest rate benchmark reform, and which are made on an economically equivalent basis (i.e. where the basis for determining contractual cash flows is the same), by only updating the effective interest rate. The amendments also provide relief from specific hedge accounting requirements.

During the year ended 31 March 2022, the Group converted its LIBOR exposures to risk-free rates in advance of the cessation date. This conversion included loans and derivatives which have been converted using fallback provisions. A number of derivatives which were converted using fallback provisions have not yet transitioned to RFR due to the timing of reprice dates. Loans held by the Group that reference USD LIBOR will continue to do so until June 2023. The expected impact of financial instruments yet to transition is immaterial for the Group. As a result of the fallback provision, the Group consider its exposure to interest rate benchmark reform at 31 March 2023 to be minimal.

q) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments with an original maturity of up to three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

r) Long Term Incentive Plan ('LTIP')
One of the subsidiary Jaguar Land Rover operates a share based payment LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date, subject to profitability and employment conditions. These are accounted for as cash settled arrangements, whereby a liability is recognised at fair value at the date of grant, using a Black Scholes model. At each balance sheet date until the liability is settled, the fair value of the liability is remeasured, with any corresponding changes in fair value recognised in statement of profit or loss.

s) Litigation
Various legal proceedings, claims and governmental investigations are pending against the Group on a wide range of topics, including vehicle safety, defective components, systems or general design defects, emissions and fuel economy, competition, alleged violations of law, labour, dealer, supplier and other contractual relationships, intellectual property rights, product warranties and environmental matters. These proceedings seek recoveries including for damage to property, breach of emissions regulations, misrepresentation, breach of collateral warranty and/or statutory guarantee, personal injuries or wrongful death and in

some cases include a claim for exemplary or punitive damages. Adverse decisions in one or more of these proceedings could require the Group to pay substantial damages, or undertake service actions, recall campaigns or other costly actions.

Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Moreover, the cases and claims against the Group are often derived from complex legal issues that are subject to differing degrees of uncertainty. A provision is established in connection with pending or threatened litigation if it is probable there would be an outflow of funds and when the amount can be reasonably estimated. Since these provisions represent estimates, the resolution of some of these matters could require the Group to make payments in excess of the amounts accrued or may require the Group to make payments in an amount or range of amounts that could not be reasonably estimated.

The Group monitors the status of pending legal proceedings and consults with experts on legal and tax matters on a regular basis. As such, the provisions for the Group's legal proceedings and litigation may vary as a result of future developments in pending matters.

3 Holding company and related party transactions

The Company is a wholly-owned subsidiary of Tata Motors Limited, incorporated in India, which is also the Company's ultimate holding company. Related parties in these financial statements refer to members of the holding company's Group of companies.

Some of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in the financial statements. The intercompany balances are unsecured, interest-free and repayable on demand, unless stated otherwise.

Significant transactions and balances with related parties during the year:

(£ millions)

	31-March-23				31-March-22			
	With joint ventures of the group	**With associates of the Group and their subsidiaries**	**With Tata Sons Private Limited and its subsidiaries and joint ventures**	**With immediate or ultimate parent and its subsidiaries, joint ventures and associates**	With joint ventures of the group	With associates of the Group and their subsidiaries	With Tata Sons Private Limited and its subsidiaries and joint ventures	With immediate or ultimate parent and its subsidiaries, joint ventures and associates
Sale of products	**253**	**-**	**16**	**34**	263	-	2	26
Purchase of products	**59**	**91**	**-**	**118**	39	-	-	91
Services received	**-**	**-**	**195**	**102**	-	-	152	72
Services rendered	**110**	**-**	**-**	**3**	97	-	-	1
Trade and other receivables	**33**	**-**	**3**	**43**	30	-	-	26
Accounts payable	**-**	**3**	**26**	**44**	-	-	16	39

Compensation of key management personnel

	31-March-23	31-March-22
Short-term benefits	**18**	20
Other long term employee benefits	**-**	(1)
Compensation for loss of office	**3**	5
Total	**21**	24

(£ millions)

4 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Group		Company	
	31-March-23	31-March-22	**31-March-23**	31-March-22
Cash and cash equivalents	**3,922**	4,382	**179**	96

All cash held by the Group can be utilised across the Group's manufacturing and sales operations.

5 Allowances for trade and other receivables

	Group	
	31-March-23	31-March-22
Changes in allowances for trade and other receivables as follows:		
At beginning of the year	**6**	19
Provision made during the year	**3**	5
Unused amount reversed	**(1)**	(13)
Written off during the year	**(2)**	(6)
Foreign exchange translation differences	**-**	1
At end of ther year	**6**	6

Trade receivables with a contractual amount of £1 million (2022: £1 million) that were written-off during the year are still subject to enforcement activity.

6 Other financial assets

Other financial assets consist of the following:

	Group		Company	
	31-March-23	31-March-22	**31-March-23**	31-March-22
Derivative financial instruments	**104**	185	**3**	-
Warranty reimbursement and other receivables	**91**	90	**-**	-
Restricted bank deposits	**34**	32	**23**	18
Accrued income	**41**	40	**-**	-
Others	**139**	69	**3**	-
Total other current financial assets	**409**	416	**29**	18
Restricted cash held as security	**10**	11	**-**	-
Derivative financial instruments	**166**	126	**96**	29
Warranty reimbursement and other receivables	**54**	73	**-**	-
Others	**27**	15	**9**	8
Total other non-current financial assets	**257**	225	**105**	37

7 Inventories

Inventories consist of the following:

	(£ millions)	
	Group	
	31-March-23	31-March-22
Raw materials and consumables	**239**	244
Work-in-progress	**516**	500
Finished goods	**2,672**	2,192
Inventory basis adjustment	**(3)**	29
Total	**3,424**	2,965

Inventories of finished goods include £402 million (2022: £361 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 an expense during the year amounted to £15,818 million (2022: £12,945 million).

During the year ended 31 March 2023, the Group recorded an inventory write-down expense of £73 million (2022: £10 million). The write-down is included in 'Raw materials, components and consumables' in "Material and other cost of sales".

8 Other assets

Other assets consist of the following :

	Group		Company	
	31-March-23	31-March-22	**31-March-23**	31-March-22
Recoverable VAT	**256**	228	**-**	-
Prepaid expenses	**223**	213	**-**	-
Research and development credit	**121**	63	**-**	-
Others	**11**	13	**-**	-
Total other current assets	**611**	517	**-**	-
Prepaid expenses	**65**	24	**-**	-
Research and development credit	**3**	4	**-**	-
Others	**7**	8	**-**	-
Total other non-current assets	**75**	36	**-**	-

9 Property, Plant and equipment

(£ millions)

Group

	Land and buildings	Plant and equipment	Vehicles	Computers	Furniture and fixtures	Heritage assets	Under construction	Total
Cost as at 31 March 2022	**2,709**	**11,381**	**17**	**202**	**144**	**44**	**233**	**14,730**
Additions	**-**	**-**	**-**	**18**	**7**	**0**	**519**	**544**
Transfers	**64**	**297**	**-**	**-**	**-**	**-**	**(361)**	**-**
Disposal	**(14)**	**(218)**	**(1)**	**(1)**	**(1)**	**(4)**	**-**	**(239)**
Currency translation differences	**15**	**18**	**-**	**1**	**-**	**-**	**-**	**34**
Assets classified as held for sale	**(64)**	**-**	**-**	**-**	**-**	**(2)**	**-**	**(66)**
Cost as at 31 March 2023	**2,710**	**11,478**	**16**	**220**	**150**	**38**	**391**	**15,003**
Accumulated depreciation and impairment as at 31 March 2022	**645**	**7,458**	**12**	**126**	**96**	**31**	**-**	**8,368**
Depreciation charge for the year	**118**	**830**	**-**	**16**	**7**	**-**	**-**	**971**
Disposal	**(3)**	**(204)**	**(1)**	**(1)**	**(1)**	**-**	**-**	**(210)**
Assets classified as held for sale	**(6)**	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**
Currency translation differences	**4**	**5**	**3**	**-**	**(1)**	**-**	**-**	**11**
Accumulated depreciation and impairment as at 31 March 2023	**758**	**8,089**	**14**	**141**	**101**	**31**	**-**	**9,134**
Net carrying amount as at 31 March 2023	**1,952**	**3,389**	**2**	**79**	**49**	**7**	**391**	**5,869**
Cost as at 31 March 2021	2,665	10,399	22	193	143	50	693	14,165
Additions	1	-	-	13	12	-	657	683
Transfer	54	1,069	1	-	-	-	(1,110)	14
Disposal	(1)	(84)	(5)	(5)	(8)	(1)	-	(104)
Impairment / assets write-down	-	-	-	-	-	(3)	(7)	(10)
Currency translation differences	(2)	(3)	(1)	1	(3)	-	-	(8)
Assets classified as held for sale	(8)	-	-	-	-	(2)	-	(10)
Cost as at 31 March 2022	2,709	11,381	17	202	144	44	233	14,730
Accumulated depreciation and impairment as at 31 March 2021	540	6,809	11	114	92	31	-	7,597
Depreciation charge for the year	113	736	2	15	8	-	-	874
Disposal	(1)	(84)	(1)	(5)	(6)	-	-	(97)
Currency translation differences	(1)	(3)	-	2	2	-	-	-
Assets classified as held for sale	(6)	-	-	-	-	-	-	(6)
Accumulated depreciation and impairment as at 31 March 2022	645	7,458	12	126	96	31	-	8,368
Net carrying amount as at 31 March 2022	2,064	3,923	5	76	48	13	233	6,362

As part of the Group's review of the carrying value of property, plant and equipment, £nil million (2022:£3 million) of heritage vehicles have been written down and recognised as an expense within "Other expenses".

Impairment / assets write-down for the year ending 31 March 2023 include £nil million (2022: £7 million) in relation to the Group's Reimagine strategy.The write-down expense has been recognised in profit or loss.Further information about impairment is included in note 11.

(£ millions)

10 Intangible assets

Group

	Software	Patents and technolog-ical know how	Customer related - dealer network	Intellectual property rights and other intangibles	Capitalised product development	Product development in progress	Total
Cost as at 31 March 2022	**897**	**147**	**61**	**650**	**9,026**	**551**	**11,332**
Other additions / adjustments	**56**	**-**	**-**	**-**	**-**	**673**	**729**
Transfers	**-**	**-**	**-**	**-**	**475**	**(475)**	**-**
Disposals	**(4)**	**-**	**-**	**-**	**(828)**	**-**	**(832)**
Foreign exchange	**1**	**-**	**-**	**-**	**(1)**	**-**	**-**
Cost as at 31 March 2023	**950**	**147**	**61**	**650**	**8,672**	**749**	**11,229**
Accumulated amortisation as at 31 March 2022	**676**	**147**	**46**	**170**	**5,419**	**-**	**6,458**
Amortisation charge for the year	**71**	**-**	**2**	**3**	**917**	**-**	**993**
Disposals / adjustments	**(3)**	**-**	**-**	**-**	**(828)**	**-**	**(831)**
Accumulated amortisation as at 31 March 2023	**744**	**147**	**48**	**173**	**5,508**	**-**	**6,620**
Net carrying amount at 31 March 2023	**206**	**-**	**13**	**477**	**3,164**	**749**	**4,609**
Cost as at 31 March 2021	877	147	61	652	8,990	1,090	11,817
Other additions / adjustments	25	-	-	-	-	457	482
Transfers	-	-	-	-	989	(987)	2
Impairment / assets write-down	-	-	-	-	-	(9)	(9)
Disposals / adjustments	(5)	-	-	(2)	(955)	-	(962)
Foreign exchange	-	-	-	-	2	-	2
Cost as at 31 March 2022	897	147	61	650	9,026	551	11,332
Accumulated amortisation as at 31 March 2021	610	147	44	169	5,456	-	6,426
Amortisation charge for the year	71	-	2	3	918	-	994
Disposals / adjustments	(5)	-	-	(2)	(955)	-	(962)
Accumulated amortisation as at 31 March 2022	676	147	46	170	5,419	-	6,458
Net carrying amount at 31 March 2022	221	-	15	480	3,607	551	4,874

11 Impairment Testing of Jaguar Land Rover Business

In response to the annual requirement of SFRS(I) 36, management have performed an annual impairment assessment as at 31 January 2023, using the value in use ("VIU") approach to determine the recoverable value of the cash-generating unit ("CGU"). The date of the assessment was changed from that of the prior year (31 March) to better align with the business plan cycle. A subsequent assessment has been performed to the year-end date which has determined that there have been no events or changes in circumstances which would have changed the outcome of the assessment performed as at 31 January.

The management are of the view that the operations of the Group, excluding equity accounted investments, represent a single CGU. This is because the degree of integrated

development and manufacturing activities is such that no one group of assets has been determined to generate cash inflows that are independent of any other.

The impairment assessment determined that the CGU recoverable value exceeded the carrying amount by £1.5billion (2022:£0.6billion) and therefore no impairment was identified. The increase in headroom has largely been driven by the improved performance experienced in the latter part of the year. It was further determined that this increase did not require the reversal of the previously recorded impairment loss as the underlying drivers for the increased headroom do not support a reversal, after considering the unwind of the discount rate and the impact of depreciation and amortisation of impaired assets.

JLR has considered it appropriate to undertake the impairment assessment with reference to the latest approved business plan that was in effect as at the assessment date. The business plan includes a five-year cash flow forecast and contains growth rates that are primarily a function of the Group's Cycle Plan assumptions, historical performance and management's expectation of future market developments through to 2027/28.

In estimating the future cash flows management have given due consideration to the inherent uncertainty of forecast information and have adjusted some of the assumptions in the business plan to take into account possible variations in the amount or timing of the cashflows. In doing so, management has incorporated the following risks into the VIU, as well as other risks outlined that may impact future cashflows:

-execution risks associated with our 'Reimagine' strategy and the transition to electrified powertrain, with the supporting transformation plan 'Refocus 2.0', which includes a dedicated environmental sustainability strategy –'Planet Regenerate';
-near-term supply chain challenges related to global chip shortages which has continued to impact the Group in FY23; and
-economical and geopolitical factors increasing inflationary pressures, driving up material costs in particular.

Climate risk

JLR has recognises that the potential impact of climate risk to areas such as supply chain, operations, and material and compliance costs may result in variations to the timing and amounts of future cash flows. As such climate risk is incorporated into the development of our forecast cash flows in the VIU by reference to our climate change risk assessment. These risks are principally reflected by the risk adjustments related to the variable profit and volumes which would be most affected by climate change events, for example, scarcity of certain commodities driving up costs and therefore adversely impacting variable profit.

Key assumptions

The assessment of impairment is based on forecasts of future cashflows which are inherently uncertain and are developed using informed assumptions such as historical trends and market information. The directors consider the key assumptions that impact the value in use are those to which:
(i) the recoverable amount is most sensitive;
(ii) involve a significant amount of judgement and estimation; and
(iii) drive significant changes to the recoverable amount when flexed under reasonably possible outcomes.

The approach and key assumptions used to determine the Group's CGU VIU were as follows:

-Variable profit per unit and volumes – The approach to determining the forecast variable profit per unit and volumes is based on consideration of historical performance, the order bank, profit optimisation efforts and Group Cycle Plan assumptions, along with the impact of risks on future cashflows discussed above. A small change in either assumption may have a significant impact to future cashflows and for this reason, as well as the impact of risks associated with supply and inflationary pressures on variable profit and volumes, the directors consider variable profit per unit and volumes to be key assumptions. Further, the variable profit per unit and volumes included in the business plan are largely driven by an updated portfolio, which includes estimates and judgements related to the transition to electrified powertrain, including the introduction of new Jaguar.

-Terminal value capital expenditure –the 5-year cash flows timing and amount are based on the latest Cycle Plan. The terminal value is based on the best estimate of a maintenance level of capital expenditure which has been derived from depreciation and amortisation expectations and funding requirements in responses to longer-term industry trends and risks informed by those listed above, which are anticipated in the VIU calculation. Due to the judgement and estimation involved in the calculation of terminal value capital expenditure, as well as the sensitivity of the recoverable amount to any change in the value, the directors consider this to be a key assumption.

-Discount rate – the approach to determining the discount rate is based on the Capital Asset Pricing Model and a market participant after tax cost of debt. These inputs are based on a typical build up approach, calculated using country specific premiums without size premium and with an unlevered equity Beta with reference to industry peers. The discount rate is regarded as a key assumption as it is the rate which drives the discounted cashflows used to determine the VIU of the CGU primarily due to the level of judgement and estimation involved and the sensitivity of the recoverable amount to small changes in the percentage.

The VIU assessment is sensitive to certain assumptions, such as Sales, General & Administration ("SG&A") costs, due to the relative total value but involve limited judgement and estimation, and significant changes are not considered reasonably possible, and therefore are not considered to be key assumptions. Similarly, certain assumptions which involve greater judgement and estimation, such as growth rate of 1.7% (2022:1.7%), but for which even relatively significant changes have a limited impact on theassessment are not regarded as key assumptions.

The value of key assumptions used to calculate the recoverable amount are as follows:

	As at 31 March	
	2023	2022
Forecast period (Yr1-5) variable profit* (%GVR)	**24.9%**	24.4%
Pre-tax discount rate	**15.6%**	13.4%
Terminal value variable profit* (%GVR)	**23.2%**	24.8%
Terminal value capital expenditure (%GVR)	**8.1%**	10.0%

*Based on forecast variable profit per unit and volumes

11 Impairment Testing of Jaguar Land Rover Business (cont'd)

Sensitivity to reasonably possible changes to key assumptions
Given the inherent uncertainty about the timing and amount of any change in key assumptions, as well as the significant portion of the recoverable amount related to the VIU terminal value, management consider a net impact on terminal period cash flows to be the best means of indicating the sensitivity of key assumptions.

Management considers the variable profit and volumes assumptions to be interdependent as movement in one assumption will impact the other, impacting the overall variable profit. For example, the profit optimisation efforts discussed above will likely result in higher average variable profit per unit with lower volumes whereas a focus on volumes would likely see a reduction in the average variable profit per unit. Consequently, the terminal value variable profit sensitivity below incorporates sensitivity in volumes via the impact on variable profit.

The table below shows the amount by which the value assigned to the key assumptions must change for the recoverable amount of the CGU to be equal to its carrying amount under reasonably possible outcomes:

	As at 31 March	
	2023	2022
	% change	% change
Forecast period (Yr1-5) variable profit	**-6.0%**	-3.1%
Pre-tax discount rate	**31.40%**	8.70%
Terminal value variable profit	**-5.5%**	-2.1%
Terminal value capital expenditures	**17.5%**	5.8%

In each of the four scenarios above, the sensitivity has been performed in isolation with all other assumptions remaining constant. The prior year comparatives have been

restated to reflect the amount by which the pre-tax values (previously post-tax) of the assumptions would need to change for the recoverable amount to be equal to the CGU.

12 Leases

The Group leases a number of buildings, plant and equipment, IT hardware and software assets, certain of which have a renewal and/or purchase options in the normal course of the business. Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operation. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension or termination option. The Group reassesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control. The Group's leases mature between 2023 and 2051.

Some of the leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases. There are no leases with residual value guarantees or leases not yet commenced to which the Group is committed.

Lease as a Lessee
Information about leases for which the Group is a lessee is presented below.

							(£ millions)
Right-of-use assets	**Land & buildings**	**Plant & Equipment**	**Vehicles**	**Computers**	**Furniture & fixtures**	**Others**	**Total**
Closing balance as at 31 March 2023	**579**	**37**	**5**	**8**	**12**	**1**	**642**
Closing balance as at 31 March 2022	510	41	4	6	13	1	575
Depreciation charge for the year 31 March 2023	**65**	**16**	**4**	**4**	**1**	**1**	**91**
Depreciation charge for the year 31 March 2022	61	17	3	4	1	3	89

Additions to right-of-use assets during the year ended 31 March 2023 was £158 million (2022: £131 million).

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

	As at 31-March-23	**As at 31-March-22**
Less than one year	**121**	105
Between one and five years	**357**	284
More than five years	**750**	562
Total undiscounted lease liabilities	**1,228**	**951**

12 Leases (cont'd) **(£ millions)**

The following amounts are included in the statement of financial position within 'Other financials liabilities"

	As at 31-March-23	As at 31-March-22
Current lease liabilities	**70**	64
Non-current lease liabilities	**645**	513
Total lease liabilities	**715**	**577**

The following amounts are recognised in the statement of profit or loss

	As at 31-March-23	As at 31-March-22
Interest expense on lease liabilities	**55**	46
Expenses related to short-term leases	**10**	10
Expenses related to low-value assets, excluding short-term leases of low-value assets	**12**	9
Expense for changes in lease payments arising from COVID-19 rent concessions	**-**	1

The following amounts are recognised in the consolidated cash flow statement:

	As at 31-March-23	As at 31-March-22
Cash payments for the principal portion of lease liabilities (within 'payments of lease obligations')	**72**	71
Cash payment for interest expense related to lease liabilities (within 'finance expenses and fees paid')	**54**	45

Group as lessor

The majority of the leases where the Group is a lessor are in relation to vehicles. The Group classifies these as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, are as follows:

	As at 31-March-23	As at 31-March-22
Less than one year	**4**	4
Between one and five years	**7**	3
More than five years	**10**	12
Total lease receipts	**21**	19

13 Investment in equity accounted investees

(A) Associates

The Group has the following investments in equity accounted investees held by JLR as at 31 March 2023:

Name of investment	Proportion of voting rights 31-Mar-23	Principal place of business and country of incorporation	Principal activity
Jaguar Cars Finance Limited	49.9%	England and Wales	Non-trading
Synaptiv Limited	33.3%	England and Wales	Business and domestic software development
Driveclubservice Pte Ltd	25.1%	Singapore	Holding company and mobility application owner/licensor
Driveclub Limited	25.8%	Hong Kong	Vehicle leasing
ARC V Limited	15.0%	England and Wales	Manufacture and development of electrified vehicle technology

Except for Driveclub Limited and ARC V Limited, the proportion of voting rights disclosed in the table above is the same as the Group's interest in the ordinary share capital of each undertaking.

The Group has no material associates as at 31 March 2023 (2022:nil).

(B) Joint ventures

Details of the Group's material joint venture as at 31 March 2023 is as follows:

Individually material joint ventures

Name of investment	Proportion of voting rights 31-Mar-23	Principal place of business and country of incorporation	Principal activity
Chery Jaguar Land Rover Automotive Company Ltd.	50.0%	China	Manufacture and assembly of vehicles

Chery Jaguar Land Rover Automotive Company Ltd. is a limited liability company, whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint control of the arrangement have rights to the assets or obligations for the liabilities relating to the arrangement. Accordingly, Chery Jaguar Land Rover Automotive Company Ltd. is classified as a joint venture. Chery Jaguar Land Rover Automotive Company Ltd is not publicly listed.

The joint venture is accounted for using the equity method and is a private company and there are no quoted market prices available for its shares.

The following table sets out the summarised financial information of the JLR's individually material equity accounted investees, Chery Jaguar Land Rover Automotive Co. Limited after adjusting for material differences in accounting policies:

	As at	
	31-March-23	31-March-22
Cash and cash equivalents	**396**	391
Current financial liabilities (excluding trade and other payables and provisions)	**(339)**	(447)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(71)**	(39)
Current assets	**649**	629
Current liabilities	**(1,175)**	(1,380)
Non-current assets	**1,266**	1,443
Non-current liabilities	**(74)**	(42)
Net assets of material joint venture	**666**	650

13 Investment in equity accounted investees (cont'd)

	(£ millions)	
	31-March-23	31-March-22
Revenue	**1,683**	1,669
Profit/(loss) for the year	**30**	(36)
Total comprehensive income/(expense)	**30**	(36)
The above total comprehensive income/(expense) includes the following:		
Depreciation and amortisation	**(176)**	(181)
Interest income	**10**	5
Interest expense (net)	**(14)**	(17)
Income tax (charge)/credit	**(11)**	20

A reconciliation of the summarised financial information to the carrying amount of the Group’s material joint venture recognised in the consolidated balance sheet is given below:

	31-March-23	31-March-22
Net assets of material joint venture	**666**	650
Share of net assets of material joint venture	**333**	325
Other consolidation adjustments	**(5)**	(5)
Carrying amount of the Group's material joint venture	**328**	**320**

As at 31 March 2023, an adjustment of £5 million (2022: £5 million) has been made to derecognise profit that has not yet been realised on goods sold by one of the subsidiary JLR to Chery Jaguar Land Rover Automotive Company Ltd.

During the year ended 31 March 2023, a dividend of £nil (2022 : £nil). was received from Chery Jaguar Land Rover Automotive Company Ltd.

Details of the Group’s immaterial joint venture as at 31 March 2023 is as follows:

Name of investment	**Proportion of voting rights**	**Principal place of business and country of incorporation**	**Principal activity**
	31-March-23		
Jaguar Land Rover Switzerland Ltd	30%	Switzerland	Vehicles sales and distribution
Inchcape JLR Europe Ltd	30%	UK	Vehicles distribution

The summarised financial information in respect of the

	31-March-23	31-March-22
Carrying amount of the Group’s interests in immaterial joint ventures	**1**	1
(C) Summary of carrying amount of the Group’s investment in equity accounted investees		
Carrying amount of material joint venture	**328**	320
Carrying amount of immaterial joint venture	**1**	1
Carrying amount of the Group's interests in equity accounted investees	**329**	321
Share of profit/(loss) of material joint venture	**15**	(18)
Share of profit/(loss) of equity accounted investees	**15**	(18)
Currency translation differences – material joint venture	**(7)**	26
Share of other comprehensive (expense)/income of equity accounted investees	**(7)**	26

14 Investment in subsidiary corporations

(£ millions)

	Company	
	31-March-23	31-March-22
Unquoted equity shares at cost (net of impairment) #	**1,913**	1,916
	1,913	1,916

The following details the subsidiary corporations held by the Company:

Name of the Company	Principal activities/Principal place of business and country of incorporation	Proportion of ownership and voting power held (%)	
		31-March-23	31-March-22
Jaguar Land Rover Automotive Plc	Design, development, manufacture and marketing of high-performance luxury saloons, specialist sports cars and four-wheel-drive off-road vehicles /United Kingdom	**100**	100
Tata Daewoo Commercial Vehicle Co. Ltd	Manufacturing & selling of commercial vehicle/Republic of Korea	**100**	100
Tata Motors (Thailand) Ltd	Manufacturing & assembling of vehicle/Thailand	**97.21**	97.21
Tata Motors (SA) (Proprietary) Ltd (refer note 33)	Manufacturing & assembling of commercial vehicle/South Africa	**60**	60
PT Tata Motors Indonesia	Manufacturing & assembling of commercial vehicle/Indonesia	**100**	100

14 Investment in subsidiary corporations (cont'd)

Details of the indirect subsidiaries are as follows:

Name of company	Principle place of business and country of incorporation	Shareholding 31-March-23
Subsidiaries of Jaguar Land Rover Ltd:		
Jaguar Land Rover Limited	England and Wales	100%
Jaguar Land Rover North America, LLC.	USA	100%
Jaguar Land Rover Deutschland GmbH	Germany	100%
Jaguar Land Rover Belux N.V.	Belgium	100%
Jaguar Land Rover Austria GmbH	Austria	100%
Jaguar Land Rover Italia SpA	Italy	100%
Jaguar Land Rover Australia Pty Ltd	Australia	100%
Jaguar Land Rover Espana SL	Spain	100%
Jaguar Land Rover Nederland BV	Holland	100%
Jaguar Land Rover Portugal -Veiculos e Pecas, Lda.	Portugal	100%
Jaguar Land Rover (China) Investment Co., Ltd (formerly Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd)	China	100%
Shanghai Jaguar Land Rover Automotive Service Co. Ltd	China	100%
Jaguar Land Rover Japan Limited	Japan	100%
Jaguar Land Rover Korea Co. Limited	Korea	100%
Jaguar Land Rover Canada ULC	Canada	100%
Jaguar Land Rover France SAS	France	100%
Jaguar e Land Rover Brasil Indústria e Comércio de Veículos LTDA	Brazil	100%
Jaguar Land Rover Limited Liability Company	Russia	100%
Jaguar Land Rover (South Africa) Holdings Limited	England and Wales	100%
Jaguar Land Rover (South Africa) (Pty) Limited	South Africa	100%
Jaguar Land Rover India Limited	India	100%
Daimler Transport Vehicles Limited (dormant)	England and Wales	100%
S S Cars Limited (dormant)	England and Wales	100%
The Lanchester Motor Company Limited (dormant)	England and Wales	100%
The Daimler Motor Company Limited (dormant)	England and Wales	100%
Jaguar Land Rover Pension Trustees Limited (dormant)	England and Wales	100%
JLR Nominee Company Limited (non-trading)	England and Wales	100%
Jaguar Cars Limited (dormant)	England and Wales	100%
Land Rover Exports Limited (non-trading)	England and Wales	100%
Land Rover Ireland Limited (non-trading)	Ireland	100%
Jaguar Cars South Africa (Pty) Ltd (dormant)	South Africa	100%
Jaguar Land Rover Slovakia s.r.o.	Slovakia	100%
Jaguar Land Rover Singapore Pte. Ltd	Singapore	100%
Jaguar Racing Limited	England and Wales	100%
In-Car Ventures Limited	England and Wales	100%
InMotion Ventures Limited	England and Wales	100%
InMotion Ventures 2 Limited	England and Wales	100%
InMotion Ventures 3 Limited	England and Wales	100%
Jaguar Land Rover Colombia SAS	Colombia	100%
Jaguar Land Rover México, S.A.P.I. de C.V.	Mexico	100%
Jaguar Land Rover Servicios México, S.A. de C.V.	Mexico	100%
Jaguar Land Rover Taiwan Company LTD	Taiwan	100%

14 Investment in subsidiary corporations (cont'd)

Details of the indirect subsidiary undertakings are as follows:

Name of company	Principal place of business and country of incorporation	Shareholding 31-March-23
Jaguar Land Rover Ireland (Services) Limited	Ireland	100%
Jaguar Land Rover Classic USA LLC	USA	100%
Jaguar Land Rover Classic Deutschland GmbH	Germany	100%
Jaguar Land Rover Hungary KFT	Hungary	100%
Jaguar Land Rover (Ningbo) Trading Co., Ltd.	China	100%
Jaguar Land Rover Ventures Limited	England and Wales	100%
Bowler Motors Limited	England and Wales	100%
Effective holding % of the Company directly and through its subsidiaries.		
Subsidiary of PT Tata Motors Indonesia:		
PT Tata Motors Distribusi Indonesia	Indonesia	100%
Subsidiary of Tata Daewoo Commercial Vehicle Co Ltd:		
Tata Daewoo Commercial Vehicle Sales and Distribution Co ltd	South Korea	100%

Details of the indirect holdings in equity accounted investments are given in note 13 to the consolidated financial statements.

15 Other non-current Investments

The Group's other investments comprise equity investments of 10 per cent or less of the ordinary share capital of the investee companies and are designated as fair value through profit and loss financial instruments.

	31-March-23	31-March-22
Other investments	**43**	30
	43	30

During the year ended 31 March 2023, the Group invested £7 million (2022: £4 million) in other investments.A fair value gain of £9 million was recognised during the year (2022: gain of £4 million).

The Group has no additional rights or influence over any of these equity investments other than the voting rights attached to the ordinary share capital, and during the year ended 31 March 2023 no dividends were received (2022: no dividends).

Disclosure of the valuation techniques applied in calculating the fair value of these other non-equity accounted investments is included in note 2.

(£ millions)

16 Deferred tax assets and liabilities

Following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior periods.

31 March 2023	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Foreign exchange difference	Closing balance
Deferred tax assets						
Property, plant and equipment	1,088	(336)	-	-	-	752
Expenses deductible in future periods	230	(24)	-	-	-	206
Derivative financial instruments	124	30	(108)	(9)	-	37
Retirement benefits	-	-	-	-	-	-
Unrealised profit in inventory	73	45	-	-	-	118
Tax loss	24	214	-	-	-	238
Others	14	200	-	-	(3)	211
Total deferred tax assets	1,553	129	(108)	(9)	(3)	1,562
Deferred tax liabilities						
Intangible assets	1,089	(49)	-	-	-	1,040
Overseas unremitted earnings	104	15	-	-	-	119
Compensated absence and retirement benefits	108	54	(4)	-	-	158
Total deferred tax liabilities	1,301	20	(4)	-	-	1,317
Presented as deferred tax assets*	357					373
Presented as deferred tax liabilities*	(105)					(128)

* For presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

At 31 March 2023, deferred tax assets of £373 million (2022: £357 million) have been recognised in relation to deductible temporary differences, including unused tax losses, on the basis that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised.

At 31 March 2023, the Group had unused tax losses and other temporary differences amounting to £5,442 million (2022: £3,746 million) for which no deferred tax asset has been recognised on the basis of forecast profitability of the companies in which deferred tax assets arise. As at 31 March 2023, £nil million (2022: £4 million) of those tax losses are subject to expiry on or after 2027. The remaining balance is not expected to expire.

(£ millions)

16 Deferred tax assets and liabilities (cont'd)

Following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior periods.

31 March 2022	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Foreign exchange differences	Closing balance
Deferred tax assets						
Property, plant and equipment	767	321	-	-	-	1,088
Expenses deductible in future periods	265	(46)	-	-	11	230
Derivative financial instruments	(25)	(28)	205	(28)	-	124
Retirement benefits	73	19	(92)	-	-	-
Unrealised profit in inventory	103	(30)	-	-	-	73
Tax loss	70	(46)	-	-	-	24
Others	62	(50)	-	-	2	14
Total deferred tax assets	1,315	140	113	(28)	13	1,553
Deferred tax liabilities						
Intangible assets	901	188	-	-	-	1,089
Overseas unremitted earnings	110	(6)	-	-	-	104
Compensated absence and retirement benefits	-	107	-	-	1	108
Total deferred tax liabilities	1,011	289	-	-	1	1,301
Presented as deferred tax assets*	420					357
Presented as deferred tax liabilities*	(116)					(105)

17 Borrowings

(£ millions)

Borrowings consist of the following :

	Group		Company	
	31-March-23	31-March-22	**31-March-23**	31-March-22
EURO MTF Listed debts	**4,083**	4,732	**-**	**-**
USD SGX-ST Listed debts	**586**	548	**586**	548
GBP SGX-ST Listed debts	**97**	97	**97**	97
Loans from banks	**2,213**	2,209	**448**	298
Others unsecured	**285**	435	**-**	-
Total borrowings	**7,264**	8,021	**1,131**	943
Less: Short-term borrowings	**(1,608)**	(1,830)	**(97)**	-
Borrowings due for settlement after 12 months	**5,656**	6,191	**1,034**	943

EURO MTF bonds are listed on the Luxembourg Stock Exchange multilateral trading facility ('EURO MTF') market and USD SGX and GBP SGX are listed on the Singapore Stock Exchange.

Details of the tranches of the EURO MTF listed bonds outstanding as at 31 March 2023 are as follows:

Issued in	Currency	Initial principal amount (In millions) *	Outstanding principal amount (In millions) *	Outstanding principal amount (In millions) *	Interest rate	Redeemable on
January 2017	EUR	650	650	650	2.200%	2024
October 2017	USD	500	500	500	4.500%	2027
September 2018	EUR	500	500	500	4.500%	2026
November 2019	EUR	500	500	500	5.875%	2024
November 2019	EUR	500	500	500	6.875%	2026
October 2020	USD	700	700	700	7.750%	2025
December 2020	USD	650	650	650	5.875%	2028
July 2021	USD	500	500	500	5.500%	2029
July 2021	EUR	500	500	500	4.500%	2028

* Amounts reported in above table are in respective currency.

Details of the tranches of the bonds repaid in the year ended 31 March 2023 are as follows:

-$500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum – issued January 2013

-£400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum – issued February 2015

Details of the tranches of the bonds repaid in the year ended 31 March 2022 were as follows:

£400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum – issued January 2014

Syndicated Loan

In October 2018, a $1 billion syndicate loan was issued with a coupon rate of LIBOR + 1.900 per cent per annum, with $798 million due in January 2025. $200 million was paid during the year ended 31 March 2023.

UK Export Finance Facility ('UKEF')

During the year ended 31 March 2020, The Group entered and drew down in full a £625 million five-year amortising loan facility backed by a £500 million

guarantee from UK Export Finance. During the year ended March 2023, the Group repaid £125 million (2022: £125) million of this loan.

The loan includes a covenant requiring the group to maintain a minimum liquidity of £1 billion.

During the year ended March 2022 the group drew down in full an additional £625 million five-year amortising loan facility.The Group repaid £125 million of this additional facility in the year ended 31 March 2023 (2022:£31). These loans include a convent requiring the Group to maintain a minimum liquidity of £1 billion.

China Borrowings

During the year ended 31 March 2021, the Group entered into a 3-year RMB 5 billion syndicated revolving loan facility subject to an annual confirmatory review. This facility was cancelled during the year ended 31 March 2023 and replaced with a new 3-year RMB 5 billion syndicated revolving loan facility subject to an annual confirmatory review. The new facility is fully drawn at 31 March 2023 and is equivalent to £588 million at 31 March 2023 exchange rates.

17 Short-term borrowings and long-term debts (cont'd)
SGX-ST listed debts

Details of the tranches of the bonds listed on SGX-ST outstanding at 31 March 2023 are as follows:

Issued in	Currency	Initial principal amount (In millions) *	Outstanding principal amount (In millions) *	Interest rate	Redeemable on
July 2020	GBP	98	98	4.00%	2023
December 2020	USD	300	300	5.50%	2024
June 2021	USD	425	425	4.35%	2026

* Amounts reported in above table are in respective currency.
The notes are secured over the restricted cash (Note 6) and this has been set aside and at all times should be at least equal to the amount of interest due on all notes payable at that time on the next succeeding interest payment date.

Loan from banks

(£ millions)

	Group		Company	
	31-March-23	31-March-22	**31-March-23**	31-March-22
Less than one year, unsecured	**661**	600	**-**	-
Less than one year, secured	**28**	50	**-**	-
Later than one year and not later than five years,	**1,524**	1,559	**448**	298
	2,213	2,209	**448**	298

The borrowings are secured over the restricted cash (Note 6) and this has been set aside and at all times should be at least equal to the amount of interest due on the borrowings at that time on the next succeeding interest payment date.

Factored receivables facility

During the year ended 31 March 2023, the Group extended its factored receivables facility to $900 million, ending 31 March 2025. Under the terms of the facility, the Group de-recognises factored receivables in accordance with SFRS(I) 9 as there are no recourse arrangements. Included within bank loans at 31 March 2023 is £70 million (2022: £nil) in relation to receivables that were repurchased during the year.

Undrawn facilities

As at 31 March 2023, the Group has a fully undrawn revolving credit facility of £1,520 million (2022: £2,015 million). The facility was renewed on 16 December 2022 with a new maturity date of April 2026 and includes a covenant requiring the Group to maintain a minimum quarter-end liquidity of £1 billion.

Collateral pledged against borrowings

Other financial assets with a carrying of £20 million (2022:£13 million) are pledged as collateral/security against the commitments.

18 Accounts Payables

	Group		Company	
	31-March-23	31-March-22	**31-March-23**	31-March-22
Trade payables	**4,478**	3,811	**-**	**-**
Liabilities to employees	**157**	181	**-**	**-**
Liabilities for expenses	**1,065**	884	**18**	**17**
Liabilities for capital expenditure	**310**	435	**-**	**-**
Acceptances	**12**	9	**-**	**-**
	6,022	5,320	**18**	**17**

19 Other financial liabilities

	Group		Company	
	31-March-23	31-March-22	**31-March-23**	31-March-22
Liability towards vehicles sold under repurchase arrangements	**297**	267	**-**	-
Interest accrued but not due	**112**	112	**12**	10
Lease obligations	**70**	64	**-**	-
Derivative financial instruments	**461**	445	**-**	-
Total other current financial liabilities	**940**	888	**12**	10
Lease obligations	**645**	513	**-**	-
Derivative financial instruments	**491**	339	**19**	1
Retention money, security deposits and others	**11**	25	**-**	-
Total other non-current financial liabilities	**1,147**	877	**19**	1

(£ millions)

20 Provisions

Provision consists of the following:

	Group	
	31-March-23	31-March-22 *
Current		
Product warranty	**706**	612
Emissions compliance	**9**	79
Third party claims and obligations	**300**	108
Restructuring	**5**	118
Other provisions	**80**	80
Total - Current provision	**1,100**	997
Non-current		
Product warranty	**979**	1,029
Emissions compliance	**71**	40
Other provisions	**54**	58
Total - Non-current provision	**1,104**	1,127

Movement in the provision are as follows:

	Group
Product warranty	**31-March-23**
Balance at the beginning	**1,641**
Provision made during the year	**865**
Provision used during the year	**(763)**
Unused amounts reversed in the period	**(83)**
Impact of discounting	**25**
Balance at the end	**1,685**
Emissions compliance	
Balance at the beginning	**119**
Provision made during the year	**81**
Provision used during the year	**(99)**
Unused amount released in the year	**(30)**
Impact of foreign exchange translation	**9**
Balance at the end	**80**
Third party claims and obligations	
Balance at the beginning	**108**
Provision made during the year	**704**
Provision used during the year	**(421)**
Unused amount released in the year	**(91)**
Balance at the end	**300**
Restructuring	
Balance at the beginning	**118**
Provision made during the year	**24**
Provision used during the year	**(115)**
Unused amounts reversed in the year	**(22)**
Balance at the end	**5**
Other provisions	
Balance at the beginning	**138**
Provision made during the year	**46**
Provision used during the year	**(16)**
Unused amount released in the year	**(42)**
Impact of foreign exchange translation	**8**
Balance at the end	**134**

*The comparatives for the years ended 31 March 2022 have been re-presented to align with presentation changes for the year ended 31 March 2023. Product Warranty and Restructuring amounts are consistent with previous years. Legal and product liability amounts disclosed in previous years are now split into Emissions compliance, Third party claims and obligations and Other provisions. Provisions for residual risk, environmental liability and other employee benefits obligations amounts disclosed in previous years are now grouped in Other provisions. This has not resulted in any change to repor ted 'total current provisions' or 'total non-current provisions'.

20 Provisions (Cont'd)

Product warranty provision

The Group provides product warranties on all new vehicle sales in respect of manufacturing defects, which become apparent in the stipulated policy period dependent on the market in which the vehicle purchase occurred. The estimated liability for product warranty is recognised when products are sold or when new warranty programmes are initiated.Provisions are recognised for the costs of repairing manufacturing defects, recall campaigns, customer goodwill (representing the Group's constructive obligation to its customers when managing those warranty claims) and the Group's other obligations under the warranty. Assumptions are made on the type and extent of future warranty claims based on experience of the frequency and extent of vehicle faults and defects historically. The estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits and are regularly adjusted to reflect new information. The timing of outflows will vary as and when a warranty claim will arise. The Group's calculation methodology uses historical data corrected for experience as information becomes available as well as individual campaign assumptions (such as scope, uptake rates and repair costs). This can lead to changes in the carrying value of provisions as assumptions are updated over the life of each warranty; however there are no individual assumptions that can be reasonably expected to move over the next financial year to such a degree that it would result in a material adjustment to the warranty provision. The discount on the warranty provision is calculated using a riskfree discount rate as the risks specific to the liability, such as inflation, are included in the base calculation.The Group also has back-to-back contractual arrangements with its suppliers in the event that a vehicle fault is proven to be a supplier's fault. Estimates are made of the expected reimbursement claims based upon historical levels of recoveries by supplier, adjusted for inflation and applied to the population of vehicles under warranty at the balance sheet date. Supplier reimbursement claims are presented as separate assets within "Other financial assets" in note 6. Supplier recoveries are recognised only when the Group considers there to be virtual certainty over the reimbursement, which also requires historical evidence to support. The Group notes that changes in the automotive environment regarding the increasing impact of battery electric vehicles presents its own significant challenges, particularly due to the lack of maturity and historical data available at this time to help inform estimates for future warranty claims, as well as any associated recoveries from suppliers due to such claims. The Group offers warranties of up to eight years on batteries in electric vehicles. The related provisions are made with the Group's best estimate at this time to settle such obligations in the future, but will be required to be continually refined as sufficient, real-world data becomes available.

Restructuring provision

The restructuring provision includes amounts for third party obligations arising from Group restructuring programmes. This includes amounts payable to employees following the announcement of the Group's Reimagine strategy in the year ending 31 March 2021 as well as other Group restructuring programmes. Amounts are also included in relation to legal and constructive obligations made to third parties in connection with cancellations under the Group's Reimagine strategy.

The estimated liability for restructuring activities is recognised when the Group has reason to believe there is a legal or constructive obligation arising from restructuring actions taken.

The amount provided at the reporting date is calculated based on currently available facts and certain estimates for those obligations. These estimates are established using historical experience based on the settlement costs for similar liabilities, with proxies being used where no direct comparison exists.

The amounts and timing of outflows will vary as and when restructuring obligations are progressed with third parties.

Third party claims and obligations

A provision is maintained in respect of legal and constructive obligations to third parties. This includes claims and obligations related to supplier claims, motor accident claims, consumer complaints, retailer terminations, employment cases and personal injury claims. The increase in the year is driven mainly by supplier claims related to the significant inflation experienced during the period as well as lower than expected volumes.

The provision recognised is based on previous experience, which is considered as a reasonable assumption to estimate the final settlement, if any, at the time of the claim. The timing and amount of outflows will vary with decreasing uncertainty from the point at which each claim is received to when it is subsequently settled.

Emissions compliance

The Group maintains provision for non compliance with legal emissions requirements for certain jurisdictions. The measurement of the provision considers the sales volume in that jurisdiction and the fee or cost per the applicable legislation. The Group aims to mitigate non-compliance risk by purchasing emission credits, participating in emission pools or, subject to the terms of the relevant legislation, generating credits by producing and selling compliant vehicles in the future. The measurement of the provision at the balance sheet date does not include the impact of credits forecast to be generated in the future via the production and sale of compliant vehicles.
The timing of outflows will vary and is not known with certainty.

Other provisions

Other provisions predominantly include the environmental liability and residual risk provisions.The timing of outflows will vary and is not known with certainty.

21 Other liabilities

Other liabilities consists of the following:

		(£ millions)
	Group	
	31-March-23	31-March-22
Liability for advances received	**82**	129
Statutory dues	**170**	273
Ongoing service obligation	**300**	286
Others	**7**	10
Total other current liabilities	**559**	698
Ongoing service obligation	**478**	395
Others	**9**	10
Total other non-current liabilities	**487**	405

22 Employee benefit obligations

Employee benefit assets comprise of the following:

	Group	
	31-March-23	31-March-22
Defined benefit schemes under:		
Jaguar Land Rover Automotive Plc (UK Defined benefit scheme)	**(637)**	(409)
Tata Daewoo Commercial Vehicle Co. Ltd	**-**	1
	(637)	(408)
Defined contribution plan	**-**	-
	(637)	(408)

22 Employee benefit obligations (Cont'd)

UK defined benefit scheme

The Group operates defined benefit pension schemes for qualifying employees of certain subsidiaries. The UK defined benefit schemes are administered by a trustee with assets held in trusts that are legally separate from the Group. The trustee of the pension schemes is required by law to act in the interest of the members and of all relevant stakeholders in the schemes, and is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of trustee must be composed of representatives of the Group and scheme participants in accordance with each schemes' regulations.

Under the schemes, the employees are entitled to postretirement benefits based on their length of service and salary.

Through its defined benefit pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below.

Asset volatility

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if schemes' assets underperform against these corporate bonds, this will create or increase a deficit. The defined benefit schemes hold a significant proportion of equity-type assets, which are expected to outperform corporate bonds in the long-term although introduce volatility and risk in the short-term.

The UK schemes hold a substantial level of index-linked gilts and other inflation and interest rate hedging instruments in order to reduce the volatility of assets compared to the liability value, although these will lead to asset value volatility.

As the schemes mature, the Group intends to reduce the level of investment risk by investing more in assets for which expected income is a better match for the expected benefit outgo.

However, the Group believes that due to the long-term nature of the schemes' liabilities and the strength of the supporting group, a level of continuing equity-type investments is currently an appropriate element of the Group's long-term strategy to manage the schemes efficiently.
The Trustees and the Group are engaged in ongoing discussions to control the impact of climate risk on the schemes funding. The current diversified asset profile of the UK plans should reduce exposure to climate risks.

Changes in bond yields

A decrease in corporate bond yields will increase schemes' liabilities, although this is expected to be partially offset by an increase in the value of the schemes' assets, specifically the bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the schemes against high inflation). As noted above, the schemes hold a significant proportion of assets in index-linked gilts, together with other inflation hedging instruments and also assets that are more closely correlated with inflation. However, an increase in inflation may still create a deficit or increase an existing deficit to some degree.

Impact of turbulence in UK Gilt market during 2022

During September 2022, following sustained increases in UK real gilt yields over the summer, the Group witnessed an unprecedented spike in both nominal and real yields for UK Gilts together with a sharp fall in the value of sterling. This created knock on effects for the UK bond market.

Like most UK defined benefit plans, the JLR schemes use Gilts, Gilt repos and interest rate/inflation swaps to manage a portion of the interest rate and inflation risk inherent in the funding arrangements for our schemes. Furthermore, a portion of sterling currency risk is hedged. Largely these hedging instruments are held on a segregated basis providing greater transparency and control than pooled fund approaches to hedging.

Interest rate and inflation risks are hedged based on the Technical Provisions liability (ie lower than the Gilts flat or Buy-out liability) which is similar in magniture to the accounting liability. Gilt & swap instruments are used to hedge non-pensioner liabilities. A cashflow matching policy applies for pensioner liabilities which is largely implemented with bonds rather than Gilts. Furthermore, action was taken to reduce the hedge ratio for non-pensioner liabilities early in July 2022. As a result, the magnitude of interest rate hedging using Gilt & swap instruments was moderated.

Nonetheless, the sharp increases in nominal and real yields, together with the fall in sterling, created a large liquidity requirement for our schemes. The company and the Trustee worked together to agree appropriate actions to meet this requirement and also control the risk of further liquidity calls. We are pleased that the agreed actions were sufficient to meet cash requirements without recourse to the Company for additional liquidity.

Changes in financial conditions over the year ended 31 March 2023 have resulted in large changes in the pension assets and liabilities reported for accounting purposes. Higher bond yields reduced our balance sheet pension liabilities substantially, despite the increase to inflation expectations, as most inflationary increases to benefits are capped. The full expectation for future inflationary increases under the rules of the schemes is recognised in the defined benefits obligation, allowing for the caps in place. There are no discretionary increases planned and we do not make any allowance for these.

Whilst market values of assets also reduced due to lower values of hedging and bond assets, the net result was a temporary increase in the pension surplus at that time.

The schemes remain in surplus on the accounting and the funding basis, therefore no additional cash requirements have been created by the Gilt market turmoil. In fact, the expected cost of funding future benefit accrual has reduced materially.

UK Gilt and bond market conditions have stabilised over the subsequent months, although with higher long term Gilt yields (both nominal and real) and higher nominal bond yields. The long term investment strategy remains consistent with prior years, although higher levels of liquidity are now held.

22 Employee benefit obligations (cont'd)

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant in the UK defined benefit schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.While COVID-19 has had an impact on mortality in the period ended 31 March 2023, the long-term impact on future mortality trends is currently unknown and consequently no adjustment has been made to mortality assumptions in this regard.

The following tables set out the disclosures pertaining to the retirement benefit amounts recognised in for the schemes under Jaguar Land Rover Automotive plc:

	(£ millions)	
Change in present value of defined benefit obligation	**As at**	
	31-March-23	31-March-22
Defined benefit obligation at beginning of year	**7,522**	8,432
Current service cost	**82**	116
Past service cost	**(155)**	-
Interest expense	**212**	176
Actuarial (gain)/loss arising from:		
-Changes in demographic assumptions	**-**	10
-Changes in financial assumptions	**(2,357)**	(705)
-Experience adjustments	**156**	(3)
Exchange differences on foreign schemes	**2**	-
Member contributions	**1**	2
Benefits paid	**(374)**	(506)
Defined benefit obligation at end of year	**5,089**	**7,522**

Change in fair value of scheme assets	**As at**	
	31-March-23	31-March-22
Fair value of schemes' assets at beginning of year	**7,931**	8,045
Interest income	**245**	170
Remeasurement gain on the return of schemes' assets, excluding amounts included in interest income	**(2,215)**	9
Administrative expenses	**(26)**	(27)
Employer contributions	**164**	238
Member contributions	**1**	2
Benefits paid	**(374)**	(506)
Fair value of schemes' assets at end of year	**5,726**	7,931

The actual return on the schemes’ assets for the year ended 31 March 2023 was £1,970 million (2022: £179 million).
Amounts recognised in the consolidated statement of profit or loss consist of:

	31-March-23	31-March-22
Current service cost	**82**	116
Past service credit	**(155)**	-
Administrative expenses	**26**	27
Net interest cost (including onerous obligations)	**(33)**	6
Components of defined benefit cost recognised in profit or loss	**(80)**	149

Amounts recognised in the other comprehensive income mainly consist of:

	31-March-23	31-March-22
Actuarial (gains)/loss arising from:		
-Changes in demographic assumptions	**-**	(10)
-Changes in financial assumptions	**2,357**	705
-Experience adjustments	**(156)**	3
-Remeasurement (loss)/gain on the return of scheme assets, excluding amounts included in interest income	**(2,215)**	9
Remeasurement gain/(loss) on defined benefit obligation	**(14)**	707

Amounts recognised in the statement of financial position mainly consist of:	**As at**	
	31-March-23	31-March-22
Present value of defined benefit obligations	**(5,089)**	(7,522)
Fair value of schemes' assets	**5,726**	7,931
Net retirement benefit obligation	**637**	409
Presented as non-current asset	**659**	434
Presented as non-current liability	**(22)**	(25)

The most recent valuations of the defined benefit schemes for accounting purposes were carried out at 31 March 2023 by a qualified independent actuary. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method. The asset valuations are taken from the asset custodian for each scheme together with the balance of the trustee bank accounts.

22 Employee benefit obligations (cont'd)

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

	31-March-23	31-March-22
Discount rate	**4.8%**	2.8%
Expected rate of increase in benefit revaluation of covered employees	**1.9%**	2.2%
RPI Inflation rate	**3.0%**	3.5%

For the valuation at 31 March 2023, the mortality assumptions used are the Self-Administered Pension Schemes ('SAPS') base table, in particular S2PxA tables ("Light" table for members of the Jaguar Executive Pension Plan).

For the Jaguar Pension Plan, scaling factors of 101 per cent to 115 per cent have been used for male members and scaling factors of 103 per cent to 118 per cent have been used for female members.
For the Land Rover Pension Scheme, scaling factors of 105 per cent to 117 per cent have been used for male members and scaling factors of 100 per cent to 116 per cent have been used for female members.

For the Jaguar Executive Pension Plan, scaling factors of 93 per cent to 97 per cent have been used for male members and scaling factors of 91 per cent to 96 per cent have been used for female members.

For the valuation at 31 March 2022, the mortality assumptions used are the SAPS base table, in particular S2PxA tables ("Light" table for members of the Jaguar Executive Pension Plan). For the Jaguar Pension Plan, scaling factors of 101 per cent to 115 per cent have been used for male members and scaling factors of 103 per cent to 118 per cent have been used for female members.For the Land Rover Pension Scheme, scaling factors of 105 per cent to 117 per cent have been used for male members and scaling factors of 100 per cent to 116 per cent have been used for female members.For the Jaguar Executive Pension Plan, scaling factors of 93 per cent to 97 per cent have been used for male members and scaling factors of 91 per cent to 96 per cent have been used for female members.

For the 2023 year end calculations there is an allowance for future improvements in line with the CMI (2021) projections and an allowance for long-term improvements of 1.25 per cent per annum and a smoothing parameter of 7.5 (2022: CMI (2021) projections with 1.25 per cent per annum improvements and a smoothing parameter of 7.5.

The assumed life expectations on retirement at age 65 are:	**As at**	
	31-March-23	31-March-22
Retiring today:	**(Years)**	
Males	**21.5**	21.6
Females	**23.8**	23.8
Retiring in 20 years:		
Males	**22.9**	23.0
Females	**25.7**	25.7

A past service credit of £155 million has been recognised in the year ended 31 March 2023 in relation to a change in indexation for some benefits. It has been agreed with the Trustees that the inflationary index for pension increases in payment and deferment will change from RPI to CPI with effect from 1 July 2022 for future increases for those members of the Schemes where this change was deemed appropriate. The P&L items have been remeasured as at 30 June 2022 for the remainder of the period as required.

All past service costs are recognised in 'exceptional items' in the consolidated income statement.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

Assumption	**Change in assumption**	**Impact on scheme liabilities**	**Impact on service cost**
Discount rate	Increase/decrease by 0.25%	Decrease/increase by £191 million	Decrease/increase by £3 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by £104 million	Increase/decrease by £2 million
Mortality	Increase/decrease in life expectancy by 1 year	Increase/decrease by £145million	Increase/decrease by £1 million

22 Employee benefit obligations (cont'd)

(£ millions)

The fair value of scheme assets is represented by the following major categories:

	31-March-23				31-March-22			
	Quoted	**Unquoted**	**Total**	**%**	Quoted	Unquoted	Total	%
Equity instruments								
Information technology	-	-	-	-	-	127	127	2%
Energy	-	-	-	-	-	18	18	0%
Manufacturing	-	-	-	-	-	96	96	1%
Financials	-	-	-	-	-	41	41	1%
Other	-	-	-	-	-	173	173	2%
	-	-	-	-	-	455	455	6%
Debt instruments								
Government	**1,830**	**(339)**	**1,491**	**26%**	1,813	65	1,878	23%
Corporate bonds - (investment grade)	**768**	**250**	**1,018**	**19%**	1,149	310	1,459	18%
Corporate bonds - (Non investment grade)	**-**	**759**	**759**	**13%**	-	973	973	12%
	2,598	**670**	**3,268**	**58%**	2,962	1,348	4,310	53%
Property funds								
UK	**-**	**289**	**289**	**5%**	-	307	307	4%
Other	**-**	**230**	**230**	**4%**	-	240	240	3%
	-	**519**	**519**	**9%**	-	547	547	7%
Cash and cash equivalents	**52**	**254**	**306**	**5%**	75	363	438	6%
Other								
Hedge funds	**-**	**312**	**312**	**5%**	-	506	506	6%
Private markets	**-**	**1,078**	**1,078**	**19%**	-	998	998	13%
Alternatives	**-**	**186**	**186**	**3%**	-	462	462	6%
	-	**1,576**	**1,576**	**27%**	-	1,966	1,966	25%
Derivatives								
Foreign exchange contracts	**-**	**17**	**17**	**-**	-	(35)	(35)	-
Interest rate and inflation swaps	**-**	**40**	**40**	**1%**	-	250	250	3%
Equity protection derivatives	**-**	**-**	**-**	**-**	-	-	-	-
	-	**57**	**57**	**1%**	-	215	215	3%
Total	**2,650**	**3,076**	**5,726**	**100%**	3,037	4,894	7,931	100%

As at 31 March 2023, the schemes held Gilt Repos. The net value of these transactions is included in the value of government bonds. The value of the funding obligation for the Repo transactions is £487 million at 31 March 2023 (2022: £1,462 million).

JLR assigns an accounting level (1,2 or 3) to asset holdings in order to reflect the level of judgement involved in the valuation of an asset. In assigning the level JLR balances consistency between asset holdings, consistency from year to year and manager / other assessments. JLR designates level 1 to direct holdings of liquid assets where an active market exists.

Custodian accounts where underlying assets are regularly traded or where comparable assets have traded values are designated level 2, for example derivatives (including net value of swaps) and some property holdings. Assets which are not designated as level 1 or 2 are designated as level 3. Level 1 assets are reported as quoted, level 2 and 3 unquoted. Repo obligations are noted separately.

Private equity holdings and these have been measured using the most recent valuations, adjusted for cash and currency movements between the last valuation date and 31 March 2023. Given the movements in listed equity markets, the valuation of private equity holdings may vary significantly. The value of the private equity holdings in the JLR UK Plans included above is £762 million as at 31 March 2023 (2022: £661 million).

Jaguar Land Rover contributes towards the UK defined benefit schemes. Statutory funding valuations are carried out every three years, the latest valuation as at 31 March 2021 was completed on 30 June 2022. The valuations resulted in revised schedules of contributions effective from 1 July 2022. At the point the valuations were agreed each plan was in surplus, therefore, there are no further deficit recover contributions currently payable. The ongoing Group contribution rate for defined benefit accrual for FY23 was c.24 per cent of pensionable salaries in the UK, however following changes in financial conditions, from 1 April 2023 this reduced to c.10 per cent. The ongoing rate will vary to reflect prevailing financial conditions over time. The next statutory funding valuations are scheduled as at 31 March 2024 and are expected to be completed by 30 June 2025.

JLR has taken legal advice considering the documentation of the UK schemes and the regulatory environment. This confirmed the recoverability of any surplus in the scheme via reduced future contributions or settlement and JLR has based its accounting judgement on this advice.

The average duration of the benefit obligations at 31 March 2023 is 14.5 years (2022: 17.5 years).

The expected net periodic pension cost for the year ended 31 March 2024 is £39 million. The Group expects to pay £30 million to its defined benefit schemes, in total, for the year ending 31 March 2024 (excluding member contributions through salary sacrifice).

22 Employee benefit obligations (cont'd)

Defined Contribution Plan

The Group's contribution to defined contribution schemes for the year ended 31 March 2023 was £109 million (2022: £90 million).

23 Share capital

	(£ millions)	
	Group and Company	
	31-March-23	31-March-22
2,511,659,418 (2022: 2,511,659,418) ordinary shares issued	**1,628**	1,628
Total Share capital	**1,628**	1,628

Ordinary share of the Company has no par value, carry one vote per share and carry a right to dividends when declared by the Company.

24 Capital reserve

The capital reserve arose out of restructuring exercises carried out in 2010, 2014, 2015 and 2016.

During 2014 and 2015, the Company underwent a restructuring exercise. The effects of the merger of Tata Daewoo Commercial Vehicle Co. Ltd, Tata Motors (Thailand) Ltd, Tata Motors (SA)

(Proprietary) Ltd and PT Tata Motors Indonesia resulted in a restatement of the reserves in previous years. No restructuring took place in 2023 or 2022.

Capital reserve on currency conversion

During the year ended 31 March 2018, the Company has undergone conversion of currency of share capital from United States Dollar to Pound Sterling. The conversion was approved in the extra ordinary general meeting of the Company. The spot rate prevailing on the date of the EGM was used to convert the share capital. This has resulted in £206 million recognised as capital reserve on currency conversion with an increase of reciprocal amount in share capital.

Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

Cost of Hedging Reserve

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses in the hedging reserve.

25 Revenue

Revenues are summarised as follows:	(£ millions)	
	Group	
	31-March-23	31-March-22
Revenue recognised for sales of vehicles, parts and accessories	**22,806**	17,704
Revenue recognised for services transferred	**328**	335
Revenue- Other	**872**	762
Total revenue from contracts with customers	**24,006**	18,801
Less: Realised revenue hedges	**(590)**	75
Total revenue	**23,416**	18,876

Revenue – Other includes sales of goods other than vehicles, parts and accessories as well as revenue recognised outside the scope of SFRS(I) 15, primarily being lease instalments recognised from assets sold with a repurchase commitment.

Revenue disaggregation

The following table presents the Group's revenue, disaggregated by primary geographical market, timing of revenue recognition and major product categories. All revenue is generated from the Group's single automotive operating segment.

Year ended 31 March 2023 (£ millions)	**UK**	**US**	**China**	**Rest of Europe**	**Rest of World**	**Total**
Revenue recognised for sales of vehicles, parts and accessories	**3,058**	**5,359**	**4,766**	**4,359**	**5,264**	**22,806**
Revenue recognised for services transferred	**114**	**105**	**9**	**13**	**87**	**328**
Revenue - other	**760**	**6**	**96**	**3**	**7**	**872**
Total revenue from contracts with customers	**3,932**	**5,470**	**4,871**	**4,375**	**5,358**	**24,006**
Realised revenue hedges	**-**	**(274)**	**(290)**	**-**	**(26)**	**(590)**
Total revenue	**3,932**	**5,196**	**4,581**	**4,375**	**5,332**	**23,416**

Year ended 31 March 2022 (£ millions)	UK	US	China	Rest of Europe	Rest of World	Total
Revenue recognised for sales of vehicles, parts and accessories	2,377	4,104	4,166	3,222	3,835	17,704
Revenue recognised for services transferred	108	101	7	24	95	335
Revenue - other	679	6	64	3	10	762
Total revenue from contracts with customers	3,164	4,211	4,237	3,249	3,940	18,801
Realised revenue hedges	-	109	(61)	-	27	75
Total revenue	3,164	4,320	4,176	3,249	3,967	18,876

Contract Liabilities	Group	
	31-March-23	31-March-22
Ongoing service obligations	**779**	681
Liabilities for advances received	**82**	129
Total contract liabilities	**861**	810

Revenue that is expected to be recognised within five years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to £830 million at 31 March 2023 (2022: £803 million).

Ongoing service obligations' mainly relate to long-term service and maintenance contracts, extended warranties, and telematics services. 'Liabilities for advances received' primarily relate to consideration received in advance from customers for products not yet wholesaled at which point the revenue will be recognised. 'Ongoing service obligations' and 'Liabilities for advances received' are both presented within 'Other liabilities' in the consolidated statement of financial position.

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less. This is because revenue resulting from those sales will be recognised in a short-term period. The services included with the vehicle sale are to be recognised as revenues in subsequent years, but represent an insignificant portion of expected revenues in comparison.

The movement in contract liabilities relates solely to revenue recognised from balances held at the beginning of the year of £440 million (2022: £385 million) and increases due to cash received for performance obligations unsatisfied at the year-end of £467 million (2022: £361 million).

Revenue recognised in the year from performance obligations satisfied in the previous year is £5 million (2022: £13 million).

(£ millions)

26 Material and other cost of sales	31-March-23	31-March-22
Raw material and consumable used	**13,343**	9,834
Realised purchase hedges	**78**	134
	13,421	9,968

27 Exceptional items

Exceptional items are disclosed separately in the consolidated income statement and excluded from adjusted EBIT and adjusted EBITDA measures to support the reader's understanding of the performance of the Group.

The Group considers qualitative and quantitative factors to determine whether a transaction or event is exceptional, including the expected size, nature and frequency of the transaction or event, and any precedent for similar items in previous years.

Items that are considered exceptional may include the following:

-Costs associated with significant restructuring events;
-Impairments or reversals of impairments arising from an impairment assessment of the JLR's cash-generating unit
-Defined benefit past service costs or credits arising from scheme amendments; and
-Costs associated with provisions and related reversals arising from a significant one-off event not in the normal course of business.

The exceptional items recognised in the year ended 31 March 2023 comprise:
-£155 million in relation to a pension past service credit due to a change in inflation index from RPI to CPI;
-£5 million update to the exceptional item recognised during the years ended 31 March 2022 and 31 March 2021 in relation to the impact of the Group's Reimagine strategy; and
-£1 million update to the exceptional item recognised during the year ended 31 March 2022 in relation to customer liabilities arising from sanctions imposed against Russia.

The exceptional items recognised in the year ended 31 March 2022 comprise:
-£43 million in relation to customer liabilities arising from sanctions imposed against Russia by many countries, preventing the shipment of vehicles and certain parts to the market.
-Updates to the assessment of the impact of the Group's Reimagine strategy relating to the exceptional items recognised during the year ended 31 March 2021

28 Employee cost

Employee cost consists of the following :

	Group	
	31-March-23	31-March-22
Salaries, wages and welfare expenses	**2,429**	2,105
Contribution to provident fund and other funds	**183**	239
Total	**2,612**	2,344

Employee costs in the year ended 31 March 2023 includes £nil million (2022: £14 million) credit in relation to employees placed on furlough under the UK Coronavirus Job Retention Scheme.

Director's emoluments	Group	
	31-March-23	31-March-22
Directors' emoluments	**4**	5
Compensation for loss of office	**3**	-
Total	**7**	**5**

(£ millions)

29 Other expenses

Other expenses consists of the following :

	Group	
	31-March-23	31-March-22 *
Stores, spare parts and tools consumed	**105**	86
Freight cost	**640**	496
Product warranty	**895**	756
Write down of property, plant and equipment	**-**	3
Write down of Intangibles	**-**	9
Works operation and other expenses	**2,341**	1,756
Repairs to building and plant and machinery	**41**	28
Fair value adjustments in respect of assets held for sale	**27**	3
Power and fuel	**186**	161
Rent rates and other taxes	**42**	37
Insurance	**23**	23
Publicity	**512**	405
Total	**4,812**	3,763

*The comparatives for the year ended 31 March 2022 have been represented to align with presentation changes for the year ended 31 March 2023.

30 Engineering costs capitalised

	Group	
	31-March-23	31-March-22
Total engineering costs incurred	**1,696**	1,301
Engineering costs expensed	**(967)**	(839)
Engineering costs capitalised	**729**	462
Interest capitalised in engineering costs capitalised	**22**	41
Research and development grants capitalised	**(76)**	(39)
Total internally developed intangible additions	**675**	464

Engineering costs consists of engineering costs capitalised of £729 million (2022: £462 million) comprises £329 million (2022: £236 million)

included in “Employee costs” and £400 million (2022: £219 million) included in “Other expenses” in the consolidated income statement.

During the year ended 31 March 2023, £175 million (2022: £73 million) was recognised by a UK subsidiary as a Research and Development Expenditure Credit (‘RDEC’) incentive on qualifying expenditure. During the year ended 31 March 2023, £76 million (2022: £39 million) of the RDEC – the proportion relating to capitalised product development expenditure and other intangible assets – has been offset against the cost of the respective assets. The remaining £99 million (2022: £34 million) of the RDEC has been recognised as ‘Other income’.

31 Finance income and expense

Finance income and expense consist of the following :

	Group	
	31-March-23	31-March-22
Finance income	**72**	10
Finance expense		
Interest expense on lease liabilities	**(55)**	(46)
Total interest expense on financial liabilities other than lease liabilities measured at amortised cost	**(485)**	(406)
Interest (expense)/income on derivatives designated as a fair value hedge of financial liabilities	**(12)**	7
Unwind of discount on provisions	**(25)**	(10)
Less: Interest capitalised	**22**	44
Total finance expense	**(555)**	(411)

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 5.4% (2022: 4.6%). No redemption premium was incurred on any tranches of debt repaid in the years ended 31 March 2023 and 2022.

(£ millions)

32 Income tax expense

	Group	
	31-March-23	31-March-22
Current year	**260**	227
Adjustments for prior years	**11**	(5)
Current tax expense	**271**	222
Origination and reversal of temporary differences	**(120)**	152
Adjustments for prior years	**9**	(3)
Rate change	**2**	-
Deferred tax expense	**(109)**	149
Total income tax expense	**162**	371
Recognised in the statement of comprehensive income:		
Deferred tax expense/(credit) on actuarial gains on retirement benefits	**(4)**	92
Deferred tax expense in fair value of cash flow hedges	**114**	(128)
Deferred tax credit on rate changes	**(6)**	(77)
	104	(113)

The total charge for the financial year can be reconciled to the accounting profit as follows:

	Group	
	31-March-23	31-March-22
Profit/(loss) before income tax	**72**	(467)
Income tax credit at tax rates applicable to individual entities	**56**	(17)
Non-deductible expenses	**17**	33
Under/(over) provided in prior years	**20**	(8)
Overseas unremitted earnings	**29**	28
Tax on share of profit of equity accounted investments	**(3)**	3
Unrecognised or written-down deferred tax assets	**34**	331
Change in tax rates	**2**	-
Others	**7**	1
Income tax expense	**162**	371

The net underlying statutory tax rate represents the blended average of the tax rates suffered on profits and losses earned in our various countries of operation. The current position reflects the fact that statutory tax rates applicable in profitable non-UK subsidiaries are higher than the UK tax rate applied to UK losses.

Included within "Unecognised or written-down deferred tax assets" for the year ended 31 March 2023 is a charge of £34 million as a result of the inability to fully recognise UK deferred tax assets arising in the year. The "Over provided in prior years" credit of £20 million arises as a result of the finalisation of prior year tax submissions with global tax authorities and the conclusion of certain tax risks.

Included within "Unrecognised or written-down deferred tax assets" for the year ended 31 March 2022 is a charge of £331 million as a result of the inability to fully recognise UK deferred tax assets arising in the year. The "Over provided in prior years" credit of £8 million arises as a result of the finalisation of prior year tax submissions with global tax authorities and the conclusion of certain tax risks.

Impact of future rate changes

Since 1 April 2020, the UK corporation tax rate applicable has been at 19 per cent. A change to the main UK corporation tax rate from 19 to 25 percent with effect from 1 April 2023 was announced in the Budget on 3 March 2021, and was substantively enacted on 24 May 2021. Accordingly, UK deferred tax has been provided at a rate of 25 per cent on assets (2022: 25 per cent) and 25 per cent on liabilities (2022: 25 per cent), recognising the applicable tax rate at the point when the timing difference is expected to reverse.

33 Held for sale assets and liabilities

Assets are classified as held for sale if their carrying amount will be recovered primarily through sale rather than through continuing use, if the assets are available for immediate sale in their present condition and if the sale is highly probable. Immediately before classification as held for sale, the assets are measured in accordance with the Group's accounting policies. Once classified as held for sale, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any write-downs on initial classification or subsequent remeasurement are recognised in the consolidated income statement. Gains are not recognised in excess of any cumulative impairment losses.

As at 31 March 2023, assets classified as held for sale comprise of the following:

		(£ millions)
	31-March-23	31-March-22
Land and buildings	**35**	2
Heritage assets	**3**	2
Other assets held for sale	**24**	-
Assets classified as held-for-sale (TMSA)	**23**	-
Total Assets	**85**	4
Liability directly associated with Assets held-for-sale	**21**	-
Total Liabilities	**21**	**-**

Subsequent to year ended March 31, 2023, the Company ("TMLH") has decided for the sale its 60% stake held in Tata Motors (South Africa) (Proprietary) Ltd ("TMSA") to Tata Africa Holdings (SA) (Pty) Ltd for an agreed consideration of ZAR 30.16 million. The Company's cost of investment in TMSA is GBP 2.6 million and the sale of it will lead to a diminution in investment value of GBP 1.4 million after considering the agreed consideration of ZAR 30.16 million which equates to approx. GBP 1.2 million. The transaction is expected to be completed in the financial year ending March 31, 2024, after execution of share purchase agreement, obtaining all regulatory permissions, approvals, consents or authorisations required in relation to this transaction. The transaction is not expected to have any material impact on the earnings of the Company.

34 Reconciliation of movements of liabilities to cash flows arising from financing activities

For the year ended	**Short-term borrowings**	**Long-term debts**	**Lease obligations**
Balance as at 31 March 2021	1,494	5,800	528
Proceeds from issue of financing	680	1,735	-
Repayment of financing	(1,833)	(1)	(116)
Reclassification of long-term debt	1,428	(1,428)	-
Arrangement fees paid	-	(16)	-
Total changes from financing cash flows	**275**	**290**	**(116)**
Foreign exchange	**61**	**156**	**11**
Issue of new finance leases	-	-	136
Fee amortisation	-	11	(27)
Interest accrued	-	-	45
Fair value adjustment on loans	-	(66)	-
Total liability related other changes	**-**	**(55)**	**154**
Balance as at 31 March 2022	**1,830**	**6,191**	**577**
Proceeds from issue of financing	1,290	391	-
Repayment of financing	(2,477)	(225)	(72)
Reclassification of long-term debt	922	(922)	-
Interest paid	-	-	(54)
Total changes from financing cash flows	**(265)**	**(756)**	**(126)**
Foreign exchange	**31**	**341**	**1**
Issue of new leases	-	-	209
Fee amortisation	12	-	-
Interest accrued	-	-	54
Bond revaluation in hedge reserve	-	(55)	-
Fair value adjustment on loans	-	(65)	-
Total liability related other changes	**12**	**(120)**	**263**
Balance as at 31 March 2023	**1,608**	**5,656**	**715**

35 Dividends

No dividend was declared during the year ended 31 March 2023 and 31 March 2022.

36 Commitments and contingencies

In the normal course of business, 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 a disclosure in the consolidated financial statements but does not record a liability unless the loss becomes probable. Such potential losses may be of an uncertain timing and/or amount.

The following is a description of claims and contingencies 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.

	As at	
	31-March-23	**31-March-22***
Third party claims and obligations	**601**	334
Taxes and duties	**61**	75
Other	**124**	161
Commitments:		
-Plant and equipment	**386**	735
-Intangible assets	**15**	15
Pledged as collateral/security against the borrowings and commitments		
-Inventory	**-**	-
-Trade receivables	**-**	-
-Other financial assets	**20**	13

*The comparatives for the year ended 31 March 2022 have been re-presented to align with presentation changes for the year ended 31 March 2023. Litigation and product related amounts disclosed in previous years, in addition to third party claims previously disclosed under Other, are now presented together in Third Party Claims and Obligations. This has not resulted in any change to total contingent liabilities and commitments disclosed.

Contingencies

Contingencies related to legal and constructive obligations to third parties. There are claims and obligations against the Group which management has not recognised, as settlement is not considered probable. These claims and obligations relate primarily to the following:
-third party claims and obligations primarily supplier claims;
-tax and duty; and,
-other, including consumer complaints, retailer terminations, employment cases and personal injury claims.
The increase in the year is driven mainly by supplier claims related to the significant inflation experienced during the period as well as lower than expected volumes.

Commitments

The Group has entered into various contracts with vendors and contractors for the acquisition of plant and equipment and various civil contracts of a capital nature and the acquisition of intangible assets.

Joint venture

Stipulated within the joint venture agreement with Chery Jaguar Land Rover Automotive Ltd., and subsequently amended by a change to the Articles of Association of Chery Jaguar Land Rover Automotive Ltd. Is a commitment for the Group to contribute a total of CNY 5,000 million in capital. Of this amount, CNY 3,475 million has been contributed as at 31 March 2023. The outstanding commitment of CNY 1,525 million translates to £181 million at the 31 March 2023 exchange rate.

The Group's share of capital commitment of its joint venture at 31 March 2023 is £12 million (2022: £16 million) and contingent liabilities of its joint ventures 31 March 2023 is £nil (2022: £nil).

37 Subsequent events

There have been no material subsequent events between the balance sheet date and the date of signing this report.

38 Financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on the items within the statements of financial position 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 shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2023 under SFRS(I) 9:

Group (£ millions)

Financial assets		Fair Value Through Profit and Loss				
	Amortised Cost	Financial Assets	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Cash and cash equivalents	3,922	-	-	-	3,922	3,922
Short-term deposits	124	-	-	-	124	124
Trade receivables	1,041	-	-	-	1,041	1,041
Investments	-	43	-	-	43	43
Other financial assets - current	305	-	58	46	409	409
Other financial assets - non-current	91	-	146	20	257	257
Total financial assets	5,483	43	204	66	5,796	5,796
Financial liabilities						
Accounts payable	6,022	-	-	-	6,022	6,022
Short-term borrowings	1,608	-	-	-	1,608	1,536
Long-term borrowings	5,656	-	-	-	5,656	5,398
Other financial liabilities - current	479	-	89	372	940	940
Other financial liabilities - non-current	656	-	39	452	1,147	1,104
Total financial liabilities	14,421	-	128	824	15,373	15,000

Included in the long-term borrowings shown in other financial liabilities is £1,423 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £(67) million of fair value adjustments as a result of the hedge relationship.

Company

Financial assets		Fair Value Through Profit and Loss			
	Amortised Cost	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Cash and cash equivalents	179	-	-	179	179
Short term deposits	19	-	-	19	19
Other financial assets - current	29	-	-	29	29
Other financial assets - non-current	9	1	95	105	105
Total financial assets	236	1	95	332	332

Financial liabilities	Other financial liabilities	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Accounts payable	18	-	-	18	18
Short-term borrowings	97	-	-	97	97
Long-term borrowings	1,034	-	-	1,034	1,000
Other financial liabilities	12	-	19	31	31
Total financial liabilities	1,161	-	19	1,180	1,146

38 Financial instruments (cont'd)

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities, other than those with carrying amounts that are reasonable approximations of fair values as at 31 March 2022 under SFRS(I) 9:

Group

Financial assets		Fair Value Through Profit and Loss				**(£ millions)**
	Amortised Cost	Financial assets	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Cash and cash equivalents	4,382	-	-	-	4,382	4,382
Short-term deposits	177	-	-	-	177	177
Trade receivables	751	-	-	-	751	751
Investments	-	30	-	-	30	30
Other financial assets - current	231	-	128	57	416	416
Other financial assets - non-current	99	-	85	41	225	225
Total financial assets	5,640	30	213	98	5,981	5,981
Financial liabilities						
Accounts payable	5,320	-	-	-	5,320	5,320
Short-term borrowings	1,830	-	-	-	1,830	1,841
Long-term borrowings*	6,191	-	-	-	6,191	5,983
Other financial liabilities - current	443	-	29	416	888	888
Other financial liabilities - non-current	538	-	52	287	877	877
Total financial liabilities	14,322	-	81	703	15,106	14,909

Included in the long-term borrowings shown in other financial liabilities is £1,423 million which is designated as the hedged item in a fair value hedge relationship. Included within this figure is £(67) million of fair value adjustments as a result of the hedge relationship.

Company

Financial assets

	Amortised Cost	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Cash and cash equivalents	96	-	-	96	96
Short term deposits	-	-	-	-	-
Other financial assets - current	18	-	-	18	18
Other financial assets - non-current	8	2	27	37	37
Other Investment	-	-	-	-	-
Total financial assets	122	2	27	151	151

Financial liabilities

	Other financial liabilities	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Other payables	17	-	-	17	17
Short-term borrowings	-	-	-	-	-
Long-term borrowings	943	-	-	943	847
Other financial liabilities	10	-	1	11	11
Total financial liabilities	970	-	1	971	875

38 Financial instruments (cont'd)

Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative financial assets and financial liabilities are subject to master netting arrangements whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

The following table discloses the amounts that have been offset in arriving at the presentation on the statement of financial position and the amounts that are available for offset only under certain conditions as at 31 March 2023:

Group **(£ millions)**

	Gross amount recognised	**Gross amount of recognised set off in the statement of financial position**	**Net amount presented in the statement of financial position**	**Financial instruments**	**Net amount after offsetting**
Financial assets					
Derivative financial assets	**270**	**-**	**270**	**(162)**	**108**
Cash and cash equivalents	**4,158**	**(236)**	**3,922**	**-**	**3,922**
	4,428	**(236)**	**4,192**	**(162)**	**4,030**
Financial liabilities					
Derivative financial liabilities	**952**	**-**	**952**	**(162)**	**790**
Short-term borrowings	**1,844**	**(236)**	**1,608**	**-**	**1,608**
	2,796	**(236)**	**2,560**	**(162)**	**2,398**

The following table discloses the amounts that have been offset in arriving at the presentation on the statement of financial position and the amounts that are available for offset only under certain conditions as at 31 March 2022:

Group

	Gross amount recognised	Gross amount of recognised set off in the statement of financial position	Net amount presented in the statement of financial position	Financial instruments	Net amount after offsetting
Financial assets					
Derivative financial assets	311	-	311	(275)	36
Cash and cash equivalents	4,540	(158)	4,382	-	4,382
	4,851	(158)	4,693	(275)	4,418
Financial liabilities					
Derivative financial liabilities	784	-	784	(275)	509
Short-term borrowings	1,988	(158)	1,830	-	1,830
	2,772	(158)	2,614	(275)	2,339

38 Financial instruments (cont'd)

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the various levels as discussed in note 2.

Of the financial assets held at 31 March 2023 and classified as Level 3, 98 percent (2022: 95 percent) were valued using recent transaction values and 2 percent (2022: 5 percent) were valued using an alternative technique.

Recent transaction values

The pricing of recent investment transactions is the main input of valuations performed by the Group. The Group's policy is to use observable market data where possible for its valuations and, in the absence of portfolio company earnings or revenue to compare, or of relevant comparable businesses' data, recent transaction prices represent the most reliable observable inputs.

Alternative valuation methodologies

Alternative valuation methodologies are used by the Group for reasons specific to individual assets. At 31 March 2023 the alternative technique used was net asset value, representing 100 percent of alternatively valued assets.

There has been no change in the valuation techniques adopted in either current or prior financial years as presented. There were no transfers between fair value levels in the year ended 31 March 23 and 2022.

The financial instruments that are measured subsequent to initial recognition at fair value are classified as Level 2 fair value measurements, as defined by *SFRS(I) 13* , being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Fair values of forward derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves from Reuters. Commodity swap contracts are similarly fair valued by discounting expected future contractual cash flows. Option contracts on foreign currency are entered into on a zero cost collar basis and fair value estimates are calculated from standard Black-Scholes options pricing methodology, using prevailing market interest rates and volatilities. The estimate of fair values for cross currency swaps is calculated using discounted estimated future cash flows. Estimates of the future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates ('LIBOR') and risk free rates ("SONIA").

Additionally, a credit valuation adjustment/debit value adjustment is taken on derivative financial assets and liabilities and is calculated by discounting the fair value gain or loss on the financial derivative using credit default swap ("CDS") prices quoted for the counterparty or Jaguar Land Rover respectively. CDS prices are obtained from Reuters.

The long-term borrowings are held at amortised cost. Their fair value of the listed debt for disclosure purposes is determined using Level 1 valuation techniques, based on the closing price as at 31 March 2023 on the Luxembourg Stock Exchange multilateral trading facility ('EURO MTF') market and Singapore Stock Exchange ('USD SGX-ST') listed , for unsecured listed bonds. For bank loans, level 2 valuation techniques are used.

Fair values of cash and cash equivalents, short-term deposits, trade receivables and payables, unsecured listed bonds and other financial assets and liabilities (current and non-current excluding derivatives) are assumed to approximate to cost due to the short term maturing of the instruments and as the impact of discounting is not significant.

Other investments that are not equity accounted for are recognised at fair value. Where there is an active quoted market, the fair value is determined using Level 1 valuation techniques, based on the closing price at year end. The valuation as at 31 March 2023 is £nil (2022: £nil). Where there is no active quoted market, the fair values have been determined using Level 3 valuation techniques and the closing valuation as at 31 March 2023 is £43 million (2022: £30 million). The fair value gain recognised in the consolidated income statement for Level 3 investments for the year ended 31 March 2023 is £4 million (2022: gain of £4 million).

Of the financial assets held at 31 March 2023 and classified as Level 3, 98 per cent (2022: 96 per cent) were valued using recent transaction values and 2 per cent (2022: 4 per cent) were valued using an alternative technique

Management uses its best judgement 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 the respective dates. The estimated fair value amounts as at 31 March 2023 and 2022 have been measured as at 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.

38 Financial instruments (cont'd)

(B) Financial risk management

In the course of its business, the Group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risk. The Group has a risk management framework in place which monitors all of these risks as discussed below. The framework is approved by the Board.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement and the consolidated statement of changes in 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 respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan and Euro against the functional currency of the Company and its subsidiaries.

Foreign exchange risk on future transactions is mitigated through the use of derivative contracts. The Group is also exposed to fluctuations in exchange rates which impact the valuation of foreign currency denominated assets and liabilities and also foreign currency denominated balances on the Group's statement of financial position at each reporting period end. In addition to the derivatives designated in hedging relationships as detailed in (C), the Group enters into foreign currency contracts as economic hedges of recognised foreign currency debt.

The following table sets forth information relating to foreign currency exposure as at 31 March 2023 for the Group:

Group

					(£ millions)
	US Dollar	**Chinese Yuan**	**Euro**	**Others**	**Total**
Financial assets	**1,577**	**525**	**1,244**	**493**	**3,839**
Financial liabilities	**(4,014)**	**(1,178)**	**(4,747)**	**(320)**	**(10,259)**
Net exposure (liabilities)/assets	**(2,437)**	**(653)**	**(3,503)**	**173**	**(6,420)**

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the respective entity would result in increase/decrease in the Group's profit before income tax by approximately £384 million for financial assets and decrease/increase in the Group's profit before income tax by approximately £1026 million for financial liabilities for the year period ended 31 March 2023.

The following table sets forth information relating to foreign currency exposure as at 31 March 2022 for the Group:

	US Dollar	Chinese Yuan	Euro	Others	Total
Financial assets	1,772	393	1,043	423	3,631
Financial liabilities	(4,206)	(1,148)	(4,248)	(296)	(9,898)
Net exposure (liabilities)/assets	(2,434)	(755)	(3,205)	127	(6,267)

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the respective entity would result in decrease/increase in the Group's loss before income tax by approximately £363 million for financial assets and increase/decrease in the Group's loss before income tax by approximately £990 million for financial liabilites for the year period ended 31 March 2022.

* Others include Russian Rouble, Singapore dollar, Swiss Franc, Australian Dollar, South African Rand, Thai Baht, Korean Won, Japaneses Yen etc.

38 Financial instruments (cont'd)

The following table sets forth information relating to foreign currency exposure as at 31 March 2023 for the Company:

Company

	US Dollar	Pound	Others *	(£ millions) Total
Financial assets	**83**	**146**	**1**	**230**
Financial liabilities	**(679)**	**(475)**	**(17)**	**(1,171)**
Net exposure liability	**(596)**	**(329)**	**(16)**	**(941)**

* Others include Singapore dollar.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Group's loss before income tax by approximately £23 million for financial assets and increase/decrease in the Group's loss before income tax by approximately £117 million for financial liabilities for the year period ended 31 March 2023.

The following table sets forth information relating to foreign currency exposure as at 31 March 2022 for the Company:

	US Dollar	Pound	Others *	(£ millions) Total
Financial assets	118	33	1	152
Financial liabilities	(638)	(324)	(17)	(979)
Net exposure liability	(520)	(291)	(16)	(827)

* Others include Singapore dollar, South African Rand, Thai Baht.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Group's loss before income tax by approximately £15 million for financial assets and increase/decrease in the Group's loss before income tax by approximately £98 million for financial liabilites for the year period ended 31 March 2022.

Commodity price risk

The Group is exposed to commodity price risk arising from the purchase of certain raw materials such as such as aluminium, copper, platinum and palladium. This risk is mitigated through the use of derivative contracts and fixed price contracts with suppliers. The derivative contracts are not hedge accounted under SFRS(I) 9 but are instead measured at fair value through profit or loss.

The total fair value gain on commodity derivatives of £133 million (2022: £131 million) has been recognised in "foreign exchange gain/(loss) and fair value adjustments in the consolidated statement of profit or loss. The amount reported do not reflect the purchasing benefits received by the Group (which are included within 'Material and other cost of sales').

A 10% depreciation/appreciation of all commodity prices underlying such contracts would have resulted in a loss/gain of £59 million (2022: £52 million).

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Group.

In addition to issuing long-term fixed-rate bonds, the Group has other facilities in place which are primarily used to finance working capital that are subject to variable interest rates. When undertaking a new debt issuance, the Board will consider the fixed/floating interest rate mix of the Group, the outlook for future interest rates and the appetite for certainty of funding costs.

The Group uses cross currency interest rate swaps to convert some of its issued debt from foreign denominated fixed rate debt to GBP floating rate debt. The derivative instruments and the foreign currency fixed rate debt are designated in fair value and cash flow hedging relationships.

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 reporting 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.

As at 31 March 2023, the Group's short-term borrowings of £256 million (2022: £417 million) and long term borrowings of £1,510 million (2022: £1,558 million) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the reporting date would result in an impact of £18 million (2022: £20 million) in statement of profit or loss.

The Company and Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate debt instruments.

38 Financial instruments (cont'd)

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 maintain sufficient liquidity in the form of cash and undrawn borrowing facilities to meet the Group's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

Group
As at 31 March 2023 (£ millions)

	Carrying amount	**Contractual cash flows**	**Within 1 year**	**1 to 5 years**	**More than 5 years**
Financial liabilities					
Borrowings and interest thereon	**7,376**	**8,409**	**1,834**	**5,637**	**938**
Lease obligations	**715**	**1,228**	**121**	**357**	**750**
Other financial liabilities	**420**	**383**	**333**	**50**	**-**
Accounts payable	**6,022**	**6,022**	**6,022**	**-**	**-**
Derivative financial instruments	**952**	**934**	**457**	**477**	**-**
Total contractual maturities	**15,485**	**16,976**	**8,767**	**6,521**	**1,688**

Group
As at 31 March 2022

	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	More than 5 years
Financial liabilities					
Borrowings and interest thereon	8,133	9,337	2,218	5,319	1,800
Finance lease obligations	577	952	105	284	563
Other financial liabilities	404	325	293	32	-
Accounts payable	5,320	5,320	5,320	-	-
Derivative financial instruments	784	1,065	510	553	2
Total contractual maturities	15,218	16,999	8,446	6,188	2,365

Company
As at 31 March 2023

	Carrying amount	**Contractual cash flows**	**Within 1 year**	**1 to 5 years**	**More than 5 years**
Financial liabilities					
Borrowings and interest thereon	**1,143**	**1,198**	**99**	**1,099**	**-**
Accounts payable	**18**	**18**	**18**	**-**	**-**
Derivative financial liabilities	**19**	**-**	**-**	**-**	**-**
Total contractual maturities	**1,180**	**1,216**	**117**	**1,099**	**-**

Company
As at 31 March 2022

	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	More than 5 years
Financial liabilities					
Borrowings and interest thereon	953	953	10	943	-
Accounts payable	17	17	17	-	-
Derivative financial liabilities	1	-	-	-	-
Total contractual maturities	971	970	27	943	-

38 Financial instruments (cont'd)

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligation. The majority of the Group's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

The carrying amount of financial assets represents the maximum credit exposure. None of the financial instruments of the Group result in material concentrations of credit risks.

All Group cash is invested according to strict credit criteria and actively monitored by treasury in conjunction with the current market valuation of derivative contracts. One of the subsidiary board has implemented an investment policy that places limits on the maximum cash investment that can be made with any single counterparty depending on their published external credit rating.

To a lesser extent the Group has an exposure to counterparties on trade receivables and other financial assets. The Group seeks to mitigate credit risk on sales to third parties through the use of payment at the point of delivery, credit insurance and letters of credit from banks that meet internal rating criteria.

Financial assets

None of the Group's cash and cash equivalents, including time deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2023 or 31 March 2022 that defaults in payment obligations will occur.

The Group has reviewed trade receivables not yet due and not impaired and no material issues have been identified. Trade receivables past due and impaired are set out below:

Trade receivables ageing profile: **(£ millions)**

	31-March-23		
	Gross	**Impairment**	**Net**
Not yet due	**1,011**	**(4)**	**1,007**
Overdue < 3 months	**34**	**-**	**34**
Overdue >3<6 months	**1**	**(1)**	**-**
Overdue > 6 months	**1**	**(1)**	**-**
Total	**1,047**	**(6)**	**1,041**

	31-March-22		
	Gross	Impairment	Net
Not yet due	668	(2)	666
Overdue < 3 months	75	-	75
Overdue >3<6 months	8	-	8
Overdue > 6 months	6	(4)	2
Total	757	(6)	751

Off-balance sheet financial arrangements

At 31 March 2023, Jaguar Land Rover Limited (a subsidiary of the Company) had sold £373 million equivalent of trade receivables under its debt factoring facility, which was renewed during the year ended 31 March 2023 and increased from $500 million to $900 million.

38 Financial instruments (cont'd)

(C) Derivatives and hedge accounting

One of the major subsidiary of the Group manufactures vehicles for wholesale both in the UK and overseas. It also purchases raw materials in currencies other than the Group's functional currency of GBP. The Group forecasts these transactions over the medium term, and enters into derivative contracts to mitigate the resulting foreign currency exchange risk, interest risk and commodity price risk. The Groups risk management strategy allows for hedge accounting when the derivatives meet the hedge accounting criteria as set out in SFRS (I) 9 and where they meet the Groups risk management objectives.

Commodity derivatives are not hedge accounted. Foreign currency forward contracts, foreign currency options & foreign currency denominated borrowings may be designated as hedging instrument in a cash flow hedge relationship against forecast foreign currency transactions to mitigate foreign currency exchange risk associated with those transactions.

In addition, the Group uses cross-currency interest rate swaps to hedge its foreign currency exchange risk associated with recognised borrowings. These instruments may be designated in both cash flow and fair value hedging relationships, or may be economic hedges of debt. The Group also manages foreign exchange risk on recognised borrowings using FX swaps. The Group utilises FX spot & FX swap contracts to manage operational requirements.

In all cases the Group uses a hedge ratio of 1:1. The critical terms of the derivative contracts are aligned with those of the hedged item. The Group allows a maximum hedging term of 5 years for forecast transactions. The Groups risk management policy allows for decreasing levels of hedging as the forecasting horizon increases.

A 10 per cent depreciation/appreciation in Sterling against the foreign currency underlying the contracts within the Group’s derivative portfolio that are sensitive to changes in foreign exchange rates (including the impact to the fair value adjustment of foreign currency borrowings designated as the hedged item in a fair value hedge relationship) would have resulted in the approximate additional (loss)/gain shown in the following table:

	As at	
	31-March-23	31-March-22
10% depreciation in Sterling against the foreign currency:		
In other comprehensive income	**(1,413)**	(1,119)
In the statement of profit or loss	**540**	476
10% appreciation in Sterling against the foreign currency:		
In other comprehensive income	**1,214**	959
In the statement of profit or loss	**(438)**	(369)

The following table sets out the change in the Group’s exposure to interest rate risk as a result of cross-currency interest rate swaps:

	Foreign currency average interest rate		Reporting currency average interest rate	
Outstanding contracts	**2023**	2022	**2023**	2022
	%	%	%	%
Between 1>5 years	**4.5**	4.5	**SONIA+5.247**	SONIA+4.777
Cross currency interest rate swaps >5 years	**4.5**	4.5	**-**	LIBOR+2.033

An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of:

	2023	2022
10% depreciation in interest rates:		
In the statement of profit or loss	**2**	(22)
10% appreciation in interest rates:		
In the statement of profit or loss	**(2)**	21

Cash flow hedges

The Group uses foreign currency options, foreign currency forwards contracts and recognised foreign currency borrowings as the hedging instrument in cash flow hedge relationships of hedged sales and purchases. The time value of options and the foreign currency basis spread of foreign exchange forward contracts are excluded from the hedge relationship and are recognised in other comprehensive income as a cost of hedging to the extent they relate to the hedged item (the aligned value). Additionally the Group uses cross-currency interest rate swaps as the hedging instrument of the foreign exchange risk of recognised foreign currency borrowings.

Changes in the fair value of foreign currency contracts, to the extent determined to be an effective cash flow hedge, are recognised in the consolidated statement of comprehensive income, and the ineffective portion of the fair value change is recognised in the statement of profit or loss. There is not generally expected to be significant ineffectiveness from cash flow hedges.

It is anticipated that the hedged sales will take place over the next 1 - 5 years, at which time the amount deferred in equity will be reclassified to revenue in statement of profit and loss.

It is anticipated that the hedged purchases will take place over the next 1 - 5 years at which time the amount deferred in equity will be included in the carrying amount of the raw materials. On sale of the finished product the amount previously deferred in equity and subsequently deferred in inventory will be reclassified to material and other cost of sales in statement of profit or loss.

The foreign currency borrowings designated as the hedged item mature in January 2026, at which time the amount deferred in equity will be reclassified to the consolidated income statement.

38 Financial instruments (cont'd)

The table below sets out the timing profile of the hedge accounted derivatives:

Outstanding contracts	Average strike rate		Nominal amounts		Carrying value assets / (liabilities)	
	Mar-23	Mar-22	**Mar-23**	Mar-22	**Mar-23**	Mar-22
Cash flow hedges of FX risk on forecast transactions						
Sell - USD						
<1 year	**0.7528**	0.7604	**2,761**	2,882	**(188)**	5
Between 1-5 years	**0.7581**	0.7361	**4,199**	3,734	**(234)**	(77)
Sell - Chinese Yuan						
<1 year	**0.1139**	0.1094	**2,674**	2,819	**(114)**	(235)
Between 1-5 years	**0.1159**	0.1123	**4,894**	3,521	**(184)**	(126)
Buy - Euro						
<1 year	**0.8915**	0.8875	**1,984**	2,892	**20**	(111)
Between 1-5 years	**0.9129**	0.8860	**41**	1,254	**-**	(5)
Other currencies						
<1 year			**730**	873	**(6)**	(17)
Between 1-5 years			**848**	870	**(2)**	(28)
			18,131	18,845	**(708)**	(594)
Debt instruments						
USD						
< 1 year	**-**	-	**-**	-	**-**	-
Between 1-5 years	**0.6287**	-	**1,068**	**-**	**(968)**	**-**
			1,068	-	**(968)**	-
Total cash flow hedges of foreign exchange risk on forecast transactions			**19,199**	18,845	**(1,676)**	(594)
Hedges of foreign exchange risk on recognised debt						
Cross currency interest rate swaps						
USD						
Between 1-5 years	**1.3**	-	**825**	-	**77**	-
>5 years	**-**	0.7592	**-**	380	**-**	1
EUR						
Between 1-5 years	**0.8912**	0.8912	**446**	446	**(50)**	(39)
>5 years	-	-	**-**	-	**-**	-
			1,271	826	**27**	(38)

The USD debt instrument used as a hedging instrument shown in the less than 1 year category above hedges some periods that are between 1 and 5 years.As the instrument itself matures within 1 year, the total amount has been shown in less than 1 year.

The line items in the statement of financial position that include the above derivative instruments are 'Other financial assets' and 'Other financial liabilities'. The US denominated debt designated as a hedging instrument is included in 'Borrowings'.

38 Financial instruments (cont'd)

The following table sets out the effect of the Group's cash flow hedges on the financial position of the Group:

	(£ millions)	
	31-March-23	31-March-22
Fair value loss of foreign currency derivative contracts recognised in hedging reserves	**(743)**	(816)
Fair value gain of derivatives hedging foreign currency borrowings recognised in hedging reserves	**16**	5
Loss recognised in other comprehensive income in the year	**(727)**	(811)
(Loss)/gain reclassified from cash flow hedging reserve and recognised in 'Revenue' in the income statement	**(590)**	75
Gain reclassified from cash flow hedging reserve and recognised in 'Exchange (loss)/gain and fair value adjustments' in the income statement on account of forecast transactions no longer expected to occur	**(12)**	10
Gain/(loss) reclassified to profit and loss in the year	**(602)**	85
Net change in the hedged item used for assessing hedge effectiveness	**(148)**	(762)
Gain on derivatives not hedge accounted, recognised in 'Foreign exchange gain/(loss) and fair value adjustments' in the statement of profit or loss	**108**	72

The Group uses cross currency interest rate swaps as the hedging instrument in a fair value hedge of foreign exchange and interest rate risks of foreign currency denominated debt. The derivatives convert USD fixed rate to GBP floating rate debt.

Changes in the fair value of foreign currency contracts that are designated in fair value hedging relationships are recognised in the statement of profit or loss. Changes in the fair value of the underlying hedged item (long-term borrowings) for the hedged risks are recognised in the same statement of profit or loss line.

The fair value of the cross-currency interest rate swaps, included in 'Derivatives and other financial instruments in a hedging relationship' in (A) are as follows:

	As at	
	31-March-23	31-March-22
Other financial assets - current	**3**	-
Other financial assets – non-current	**96**	1
Total financial assets	**99**	1
Other financial liabilities - current	**37**	-
Other financial liabilities – non-current	**31**	39
Total financial liabilities	**68**	39

The following amounts have been recognised in relation to fair value hedges in the consolidated income statement:	**2023**	2022
Net change in the hedged item used for assessing hedge effectiveness, taken to the income statement in 'Foreign exchange loss and fair value adjustments.	**26**	51
Fair value changes in the derivative instruments used in assessing hedge effectiveness, taken to the statement of profit or loss in 'Foreign exchange loss and fair value adjustments.	**1**	(36)
Ineffectiveness recognised in the statement of profit or loss in 'Foreign exchange gain and fair value adjustments.	**27**	15

39 Capital management

The Group's objectives when managing capital are to ensure the going concern operation of all subsidiary companies within the Group and to maintain an efficient capital structure to support ongoing and future operations of the Group and to meet shareholder expectations.

The Group issues debt, primarily in the form of bonds to meet anticipated funding requirements and maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required.

The following table summarises the capital of the Group:

	(£ millions)	
	As at	
	31-March-23	31-March-22
Short-term borrowings	**1,608**	1,830
Long-term debts	**5,656**	6,191
Lease obligation	**715**	577
Total debts	**7,979**	8,598
Equity	**3,583**	3,867
Total capital	**11,562**	12,465

40 Segmental reporting

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

The Group operates in the automotive segment. The automotive segment includes all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories from which the Group derives its revenues. The Group has only one operating segment, so no separate segment report is given.

The geographic spread of sales and non-current assets is as disclosed below:

(£ millions)

	UK	US	China	Rest of Europe	Rest of World	Total
31-March-23						
Revenue	**3,932**	**5,196**	**4,581**	**4,376**	**5,331**	**23,416**
Non-current assets	**9,741**	**55**	**136**	**873**	**315**	**11,120**
31-March-22						
Revenue	3,164	4,320	4,176	3,249	3,967	18,876
Non-current assets	10,311	60	131	982	327	11,811

In the table above, non-current assets includes property, plant and equipment, right of use assets and intangible assets.