JAGUAR LAND ROVER ITALIA S.p.A.

LOCAL STATUTORY ACCOUNTS AS AT 31.03.2017

INDEX

Jaguar Land Rover Italia S.p.A. – A sole shareholder company (*Azionista Unico*)

Registered office in Rome, Viale Alessandro Marchetti, 105 – Share capital € 25,000,000 fully paid-in
Chamber of Commerce (R.e.a.) reg. No. 944215
Fiscal code, VAT number and Rome Companies Registry reg. No 06070621005

DIRECTORS' REPORT FOR FY 2016/17

Dear Shareholder,

On 7 March 2016, the Company's articles of association were amended by deed executed by notary public Pierandrea Fabiani (notary public's file reg. No 92801, folder no. 17773), and the year-end was changed to 31 March of each year. For this reason, it was necessary to draw up a set of financial statements for the three-month period January-March 2016; as a result, the comparison of these financial statements with those for the prior period is not material.

The financial statements at 31 March 2017 of Jaguar Land Rover Italia S.p.A. showed a profit of Euro 7,999,533, after amortisation, depreciation and value adjustments of approx. 2.1 million Euro and after current and deferred taxes of approx. 3.8 million Euro.

During the period April 2016 – March 2017, 1,909,499 vehicle registrations were made in the Italian car market, of which 125,797 for SUVs.

In this market scenario, the Land Rover brand totalled 21,267 vehicle registrations, accounting for a 16.9% share of the SUV market.

In particular, the Range Rover Evoque model retained its sound market position with 9,974 registrations and a 9.4% market share; the same applies to the Discovery Sport model, with 6,640 registrations and a 6.3% market share.

The Jaguar brand totalled 5,828 vehicle registrations, accounting for a 6.2% market share.

Specifically, the Jaguar F-Pace was quite a success with the public, with 3,450 registrations accounting for a 4.8% market share, whereas the Jaguar XE reached a total of 1,378 new registered vehicles accounting for a 13% market share.

In the period April 2016 – March 2017, Jaguar Land Rover Italia invoiced 28,527 vehicles, of which 22,335 Land Rover branded vehicles and 6,192 Jaguar branded vehicles.

As regard the composition of the main items of the profit and loss account, we set out below some financial information concerning FY 2016/17.

The net revenue from sales and services in 2016/17, for a total of 1,186 million Euro, can be broken down as follows:

- car sales amounted to 1,115 million Euro, of which 869 million Euro for Land Rover branded vehicles and 246 million Euro for Jaguar branded vehicles;
- sales of Land Rover and Jaguar spare parts and accessories amounted to 61.8 and 8.5 million Euro respectively.

The cost of goods sold is in line with the trend of revenue.

For information on amortisation, depreciation and value adjustments, see the exhaustive comments made in the notes to the financial statements.

The company makes use of Factoring as a financial instrument for the realization of accounts receivable from the sale of cars, spare parts and accessories through the dealer network. Accounts receivables are sold on a without-recourse basis principally to FCA Bank SpA and to a limited extent to other finance companies. Therefore, the company's credit and financial risk is simply in connection with accounts receivable from direct sales to Public Authorities and to major car rental companies. For a detailed description of the company's financial risk management policies, see the Notes to the financial statements

The company's commercial transactions are almost exclusively in euro and therefore there are no particular exchange risks.

The net result from financial activities is a 3.6 million Euro loss.

The Company is a commercial entity and therefore did not engage in R&D activities which are conducted at the Group level.

As regards relationships with the direct controlling company Jaguar Land Rover Limited and the other group companies, we remind you that the company has been a Tata group company since June 2008 and that in FY 2016/17 it entered into financial and commercial relationships with several group companies.

In particular, the costs incurred in FY 2016/17 for the purchase of cars from Jaguar Land Rover Limited amounted to approx. 1,066 million Euro, whereas costs for the purchase of spare parts from Jaguar Land Rover Limited and other group companies (Land Rover España SA, Jaguar Land Rover France SA and Jaguar Land Rover Deutschland GmbH) amounted to approx. 64 million Euro.

As regards financial relationships, the company entered into a 'Deposit Agreement' with Jaguar Land Rover Limited, as described in the Notes, which during the year generated about Euro 10,000 in financial income.

As regards commercial transactions during the year, purchases of both Jaguar and Land Rover vehicles and spare parts were principally made from the controlling company Jaguar Land Rover Limited, thus mitigating the price risk.

The company carries on business pursuant to a distribution agreement with Jaguar Land Rover Limited.

Under the agreement, which involves a low business risk for Jaguar Land Rover Italia S.p.A., transfer prices are determined in such a way that the distribution company is guaranteed a profit margin as a percentage of sales revenue (Transactional Net Margin Method – TNMM). Such margin rate is established by specific comparability analyses conducted at group level based on similar transactions carried out between independent parties.

With regard to the main highlights and indicators for FY 2016/17, enclosures 1, 3 and 3 provide the information required by article 2428(2) of the civil code.

FY 2017/18 began encouragingly, with new car registrations confirming the prior year's trend. In particular, a significant number of registrations for new Jaguar and Land Rover vehicles took place in April 2017.

The next part of FY 2017/208 will be crucial for Jaguar Land Rover, as new Jaguar and Land Rover models are going to be launched on the market to enhance the company's competitiveness and market presence.

As mentioned in the financial statements for the prior period, in 2013 the Revenue Agency (*Agenzia delle Entrate – Direzione Regionale per il Lazio – Ufficio Grandi Contribuenti*) served on the Company a notice of deficiency in respect of 2009 IRES and IRAP.

As regards the transfer pricing litigation, in May 2014 the company filed an application for a Mutual Agreement Procedure under article 6 of the Arbitration Convention (Convention 90/436/EEC of 23 July 1990 on the elimination of double taxation in connection with the adjustment of profits of associated enterprises, transposed in Italy by law No 99 of 22 March 1993) and under the Mutual Agreement Procedure clause (article 26) of the Italy/UK double tax treaty. In October 2014, the Ministry of Economy and Finance informed the Company of the start of the MAP.

In December 2014, the Italian Revenue Agency issued a notice of suspension of collection pursuant to article 3(2) of law no. 99 dated 22 March 1993.

We inform you that in the notice of deficiency for FY 2009 the tax authorities acknowledged that the TP documentation produced by the Company for FY2009 contained the necessary data and information for a complete and in-depth transfer pricing analysis and therefore the revenue agency (*Agenzia delle Entrate – Direzione Regionale Lazio*) granted suspension of the tax payment claims. No liabilities are expected to arise for the company in this respect since the reasons for the finding raised are considered to be totally groundless.

We inform you that personal data are processed in accordance with the Italian Privacy Code (Decree Law No 196/2003).

For an on behalf of the Board of Directors
The Managing Director

JAGUAR LAND ROVER ITALIA S.P.A.

Sole Shareholder

Managed and coordinated by Jaguar Land Rover Limted

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 14, LEGISLATION DECREE N. 39/2010 AND ARTICLE 2429 C.C.

To the Shareholders of Jaguar Land Rover Italia S.p.A.

Introduction

During the year ended on 31 March 2017 the Board of Statutory Auditors acted in a supervisory capacity to ensure compliance with the law and with the articles of association, with the principles of proper administration and organizational structure, management and accounting systems, as well as with the Company's functional structure pursuant to articles 2403 of the Italian Civil Code and – for the first time – it acted as auditor of the accounts pursuant to article 2409 *bis* of the Italian Civil Code.

During the Shareholders' Meeting held on 20 May 2016 to approve the Financial Statements to 31 March 2016, it was decided that the account auditing functions, previously carried out by a single independent auditor, be granted to the Board of Statutory Auditors.

Section A) of this Report includes the *"Report of the independent auditor pursuant to article 14 of Legislative Decree n. 39 of 27 January 2010, and Section* B) includes the*"Report pursuant to article 2429, paragraph 2 of the Italian Civil Code"*.

In this regard, we acknowledge that we have waived the 30 days term as per article 2429, paragraph 1 of the Italian Civil Code for the communication of the financial statements and the related report by the Board of Directors to the Board of Statutory Auditors and that the Sole Shareholder explicitly exempted us from filing our report within the deadline provided in article 2429 of the Italian Civil Code.

* * *

A) Report of the independent auditor pursuant to article 14 of Legislative Decree n. 39 of 27 January 2010.

Report on the Financial Statements

We have carried out the statutory audit of the Financial Statements for the year closed on 31 March 2017 of Jaguar Land Rover Italia S.p.A, formed by Balance Sheet, Profit and Loss Account, Cash flow Statement and Notes to the Financial Statements.

In this regard we observe that on 7 March 2016, the Notary Pierandrea Fabiani (notarial registration n. 92801, file n. 17773), amended the Company's articles of association which, in its current version, provides for closure of the financial year on every 31 March. For this reason, last year the Company were required to draw up the financial statements for a financial year of only three months (January-March 2016) and therefore, a comparison of the data of the financial statements seems of slight importance.

Directors' Responsibility for the Financial Statements

Directors are responsible for the preparation of the Financial Statements that provide a fair and correct business view in accordance with the Italian law governing the drafting criteria.

Auditor's Responsibility

We are responsible for expressing a judgment on the Financial Statements on the basis of the statutory audit. We have acted as statutory auditors in accordance with the international auditing standards (ISA Italia) pursuant to article 11, paragraph 3 of Legislative Decree no. 39/2010. These principles require compliance with ethical principles, as well as the planning and performance of the statutory audit in order that it be reasonably sure that the Financial Statements do not contain significant errors.

The statutory audit must comply with certain procedures in order to acquire evidence in support of the figures and information contained in the Financial Statements. Which procedure is chosen depends on the auditor's professional judgment, including the assessment of the risks arising from significant errors in the Financial Statements due to fraud or unintended actions or events. In carrying out such risk assessment, the auditor must evaluate whether the internal control over the preparation of the Company's Financial Statements provides a true and fair view in order to establish appropriate audit procedures, and not to express a judgment on the effectiveness of the Company's internal control.

The audit also includes an assessment of the appropriateness of the accounting policies adopted, the reasonableness of the accounting estimates made by the Directors, and the evaluation of the presentation of the Financial Statements as a whole.

We believe we have acquired sufficient and appropriate evidence on which to base our opinion.

Opinion

In our opinion, the Financial Statements of Jaguar Land Rover Italia S.p.A. as of 31 March 2017 provide a true and fair view of the Company's balance sheet and financial position, as well the economic result recorded during the year, in compliance with the Italian law governing the drafting criteria.

Report on other legislative and regulatory provisions

Assessment on the consistency of the Management Report with the Financial Statements

We have carried out the procedures set out in the auditing standard n. 720B (SA Italy) in order to express, as required by law, a judgment as to whether the Management Report, which is the responsibility of the Directors of Jaguar Land Rover SpA, is consistent with the Company's Financial Statements as of 31 March 2017. In our opinion the Management Report is consistent with the Financial Statements of Jaguar Land Rover S.p.A. as of 31 March 2017.

* * *

B) Report pursuant to article 2429, paragraph 2, of the Italian Civil Code

B1) Supervisory activity pursuant to 2403 et seq. of the Italian Civil Code

Knowledge of the Company's business, evaluation of risks and report on the assigned duties

It should be borne in mind that the Board of Statutory Auditors has a grounded knowledge of the Company's:

i) type of business; and

ii) organizational and accounting structure.

Also, taking into account the Company's size and particularities, the planning of the supervisory activity – during which is necessary to evaluate the intrinsic risks and critical issues with respect to the two matters mentioned above – has been implemented through positive feedback with respect to the information acquired over time

Hence, the Board acknowledges that:

- the typical business activity carried out by the Company has not changed during the financial year under examination and it is consistent with the corporate business purpose;
- the organizational structure and information technology facilities have remained substantially unchanged;
- the workforce has increased from 87 to 108 persons, compared to the previous year, in line with the Company's development plans.

Therefore, this report summarizes the activities regarding the information required by article 2429, paragraph 2, of the Italian Civil Code:

- the results of the financial year;
- the activities carried out in the performance of duties required by Law;
- the observations and the proposals regarding the Financial Statements, with particular reference to any use by the Board of Directors of the exception envisaged by article 2423, paragraph 4 of the Italia Civil Code;
- any complaint filed by the Shareholders pursuant to article 2408 of the Italian Civil Code.

The Board is available to discuss this report during the Shareholders' Meeting.

From a temporal point of view, the activities performed by the Board of Statutory Auditors regarded the entire financial year, during which the meetings required by article 2404 of the Italian Civil Code were held and the Minutes were duly signed giving unanimous approval.

Activity performed

During the periodic controls, the Board obtained information on the Company's business development and paid particular attention to issues having a contingent and/or extraordinary nature, in order to identify the economic and financial impacts on operating results and equity structures. Hence, the Board has periodically assessed the adequacy of the organizational and functional structure of the Company and any changes of the minimum requirements deriving from the business management.

The relationships with the persons operating within the Company – directors, employees and external consultants – were mutually cooperative and consonant with their roles, the role of the Board itself having been established.

During the financial year it was possible to ascertain that:

- we have ascertained that the internal administrative staff has remained substantially unchanged from the previous year, notwithstanding the increased number of Company personnel;
- the expertise of such administrative staff continues to be sufficient to fulfil the requirements of the Company's ordinary operations and they have satisfactory knowledge of the business issues;
- consultants and professionals charged with external accounting, tax, corporate and labour law assistance have not changed and therefore have historical knowledge of the Company's business activity and the ordinary and extraordinary management issues that have affected the annual results.

The information required by article 2381, paragraph 5 of the Italian Civil Code was periodically provided by the Directors (members of the Board of Directors with finance and control functions) – Mr Gianmarco Cicuzza to 23 December 2016 and then Mr Federico Sabino Palumbieri – even more frequently than the minimum of six months, during scheduled meetings and during individual visits of members of the Board to the Company's head-office, as well as via regular telephonic and electronic communication. All of this confirms that the executive Directors have respected, in both form and substance, their obligations pursuant to the above mentioned law.

In conclusion, through its activities performed during the year, the Board of Statutory Auditors can state that, that to the best of its knowledge:

- the decisions taken by shareholders and by the Board of Directors were in compliance with the law and the Company's By-Laws and were clearly not imprudent or such as to permanently compromise the integrity of the corporate assets;
- we have obtained sufficient information on the general state of the Company's business and its foreseeable developments, as well as on the most significant transactions, by size or characteristics, carried out by the Company;
- actions undertaken are compliant with the law and By-Laws and are not in potential conflict with the resolutions taken by the Shareholders or such as to compromise the integrity of the corporate assets;
- the Company has commercial relationships with the parent company and with other companies belonging to the Group and that, on the basis of the information provided and referred to in the Notes to the Financial Statements, these transactions took place under normal market conditions and are based on mutual economic benefit;
- we have no particular comment to make with respect to either the adequacy of the Company's organizational structure, or its administrative and accounting system. The latter can be relied upon to correctly reflect management decisions;
- during the supervisory activity, as above described, no further fact of such relevance as to be mentioned in this Report has emerged;
- there was no need to take any action due to omissions by the Board of Directors pursuant to article 2406 of the Italian Civil code;
- no reports were filed under art. 2408 of the Italian Civil Code;
- no reports were filed under art. 2409, paragraph 7 of the Italian Civil Code;

- during the financial year the Board of Statutory Auditors did not issue any opinion as provided by law.

B2) Observations on the Financial Statements

The Board of Statutory Auditors notes that the Board of Directors has taken into account the obligation to prepare the Notes to the Financial Statements using the "XBRL taxonomy", necessary to standardize that document and in order that it can be digitised. This meets the requirement of the Register of Companies operated by the Chambers of Commerce pursuant to article 5, paragraph 4 of the D.P.C.M. (Decree of the President of the Council of Minister of the Italian Republic) n. 304 of 10 December 2008.

The Board has verified that for some years now this activity has been outsourced by the Company to a third party that professionally carries out the required actions.

The draft Financial Statements as of 31 March 2017 were approved by the Board of Directors and are formed by Balance Sheet, Profit and Loss Account, Cash Flow Statement and Notes to the Financial Statements.

In addition:

- the Board of Directors has prepared a Management Report pursuant to article 2428 of the Italian Civil Code;
- the above documents were delivered to the Board of Statutory Auditors in good time for their registration at the Company's registered offices together with this Report, in compliance with the provisions of article 2429, paragraph 1, of the Italian Civil Code.

The Board has thus examined the draft Financial Statements, with regard to which the following further information is provided:

- the evaluation criteria for assets and liabilities have been checked and are not substantially different from those adopted in previous years, in accordance with article 2426 of the Italian Civil Code;
- attention was given to the general format of the draft Financial Statements and their general compliance to drafting and structural requirements of the law. We have no particular comment in this regard;
- we have verified the compliance with the law with respect to the preparation of the Management Report. We have no particular comment in this regard ;

- during the preparation of the Financial Statements the Board of Directors did not need to make any exception to the law as per article 2423, paragraph 5, of the Italian Civil Code;
- we have verified the correspondence of the Financial Statements with the facts and information of which we are aware, in the fulfilment of our duties; in this regard there are no further comments to raise;
- it was not necessary to carry out the particular verification as per article 2426, paragraph 5, of the Italian Civil Code, in relation to the values entered in BI-1) and BI-2) of the assets, since the Company did not recognize "plant and expansion costs" or "development costs" in its Financial Statements for which our consent is required;
- pursuant to article 2426, number 6 of the Italian Civil Code the Board of Statutory Auditors recognizes the existence of a "*goodwill*" item that is amortized on a straight-line basis over its useful life, equal to the residual term of the Jaguar Land Rover Limited distribution contract expiring on 31 December 2021. The Board also acknowledges that the Company, using the exception provided in article 12 Legislative Decree 139/2015, has exercised the power not to retroactively apply the new depreciation criterion provided by that decree.
- the accuracy of the information contained in the Notes to the Financial Statements has been verified as regards the absence of financial and monetary assets and liabilities that originated in currencies other than euro;
- it was not necessary to verify that information pursuant to article 2427-bis of the Italian Civil Code relating to financial derivatives and financial fixed assets recorded at a value greater than their fair value was reported in the Notes to the Financial Statements, to the extent that these facts do not arise in the Financial Statements as of 31 March 2017;
- we have obtained information from the Supervisory Body and no issue has emerged regarding the organizational model adopted that should be highlighted in this Report;
- with regard to the proposal of the Board of Directors to allocate the net profit, the Board has no comment to raise and observes that any resolution on the matter is to be taken by the Shareholders.

Annual results

The net result verified by the Board of Directors and related to the year as of 31 March 2017, as reported in the Financial Statements, is positive and amounts to Euro 7,999,533.

The results of the our statutory audit of the Financial Statements are included in section A of this Report.

B3) Comments and proposals regarding the approval of the Financial Statements

In view of the results of the activity carried out, the Board of Statutory Auditors proposes that the Shareholders approve the Financial Statements as of 31 March 2017 as prepared by the Board of Directors.

Rome, 18 May 2017

The Board of Statutory Auditors

Dott. Guido Lenzi (Chairman)

Dott. Pietro Bracco (Statutory Auditor)

Dott. Andrea Vernier (Statutory Auditor)

JAGUAR LAND ROVER ITALIA S.p.A.
Registered office in Rome - Viale Alessandro Marchetti, 105
Share capital Euro 25,000,000 fully paid-in
Chamber of Commerce (R.E.A.) reg. No 944215 - Sole Shareholder
Fiscal code, VAT number and Rome Companies Registry registration No 06070621005

FINANCIAL STATEMENTS AT 31.03.2017

BALANCE SHEET

			31/03/2017		31/3/2016	
ASSETS:			EURO	EURO	EURO	EURO
(B) FIXED ASSETS						
I	- Intangible assets:					
	(5)	Goodwill	5.587.500		6.763.816	
	(7)	Others	1.541.525		632.765	
	Total			**7.129.025**		**7.396.581**
II	- Tangible assets:					
	(2)	Equipment and machinery	13.030		4.885	
	(3)	Industrial and commercial equipment	301.854		137.828	
	(4)	Other assets	550.959		421.826	
	Total			**865.843**		**564.539**
III	- Financial fixed assets:					
	(1)	Shareholdings in:				
		d) Other undertakings	130		130	
	Total			**130**		**130**
	Total fixed assets (B)			**7.994.998**		**7.961.250**
(C) CURRENT ASSETS						
I	- Inventory:					
	(4)	Goods	92.779.492		46.480.497	
	Total			**92.779.492**		**46.480.497**
II	- Accounts receivable:					
	(1)	From customers	10.165.414		42.844.662	
	(4)	From controlling companies	153.454.439		88.879.644	
	(5)	From undertakings under control by the controlling companies	612.289		333.737	
	(5)	*- bis)* Tax credits	113.413		113.413	
	(5)	*- ter)* Deferred tax assets	7.879.270		4.480.537	
	(5)	*- quater*) Accounts receivable from others	129.069		109.149	
	Total			**172.353.894**		**136.761.142**
IV	- Cash-in-hand and cash-at-bank:					
	(1)	Bank and P.O. accounts	20.546.478		18.110.614	
	Total			**20.546.478**		**18.110.614**
	Total current assets (C)			**285.679.864**		**201.352.253**
(D) ACCRUED INCOME AND PREPAYMENTS				**109.842**		**34.551**
TOTAL ASSETS				**293.784.704**		**209.348.054**

JAGUAR LAND ROVER ITALIA S.p.A.
Registered office in Rome - Viale Alessandro Marchetti, 105
Share capital Euro 25,000,000 fully paid-in
Chamber of Commerce (R.E.A.) reg. No 944215 - Sole Shareholder
Fiscal code, VAT number and Rome Companies Registry registration No 06070621005

FINANCIAL STATEMENTS AT 31.03.2017

BALANCE SHEET

		31/03/2017		31/3/2016	
LIABILITIES:		EURO	EURO	EURO	EURO
(A) SHAREHOLDERS' EQUITY:					
I - Share capital			**25.000.000**		**25.000.000**
IV - Legal reserve			**1.303.712**		**1.212.159**
VII - Other reserves - share exchange surplus			**2.102.935**		**2.102.935**
VIII - Retained earnings (loss carryovers)			**28.807.178**		**27.067.674**
IX - Profit (loss) for the year			**7.999.533**		**1.831.056**
Total			**65.213.358**		**57.213.824**
(B) PROVISIONS FOR CONTINGENT LIABILITIES AND CHARGES					
(3)	Others	25.800.838		14.958.540	
Total			**25.800.838**		**14.958.540**
(C) EMPLOYEES' TERMINATION PAY			**2.703.641**		**2.557.639**
(D) ACCOUNTS PAYABLE:					
(6)	Advances	80.000		80.000	
(7)	Accounts payable to suppliers	29.329.310		19.470.342	
(11)	Accounts payable to controlling companies	111.442.358		88.548.854	
(11 bis)	Accounts payable to undertakings under control by the controlling companies	905.032		616.604	
(12)	Tax liabilities	36.898.135		24.183.796	
(13)	Accounts payable to social security and social insurance agencies	358.801		310.862	
(14)	Other accounts payable	17.682.468		1.407.593	
Total			**196.696.104**		**134.618.051**
(E) ACCRUED LIABILITIES AND DEFERRED INCOME			3.370.763		**0**
TOTAL LIABILITIES			**293.784.704**		**209.348.054**

JAGUAR LAND ROVER ITALIA S.p.A.
Registered office in Rome - Viale Alessandro Marchetti, 105
Share capital Euro 25,000,000 fully paid-in
Chamber of Commerce (R.E.A.) reg. No 944215 - Sole Shareholder
Fiscal code, VAT number and Rome Companies Registry registration No 06070621005

FINANCIAL STATEMENTS AT 31.03.2017

PROFIT AND LOSS ACCOUNT

		31/03/2017		31/3/2016	
		EURO	EURO	EURO	EURO
(A) REVENUE					
(1)	Revenue from sales and services		**1.186.472.720**		**281.878.137**
(5)	Other revenue and proceeds		**33.042.621**		**6.943.756**
	Total Revenue (A)		**1.219.515.341**		**288.821.893**
(B) EXPENDITURE :					
(6)	Raw materials, subsidiary materials, consumables and goods		**1.149.968.752**		**245.112.742**
(7)	Services		**78.011.544**		**15.091.517**
(8)	Rent/lease		**707.552**		**172.504**
(9)	Personnel costs:				
	(a) Salaries and wages	7.447.658		2.192.111	
	(b) Social security contributions	2.258.177		466.145	
	(c) Employees' termination pay	574.190		115.497	
	(e) Other costs	154.590		36.648	
	Total personnel costs		**10.434.615**		**2.810.401**
(10)	Amortisation, depreciation and value adjustments				
	(a) Amortisation of intangible assets	1.517.750		327.367	
	(b) Depreciation of tangible assets	139.664		23.807	
	(d) Write-down of accounts receivable included among current assets and of cash-in-hand and cash-at-bank	483.169		0	
	Total amortisation, depreciation and value adjustments		**2.140.583**		**351.174**
(11)	Changes to stocks of raw materials, subsidiary materials, consumables and goods		**(46.298.995)**		**20.307.619**
(12)	Accruals to provisions for contingent liabilities and charges		**225.000**		**0**
(13)	Other accruals		**6.007.298**		**548.550**
(14)	Miscellaneous running costs		**2.852.230**		**745.782**
	Total Expenditure (B)		**1.204.048.579**		**285.140.289**
	Difference between revenue and expenditure (A-B)		**15.466.762**		**3.681.604**
(C) FINANCIAL INCOME AND COSTS					
	Other financial income				
	(d) Income other than the above	**13.667**		**2.649**	
(17)	Interest and other financial costs	**(3.642.750)**		**(824.404)**	
(17-bis)	Exchange gains and losses	**11.054**		**140**	
	Total (16-17)		**(3.618.029)**		**(821.615)**
PRE-TAX RESULT (A-B+/-C);			**11.848.733**		**2.859.989**
(20)	Income taxes for the year: current taxes, deferred tax assets and deferred tax liabilities				
	(a) Current taxes	**(7.287.910)**		**(2.088.290)**	
	(b) Taxes of prior years	**39.978**		**0**	
	(c) Deferred tax assets	**3.398.732**		**1.059.357**	
	Total income taxes		**(3.849.200)**		**(1.028.933)**
(21)	Profit (loss) for the year		**7.999.533**		**1.831.056**

English translation

Jaguar Land Rover Italia S.p.A.
Financial statements at 31 March 2017

CASH FLOW STATEMENT

Cash flow determined using the direct method

	April 2016-March 2017	Jan-March 2016
A. Cash flow from operating activities		
Payments from customers	1,606,761,457	327,380,672
Other payments received	32,750	0
(Payments to suppliers for goods and services)	(166,599,048)	(36,418,344)
(Payments to personnel)	(3,928,688)	(717,157)
(VAT payments)	(254,254,852)	(49,590,806)
(Other payments)	(93,568)	(106,481)
(Income taxes paid)	(11,143,849)	(28,922)
Interest received/(paid)	(3,338,338)	(743,081)
Cash flow from operating activities (A)	**1,167,435,864**	**239,775,881**
Other investment activities		
(Loans made to) controlling company ("Deposit agreement")	(1,175,000,000)	(245,000,000)
Repayment of loans made to controlling company ("Deposit agreement")	10,000,000	0
Cash flow from investment activities (B)	**(1,165,000,000)**	**(245,000,000)**
C. Cash flow from financing activities		
Cash flow from financing activities (C)	**0**	**0**
Increase/(decrease) in cash-in-hand and cash-at-bank (A ± B ± C)	2,435,864	(5,224,119)
Cash-in-hand and cash-at-bank at 1 January/1 April	**18,110,614**	**23,334,733**
Cash-in-hand and cash-at-bank at 31 December/31 March	**20,546,478**	**18,110,614**

Jaguar Land Rover Italia S.p.A.

Jaguar Land Rover Italia S.p.A. –A sole shareholder company (*Azionista Unico*)
Registered office in Rome, Viale Alessandro Marchetti, 105 – Share capital € 25,000,000 fully paid-in
Chamber of Commerce (R.e.a.) reg. No. 944215
Fiscal code, VAT number and Rome Companies Registry reg. No 06070621005

Notes to the Financial statements at 31.03.2017

Fiscal year

On 7 March 2016, the Company's articles of association were amended by deed executed by notary public Pierandrea Fabiani (notary public's file reg. No 92801, folder no. 17773) and the year-end was changed to 31 March of each year. For this reason, it was necessary to draw up a set of financial statements for the three-month period January-March 2016; as a result, the Balance Sheet and Profit and Loss Account figures in these financial statements are not comparable with those for the prior period.

Layout and content of the Financial statements

These Financial Statements, composed of the Balance Sheet, Profit and Loss Account, Notes and Cash Flow Statement, are in line with the relevant Civil Code provisions and EU directives.

The Financial Statements have been drawn up pursuant to the provisions of articles 2423 ff of the Civil Code as amended by Legislative Decree No 139 of 18 August 2015 implementing Directive 2013/34/EU on the annual financial statements and consolidated financial statements.

The Balance Sheet, Profit and Loss Account and Financial Statements layout is that prescribed by articles 2424, 2425 and 2425 ter of the civil code.

The corresponding amount for the prior year has been reported next to each item of the Balance Sheet and Profit and Loss Account and, if necessary, has been adjusted for comparison purposes: a mention of the relevant adjustment, or non-adjustment as the case may be, has been made in the description of each item.

Items of the Balance Sheet and Profit and Loss Account with a nil balance have not been included; their exclusion did not, however, result in changes in the numbering sequence prescribed for the statutory Balance Sheet and Profit and Loss Account layout. All figures of the Balance Sheet and Profit and Loss Account are in whole Euros.

Main valuation criteria

The valuation criteria adopted in the preparation of the Financial statements at 31 March 2017 are in line with those provided by article 2426 of the civil code, having regard, where necessary, to the accounting principles issued by the Italian accounting standard setting board (*Organismo Italiano di Contabilità*, O.I.C.) or, if none are available, to the IAS-IFRS.

More generally, the valuation of financial statements items was made on a prudent, accrual and going concern basis.

The company carries on business pursuant to a distribution agreement with Jaguar Land Rover Limited. Under the agreement, which involves a low business risk for Jaguar Land Rover Italia S.p.A., transfer prices are determined in such a way that the distribution company is guaranteed a profit margin as a percentage of sales revenue (Transactional Net Margin Method – TNMM). Such margin rate is established by specific comparability analyses conducted at group level based on similar transactions carried out between independent parties.

As mentioned in the prior year's financial statements, the manufacturer Jaguar Land Rover Limited has been applying this transfer pricing methodology to all group companies since 2012.

No exceptional events occurred in the fiscal year ended 31 March 2017 which made it necessary to adopt one of the derogations pursuant to article 2423(5) of the Civil Code.

The following main valuation criteria have been adopted in the preparation of the financial statements:

Fixed assets

Intangible assets

They are recorded at the historical cost less the amortisation of prior years, the amortisation charge for the year and any write-downs due to permanent value impairments. Amortisation charges have been calculated on a straightline basis having regard to the remaining useful life of the assets.

In particular, the goodwill purchased in the year 2000 has been recorded in the assets section in an amount corresponding to the price paid less amortisation and any write-downs. Goodwill amortisation is calculated on a straightline basis having regard to its remaining useful life (based on remaining term of the distribution agreement entered into with Jaguar Land Rover Limited, expiring 31 December 2021).

As mentioned in prior years, in the financial statements at 31/12/2002 the Company had made a goodwill write-down to adjust the value of the asset to its potential recovery value as estimated by an expert.

Pursuant to the terms of article 12 of legislative decree 139/2015, the company took advantage of the possibility not to apply retroactively the new goodwill amortisation method introduced by the decree.

The “Other intangible assets”, which consist of leasehold improvements, have been amortised on the basis of the remaining term of the relevant property lease agreement.

Tangible assets

These have been recorded at their purchase cost adjusted by the corresponding accumulated depreciation. No financial costs have been capitalised either in the year in question or in prior years. The depreciation charges recorded in the profit and loss account have been calculated having regard to the use and the economic and technical life of the assets based on their remaining useful life. This principle is deemed to be well reflected by the following rates, which have remained unchanged from the prior year and have been halved in the year in which the asset entered operation:

Description	%
Electronic office machines	20%
Non automatic generic installations	10%
Sundry small tools	25%
Office furniture	12%
Industrial and commercial equipment	10%

Assets of a minor amount (less than 516 Euro) have been wholly depreciated in the year.

Financial fixed assets

Shareholdings “in other undertakings” have been measured at the subscription or purchase price.

Accounts receivable

Accounts receivable have been recorded at the amortised cost, having regard to time discounting and to their presumed realisable value. The nominal value of the accounts receivable was adjusted, whenever necessary, to their presumed realisable value by a write-down.

Cash-in-hand and cash-at-bank

Cash-in-hand and cash-at-bank has been measured at the nominal value.

Accounts payable

They have been recorded using the amortised cost method, taking into account time discounting.

Accrued income/liabilities and prepayments/deferred income

Accrued income and prepayments consist of income accrued in the year which will be received in future years and costs incurred before the year-end which will accrue in subsequent years; accrued liabilities and deferred income include costs accrued in the year which however will be paid in future years, and income received before the year-end but accruing in subsequent years.

A detail of prepayments is provided in the relevant section of these Notes.

Inventory

Inventory has been recorded at the lower of purchase cost and realisable value as inferred from market trend at the year-end adjusted by any write-downs. The year-end inventory valuation methods adopted were the specific cost method for cars and the weighted average cost method for spare parts.

The book value of the inventory does not significantly depart from its current costs value at the year-end.

Provisions for contingent liabilities and charges

These provisions are set aside for the coverage of losses or liabilities that are certain or likely to arise, but whose amount and date of occurrence could not be determined at the year-end.

The provisions have been measured on a prudent and accruals basis and the relevant accruals have been determined at the best possible estimate based on the available information.

Employees' termination pay

This item includes the amounts actually accrued to the benefit of Company employees pursuant to article 2120 of the civil code, in accordance with the law and the current collective bargaining agreements, taking into account all forms of continuous remuneration.

Income taxes

Current income taxes are determined on the basis of a conservative interpretation of the tax rules in force.

Deferred tax assets and liabilities are calculated based on a reasonable certainty that future taxable amounts may be offset against any temporary differences between the statutory value and the tax basis of an asset or liability. The impact on the result of operations of this method of recognition is stated in the description of the relevant item of the P&L Account.

Financial risks management policies

The company aims at managing and containing its financial risks by relying both on the directors' prudent evaluations and on specific risks management processes put in place as part of corporate procedures, as well as through special-purpose centralized group functions.

The company's financial risks are as follows:

- Liquidity risk: this risk is mainly related to the company's current financial requirements to carry out its selling activities. This risk is managed by implementing financial plans which estimate future cash flows; in this respect, consider, for example, the Deposit Agreement with Jaguar Land Rover group companies.
- Risk of cash flow changes: this is mainly in connection with the Deposit Agreement, under which interest accrues at variable market rates.
- Credit risk: the risk of the counterparty's insolvency is limited to accounts receivable from the public authorities and some car rental companies which account for a small percentage of the Company's total receivables. Instead, car sales to dealers are only subject to a minor credit risk since the relevant accounts receivable are sold on a without-recourse basis to the factoring company FCA Bank S.p.A., while sales of spare parts are paid for through the American Express payment system. The credit management function

estimates the recoverability of accounts receivable and calculates the relevant bad debt reserve to be recorded in the financial statements. At 31 March 2017, the bad debt reserve amounted to approx. 2.1 million Euro.

Translation of items in foreign currency

Accounts receivable and payable originally denominated in foreign currency are recorded at the spot exchange rates ruling at the year-end; any translation gains or losses are recognised in the profit and loss account and any net gain is set aside to a reserve which is non-distributable until the gain is realized.

Any non-monetary items in foreign currency are recorded at the exchange rate ruling at the time of purchase.

Guarantees, engagements, leases and risks

Any risks in connection with personal guarantees or collaterals for third-party debts have been recognised in these Notes at an amount corresponding to the value of the guarantee; the amount of the guaranteed third-party debt at the reporting date is mentioned in these Notes if lower than the value of the underlying guarantee.

An engagements are recognised at their nominal value as inferred from the relevant documentation.

ANALYSIS OF THE MAIN FINANCIAL STATEMENTS ITEMS

Unless otherwise expressly stated, all amounts in these Notes are in Euros.

Assets

We set out below a description of and the main changes in the composition of the company’s assets.

B) Fixed assets

I. Intangible assets

At 31 March 2017 and at 31 March 2016 they amounted respectively to Euro 7,129,025 and Euro 7,396,581, with a net decrease of Euro 267,556.

The following tables show the composition of and the changes in the value of the single intangible assets:

Goodwill	Historical cost	Amortisation and value adjustments	Net value
Balance at 31/03/2016	36.713.533	29.949.717	6.763.816
Additions for the year			0
Amortisation for the year	(1.176.316)		(1.176.316)
Sales and disposals			0
Balance at 31/03/2017	35.537.217	29.949.717	5.587.500

Item B. I. 5. “Goodwill”, recorded in the financial statements as to Euro 5,587,500, reflects the value paid for the goodwill, less amortisation and any value adjustments.

Other intangibles	Historical cost	Amortisation	Net value
Balance at 31/03/2016	799.232	(166.467)	632.765
Additions for the year	1.250.194		1.250.194
Amortisation for the year		(341.434)	(341.434)
Sales and disposals			0
Reclassifications			0
Balance at 31/03/2017	2.049.426	(507.901)	1.541.525

Item B. I. 7. “Other intangible assets” consists of the costs incurred for improvements to the offices and the Training Academy, both of which are currently on lease.

The above intangibles did not undergo any write-downs or write-ups either in the current year or in prior years, with the exception of goodwill, which in prior years was written down by Euro 2,141,924.

II. Tangible assets

At 31 March 2017 and at 31 March 2016 they amounted respectively to Euro 865,843 and Euro 564,539, with a net Euro 301,304 increase.

The following tables show the composition of and the changes in the value of the single tangible assets:

Generic installations	Historical cost	Depreciation	Net value
Balance at 31/03/2016	136.410	(131.525)	4.885
Purchases for the year	9.290		9.290
Amortisation for the year		(1.145)	(1.145)
Sales and disposals			0
Reclassifications			0
Balance at 31/03/2017	145.700	(132.670)	13.030

Industrial and commercial equipment	Historical cost	Depreciation	Net value
Balance at 31/03/2016	940.368	(802.540)	137.827
Purchases for the year	218.844		218.844
Amortisation for the year		(47.942)	(47.942)
Sales and disposals	(11.000)	4.125	(6.875)
Reclassifications			0
Balance at 31/03/2017	1.148.212	(846.357)	301.854

The purchases for the year mainly consist of new computers and furniture.

Assets of a unit value lower than 516 Euro

Assets of a unit value lower than 516 Euro have been wholly depreciated in the year in which they were purchased and entered operation. They have in any case been included by category in the above summary tables.

The above tangible assets did not undergo any write-downs or write-ups either in the current year or in prior years.

III. Financial fixed assets

Shareholdings

Description	Value at 31/03/2016	Increases for the year	Decreases for the year	Write-downs for the year	Value at 31/03/2017
Shareholdings in other undertakings	**130**	**0**	0	0	**130**

Item B. III. 1 d. “Shareholdings in other undertakings”, in an amount of 130 Euro, is in connection with the purchase of the shareholding in CO.NA.I (the Italian National Packaging

Consortium).

C) Current assets

I. Inventory

At 31 March 2017, inventory amounted to Euro 92,779,492, compared to Euro 46,480,497 at 31 March 2016, with a net increase of Euro 46,298,995. The composition of and changes in the inventory recorded under item C. I. 4. "Goods" can be summarised as follows:

Description	Value at 31/03/2016	Value at 31/03/2017	Difference 31.03.2017 / 31.03.2016
a) Cars	29.530.846	70.914.743	41.383.897
b) Other cars	10.034.510	13.846.801	3.812.291
c) Spare parts	8.594.504	10.230.150	1.635.646
Write-downs	(1.679.363)	(2.212.202)	(532.839)
Total inventory	**46.480.497**	**92.779.492**	**46.298.995**

The item a) "Cars" consists of the stock of new vehicles whereas item b) "Other cars", consists of cars which, although meant for sale, are used by the Company for a short period of time. Item c) consists of the inventory of spare parts and accessories.

During the year, the inventory write-down – recorded in the financial statements to reduce the value of inventory and amounting to Euro 2,212,202 at 31/03/2017 – underwent the following changes during the year:

Description	Value at 31/03/2016	Decreases	Increases	Value at 31/03/2017
a) Other cars	1.227.750	0	160.625	1.388.375
b) Spare parts	451.613	0	372.214	823.827
Total inventory	**1.679.363**	**0**	**532.839**	**2.212.202**

II. Accounts receivable

Accounts receivable from customers

Item C. II. 1 consists of the trade accounts receivable to customers and the other group companies recorded in the Financial Statements at 31 March 2017 in an amount of Euro

10,165,414, with a net decrease of Euro 32,679,248 mainly as a result of a decrease in accounts receivable for car sales to rental companies, and of an increase in the accounts payable to car dealers for unpaid incentives.

We set out below a detailed analysis of the changes in this item:

Description	Value at 31/03/2016	Value at 31/03/2017	Difference
Accounts receivable from customers from sale of cars, spare parts and other products	44.509.994	12.313.915	(32.196.079)
Bad debt reserve	(1.665.332)	(2.148.501)	(483.169)
Balance	42.844.662	10.165.414	(32.679.248)

All accounts receivable from customers fall due within one year.

The nominal value of the accounts receivable was adjusted to their presumed realisable value by a bad debt reserve which during the year underwent the following changes:

Description	Value at 31/03/2016	Decreases for the year	Increases for the year	Value at 31/03/2017
Write-down of accounts receivable	1.665.332	0	483.169	2.148.501
Total bad debt reserve	1.665.332	0	483.169	2.148.501

Accounts receivable from companies under control by the controlling companies

Item C. II 5, whose balance at 31.03.2017 was Euro 612,289 (Euro 333,737 at 31.03.2016) consists of the account receivable from Jaguar Land Rover Deutschland GmbH, mainly in connection with the recharge of staff secondment costs.

Tax credits

Item C. II. 5 Bis consists of the tax credit of Euro 113,413 at 31 March 2017 and did not undergo any changes, as shown in the following table:

Description	Value at 31/03/2016	Value at 31/03/2017	Difference
Income tax credits	113.413	113.413	0
Balance	113.413	113.413	0

The balance at 31.03.2017 wholly refers to the IRES tax credit for FYs 2007 to 2011 claimed for refund (pursuant to article 2(1 quater) of decree law No 201/2011) and arising in connection with the non-deduction of IRAP on employee and quasi-employee costs.

Deferred tax assets

Item C. II. 5 Ter shows the value of deferred tax assets, less deferred tax liabilities, which amounts to Euro 7,879,270. The item can be broken down as follows:

Description	Value at 31/03/2016	Value at 31/03/2017	Difference
IRES	3.690.035	6.532.429	2.842.394
IRAP	790.502	1.346.841	556.339
Balance	4.480.537	7.879.270	3.398.733

The following table provides a description of the temporary differences for IRES and IRAP which resulted in the separate posting of the relevant deferred tax assets and liabilities compared to the prior year. For a description of the amounts credited or charged to the P&L account, reference should be made to the comments to item 20 of the Profit and Loss Account. The IRAP rate adopted to determine the future tax effect is 4.82%, namely the rate currently in force, whereas the IRES rate used to this effect is 24%.

Description	31/03/2017				31/03/2016			
	Temporary differences + deductible differences	Deferred taxes + def.tax assets (-) def.tax liab.			Temporary differences + deductible differences	Deferred taxes + def.tax assets (-) def.tax liab.		
	(-) taxable differences	Ires	Irap	Total	(-) taxable differences	Ires	Irap	Total
Tax rate								
Deferred tax assets								
Write-down of fixed assets IRES	2.141.924	514.062		514.062	2.141.924	514.062		514.062
Write-down of fixed assets IRAP	2.141.924		103.241	103.241	2.141.924		103.241	103.241
Provision for contingent liabilities and charges IRES	25.800.838	6.192.201		6.192.201	14.958.540	3.590.050		3.590.050
Provision for contingent liabilities and charges IRAP	25.800.838		1.243.600	1.243.600	14.258.540		687.262	687.262
Write-down of inventory IRES	2.212.202	530.929		530.929	1.679.363	403.047		403.047
Write-down of accounts receivable	2.148.500	515.640		515.640	1.665.332	399.680		399.680
Other costs with deferred IRES deductibility	0	0		0	15.000	3.600		3.600
Total deferred tax assets		7.752.832	1.346.841	9.099.673		4.910.438	790.502	5.700.940
Deferred tax liabilities								
Additional goodwill amortisation for IRES	(5.085.012)	(1.220.403)		(1.220.403)	(5.085.012)	(1.220.403)		(1.220.403)
Total deferred tax liabilities		(1.220.403)	0	(1.220.403)		(1.220.403)	0	(1.220.403)
Total		6.532.429	1.346.841	7.879.270		3.690.035	790.502	4.480.537

Impact on the P&L account	FY 2016/17	Jan-March 2016
Deferred tax assets at the beginning of the year (B)	5.700.940	4.641.584
Deferred tax assets at the end of the year (A)	9.099.673	5.700.940
Impact on the P&L account (A - B)	**3.398.733**	**1.059.357**
Deferred tax liabilities at the beginning of the year (B)	(1.220.403)	(1.220.403)
Deferred tax tax liabilities at the end of the year (A)	(1.220.403)	(1.220.403)
Impact on the P&L account (A - B)	**0**	**0**
Total impact on the P&L account	**3.398.733**	**1.059.357**

The € 9,099,673 deferred tax assets were recognised on the assumption that the medium term business forecasts - supported by the distribution agreement (based on the TNMM) which ensures the company’s steady profitability – give reasonable certainty that in future years the company’s taxable income will not be lower than the temporary differences that will be reversed.

Accounts receivable from others

Item C. II. 5 Quater rose from Euro 109,149 at 31.03.2016 to Euro 129,069 at 31 March 2017, with a year-on-year increase of Euro 19,920, as detailed below:

Description	Value at 31/03/2016	Value at 31/03/2017	Difference
Accounts receivable from personnel	50.546	66.796	16.250
Accounts receivable from others	58.603	62.273	3.670
Balance	109.149	129.069	19.920

Accounts receivable from controlling companies

This item includes the account receivable from Jaguar Land Rover Limited in connection with the Deposit agreement, remunerated at market rates, whose balance at 31 March 2017 was Euro 151,049,722 (Euro 88,879,644 at the prior year-end), and the account receivable in connection with the recharge of warranty repair costs.

The increase is mainly due to the transfer to Jaguar Land Rover Limited of higher cash flows in connection with the year-on-year increase in revenue.

IV. Cash-in-hand and cash-at-bank

The balance of item C. IV. consists of the cash-at-bank, cash-in-hand and cash equivalents at the year-end, as shown below:

Description	Value at 31.03.2016	Value at 31.03.2017	Difference
Bank and P.O. accounts	18.110.614	20.546.478	2.435.864
Cash-in-hand and cash equivalents	0	0	0
Total	18.110.614	20.546.478	2.435.864

D) Accrued income and prepayments

This item consists of the portion of costs and income pertaining to more than one accounting period accruing before or after the relevant collection/payment and/or billing. At 31 March 2017 there were no accrued income and prepayments of a duration exceeding five years. The item can be broken down as follows:

Description	Value at 31.03.2016	Value at 31.03.2017	Difference
Prepaid insurance premium	34.551	109.842	75.291
Total	**34.551**	**109.842**	**75.291**

Liabilities

We set out below the composition of and the main changes in the liabilities:

A) Shareholders' equity

The following table summarises the changes in the items of shareholders' equity in FYs 2015, 2016 and 2016/17:

Description	Value at 31/12/2015	Increases (Decreases)	Decreases/ Allocations	Value at 31/03/2016	Increases/ (Decreases)	Decreases/ Allocations	Value at 31/03/2017
Share capital	25.000.000			25.000.000			25.000.000
Legal reserve	937.607	274.552		1.212.159	91.553		1.303.712
Share exchange surplus	2.102.935			2.102.935			2.102.935
Retained earnings	21.851.195	5.216.479		27.067.674	1.739.504		28.807.178
Proft (loss) for the year	5.491.034	1.831.056	(5.491.034)	1.831.056	7.999.533	(1.831.056)	7.999.533
Total shareholders' equity	55.382.771	7.322.087	(5.491.034)	57.213.824	9.830.590	(1.831.056)	65.213.358

The Share capital has been wholly paid-in and at 31 March 2017 amounted to Euro 25,000,000 divided into 25,000,000 shares each having a nominal value of 1 Euro, subscribed by the Sole Shareholder.

The Legal Reserve increased by Euro 91,553 as a result of the allocation of the relevant share of the 2016 profit, as resolved by the general meeting in accordance with article 2430 of the civil code.

Pursuant to the general meeting resolution, retained earnings rose from Euro 27,067,674 to Euro 28,807,178 following the appropriation of the 2016 profit to retained earnings as to 1,739,504 Euro.

The item "Other reserves – Share exchange surplus" derives from the 2011 merger and did not undergo any changes in the year.

We set out below the table containing the information required by article 2427(7-bis)(1) of the Civil Code and recommended by the Italian Accounting Standard Setting Board:

Nature/description	Amount	Possibility of use	Available amount	Summary of amounts used in the three prior fiscal years	
				for loss coverage	for other reasons
Share capital	25.000.000				
Equity reserves:					
Reserve for treasury shares					
Reserve for shares or equity interests in the controlling company					
Reserve for share exchange	2.102.935	A,B	2.102.935		
Reserve from conversion of bonds					
Earnings reserves:					
Legal reserve	1.303.712	B	1.303.712		
Reserve for treasury shares					
Reserve from net exchange gains					
Reserve from valuation of shareholdings using the Net Equity method					
Reserve from derogations pursuant to article 2423(4)					
Retained earnings	28.807.178	A,B,C	28.807.178		
Total			32.213.825		
Non-distributable amount			3.406.647		
Remaining distributable amount			28.807.178		
Legend:					
A: share capital increase					
B: loss coverage					
C: distribution to the shareholders					

B) Provisions for contingent liabilities and charges

Other provisions

Item B. 3. “Other Provisions for contingent liabilities and charges” amounts to Euro 25,800,838 at 31 March 2017, with an year-on-year increase of Euro 10,842,298.

These provisions are set aside for the coverage of losses, liabilities, risks and charges related to the conduct of business, that are certain or likely to arise, but whose amount and date of occurrence could not be determined at the year-end. The following table shows the composition of and changes in this item:

Description	Value at 31.03.2016	Increases for the year	Decreases/Allocations	Value at 31.03.2017
Provision for maintenance and warranty costs	919.324	361.554	697.030	583.848
Provision for miscellaneous contingent liabilities and charges	14.039.216	24.379.449	13.201.675	25.216.990
Total B.3	14.958.540	24.741.003	13.898.705	25.800.838

The “*Provision for maintenance and warranty costs*,” of Euro 583,848 at 31.03.2017, has been set aside to cover for the estimated maintenance costs for vehicles sold in prior years to the Public Authorities.

The amount accrued in the year is Euro 361,554, whereas the amount used in the year is Euro 697,030.

The balance of the “*Provision for miscellaneous contingent liabilities and charges*”, of Euro 25,216,990, consists of provisions for legal risks as to Euro 725,000, for commercial costs as to Euro 22,196,620, for costs regarding the possible return of worn-core replacement parts by dealers and authorised repair shops as to Euro 1,018,560, for employee bonuses and marketing costs payable to the dealers as to Euro 676,810.

Commercial costs are partly deducted directly from sales revenue as they consist of discounts and allowances granted to dealers on the cars purchased from the company during the year and partly recorded under item B13 “Other accruals”.

C) Employees' termination pay

The provision recorded under item C of the liabilities section of the Balance Sheet reflects the amount due by the company to its employees on payroll at 31 March 2017:

Description	Value at 31.03.2016	Increases for the year	Decreases for the year	Value at 31.03.2017
Employees' termination pay	2.557.639	356.047	210.045	2.703.641
Total	2.557.639	356.047	210.045	2.703.641

Pursuant to law 296/2006 and relevant implementation decrees, we inform you that 76 employees decided to keep their termination pay with the company, whereas 32 employees opted for its allocation to the relevant pension funds.

The balance at 31.03.2017 is adequate to meet the relevant legal and collective bargaining agreement obligations.

Headcount information

The company's average headcount, broken down by category, is as follows:

Headcount	At 31/03/2016	At 31/03/2017
Managers/executives (*Dirigenti*)	17	20
Employees	70	88
Total	87	108

The increase in 21 employees is the result of the implementation of the company's employment policy and is in line with development plans.

D) Accounts payable

Accounts payable have been measured at their nominal value and can be broken down as follows by due date:

Description	Balance at	Balance at 31.03.2017				Difference
	31.03.2016	31.03.2017	falling due within one year	falling due after more than one year	falling due after more than 5 years	2017/2016
D (6) Advances	80.000	80.000	80.000			0
D (7) Accounts payable to suppliers	19.470.342	29.329.310	29.329.310			9.858.968
D (11) Accounts payable to controlling companies	88.548.854	111.442.358	111.442.358			22.893.504
D (11 bis) Accounts payable to undertakings under control by the controlling companies	616.604	905.032	905.032			288.428
D (12) Tax liabilities	24.183.796	36.898.135	36.898.135			12.714.339
D (13) Accounts payable to social security agencies	310.862	358.801	358.801			47.939
D (14) Other accounts payable	1.407.593	17.682.468	17.682.468			16.274.875
Balance	134.618.051	196.696.104	196.696.104	0	0	62.078.053

The "Accounts payable to suppliers", item D. 7., fall due within one year and are in connection with trade payables to third party suppliers for the purchase of goods and services.

Item D.11 "Accounts payable to controlling companies", which amounted to Euro 111,442,358 at 31 March 2017, mainly consists of the payable to Jaguar Land Rover Limited for cars and spare parts purchased but still unpaid for at 31.03.2017.

Item D.11 bis “Accounts payable to undertakings under control by controlling companies”, totalling Euro 905,032 at 31.03.2017 (Euro 616,604 at 31.03.2016), is mainly in connection with the payable to Jaguar Land Rover Deutschland GmbH for the purchase of spare parts.

Item D. 12. “Tax liabilities” amounted to Euro 36,898,135 at 31 March 2017 and can be broken down as follows:

Description	Balance at 31/03/2017
VAT liabilities (March 2017)	31.519.026
IRES and IRAP payable	5.212.392
Withholdings levied from employees and self-employed (March 2017)	166.717
Total	36.898.135

Item D. 13. consists of “Accounts payable to social security agencies” which at 31 March 2017amounted to Euro 358,801.

Item D. 14. “Other accounts payable” amounts to Euro 17,682,468, with a net increase of Euro 16,274,875, mainly resulting from an increase in accounts payable to dealers in connection with outstanding commercial incentives. This item may be broken down as follows:

Description	Value at 31/03/2016	Value at 31/03/2017	Difference
Accounts payable to employees in respect of accrued holidays and other dues	1.021.424	1.192.810	171.386
Accounts payable to Dealers	363.302	16.456.667	16.093.365
Other accounts payable	22.866	32.991	10.125
Total	1.407.593	17.682.468	16.274.875

E) Accrued liabilities and deferred income

This item consists of deferred revenue from the sale of “Connected car” services, included in the sale price of car accessories, which will accrue in future years.

Description	Value at 31/03/2016	Value at 31/03/2017	Difference
Deferred revenue on "Connected car" service	0	3.370.763	3.370.763
Total	0	3.370.763	3.370.763

Memorandum accounts

At 31 March 2017 memorandum accounts can be broken down as follows:

Description	Value at 31/03/2016	Value at 31/03/2017	Difference
Third party guarantees issued on our behalf	6.899.461	7.358.987	459.526
Guarantees issued to third parties	0	1.019.856	1.019.856
Totale	6.899.461	8.378.843	1.479.382

Third party guarantees issued on our behalf consist of bank guarantees issued to third parties on our behalf.

Comments to and analysis of Profit and Loss Account items

In view of the itemised presentation of costs and income in the P&L Account and of the description of Balance Sheet items set out above, in this section we will deal with the main cost and revenue items; for a detailed analysis of operating costs and income, reference should be made to the Directors’ report.

A) Revenue

The item Revenue from sales and services consists of revenue from the sale of cars, spare parts and other assets, and from the provision of services, as set out below.

Revenue by category of business

The following table shows a breakdown of revenue from sales and services:

Description	Value at 31/03/2016	Value at 31/03/2017	Difference
Sale of cars	266.421.077	1.114.954.307	848.533.230
Sale of spare parts and accessories	15.457.060	71.518.413	56.061.353
Total	281.878.137	1.186.472.720	904.594.583

Revenue from sales of goods and service supplies is stated after deduction of discounts, allowances and premiums. Revenue rose from Euro 281,878,137 to Euro 1,186,472,720, with a net year-on-year increase of Euro 904,594,583.

The difference is mainly due to the fact that the accounting year ended 31 March 2016 was a 3-month period.

B) Expenditure

Costs for raw materials, subsidiary materials, consumables and goods and Costs for services

Costs for raw materials, subsidiary materials and consumables rose from Euro 245,112,742 at 31 March 2016 to Euro 1,149,968,752 at 31 March 2017, with a Euro 904,856,010 increase, whereas costs for services amount to Euro 78,011,544, with a Euro 62,920,027. Again, the difference was the result of the shorter length of the period ended 31.03.2016.

Personnel costs

This item includes all costs for employees including performance increases, promotions, cost of living increases, untaken holidays and any accruals made in accordance with the law and the collective bargaining agreements, for a total of Euro 10,434,615.

C) Financial income and costs

Other financial income

This item refers to the interest income accrued on the Deposit agreement with Jaguar Land Rover Limited as to Euro 10,352 and to bank interest income as to Euro 3,315.

Interest and other financial costs

The item “Interest and other financial costs” amounts to Euro 3,642,750, with a year-on-year increase of Euro 2,818,346, and is in connection with the interest payable to factoring companies and with the fees due to American Express.

Income taxes

The taxes for the year total Euro 3,849,200. The following table shows the current and deferred taxes for the year:

Description		Value at 31/03/2016	Value at 31/03/2017
Current taxes			
	IRES	1.678.664	5.970.992
	IRAP	409.625	1.316.918
Deferred tax assets			
	IRES	(891.810)	(2.842.393)
	IRAP	(167.546)	(556.339)
Deferred tax liabilities			
	IRES		
	IRAP		
Taxes of prior years		0	(39.978)
Total income taxes		1.028.933	3.849.200

The taxes for the year, accounting for 32.5% of the pre-tax result (36% in the prior year), have increased by Euro 2,820,267.

Deferred tax assets and liabilities are calculated on the temporary differences between statutory values and tax bases, at the tax rate in force at the time such differences are reversed. For a detailed analysis, see the table providing a breakdown of item C II 5 ter.

In order to outline in detail the effects of deferred assets, we set out below a reconciliation of the statutory profit with the notional tax liability:

Determination of the IRES taxable amount

Description	Value	Tax
Pre-tax result	11.848.733	
Notional tax liability (27.5%)		3.258.402
Temporary differences deductible in subsequent years	12.893.783	
Temporary differences from prior years	(1.050.477)	
Permanent differences that will not be reversed in subsequent years	(1.979.340)	
Taxable amount	21.712.699	
Current IRES on the result of operations		5.970.992

Determination of the IRAP taxable amount

Description	Value	Tax
Difference between revenue and expenditure (A-B)	15.466.761	
Costs not relevant for IRAP	17.150.082	
Total	**32.616.843**	
Notional tax liability (4.82%)		1.572.132
Temporary differences deductible in subsequent years	5.045.477	
Temporary differences from prior years	(335.477)	
Permanent differences that will not be reversed in subsequent years	(10.004.888)	
Taxable amount	**27.321.955**	
Current tax on the IRAP taxable amount*		1.316.918
*: levied on the taxable amount attributable to *Regione Lazio* (Latium)		

F) Related-party transactions

All related-party transactions carried out by Jaguar Land Rover Italia S.p.A., including intragroup transactions, are ordinary day-by-day transactions made at arm’s length conditions. There are no unusual, non-arm’s length related-party transactions of a significant amount that fall outside the company’s ordinary course of business.

Other information

No Directors’ fees are payable.

Pursuant to article 2427(16-bis)(1) of the civil code, the fees payable to the Board of Statutory Auditors amount to Euro 70,000, the Auditor’s fee for the annual audit of the accounts is Euro 35,000 and the fees for consulting services amount to Euro 65,810.

No significant events have occurred after the year-end which deserve a mention in these notes.

The parent company which prepares the consolidated financial statements is Tata Motors Limited, a company organized and existing under the laws of India, with registered office in Mumbai. The consolidated financial statements are available at Tata Motors Limited.

As mentioned in the financial statements for the prior period, the Company reached a negotiated settlement for the minor IRES and IRAP findings raised in the notice of deficiency covering FY2009 whereas, as regards the transfer pricing finding, in May 2014 the company filed an application for a Mutual Agreement Procedure under article 6 of the Arbitration Convention (Convention 90/436/EEC of 23 July 1990 on the elimination of double taxation in connection with the adjustment of profits of associated enterprises, transposed in Italy by law No 99 of 22 March 1993) and under the Mutual Agreement Procedure clause (article 26) of the Italy/UK double tax treaty. In October 2014, the Ministry of Economy and Finance informed the Company of the start of the MAP.

In the notice of deficiency for FY 2009 the tax authorities acknowledged that the TP documentation produced by the Company for FY2009 contained the necessary data and information for a complete and in-depth transfer pricing analysis and therefore in December 2014 the revenue agency (*Agenzia delle Entrate – Direzione Regionale Lazio*) granted suspension of the tax payment claims. No liabilities are expected to arise for the company in this respect since the reasons for the finding raised are considered to be groundless.

Distribution of revenue by geographical area

Geographical area	2016		2016/17	
	Revenue	%	Revenue	%
Northern Italy	160.670.538	57%	676.289.450	57%
Central and Southern Italy and the Isles	121.207.599	43%	510.183.270	43%
Total	281.878.137		1.186.472.720	

Dear Shareholder,

the financial statements we are submitting to you for approval show a profit of euro 7,999,533 which we propose be appropriated as follows:

- euro 399,977, accounting for 5% of the profit for the year, to the legal reserve as required by article 2430 of the civil code;
- euro 7,599,556 to retained earnings.

Rome, 3 May 2017

For and on behalf of the Board of Directors

The Managing Director