

Jaguar Land Rover Deutschland GmbH

Annual Financial Statements

For the year ended March 31, 2018

Independent Audit Report

We have issued the following unqualified audit opinion:

Audited Opinion of the year end Auditors

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Jaguar Land Rover Deutschland GmbH, Kronberg im Taunus for the financial year 1 April 2017 to 31 March 2018. The Accounting, the preparation of the Annual Financial Statements and the Management Report, in accordance with German Commercial Law, are the responsibility of the management of the company. Our responsibility is to express an opinion on the annual financial statements, including the bookkeeping system and the management report, based on our audit carried out.

We conducted our audit of the annual financial statements in accordance with Paragraph 317 of the German Commercial Code (HGB) under the compliance of the generally accepted standards for the audit of financial statements, promulgated by the German Institute of Public Auditors (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our Audit has not lead to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Jaguar Land Rover Deutschland GmbH, observing the principles of proper accounting. The management report is in line with the annual financial statements, complies with the legal requirements, gives an overall picture of the company's situation and accurately presents the opportunities and risks of future development.

Frankfurt am Main

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rataj
Wirtschaftsprüfer

Scheffer-Hüller
Wirtschaftsprüferin

Jaguar Land Rover Deutschland GmbH, Kronberg am Taunus

Notes to the financial statements for the period 1 April 2017 to 31 March 2018

A. GENERAL INFORMATION

Die Jaguar Land Rover Deutschland GmbH with its registered office in Kronberg im Taunus is registered with the commercial register in Königstein under the number HRB 2408.

The annual financial statements as of 31 March 2018 were prepared in compliance with the provisions of the German Commercial Code applicable to large firms organized in a corporate form as well as in compliance with the provisions of the German Law on Limited Liability Companies.

B. ACCOUNTING AND VALUATION METHODS

Accounting Methods

The annual financial statements were prepared in compliance with the general recognition requirements of sections 246 to 251 of the German Commercial Code (HGB) as well as the special accounting regulations for firms organized in a corporate form in accordance with sections 268 to 274a, 276 to 278 of the German Commercial Code (HGB).

Vehicles sold within the scope of buyback contracts to car rental companies are recognized as other assets because the economic ownership remains with the Company and the sale of the vehicles is subject to the short-term retention period of the Company's car rental companies. The buyback commitments are disclosed under other liabilities. Revenues will only be realised after the buyback transactions have ended when the vehicles are finally sold to dealers.

For sales transactions in several parts, such as online services, the revenues are split according to their estimated current value. The revenues from these contracts are accrued by forming a deferred income item and recognized in profit or loss over the lifetime of the contract.

The entity does not take advantage of the option under Sec 274 (I) Sentence 2 of the German Commercial Code (HGB) to recognise the excess in deferred tax assets on accounting of arising tax reliefs.

Valuation principles

The financial statements were prepared taking into accounting the general valuation principles

in Secs 252 to 256a of the German Commercial Code (HGB)

In detail the following valuation principles apply:

FIXED ASSETS

Property, plant and equipment

Property, plant and equipment is stated at acquisition cost, including incidental acquisition costs less discounts, and is reduced, to the extent that it can be worn away, by scheduled depreciation. Depreciation is carried out according to the straight-line method according to the estimated, individually estimated useful lives as follows:

	Jahre
IT-Software	2 bis 4
Operating Equipment	3 bis 5
Office Equipment	4 bis 10
Vehicle Fleet (new)	4
Vehicle Fleet (used)	3
Leaseholds	5 bis 10

Low-value assets with acquisition or production costs of up to € 150.00 are expensed in the year of acquisition. Low-value assets with acquisition or production costs of more than € 150.00 up to a maximum of € 1,000.00 are collected as a compound item which is recognized and depreciated over 5 years on a straight-line basis.

CURRENT ASSETS

Inventories

Vehicles and spare parts are valued in accordance with the strict lower-of-cost-or- market principle at cost, with the acquisition costs including incidental acquisition costs. Principally, the average rating method is used. Adequate amounts are deducted for hard-to-sell vehicles. Overall, the devaluation of the vehicle inventory amounted to k€ 12,988 (previous year: k€ 8,123). The increase is mainly due to the higher stock of used vehicles in the company's fleet and the vehicle returns under buyback contracts.

Receivables and other assets

Trade receivables and receivables from affiliated companies are recognised at cost. Specific value adjustments were made for doubtful receivables.

Except for the corporate income tax credit that is discounted with 5.5% and the vehicles with buy-back commitments, other assets are recognised at cost. Vehicles with buyback commitments are recognized at cost less specific allowances for single vehicles depending on the

sales expectations on the market for used cars.

Cash in-hand, bank balances

Cash in-hand and bank balances are recognized at nominal values.

PROVISIONS

Pension provisions

The pension commitments were determined using the projected unit credit method by applying actuarial principles with an interest rate of 3.57% based on Prof. Klaus Heubeck's 2005G Standard Tables that were published in 2006.

Provisions for pension obligations are discounted in accordance with Section 253 (2) HGB on a flat-rate basis with the average market interest rate of the last ten years determined by the Deutsche Bundesbank, which results assuming a residual term of 15 years. This took into account salary increase 2.0% p.a. and an annual pension increase of 1.75%, annual rises of the assessment ceiling of 2%. In order to take account of fluctuation, age- and gender-dependent fluctuation probabilities were used.

Tax provisions and other provisions

Provisions for taxes and other provisions were recognised in the amount of the settlement amount, which is required by reasonable commercial judgment. Provisions with a residual maturity of more than one year are discounted using the average market interest rate of their remaining term as determined by the Deutsche Bundesbank.

LIABILITIES

Trade payables, liabilities to affiliated companies and other liabilities are stated at the repayment amounts. Foreign currency liabilities are valued at the average spot exchange rate on the balance sheet date.

Deferred Income and Expenses

Prepaid expenses are formed for revenue from partial services, such as online services, provided by the company over a certain period after the balance sheet date.

C. NOTES TO THE BALANCE SHEET

1. Fixed Assets

The movements in fixed assets in the period ended 31 march 2018 are presented in the statement of movements in fixed assets (Appendix to the Notes).

2. Receivables

Receivables notably include receivables from affiliated companies of. k€ 145,232 (previous year: k€ 187,466), primarily from the cash pool receivables of. k€ 143,069 (previous year: k€ 185,778) and trade receivables of k€ 38,038 thousand (previous year: k€ 92,075). As in previous years, other assets mainly include vehicles with buyback obligations.

3. Deferred Taxes

Deferred taxes are calculated for temporary differences between the commercial and tax valuations of assets, liabilities and deferred income. There were no negatives differences as at the balance sheet date. Positive differences result mainly from differences in the carrying amounts of pension provisions and other provisions. Deferred taxes are calculated on the basis of the company's combined income tax rate of 28.825% and include corporation tax, trade tax and the solidarity surcharge. The financial year in total resulted in a deferred tax asset, not shown in the balance sheet.

4. Equity

The fully paid-up share capital amounts to DM 5,000,000.00 (corresponds to € 2,556,459.41). Sole shareholder is Jaguar Land Rover Limited, Coventry /UK.

5. Pension provisions

The difference between the recognition of the pension provision in accordance with the corresponding average market interest rate from the past seven financial years pursuant to Section 253 (6) sentence 1 of the German Commercial Code (HGB) with an interest rate of 2.68% p.a. was k€ -2,467. The residual value is blocked for payout.

Due to the option provided for in Article 67 (1) sentence 1 EGHGB, k€ 94 (being 1/15 of the difference determined as of April 1, 2011) was added to the pension provisions in the financial year. Due to the proportional additions over 15 years, pension obligations amounting to k€ 655 as of March 31, 2018 are not included in the balance sheet.

6. Tax provisions

Tax provisions of k€ 20,753 (previous year: k€ 21,683) contain k€ 14,000 (previous year: k€ 12,739) provision for tax audit risk related to 2010-2018 out of ongoing audit. In prior year the tax audit risk

provision was classified under other provisions. Prior year classification is adjusted in balance sheet and notes accordingly.

7. Other provisions

The largest individual items are the provisions for marketing programs (k€ 80,334, previous year: k€ 66,035), variable dealer margins (k€ 16,774, previous year: k€ 26,359), for Dealer start-up support (k€ 9,602, previous year k€ 9,744), for outstanding invoices (k€ 7,044, previous year k€ 5,920) and for dealer severance payments in accordance with Section 89b of the German Commercial Code (HGB) (k€6,492, previous year k€4,063).

8. Liabilities

The short term liabilities comprised of:

- Liabilities to affiliated companies of. k€ 89,456 (prior year k€ 168,099)- here mainly liabilities to the shareholder Jaguar Land Rover Limited of. k€ 87,607 (previous year: k€ 158,137) and Spark44 GmbH k€ 1,503 (previous year € 0) which was newly included in the Group in the reporting year, related to services
- Trade Payables for goods and services of k€ 30,623 (prior year k€ 16,596)
- Other Liabilities k€ 45,424; (prior year k€ 73,018)
Here mostly from VAT (k€ 18,863; prior year k€ 49,319) and liabilities resulting from buy-back contracts with car rentals (k€ 26,561; prior year k€ 23,699).

D. NOTES TO THE INCOME STATEMENT

1. Revenue

Revenues, which were generated mainly in Germany with the Jaguar and Land Rover brands as in the previous year, are analysed by fields of activity as follows:

	1.4.2017- 31.03.2018	1.4.2016- 31.03.2017
	k€	k€
New Vehicles	1,300,486	1,528,591
Used Vehicles	70,835	71,474
Spare Parts and Accessories	143,060	150,753
Services	59,462	34,798
	1,573,843	1,785,616

2. Other operating income

Other operating income notable comprises the transfer of warranty expenses (k€ 46,908, previous year k€ 38,450), as well as costs recharged to dealers and to Jaguar Land Rover Limited (k€ 5,230, previous year k€ 10,487) as well as a prior-period income in the amount of k€ 2,744 by recording the other income attributed to non-cash benefits of employees (private usage of company vehicles) of the years 2012-2016.

3. Other operating expenses

Other operating expenses notably comprise the following items:

- Warranty expenses (k€ 49,419; Prior year k€ 40,385)
- Selling expenses and sales promotions (k€ 126,416; prior year k€ 114,034)
- Other distribution costs (k€ 14,000; prior year k€ 11,743)
- Advertising costs (k€ 66,851; prior year k€ 55,382)
- Other sundry administration costs (k€ 6,145; prior year k€ 10,236)

Other operating expenses include expenses in the amount of k€ 94 (previous year: k€ 94).

These are proportional additions to the pension provisions over 15 years in accordance with Article 67 (1) Introductory Law to the German Commercial Code (EGHGB).

Other operating expenses also include expenses relating to other periods in the amount of k€ 3,265 due to the booking of non-cash benefits in 2012-2016.

4. Other interest and similar income

Other interest and similar income include interest income related to other periods from insolvency proceedings in the amount of k€ 4,619 (with contrary effects).

E. OTHER DISCLOSURES

1. Other financial commitments

The commitments from tenancy agreements for the training center and the parking lots in Neuss/Germany until the end of the minimum rental period on 30 September 2020 amount to k€ 1,764 (k€ 42 p.m.). The rental obligations for the new office building in Kronberg im Taunus until the end of the rental period on September 30, 2024 amount to k€ 7,648 (k€91 p.m.). For the showroom at Odeonsplatz in Munich, the obligation until the end of the term on 30 April 2021 is k€ 1,076 (k€ 22 p.m.). The rental obligations for the lounge at the Nürburgring amount

to k€ 574 (k€ 12 p.m.) until the end of term on April 30, 2021. For the showroom with parking in Essen, the rental obligations amount to k€ 1,085 (k€ 24 p.m.) until the end of the term on January 31, 2022. There are also obligations from non-fixed-term tenancies for the office premises in Saarbrücken (k€ 2.1 p.m. until 31 August 2017 / k€ 2.3 p.m. from 1 September 2017) and for the office premises in Friedrichshafen (k€ 2.5 p.m.)

Order commitments amounting to k€ 49,627 are due to existing contracts.

In total, the company has other financial obligations amounting to k€ 61,774.

2. Number of employees

The annual average of employees in the reporting period for the entity is 297 (prior year: 286). Executive staff is 0 (prior year: 0). Executive staff are only the managing directors of the entity.

3. Auditor's fees

A fee of k€120 (excluding audit services) is recognised as an expense for the auditor in the financial year.

4. Members of the company board

Managing Directors

Mr. Peter Modelhart, Bischofshofen, Austria (until 1. September 2017)

Mr. Robert Grace, Königstein im Taunus, (since 1. September 2017)

Mr. Steven de Ploey, Warwick, England (since 1. September 2017 until 1. February 2017)

Mr. Johannes Kasper van der Stelt (since 1. February 2017)

5. Total remuneration paid to Management

The total remuneration paid to management in the reporting period has not been disclosed in accordance with Section 286 (4) of the German Commercial Code (HGB).

6. Proposal for the appropriation of profit

The management proposes to carry forward the profit for the year 2017/2018 to new account. With the shareholder resolution of 12 September 2017, the profit from the previous year was carried forward to new account.

7.

Consolidated financial statements

The Company is included in the consolidated financial statements of Jaguar Land Rover Automotive PLC, Coventry, UK (UK Register No. 6477691, www.jaguar-landrover.com, smallest circle of companies) included in the consolidated financial statements of TATA Motors Ltd., Mumbai, India, which in turn is part of the consolidated financial statements of Tata Sons Ltd., Mumbai, India (SEC Register No. 926042, www.tata.com, largest circle of companies).

8. **Post-Balance sheet events**

There have been no significant events between the balance sheet date and the preparation of the report.

Kronberg im Taunus, 13th. July 2018

Johannes Kasper van der Stelt, Managing Director

Robert Grace, Managing Director

Jaguar Land Rover Deutschland GmbH, Kronberg im Taunus

Movement in Fixed Assets for the period ended 31 March 2018

HGB	Cost				Accumulated Deprecation				Net Book Value	
	31.03.2017	Additions	Disposals	31.03.2018	31.03.2017	Additions	Disposals	31.03.2018	31.03.2018	31.03.2017
	€	€	€	€	€	€	€	€	€	€
Property, Plant and Equipment										
1. Land	11,213,599.00	0.00	0.00	11,213,599.00	0.00	0.00	0.00	0.00	11,213,599.00	11,213,599.00
2. Operating and Office Equipment	9,305,009.03	1,539,334.80	1,103,422.93	9,740,920.90	5,347,730.53	1,088,206.54	669,523.16	5,766,413.91	3,974,506.99	3,957,278.50
3. Prepayments	10,080,173.23	12,044,752.39	0.00	22,124,925.62	0.00	0.00	0.00	0.00	22,124,925.62	10,080,173.23
	30,598,781.26	13,584,087.19	1,103,422.93	43,079,445.52	5,347,730.53	1,088,206.54	669,523.16	5,766,413.91	37,313,031.61	25,251,050.73
Fixed Assets	30,598,781.26	13,584,087.19	1,103,422.93	43,079,445.52	5,347,730.53	1,088,206.54	669,523.16	5,766,413.91	37,313,031.61	25,251,050.73

Jaguar Land Rover Deutschland GmbH, Kronberg im Taunus

Income Statement for the period from 1 April 2017 to 31 March 2018

	2017/18	2016/17
	EUR	EUR
1. Revenue	1,573,842,708.21	1,785,616,456.27
2. Other Operating Income	60,957,999.03	56,323,050.17
(of which Income from currency translation €365k, prior year €178k)		
3. Cost of materials		
a) Cost of purchased merchandise	1,265,345,012.73	1,532,426,459.39
b) Cost of purchased services	39,862,770.86	15,864,360.21
4. Personnel expenses		
a) Wages and salaries	39,019,648.40	29,209,229.71
b) Social security, post-employment costs and other employee benefits		
€713k, prior year €858k)	3,622,492.73	2,249,908.78
5. Depreciation and write-downs on property, plant and equipment	1,088,206.54	1,039,108.32
6. Other operating expenses	270,135,537.83	254,556,679.59
(of which expenses from currency translation €102k, prior year €178k)		
7. Other interest and similar income	4,586,892.62	8,449.80
of which from affiliated companies €1.4 Mil, prior year €844k		
8. Interest and similar expenses	395,305.00	389,707.00
of which from accumulation of interest on provisions		
€ 395k, prior year €389k		
11. Taxes on income	5,930,783.16	5,597,748.47
12. Profit after Tax	13,987,842.61	614,754.77
13. Other taxes	186,752.96	132,199.19
14. Profit for the period	13,801,089.65	482,555.58

Jaguar Land Rover Deutschland GmbH, Kronberg im Taunus

Balance Sheet as at 31 March 2018

Assets

	31.03.2018 EUR	31.03.2017 EUR
A. Propert, plant and equipment		
1. Land	11,213,599.00	11,213,599.00
2. Operating and Office Equipment	3,974,506.99	3,957,278.50
3. Prepayments	22,124,925.62	10,080,173.23
	<u>37,313,031.61</u>	<u>25,251,050.73</u>
B. Current Assets		
I. Inventories		
Merchandise	140,157,580.01	135,986,703.42
II. Receivables and other assets		
1. Trade accounts receivable	38,038,265.62	92,074,834.15
2. Receivables from affiliates	145,231,695.89	187,466,121.73
of which to the shareholder: € 143,068.861 (Prior year: € 185,778.173)		
3. Other assets	24,823,062.33	21,876,104.12
	<u>208,093,023.84</u>	<u>301,417,060.00</u>
III. Cash in-hand and bank transfers	<u>8,344,660.20</u>	<u>887,380.09</u>
	<u>356,595,264.05</u>	<u>438,291,143.51</u>
C. Prepaid expenses	503,398.49	138,488.81
	<u>394,411,694.15</u>	<u>463,680,683.05</u>

Liabilities

	31.03.2018 EUR	31.03.2017 EUR
A. Equity		
I. Share Capital	2,556,459.41	2,556,459.41
II. Capital reserve	15,816,876.66	15,816,876.66
III. Profit brought forward	28,965,103.56	28,476,426.36
IV. Profit/loss for the year	<u>13,801,089.65</u>	<u>482,555.58</u>
	<u>61,139,529.28</u>	<u>47,332,318.01</u>
B. Provisions		
1. Pension Provisions	11,289,372.00	9,442,276.00
2. Tax Provisions	20,752,748.43	8,944,439.84
3. Other Provisions	132,583,995.01	137,090,917.10
	<u>164,626,115.44</u>	<u>155,477,632.94</u>
C. Liabilities		
1. Liabilities from goods and services thereof less than one year: €30,623,358 (Prior year: €16,596,421)	30,623,358.48	16,596,421.77
2. Liabilities to affiliated companies thereof less than one year: €89,456,076 (Prior year: € 168,099,040) of which to the Shareholder: €87,606,883 (Prior year: €158,137,452)	89,456,076.36	168,099,040.63
3. Other Liabilities thereof less than one year: € 45,424,294 (Prior Year: € 73,018,036) of which taxes: €18,863,078 (Prior Year: €49,319,157)	45,424,294.27	73,018,036.70
	<u>165,503,729.11</u>	<u>257,713,499.10</u>
D Deferred Income	3,142,320.32	3,157,233.00
	<u>394,411,694.15</u>	<u>463,680,683.05</u>