Fiscal Year 2015 is the fifth consecutive year of growth for Jaguar Land Rover with retail volumes, revenue and profits reaching record levels.

Kenneth Gregor
Chief Financial Officer

The year ending March 2015 marks the fifth consecutive year of strong growth for Jaguar Land Rover, with record volumes, profits and investment. Revenues were £21,866 million (up 12.8 percent) with retail sales of 462,209 units (up 6.4 percent including our Chinese joint venture), EBITDA of £4,132 million (up 21.8 percent), and profit before tax (PBT) of £2,614 million (up 45.5 percent).

Strong retail sales for Land Rover of 385,279 units (up 8.9 percent) were driven by the continued success of the Range Rover (up 24.0 percent), Range Rover Sport (up 26.0 percent), Discovery (up 11.8 percent), Evoque (up 1.0 percent). The all-new Discovery Sport went on sale in February to an enthusiastic reception following the run out of the Freelander FY15 was a transition year for Jaguar with retail sales of 76,930 units (down 4.5 percent). Whilst F-TYPE sales of 12,130 units were up 41.6 percent with the introduction of an all-wheel drive option and the F-TYPE R. Volumes were down for the XF, XJ and the discontinued XK, preceding the launch in FY16 of the new XE sedan, followed by the 16 Model Year XJ, all-new XF and then the F-PACE performance crossover.

Jaguar Land Rover’s sales profile remains balanced across key regions with year on year growth in most including China (22.5 percent), the UK (3.1 percent), the US (3.6 percent), Europe (6.0 percent) and Asia Pacific (16.8 percent), whilst sales in All Other Markets fell 9.0 percent reflecting performance in the weaker Russia, Brazil and South Africa markets.

Strong volume growth as well as a more favourable model and market mix generated record revenues of £21,866 million in Fiscal 2015 (up £2,480 million from Fiscal 2014) and record EBITDA of £4,132 million (up £739 million) with an EBITDA margin of 18.9 percent (up 1.4ppt). Commodity prices softened during the year, resulting in a favourable impact net of realised hedges. Operational foreign exchange net of realised hedges was unfavourable for the year, reflecting a weaker US Dollar and Chinese RMB earlier in the year, partially offset by a weaker Euro throughout the year.

Profit before tax increased by £113 million to a record £2,614 million during Fiscal 2015, reflecting EBITDA (up £739 million), less depreciation and amortisation of £1,051 million (up £176 million), (ii) £374 million unfavourable revaluation of US Dollar debt and unrealised FX and commodity hedges (compared to £137 million favourable revaluation in the prior year and (iii) £87 million net finance expense (down from £147 million). Profit after tax was £2,038 million (up from £1,879 million a year ago), reflecting a 22 percent effective tax rate.

The increase in depreciation and amortisation reflects the start of amortisation of previously capitalised investment associated with the launch of the new products and facilities. The unfavourable revaluation of debt and unrealised hedges reflects the stronger US Dollar and RMB and weaker Euro at the end of Fiscal 2015 as well as softer commodity prices. Net finance expense after interest expense capitalised includes £77 million of one-time costs associated with the redemption of £551 million of higher coupon bonds as part of two bond re-financing transactions but similar costs were incurred in the prior year and the increase in net finance expense primarily reflects the non-recurrence of accounting losses on the valuation of debt call options (£47 million).

Reflecting the strong EBITDA, free cash flow (before financing) was £791 million, net of total investment spending of £3,147 million (up from £2,680 million in the prior year). Jaguar Land Rover continues to maintain strong liquidity and at 31 March 2015 had a cash position of £4,263 million (including financial deposits), up £804 million.

This included a £342 million net increase in debt, less a £150 million dividend to Tata Motors and £230 million of financing costs.

Cash, net of £2,537 million of debt at year end, was £1,726 million, up from £1,449 million a year ago. In the fiscal year, we refinanced two higher coupon bonds with new eight-year £400 million and five-year £500 million bond issues at record low interest rates of 3.875 percent and 3.5 percent respectively. Earlier in the year we had also issued a £500 million bond for incremental funding. In addition, the Company has a £1,485 million of undrawn committed credit facilities (£371 million maturing in July 2016 and £1,114 million maturing in July 2018), resulting in total liquidity of almost £5,146 million.

Strong cash flows and access to capital have enabled significant investment for the future. The cash flows presented above are after investment of over £3 billion in Fiscal 2014-15, and Jaguar Land Rover remains committed to its strategy to invest substantially in future products, technologies and capacity to continue to deliver profitable volume growth.

Kenneth Gregor
Chief Financial Officer
Jaguar Land Rover Automotive plc
28 July 2015

Free cash flow* reflect net cash from operating activities less net debt and is derived from investing activities and non-current financing activities.

* Financial deposits include cash balances and banks and banks’ balance with Tata Motors; short-term deposits.

Profit before tax:

<table>
<thead>
<tr>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
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<tbody>
<tr>
<td>2,095</td>
<td>1,674</td>
<td>1,938</td>
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EBITDA (Margin):

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<tr>
<th>FY11</th>
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<tr>
<td>15.2%</td>
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<td>2,614</td>
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</table>

Free cash flow:

<table>
<thead>
<tr>
<th>FY16</th>
<th>FY15</th>
<th>FY14</th>
<th>FY13</th>
<th>FY12</th>
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</thead>
<tbody>
<tr>
<td>791</td>
<td>1,155</td>
<td>978</td>
<td>998</td>
<td>876</td>
</tr>
</tbody>
</table>
GLOBAL MARKETS
The macroeconomic environment over Fiscal Year 2015 was generally favourable but increasingly mixed. Economic growth continued to strengthen in the UK and US, with low unemployment and inflation. Recessionary concerns in the Eurozone prompted the ECB to embark on QE in January 2015 and uncertainty over Greece remained a concern. Growth in China continues to slow and weaker conditions persist in emerging market economies such as Russia and Brazil. The US dollar and Chinese renminbi strengthened against the Pound during Fiscal Year 2015 whilst the Euro generally weakened as did emerging market currencies such as the Russian Rouble and the Brazilian Real. Commodity prices also softened over the year as energy prices fell and the Chinese economy slowed.

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Wholesales by region* **

<table>
<thead>
<tr>
<th>Region</th>
<th>Units Sold</th>
<th>% Change</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUROSIA</td>
<td>470,523</td>
<td>+9.5%</td>
<td>19%</td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>462,209</td>
<td>+6.5%</td>
<td>25%</td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>462,209</td>
<td>+6.5%</td>
<td>25%</td>
</tr>
<tr>
<td>OVERSEAS</td>
<td>462,209</td>
<td>+6.5%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Retail sales by region** **

<table>
<thead>
<tr>
<th>Region</th>
<th>Units Sold</th>
<th>% Change</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>19%</td>
<td>10%</td>
<td>19%</td>
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<tr>
<td>EUROSIA</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>OVERSEAS</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
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</tbody>
</table>

**Including sales from Chery Jaguar Land Rover.

***Excluding Russia.
BUSINESS REPORT CONTINUED

£1,485 million revolving three- and five-year credit facilities

The Company has available a committed revolving credit facility of £1,485 million, comprising a three-year tranche of £731 million maturing in July 2016 and a five-year tranche of £1,114 million maturing in July 2018. As at 31 March 2014, the facility was fully undrawn. The facility is provided by a syndicate of 28 banks. The facility was increased from £495 million at 31 March 2014 with five more banks participating through an accordion option.

Receivables factoring facilities

Jaguar Land Rover Limited has maintained invoice discounting facilities including a £350 million committed facility which expired for new drawdowns in March and was renewed in April 2015 for a period of two years. At 31 March 2015, the Company had about £156 million equivalent of receivables previously discounted under this facility outstanding.

The range continues to be unified under a common design language epitomised by the Jaguar F-TYPE and, for Fiscal Year 2016, the new Jaguar XE sports saloon, the all-new lightweight Jaguar XF, and the new performance crossover – the Jaguar F-PACE.

The Company has also continued to enhance the design of Land Rover’s range of all-terrain vehicles, most recently with the new Discovery Family of vehicles, the first of which, the new Discovery Sport, was revealed in September 2014 and went on general retail sale in February 2015.

The Company endeavours to implement the best technologies into its product range to meet the requirements of discerning customers, and continues to commit significant investment into research and development.

The Company also strives for efficiencies through sharing premium technologies, powertrain designs and vehicle architecture across its products. For example, the aluminium body architecture introduced on the new Jaguar XE will be used on the all-new lightweight Jaguar XF and the new Jaguar F-PACE. It is anticipated that this will be a significant contributor to further efficiencies in manufacturing and engineering, as well as to the reduction of CO2 emissions and the improvement of fuel economy. For example, the new Jaguar XE delivers 75mpg and emissions as low as 99g/km of CO2 and the all-new lightweight Jaguar XF delivers emissions as low as 104g/km of CO2. Furthermore, significant investment is made in alternative fuel, hybrid technology and electrification as well as other development programmes aimed at further improving the environmental performance of our vehicles.

Jaguar Land Rover has committed to invest in the £150 million National Automotive Innovation Campus (NAIC) venture at the University of Warwick in the United Kingdom. This is due to open in Spring 2017, to complement existing product development centres, by focusing on advanced technology, innovation and research and featuring engineering workshops and laboratories, advanced powertrain facilities and advanced design, visualisation and rapid prototyping.

The Company also works with other technology companies, such as Intel at a research centre in Oregon in the US, as well as with Apple, working towards further enhancements to Jaguar Land Rover’s future vehicle infotainment systems.

Facilities

The Company is headquartered in the United Kingdom where it operates three automotive vehicle manufacturing facilities (Solihull, Castle Bromwich and Halewood), one engine manufacturing plant (Wolverhampton) and two design and engineering facilities (Gaydon and Whitley).

At Solihull, the Company produces the Land Rover Defender, Discovery, Range Rover, Range Rover Sport and, more recently the XE, following a £500 million investment in a new assembly hall which also provides the flexibility to produce the Range Rover Sport, and in due course, Jaguar’s new performance crossover, the F-PACE. Castle Bromwich currently produces the Jaguar F-TYPE, XF and XJ. Castle Bromwich recently benefited from £400 million of investment in a new aluminium bodyshop to support the production of the all-new lightweight Jaguar XE on sale in Fiscal Year 2016, whilst Halewood produces both the Range Rover Evoque and, following a £200 million investment, the Discovery Sport, the first member of the Land Rover Discovery family of vehicles.

£1,485 million revolving three- and five-year credit facilities

As at 31 March 2014, the facility was increased from £495 million at 31 March 2014 with five more banks participating through an accordion option.

Receivables factoring facilities

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<table>
<thead>
<tr>
<th>(£ millions)</th>
<th>Facility</th>
<th>Outstanding</th>
<th>Undrawn</th>
<th>First call date</th>
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<tbody>
<tr>
<td>Committed</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>£500m 8.25% Senior Notes due 2020*</td>
<td>58</td>
<td>58</td>
<td>–</td>
<td>Mar 16</td>
</tr>
<tr>
<td>£400m 5% Senior Notes due 2021**</td>
<td>400</td>
<td>400</td>
<td>–</td>
<td>n/a</td>
</tr>
<tr>
<td>£400m 3.875% Senior Notes due 2023**</td>
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<td>400</td>
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<tr>
<td>£140m 8.125% Senior Notes due 2021*</td>
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<td>57</td>
<td>–</td>
<td>May 16</td>
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<tr>
<td>£500m 5.625% Senior Notes due 2023*</td>
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<td>–</td>
<td>Feb 16</td>
</tr>
<tr>
<td>£700m 4.125% Senior Notes due 2019**</td>
<td>474</td>
<td>474</td>
<td>–</td>
<td>n/a</td>
</tr>
<tr>
<td>£350m 4.250% Senior Notes due 2014**</td>
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<td>339</td>
<td>–</td>
<td>n/a</td>
</tr>
<tr>
<td>£350m 3.50% Senior Notes due 2019**</td>
<td>339</td>
<td>339</td>
<td>–</td>
<td>n/a</td>
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<tr>
<td>Total</td>
<td></td>
<td>4,128</td>
<td>2,538</td>
<td>1,566</td>
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* The Notes are guaranteed on a senior unsecured basis by the guarantors, Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Jaguar Land Rover’s UK Operations Limited, JLR Nominee Company Limited and Jaguar Land Rover North America LLC.
** The Notes are guaranteed on a senior unsecured basis by the guarantors, Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited.
BUSINESS REPORT CONTINUED

In October 2014, Jaguar Land Rover’s new £500 million Engine Manufacturing Centre in Wolverhampton was opened by Her Majesty The Queen. This new state-of-the-art facility houses an engine-testing centre alongside manufacturing and assembly halls, and meets the highest standards of sustainable production to build the Company’s new Ingenium engine family. Also, in October 2014, Jaguar Land Rover opened its first international manufacturing facility in Changshu, China – a 50:50 joint venture with Chery Automobile Co., Ltd., operated by Chery Jaguar Land Rover Automotive Co., Ltd., which manages its production and supply of parts and components to its own and to other joint venture facilities in China and in due course its first wholly owned overseas manufacturing facility in Brazil.

Since February 2015, Chery Jaguar Land Rover has produced and sold the Range Rover Evoque for the local Chinese market.

In December 2014, Jaguar Land Rover laid the foundation stone of its BRL, 750 million (£840 million) state-of-the-art manufacturing facility in the state of Rio de Janeiro and confirmed that the Discovery Sport would be the first vehicle manufactured at the plant from early 2016. Capacity will be circa 24,000 vehicles and the plant is expected to employ approximately 400 people.

Sales and distribution
Jaguar Land Rover markets its products in 170 countries, through a global network of 30 national sales companies (NSCO), 73 importers, 53 export partners and a network of over 1,700 dealerships comprising 2,674 franchise sales dealers, of which 935 are joint. Jaguar and Land Rover dealers.

To ensure global demand is best satisfied Jaguar Land Rover actively manages its production and supply. Jaguar Land Rover also has certain financial arrangements in place for the provision of dealer and consumer financial services products with third-party providers, including Black Horse (part of the Lloyds Bank Group) in the UK, PCA Bank (a joint venture between Fiat Chrysler Auto and Credit Agricole in Europe, Chase Auto Finance in the USA and a number of similar financing arrangements with other local automotive financial service providers in other key markets.

OBJECTIVES AND STRATEGIES
Jaguar Land Rover aims to position itself as a leading manufacturer of premium vehicles offering high-quality products to its global customer base and to profitably grow its strong, globally recognised brands.

The Company strategy is founded upon three pillars, namely “Customer First”, “Great Products” and “Environmental Innovation”, supported by the development and application of advanced technologies and processes.

The Company plans to invest substantially in developing new products, expanding into new and existing segments with new powertrains and technologies to satisfy customer needs and aspirations as well as to fulfil its environmental commitments. The Company is also expanding its global footprint to harness the growth opportunities across all its existing and future markets. This includes expanding its manufacturing and assembly facilities, retailer network, supplier base as well as the human capital to enhance the company capabilities.

To ensure sustainable business expansion, the Company is focusing on balanced and controlled investments across its business, and at the same time identifying opportunities for quality improvement and cost control measures through a number of internal and external benchmarking exercises.

Going forward, the Company recognises that a number of internal and external factors will influence the automotive market. This is likely to present major challenges for mobility, but will also present future opportunities, which the Company continues to monitor and assess to shape its future business.

The Company believes its extensive sales and service network supported by a highly skilled and trained team of technicians and experts, enables the provision of premium quality and timely customer services, and in March 2015, the 2015 JD Power CSI study recognised the Jaguar brand as the highest achieving automotive luxury brand in the United States for customer satisfaction with retailer service for vehicle maintenance and repair.

To deliver these great products to even more customers, the Company has invested substantially in expanding its global manufacturing footprint. This includes investments in its existing plants within the UK as well as the joint venture facility in Changshu, China and in due course its first wholly owned overseas manufacturing facility in Brazil.

Environmental Innovation
Environmental Innovation is at the heart of Jaguar Land Rover’s corporate strategy and drives the Company’s ability to grow a long-term sustainable business.

Jaguar Land Rover is committed to minimising its environmental impact and maximising the Company’s wider contribution to society through a collaborative operating model focused on product innovations, resource efficiencies, closed loop processes and community investment.

The Company is investing substantially to meet global CO2 emissions and environmental standards, by addressing the whole life cycle impacts of vehicles and operations from product creation, manufacturing and customer use, through to maximising the use of renewable and more sustainable materials.

Jaguar Land Rover has an integrated global product strategy that enables the Company to be compliant in all its markets, today and in the future, and at the same time to further improve its competitiveness against global automotive OEMs. The Company aims to extend the application of its all-new Ingenium engine into its future models and continue its research and development in advanced propulsion systems including alternative fuels, further hybridisation and electrification.
RISKS AND MITIGATIONS

Jaguar Land Rover operates in the premium automotive sector and faces a number of risks as a result. The Company manages and monitors these risks and the factors which could impact its longer-term financial viability. The primary risks faced by Jaguar Land Rover are detailed in the following table.

MACROECONOMIC AND GEO-POLITICAL RISKS

Global economic environment
As the Company increases its global presence its exposure to geo-political risk also increases, in particular to emerging markets. As Jaguar Land Rover’s geographical footprint broadens, its operations may be subject to political instability, war, terrorism, natural disasters, fuel shortages, epidemics and labour strikes. General uncertainty due to inconsistency and ambiguity in economic and government policies, laws and regulations, including taxation systems, as well as commercial and employment practices and procedures may also impact the Company’s operations.

Risk Mitigation:
Jaguar Land Rover continues to diversify its sales and operations across the globe and closely monitors geo-political as well as wider economic developments globally.

Seasonality and cyclicality
Our sales volumes are influenced by short- and long-term cyclicality in the automotive sector as well as seasonality, which in turn impacts our operating results and cash flow. Seasonality arises from such factors as the introduction of new model year vehicles, holiday periods – including factory shutdowns, and specific events such as the biannual change in registration plates of vehicles in the United Kingdom in March and September. The automotive sector is particularly impacted by longer-term cyclicality.

Risk Mitigation:
To mitigate the risk from an industry downturn the Company maintains strong liquidity with significant cash balances and committed financing facilities as well as rigorous inventory management processes to manage the product pipeline and dealer stock. The Company also manages its capital requirements and refinancing risk by operating a robust funding plan process and maintains strong relationships with its banking group.

Exchange rate fluctuations
Jaguar Land Rover’s reporting currency is pounds sterling and it has significant exposure to fluctuations in foreign currency. Most notably from sales denominated in US dollars and Chinese RMB and payments denominated in euros due to our significant supplier base in the Eurozone. Transactional foreign exchange could adversely impact the income statement due to a strengthening pound sterling diminishing the sterling value of overseas sales. Longer-term strategic, translation and economic currency risk exists where there is a structural misalignment in the denomination of costs and revenues which make the Company subject to longer-term foreign exchange trends beyond the hedging period resulting in potential competitive disadvantage compared to other automotive manufacturers that may enjoy a more balanced currency mix.

Risk Mitigation:
Transaction risk is managed through the use of forward and option hedging instruments over a short to medium term horizon, adhering to the treasury policy approved by the Board. Jaguar Land Rover maintains strong supplier relations, with robust procurement processes and controls to ensure that demand can be met and reduce over-dependencies.

Interest rate fluctuations
Jaguar Land Rover is exposed to changes in interest rates on its variable interest bearing debt. Fluctuations in short-term interest rates could reduce the interest income we receive on surplus cash invested with various counterparties and increase the interest charge on our receivables factoring facility.

Risk Mitigation:
Jaguar Land Rover issues US dollar and pound sterling denominated fixed coupon debt, held to maturity and reported at historical cost. The Company also monitors short- and longer-term economic trends and conducts regular interest rate sensitivity analysis to assess potential material impacts on the business.

Commodity/input price risk
Prices of commodities used in manufacturing automobiles can be volatile and may rise significantly driven by greater consumption and higher demand. Furthermore the price of rare and frequently sought-after raw materials could rise due to supply constraints and concentration. If the Company is unable to find substitutes for such raw materials, pass price increases on to customers or cannot safeguard the supply of scarce raw materials, its vehicle production, business and results from operations could be adversely affected.

Risk Mitigation:
Jaguar Land Rover continues to engage in cost reduction programmes and value engineering. In addition, the Company uses financial derivative instruments over a short to medium term horizon, adhering to the treasury policy approved by the Board as well as executing fixed price supply contracts with tenors of up to 12 months. Jaguar Land Rover maintains strong supplier relations, with robust procurement processes and controls to ensure that demand can be met and reduce over-dependencies.

Jaguar Land Rover also continues to engage in cost reduction programmes and value engineering to ensure cost control, in certain instances long term contracts are also established, such as for engines and aluminium.

INDUSTRY SPECIFIC RISKS

Industry competition
The premium passenger car segment is highly competitive and is likely to intensify further, driven by globalisation and consolidation within the automotive industry. Competing automotive manufacturers will act to retain their positions in established markets and commit significant resources to develop and grow their presence in emerging markets. Competitors are also likely to engage customers with a full product offering committing to producing high quality products with more features and innovation, undertaking a higher degree of product development within a shorter time span as well as improving their cost structure, pricing, reliability, safety, fuel economy, reducing their environmental impact, enhancing customer service and financing terms. Jaguar Land Rover may be unable to compete, given its relatively small product portfolio that focuses on premium performance cars and SUVs.

Risk Mitigation:
The Company has a robust business plan in place to deliver its strategy as well as drawing on its internal expertise to maintain, develop and expand its high-quality portfolio of vehicles. Jaguar Land Rover also places great emphasis on monitoring markets and competitors to pre-empt market trends, which, coupled to its responsiveness and agility, enable Jaguar Land Rover to remain competitive in a dynamic market.

Environmental regulations
Jaguar Land Rover is subject to numerous laws, regulations and policies covering environmental aspects such as greenhouse gas emissions and fuel economy. As such, the Company may incur additional capital and R&D expenditure to upgrade products and manufacturing facilities, as well as increased running costs related to more sophisticated manufacturing operations to comply with these policies and regulations. Resultant cost pressures may be compounded by price pressures as various states adopt fuel consumption or CO2-based vehicle taxation systems. There is also a risk that the Company may fall behind the competition as it focuses on reducing the environmental impact of its products and operations. If Jaguar Land Rover is unable to develop commercially viable technologies within the time frames set by new standards, the Company could face significant civil penalties or be forced to restrict product offerings drastically to remain in compliance with regulations in certain jurisdictions.

Risk Mitigation:
Jaguar Land Rover is committed to innovation by investing substantially in lightweighting, pioneering use of aluminium construction, as well as downsizing its mix of powertrainers with the development of the new efficient family of Ingenium engines produced at the new Engine Manufacturing Centre in Wolverhampton in the UK. The Company also continues to develop electrification technologies with stop/start technology deployed across the range, hybrid models (available on the Range Rover and Range Rover Sport) and future plans for plug-in hybrid and battery electric vehicles. Jaguar Land Rover also retains a derogation from the EU, which permits more lenient targets given relatively low sales volumes.

Jaguar Land Rover continues to diversify its sales and operations across the globe and closely monitors geo-political as well as wider economic developments globally.
RISKS AND MITIGATIONS CONTINUED

COMPANY SPECIFIC RISKS

Strategy and customer demand

The evolution of consumer preferences toward more environmentally friendly and technologically advanced vehicles increases the costs of marketing, research and development and could threaten the desirability of our vehicles, compounded by the Company’s niche positioning in premium performance car and all-terrain vehicle segments. There is also a risk that the general desirability and appeal of our vehicles to customer decreases as market trends and fashions change over time.

Risk Mitigation:

In order to meet customer aspirations and regulatory requirements, the Company’s strategy is geared towards innovation and investment in new technologies, such as lightweighting, powertrain performance (including further application of hybridisation and electification) and driver assistance and connectivity solutions. Jaguar land rover conducts significant research to ensure that it is at the forefront of technological advancement driven by the capability of its advanced engineering and design teams at Whitley and Gaydon in the UK. The Company also collaborates with various advanced research consortia involving leading manufacturers, suppliers and academic specialists as well as the Government’s Technology Strategy Board.

Quality standards

An increasingly sophisticated customer also has high quality standards which could lead to the Company incurring higher costs to meet these increased expectations. There is a risk that any perceived or actual reduction in quality could adversely impact the Company’s reputation which, in turn, could materially affect the Company’s business, results of operations and financial condition.

Risk Mitigation:

As a premium manufacturer the Company is committed to exacting quality standards and, to this effect, the Company’s product design and development process is organised and coordinated with the manufacturing and sales functions to proactively address any potential risks that a high-quality product is not achieved.

Key markets

The Company derives a significant proportion of its revenues from the United Kingdom, China, North America and continental Europe and it is therefore exposed to any decline in the demand for automobiles in these markets.

Risk Mitigation:

Jaguar Land Rover avoids an over-reliance on any one market by continuing its international expansion and maintains a balanced portfolio to derive circa 20 percent of retail volume from each key region. The Company recognises and factors into its planning the risks inherent with increased international operations, including cultural differences, resourcing availability, political and legal risks (such as obtaining permits and approvals), as well as financial risks such as tax, exchange controls and restrictions on repatriation of funds.

Distribution channels/dealer performance

The Company’s products are sold and serviced through a network of authorised dealers and service centres across its domestic market, and a network of distributors and local dealers in international markets. Any underperformance by dealers, distributors or service centres could adversely affect our sales and results from operations.

Risk Mitigation:

The Company monitors the performance of its dealers and distributors and provides them with support to ensure a high quality of service is maintained in line with the Company’s and customers’ expectations. The Company also maintains a customer-first approach in conjunction with its dealers and other distribution channels.

Consumer finance and used car valuations

Our automotive sales are supported by various financial services groups, who provide dealer and consumer finance. A reduction in the availability of such consumer finance could adversely impact the affordability of Jaguar Land Rover vehicles and therefore adversely impact demand, volumes and the price of our products. The Company may also have to offer certain incentives to support sales which could materially impact our financial results. The Company also offers residual value guarantees on the purchase of certain leases in some markets and value of these guarantees is dependent on used car valuations at the end of the term of the lease which could have an adverse financial impact on the Company.

Risk Mitigation:

The Company has robust arrangements in place with various financial services providers in key markets including Black Horse (part of the Lloyds Bank Group) in the UK, FCGA Capital Bank (a joint venture between Fiat Chrysler Auto and Credit Agricole) in Europe and Chase Auto Finance in the USA for the provision of dealer and consumer Financial Services products. The Company also has a number of similar arrangements with local Auto Financial Service providers in other key markets.
Operational risks, including information technology

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company could suffer financial losses or reputational harm due to a lack of controls within internal procedures, violation of internal policies by employees, disruption or malfunction of IT systems, computer networks and telecommunications systems, mechanical or equipment failures, human error, natural disasters or malicious acts by third parties.

Risk Mitigation:
The Company has implemented a robust control framework, including policy, process and system controls, delegation of authorities, governance and assurance. A comprehensive disaster recovery plan is in place, including back-up systems. The control environment is monitored by the Company’s internal Audit function and is Sarbanes-Oxley (S-Ox) compliant.

Patent protection and intellectual property

If the Company is unable to protect its intellectual property or if an illegal breach of some or a large group of its intellectual property rights occurred this could have a materially adverse effect on the operations, business and/or financial condition of the Company. The Company has also obtained rights in respect of a number of patents, trademarks and other intellectual property relating to the products that it manufactures over a number of years and therefore could be adversely affected by restrictions on the use of such intellectual property rights held by third parties. Furthermore, the Company could be held liable for the infringement of intellectual property rights of others in the development, manufacture and sale of its products.

Risk Mitigation:
The Company owns (by way of patent) or otherwise ensures that it has legal rights in respect of a number of patents, trademarks and other intellectual property relating to the products that it manufactures.

Credit and liquidity risks

The Company’s main sources of liquidity are cash generated from operations and external debt, including term debt, committed revolving credit facilities and other factoring/working capital facilities. Unfavourable changes in the global economic and financial environment may result in lower consumer demand for our vehicles as well as a deterioration in prevailing conditions in credit/financial markets that may adversely affect both consumer demand as well as the cost and availability of finance for the Company resulting in a significant increase in liquidity risk faced by the Company.

Risk Mitigation:
The Company maintains a strong balance sheet, including healthy cash balances, and has a committed revolving credit facilities with a number of banks as well as other factoring/working capital facilities. The Company also has proven access to debt capital markets achieving competitive funding rates and maintains strong relationships with its banking group.

Labour relations

There is a risk that the Company could face labour unrest which may delay or disrupt operations due to work stoppages or lock-outs at the Company’s own facilities or at the facilities of major suppliers potentially resulting in a deterioration in the Company’s financial condition, in particular if such disruption occurs or continues for a long period of time.

Risk Mitigation:
To reduce the likelihood of any such action, the Company manages union relations with proactive consultation and maintains good labour relations with its employees.

Key personnel

The loss of the services and skills of one or more key employees could impair the Company’s ability to continue to implement its business strategy. The Company’s success also depends, in part, on its continued ability to attract and retain experienced, qualified and skilled employees. The competition for such employees is intense, and the Company’s inability to continue to attract, retain and motivate employees could adversely affect its business, plans and strategy.

Risk Mitigation:
The Company’s Human Resources function has developed policies and procedures to ensure that it remains competitive in the labour market, both in terms of attracting and retaining key personnel, and also to ensure that the business growth ambition can be effectively resourced across all its facilities.

Pension obligations

The Company provides post-retirement and pension benefits to employees, some of which are defined benefit plans, which were closed to new joiners from 19 April 2010 and replaced by a defined contribution scheme. The Company’s pension liabilities are generally funded and the defined benefit pension plans’ assets are particularly significant, however changes in actuarial assumptions such as, interest rates and inflation rates or policy, may adversely impact the Company’s pension liabilities or assets and consequently increase funding requirements, which in future could negatively affect the Company’s financial condition and results of operations.

Risk Mitigation:
The Company closed its defined benefit plan to new joiners from 19 April 2010, which was replaced by a defined contribution scheme. The Company monitors the asset allocation of the pension plans to assess the performance of investments against expectations and the pension trustee employs a reputable investment consultant to advise them on the plans’ asset allocation with a view to meeting their return objectives with the minimum level of risk. The Company proactively develops approaches, in tandem with the trustee, to manage the asset-liability risks it faces although lower returns on pension fund assets.

Insurance coverage

The Company maintains insurance coverage for people, property and assets, including construction and general, auto and product liability, in accordance with treasury policy. Nevertheless there is the risk that claims made under any policy may not be fully satisfied or concluded in a timely manner. There is also the risk that insurance coverage could be insufficient to fully reimburse the Company for all losses arising for any particular incident or that insurance premiums could substantially increase.

Risk Mitigation:
To reduce the risk of adverse financial impact the Company only executes insurance policy agreements with counterparties that have a high-quality, strong credit profile, and ensures competitive pricing through periodic competitive tendering and negotiation. The Company also periodically conducts risk assessments and asset valuation exercises.

Corporate governance and public disclosure

The Company is affected by the corporate governance and disclosure requirements of the Company’s own listing on the EURONEXT market and also of its parent, Tata Motors Limited, which is listed on the Bombay Stock Exchange, the National Stock Exchange of India and the New York Stock Exchange (the “NYSE”). Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and SEC regulations, Securities and Exchange Board of India (the “SEBI”) regulations, the NYSE listing rules and Indian stock market listing regulations, have increased the compliance complexity for the parent Company and, indirectly, for the Company in recent years, which may lack specificity and are subject to varying interpretations. The Company’s efforts to comply with evolving laws, regulations and standards may result in increased general and administrative expenses and there is a risk of non-compliance and the Company may incur significant financial and other penalties.

Risk Mitigation:
The Company is committed to maintaining high standards of corporate governance and public disclosure whilst also working closely with a number of regulatory and governmental bodies in the UK and overseas to ensure current and future compliance.

Ownership structure

The Company is an indirect, wholly-owned subsidiary of Tata Motors Limited through TML Holdings Pte. Ltd. (Singapore) and accordingly is under the ultimate control and influence of its parent.

Risk Mitigation:
Jaguar Land Rover and Tata Motors Limited maintain strong channels of communication and collaborate with each other on a number of mutually beneficial initiatives.

The risks discussed are not exhaustive and the Company may be subject to other risks not specifically outlined in this annual report.

The Strategic report was approved by the Board on 28 July 2015 and signed on its behalf by

Dr Ralf Speth
Director
Jaguar Land Rover Automotive plc