

*(Local Financial Statements in Brazilian Reals - R\$
Reflect a Convenience Translation into English
from the Original Previously Issued in Portuguese)*

***Jaguar Land Rover Brasil Importação
e Comércio de Veículos Ltda.***

*Financial Statements for the
Year Ended March 31, 2015 and
Independent Auditors' Report*

Deloitte Touche Tohmatsu Auditores Independentes

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of
Jaguar Land Rover Brasil Importação e Comércio de Veículos Ltda.
São Paulo - SP

We have audited the accompanying financial statements of Jaguar Land Rover Brasil Importação e Comércio de Veículos Ltda. (the "Company"), stated in the local currency (Brazilian reais - R\$), which comprise the balance sheet as of March 31, 2015, and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing selected procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements stated in Brazilian reais present fairly, in all material respects, the financial position of Jaguar Land Rover Brasil Importação e Comércio de Veículos Ltda. as of March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Emphasis of matter


The Company performs significant transactions with related parties. As mentioned in Notes 1 and 10 to the financial statements, the Company's purchase transactions are primarily represented by imports of vehicles, spare parts and accessories from the parent company (Jaguar Land Rover Limited). Our opinion is not qualified in connection with this matter.

Other matters

The ultimate Indian parent company required the translation into Indian rupees of local currency balances and amounts of the financial statements at a peculiar translation method (see Note 3 to the financial statements). This special purpose information, which is disclosed in conjunction with the local statutory financial statements, is not in accordance with International Financial Reporting Standards - IFRSs nor Brazilian accounting practices, which are the sets of financial reporting standards used to prepare the financial statements subject to our audit. Accordingly, we are not able to express an audit opinion on this special purpose information. At the request of the representatives of the parent company, we reviewed the application of the translation method disclosed in Note 3 as to the use of instructed exchange rates and arithmetical accuracy of the application of the method, and found no divergences or errors.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil. The original statutory financial statements and accounting records are stated in the Portuguese language.

São Paulo, May 29, 2015


DELOITTE TOUCHE TOHMATSU
Auditores Independentes


João Eugenio Leitão Fº
Engagement Partner

(Local Financial Statements in Brazilian Reais - R\$ Reflect a Convenience Translation into English from the Original Previously Issued in Portuguese)

JAGUAR LAND ROVER BRASIL IMPORTAÇÃO E COMÉRCIO DE VEÍCULOS LTDA.

BALANCE SHEETS AS OF MARCH 31, 2015 AND 2014

(In thousands of Brazilian reais - R\$ and Indian rupees - INR)

ASSETS	Note	Local statements in Brazilian reais (R\$)		Special purpose amounts translated into Indian rupees		LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Local statements in Brazilian reais (R\$)		Special purpose amounts translated into Indian rupees	
		2015	2014	2015	2014			2015	2014	2015	2014
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	4	101,827	195,867	1,972,593	5,183,424	Trade accounts payable - third parties		25,974	91,783	503,168	2,428,945
Trade accounts receivable	5	105,833	59,080	2,050,197	1,563,493	Trade accounts payable - related parties	10	197,555	109,167	3,827,035	2,888,995
Inventories	6	277,689	193,536	5,379,391	5,121,737	Taxes payable	11	48,429	49,058	938,166	1,298,271
Recoverable taxes	7	20,643	2,803	399,896	74,179	Sales incentives payable	13	11,596	17,622	224,637	466,349
Anticipated income tax and social contribution	9	9,252	-	179,230	-	Payroll and payroll charges		10,320	4,881	199,919	129,171
Other receivables		5,205	4,571	100,831	120,967	Provision for warranty, sales incentives and other	14	109,942	103,385	2,129,796	2,735,981
Total current assets		<u>520,449</u>	<u>455,857</u>	<u>10,082,138</u>	<u>12,063,800</u>	Provision for risks	15	-	11,671	-	308,861
						Interest on equity payable	10	6,136	1,062	118,867	28,105
NONCURRENT ASSETS						Advances from customers		2,824	2,012	54,707	53,246
Long-term assets:						Other payables		2,477	221	47,984	5,849
Deferred income tax and social contribution	9	63,020	56,538	1,220,824	1,496,222	Total current liabilities		<u>415,253</u>	<u>390,862</u>	<u>8,044,281</u>	<u>10,343,772</u>
Accounts receivable - related parties	10	25,008	16,699	484,455	441,922	NONCURRENT LIABILITIES					
Recoverable taxes	7	13,644	33,374	264,312	883,209	Loans - related parties	12	47,913	-	928,171	-
Escrow deposits		1,379	796	26,714	21,065	Provision for warranty, sales incentives and other	14	54,225	40,220	1,050,447	1,064,382
Property, plant and equipment	8	62,650	12,481	1,213,655	330,297	Provision for risks	15	10,860	8,061	210,380	213,326
Intangible	8	3	9	58	238	Total noncurrent liabilities		<u>112,998</u>	<u>48,281</u>	<u>2,188,997</u>	<u>1,277,708</u>
Total noncurrent assets		<u>165,704</u>	<u>119,897</u>	<u>3,210,018</u>	<u>3,172,954</u>	SHAREHOLDERS' EQUITY					
						Capital	16	59,231	19,231	1,147,423	508,929
						Retained earnings		98,671	117,380	1,911,455	3,106,344
						Total shareholders' equity		157,902	136,611	3,058,878	3,615,274
TOTAL ASSETS		<u>686,153</u>	<u>575,754</u>	<u>13,292,156</u>	<u>15,236,754</u>	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>686,153</u>	<u>575,754</u>	<u>13,292,156</u>	<u>15,236,754</u>

The accompanying notes are an integral part of these financial statements.

(Local Financial Statements in Brazilian Reais - R\$ Reflect a Convenience Translation into English from the Original Previously Issued in Portuguese)

JAGUAR LAND ROVER BRASIL IMPORTAÇÃO E COMÉRCIO DE VEÍCULOS LTDA.

STATEMENTS OF INCOME
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014
(In thousands of Brazilian reais - R\$ and Indian rupees - INR)

	Note	Local statements in Brazilian reais (R\$)		Special purpose amounts translated into Indian rupees	
		2015	2014	2015	2014
NET OPERATING REVENUE	17	1,500,585	1,449,335	29,069,333	38,355,201
COST OF SALES	18	(1,314,695)	(1,164,105)	(25,468,272)	(30,806,877)
GROSS PROFIT		<u>185,890</u>	<u>285,230</u>	<u>3,601,061</u>	<u>7,548,325</u>
OPERATING (EXPENSES) INCOME					
Selling expenses	18	(71,812)	(61,301)	(1,391,142)	(1,622,270)
General and administrative expenses	18	(40,649)	(22,203)	(787,452)	(587,580)
Personnel expenses	18	(38,317)	(17,319)	(742,277)	(458,330)
Others, net	19	2,632	(5,923)	50,987	(156,746)
		<u>(148,146)</u>	<u>(106,746)</u>	<u>(2,869,884)</u>	<u>(2,824,926)</u>
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME		<u>37,744</u>	<u>178,484</u>	<u>731,177</u>	<u>4,723,401</u>
FINANCIAL INCOME, NET	20	336	3,214	6,509	85,055
OPERATING INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		<u>38,080</u>	<u>181,698</u>	<u>737,686</u>	<u>4,808,456</u>
Income tax and social contribution	9	(10,819)	(63,067)	(209,586)	(1,669,005)
NET INCOME		<u>27,261</u>	<u>118,631</u>	<u>528,100</u>	<u>3,139,451</u>

The accompanying notes are an integral part of these financial statements.

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JAGUAR LAND ROVER BRASIL IMPORTAÇÃO E COMÉRCIO DE VEÍCULOS LTDA.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014
(In thousands of Brazilian reais - R\$ and Indian rupees - INR)

	Local statements in Brazilian reais (R\$)		Special purpose amounts translated into Indian rupees	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
NET INCOME	27,261	118,631	528,100	3,139,451
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>27,261</u>	<u>118,631</u>	<u>528,100</u>	<u>3,139,451</u>

The accompanying notes are an integral part of these financial statements.

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JAGUAR LAND ROVER BRASIL IMPORTAÇÃO E COMÉRCIO DE VEÍCULOS LTDA.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

(In thousands of Brazilian reais - R\$ and Indian rupees - INR)

	<u>Note</u>	<u>Capital</u>	<u>Retained earnings</u>	<u>Net income</u>	<u>Total</u>	<u>INR Total</u>
BALANCES AS OF MARCH 31, 2013		19,231	35,635	-	54,866	1,471,561
Net income		-	-	118,631	118,631	3,139,451
Interest on equity for the year		-	-	(1,250)	(1,250)	(33,080)
Distribution of prior-year profit	16	-	(35,635)	-	(35,635)	(943,045)
Transfer to retained earnings		-	117,381	(117,381)	-	-
Translation adjustment		-	-	-	-	(19,614)
BALANCES AS OF MARCH 31, 2014		<u>19,231</u>	<u>117,380</u>	<u>-</u>	<u>136,611</u>	<u>3,615,274</u>
BALANCES AS OF MARCH 31, 2014 - INR		<u>508,929</u>	<u>3,106,344</u>	<u>-</u>	<u>3,615,274</u>	<u>3,615,274</u>
Capital increase		40,000	(40,000)	-	-	-
Net income		-	-	27,261	27,261	528,100
Interest on equity for the year	16	-	-	(5,970)	(5,970)	(115,651)
Transfer to retained earnings	16	-	21,291	(21,291)	-	-
Translation adjustment		-	-	-	-	(968,845)
BALANCES AS OF MARCH 31, 2015		<u>59,231</u>	<u>98,671</u>	<u>-</u>	<u>157,902</u>	<u>3,058,878</u>
BALANCES AS OF MARCH 31, 2015 - INR		<u>1,147,423</u>	<u>1,911,455</u>	<u>-</u>	<u>3,058,878</u>	<u>3,058,878</u>

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JAGUAR LAND ROVER BRASIL IMPORTAÇÃO E COMÉRCIO DE VEÍCULOS LTDA.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

(In thousands of Brazilian reais - R\$ and Indian rupees - INR)

	Note	Local statements in Brazilian reais (R\$)		Special purpose amounts translated into Indian rupees	
		2015	2014	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES					
Income before income tax and social contribution		38,080	181,698	737,686	4,808,456
Adjustments to reconcile income before income tax and social contribution to cash provided by (used in) operating activities:					
Provision for risks	15	(5,343)	3,892	(103,505)	102,998
Depreciation and amortization	8	235	159	4,552	4,208
Provision for losses and obsolete inventory items	6	(2,428)	1,199	(47,035)	31,730
Allowance for doubtful accounts	5	4,062	388	78,694	10,268
Decrease (increase) of operating assets:					
Trade accounts receivable		(50,815)	43,710	(984,393)	1,156,741
Accounts receivable - related parties		(8,309)	(10,513)	(160,962)	(278,216)
Inventories		(81,725)	(8,384)	(1,583,177)	(221,874)
Recoverable taxes		1,734	(7,407)	33,591	(196,019)
Other receivables		(634)	(3,149)	(12,282)	(83,335)
Escrow deposits		(583)	(100)	(11,294)	(2,646)
Increase (decrease) of operating liabilities:					
Trade accounts payable - third parties		(67,148)	81,945	(1,300,791)	2,168,592
Trade accounts payable - related parties		88,388	(15,693)	1,712,252	(415,300)
Taxes payable		(629)	(24,037)	(12,185)	(636,115)
Sales incentive payable		(6,026)	-	(116,736)	-
Payroll and payroll charges		5,439	1,201	105,364	31,783
Provision for warranty, sales incentives and other		20,562	17,508	398,327	463,332
Advances from customers		812	1,148	15,730	30,381
Other payables		2,256	(81)	43,703	(2,144)
Provision for risks	15	(3,529)	(1,666)	(68,364)	(44,089)
Net cash provided by operations, before payments for income taxes		(65,601)	261,818	(1,270,823)	6,928,752
Income tax and social contribution paid	9	(26,397)	(97,603)	(511,363)	(2,582,966)
Cash provided by (used in) operating activities		(91,998)	164,215	(1,782,185)	4,345,786
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and intangible assets	8	(50,884)	(9,696)	(985,725)	(256,595)
Proceeds from sale of property, plant and equipment		1,825	1,666	35,354	44,089
Cash used in investing activities		(49,059)	(8,030)	(950,371)	(212,506)
CASH FLOW FROM FINANCING ACTIVITIES					
Funds from new loans received	12	47,913	-	928,171	-
Withhold income tax over interest on equity to be paid to shareholders		(896)	-	(17,357)	-
Profit distribution and interest on equity paid		-	(37,819)	-	(1,000,842)
Cash provided by (used in) financing activities		47,017	(37,819)	910,813	(1,000,842)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(94,040)</u>	<u>118,366</u>	<u>(1,821,743)</u>	<u>3,132,438</u>
Translation adjustment		-	-	1,389,089	27,668
Cash and cash equivalents at beginning of year		195,867	77,501	5,183,424	2,078,654
Cash and cash equivalents at end of year		101,827	195,867	1,972,593	5,183,424
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(94,040)</u>	<u>118,366</u>	<u>(1,821,743)</u>	<u>3,132,438</u>

The accompanying notes are an integral part of these financial statements.

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JAGUAR LAND ROVER BRASIL IMPORTAÇÃO E COMÉRCIO DE VEÍCULOS LTDA.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

(Amounts in thousands of Brazilian reais - R\$ and Indian rupees - INR, unless otherwise stated)

1. GENERAL INFORMATION

Jaguar Land Rover Brasil Importação e Comércio de Veículos Ltda. (the “Company”) is a limited liability company with head office at Avenida Ibirapuera, 2.332 - Torre I - 10º andar, in the city of São Paulo, State of São Paulo, and is primarily engaged in the importation and resale of motor vehicles, machines, tools, spare parts, components and accessories, as well as in the provision of services related to such activities.

The Company imports vehicles and other products from the immediate parent company, Jaguar Land Rover Limited, located in England.

To introduce measures and regulate the future of automotive industry in Brazil, in October 2012 the Brazilian Government issued Decree Law 7819/12 - Inovar Auto Program, which regulates an incentive program aimed at technological innovation of the supply chain of the domestic automotive industry. The main purposes of the program are: (a) to create competitiveness conditions by improving the quality of vehicles produced locally; (b) to grant incentives to companies to manufacture safer and more economical (energy efficiency) vehicles; and (c) to ensure investments in the supply chain, engineering, basic manufacturing technology, research and development and training. The subject benefit from the program is the reduction of the federal VAT (IPI) rate by 30 percentage points.

In October 2012, the Company filed a request with the relevant bodies to participate in the Inovar program. It is entitled to the benefits since December 28, 2012, and was granted the reduction of 30 percentage points in the IPI rate to import and resell a maximum of 4,800 vehicles.

To maintain the benefits of the program, the Company must invest from 0.65% to 1.5% of gross sales revenue, excluding tax and contributions levied on sales, on research and development, basic industrial technology and training of suppliers. The program is in effect since January 1, 2013 and expires at July 31, 2017.

In December 2014, the Company started the construction of its plant in Itatiaia, State of Rio de Janeiro, with investments estimated at approximately R\$750 million. Completion is scheduled for 2016.

2. PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING PRACTICES

Declaration of conformity and basis of preparation

The financial statements have been prepared in accordance with accounting practices adopted in Brazil (BR GAAP).

The accounting practices adopted in Brazil comprise the practices set out in the Brazilian Corporate Law and technical pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC).

The financial statements have been prepared based on the historical cost, unless otherwise indicated. The historical cost is generally based on the fair value of the consideration paid in exchange for an asset.

The significant accounting practices adopted in preparing the financial statements are as follows:

a) Functional and reporting currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Brazilian reais - R\$, which is the Company's functional and reporting currency.

The foreign currency-denominated transactions are translated into the functional currency using the exchange rates effective on the transaction or valuation dates, when items are remeasured. Exchange gains and losses arising from the settlement of such transactions and the translation of monetary assets and liabilities in the foreign exchange rates prevailing at the end of the year are recognized in income currently.

b) Cash and cash equivalents

Include cash, bank accounts immediately available, and highly-liquid (original due date up to 90 days or with repurchase commitment by the issuer/vendor) short-term investments, stated at cost plus income earned through the balance sheet dates, with an immaterial risk of fair value changes.

c) Trade accounts receivable

Stated at their original amounts due to their short-term maturity, reduced by the allowance for doubtful accounts.

The present value adjustment of trade accounts receivable is not relevant due to the short-term maturity.

d) Allowance for doubtful accounts

Recognized based on the unsecured receivables past due over 90 days, and considered by Company's Management to be sufficient to cover potential losses, which may be modified depending on the future recoverability of doubtful accounts or changes of customers' financial condition.

e) Inventories

Stated at average purchase/import cost, adjusted to net realizable value, when applicable. The net realizable value corresponds to the estimated sales price of inventories less all estimated costs for conclusion and sale expenses. For items considered obsolete or slow moving, an allowance for obsolescence is recognized considering the estimated future utilization.

f) Property, plant and equipment

Stated at acquisition, formation or construction cost, net of accumulated depreciation, and the allowance for impairment, when future cash generation is lower than the carrying amount of the asset.

Subsequent costs are included in the carrying amount of the asset or recognized separately, as applicable, only when it is probable that future economic benefits will arise from the asset and that the cost of the asset can be reliably measured. All other maintenance and repairs are charged to income, when incurred.

Depreciation is recognized based on the estimated useful life of each asset on a straight-line basis (refer to note 8 for rates), so that cost less the residual value after useful life is fully written off.

The residual values and depreciation methods are revised at the end of each year, and the effects of any changes in estimates are recorded prospectively.

An item of property, plant and equipment is written off upon sale or when no future economic benefits are expected from its continuing use. The gain or loss arising on the disposal or write-off of a property, plant and equipment item corresponds to the difference between the amount received on the sale and the carrying amount of the asset.

g) Intangible assets

Separately acquired intangible assets with finite useful lives are stated at cost less accumulated amortization and estimated impairment losses, when applicable. Amortization is recognized on a straight-line basis, based on the estimated useful lives of the assets. The estimated useful life and amortization methods are reviewed at the end of each balance sheet date, with the effect of any changes in estimates being accounted for on a prospective basis.

h) Current and noncurrent liabilities

Stated at known or estimated amounts plus, when applicable, financial charges, inflation adjustments and exchange differences incurred through the balance sheet date.

i) Provisions for warranty and recalls

Recognized at the time of sales of vehicles based on the estimated amount to be spent over the warranty period of three years. This estimate is based on historical information about the occurrence of warranty requests, taking into account frequency and average cost of repairs by vehicle model. The expenditures incurred with warranty are recorded as cost of sales. The expenditures incurred with the recall of parts and components are reimbursed by the parent company.

j) Provision for risks

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and when a reliable estimate can be made of the amount of the obligation, and its settlement is probable.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on cash flows estimated to settle an obligation, its carrying amount corresponds to the present value of such cash flows (in which the effect of the time value of money is material).

When some or all economic benefits required to settle a provision are expected to be recovered from a third party, an asset is recognized if, and only if, reimbursement is virtually certain and the amount can be reliably measured.

k) Current and deferred income tax and social contribution

Income tax and social contribution expenses for the year include current and deferred taxes.

Current income tax and social contribution

The provision for current income tax and social contribution is calculated as prescribed by tax laws enacted or substantially enacted at the balance sheet dates. Taxable income differs from pre-tax income presented in the statement of income, because it excludes nontaxable and nondeductible items and excludes permanent differences. Current income tax and social contribution expenses are charged to income as incurred.

The current income tax and social contribution burden is calculated based on enacted tax regulation, or substantially enacted, at the balance sheet date. Management periodically reviews the positions assumed by the Company in the income tax returns in cases where the applicable tax regulation gives rise to different interpretations and recognizes provisions, when appropriate, based on the estimated amounts payable to tax authorities.

Deferred income tax and social contribution

Recognized using the liability method on temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, including the amount of tax loss carryforwards, when applicable.

Deferred tax assets are recognized to the extent it is probable that there will be sufficient future taxable income to absorb these tax credits. This assessment is made based on estimated future earnings, based on internal assumptions and future economic scenarios that might be, therefore, subject to changes.

Deferred income tax assets and liabilities are presented on a net basis when there is a legally enforceable right to set off current tax assets against current tax liabilities or when there is the intention of settling balances on a net basis, as prescribed by tax laws.

l) Revenue recognition

Revenue consists of the fair value of consideration received or receivable for the sale of vehicles and spare parts in the normal course of the business. Revenue is recorded net of taxes, returns, trade discounts and/or bonuses granted.

Sale of products

Revenue from sale of products is recognized when all of the following conditions are met:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Company retains no continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company.
- Cost incurred or to be incurred related to the transaction can be measured reliably.

m) Accounting estimates

In applying the Company's accounting practices described above, Management is required to make judgments and prepare estimates about the carrying amounts of assets and liabilities that cannot be easily obtained from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects from the review of accounting estimates are recognized in the year in which estimates are reviewed, if the review affects only that year, or also in subsequent years, if the review affects both current and future years.

The main items subject to judgment in applying the accounting practices are determination of the useful lives of property, plant and equipment for depreciation purposes, allowance for doubtful accounts, warranty accrual, provision for risks, projections of the realization of deferred tax assets and the recoverable value of assets subject to impairment test, among others.

n) Financial instruments

Financial assets and liabilities are recorded when the Company is part of contractual provisions of an instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issuance of financial assets and liabilities (except for financial assets and liabilities recorded at fair value through profit or loss) are added to or deducted from the fair value of financial assets or liabilities, if applicable, after initial recognition. Costs directly attributable to transaction for the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(i) Financial assets

Are classified in the following categories: (i) at fair value through profit or loss; (ii) held to maturity; (iii) loans and receivables; and (iv) available for sale. Classification is made according to the nature and purpose of the financial asset and is determined upon initial recognition.

Assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss when they are held for trading or designated at fair value through profit or loss on initial recognition. A financial asset is classified as held for trading if it is:

- Acquired principally for the purpose of selling it in the near term.
- Part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence of a recent actual pattern of short-term profit-taking.
- A derivative that is not a designated and effective hedging instrument in a hedge accounting situation.

A financial asset not held for trading may be designated at fair value through profit or loss upon initial recognition if:

- This designation eliminates or significantly reduces an inconsistency that might arise upon measurement or recognition.
- It is part of a managed group of financial assets or liabilities, or both, and its performance is assessed based on fair value according to the risk management or investment strategy documented by the Company, and the subject information is internally provided on the same basis.
- It is part of a contract containing one or more embedded derivatives, and technical pronouncement CPC 38 - Financial Instruments: Recognition and Measurement permits that the combined contract as a whole (assets or liabilities) be designated at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with related gains or losses recognized in profit or loss for the year. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

Assets held to maturity

Financial assets with fixed or determinable payments and fixed maturities, which the Company has the intention and ability to hold to maturity, are classified as held to maturity. Held-to-maturity financial assets are measured at amortized cost using the effective interest method, less the allowance for impairment losses. Interest income is recognized using the effective interest method.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, measured at amortized cost using the effective interest method, less the allowance for impairment losses. Revenue is recognized using the effective interest method.

Available for sale

Available-for-sale financial assets are nonderivative financial assets designated as available for sale and not classified under any of the categories above.

Available-for-sale financial assets are measured at fair value. Interest income, inflation adjustment and exchange rate changes, when applicable, are recognized in profit or loss, when incurred. Changes arising from measurement at fair value are recognized in a specific line item of equity when incurred and are charged to profit or loss when subject asset is realized or considered unrecoverable.

Effective interest method

A method used to calculate the amortized cost of a financial asset or a financial liability and allocate interest income or interest expenses over the relevant period. The effective interest rate is the rate that discounts exactly estimated future cash payments or receipts (including all fees paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the financial asset, or, when appropriate, over a shorter period.

(ii) Financial liabilities

Are classified as: (1) at fair value through profit or loss or (2) other financial liabilities.

Financial liabilities at fair value through profit or loss

This category includes financial liabilities held for trading or measured at fair value through profit or loss.

A financial liability is classified as held for trading if it is:

- Incurred principally for the purpose of repurchasing it in the near term.
- Part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence of a recent actual pattern of short-term profit-taking.
- A derivative not designated as an effective hedge instrument.

Financial liabilities that are not held for trading can be designated at fair value through profit or loss upon initial recognition when:

- This designation eliminates or significantly reduces an inconsistency that might arise upon measurement or recognition.

- They are part of a managed group of financial assets or liabilities, or both, whose performance is measured based on their fair value, in accordance with the Company's documented risk management or investment strategy, and whose related information is provided internally on the same basis.
- They are part of a contract containing one or more embedded derivatives and permit that the combined contract as a whole (assets or liabilities) be designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with related gains or losses recognized in profit or loss. The net gains or losses recognized in profit or loss include any interest arising from the financial liability.

Other financial liabilities

Initially measured at fair value, net of transaction costs, these are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expense over the relevant period.

The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, over a shorter period.

o) New standards, amendments and interpretations of standards

In the current year, the Company has applied several amendments and new interpretations to the International Financial Reporting Standards - IFRSs issued by the International Accounting Standards Board - IASB and the CPC, which became effective for years beginning on January 1, 2014.

The following is a summary of the main changes in standards and pronouncements that have entered into force:

<u>Pronouncement or interpretation</u>	<u>Description</u>
Amendments to IAS 32 - Financial Instruments: Presentation	Clarify the requirements related to offsetting financial assets and liabilities. Specifically, these amendments clarify the meaning of "currently has a legally enforceable right to offset" and "simultaneous realization and settlement".
Amendments to IAS 36 - Impairment of Assets	Add guidance on the disclosure of recoverable amounts of nonfinancial assets.
Amendments to IAS 39 - Financial Instruments: Recognition and Measurement	Add guidance clarifying that there is no need to discontinue "hedge accounting" if the derivative instrument is renewed, provided certain criteria are met.

<u>Pronouncement or interpretation</u>	<u>Description</u>
Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities	Amendments to IFRS 10 define an investment entity and require that the reporting entity, which meets the definition of an investment entity, does not consolidate its subsidiaries, but instead, measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Changes have been made as a result of IFRS 12 and IAS 27 in order to introduce new disclosure requirements for investment entities.
IFRIC 21 - Levies	Provides guidance on when to recognize a liability for levies imposed by the government.

The standards and interpretations above did not generate impacts on the Company's financial statements.

Below, are described the new standards and interpretations already issued but not yet effective:

<u>Pronouncement or interpretation</u>	<u>Description</u>
Amendments to IFRS 9 - Financial Instruments (effective for annual periods beginning on or after January 1, 2018)	IFRS 9 is the first standard issued as part of a wider project to replace IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 retains, but simplifies the combined measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the characteristics of the contractual cash flows of the financial asset. The guidance in IAS 39 on impairment of financial assets and "hedge accounting" remains applicable.
IFRS 15 - Customer Contract Revenue (effective for annual periods beginning on or after January 1, 2017)	IFRS 15 replaces IAS 18, IFRIC 13 and SIC 31 (CPC 30 (R1)), IAS 11 (CPC 17 (R1)), IFRIC 15 (ICPC 02) and IFRIC 18 (ICPC 11). It specifies how and when an entity will recognize the revenue contracts and customer relations, and requires such entities to provide enhanced and relevant disclosures to users of financial statements. This standard provides, in a single document, principles for revenue recognition applicable to all types of income from contracts and/or relationships with customers.

<u>Pronouncement or interpretation</u>	<u>Description</u>
Amendments to IFRS 11/CPC 19 (R2) - Contractual Joint Agreement (effective for annual periods beginning on or after January 1, 2016)	Provide instructions on how to account for the joint acquisition of a business constituting a “business”, according to the definition given by IFRS 03/CPC 15 (R1) - Business Combinations. A joint business also requires disclosure of relevant information required by IFRS 03/CPC 15 (R1) and other standards on business combinations.
Amendments to IAS 16/CPC 27 and IAS 38/CPC 04 (R1) - Clarification of Depreciation and Amortization Acceptable Methods (effective for annual periods beginning on or after January 1, 2016).	Amendments to IAS 16/CPC 27 prohibit companies from using the depreciation method based on revenue for property and equipment. Amendments to IAS 38/CPC 04 (R1) introduce a rebuttable assumption that the revenue is not an appropriate basis for determining the amortization of an intangible asset.
Amendments to IAS 16/CPC 27 and IAS 41/CPC 29 - Agriculture: Production Plants (effective for annual periods beginning on or after January 1, 2016)	Amendments to IAS 16/CPC 27 and IAS 41/CPC 29 bring the definition of productive plants that meet the definition of production plants that could be considered as fixed assets in accordance with IAS 16/CPC 27 instead of IAS 41/CPC 29. The agricultural product being produced continues to be accounted for in accordance with IAS 41/CPC 29.

Management has not yet assessed the possible impact of the changes that will be introduced.

The CPC and the CFC committed to issue new standards as soon as issued by the IASB and review and update all documents issued in order to keep the Brazilian accounting practices fully comply with international standards for the purpose of developing and presentation of individual financial statements of Brazilian companies financial until complete convergence is legally possible or until there is change by the IASB.

The Company may apply a new IFRS, not mandatory yet, only when this IFRS allow early application, but subject to final issuance of the subject pronouncement by the CPC.

3. SPECIAL PURPOSE TRANSLATION INTO INDIAN RUPEES - INR

The Company maintains its accounting records and prepares its primary financial statements using the local currency, the Brazilian real (R\$). The translation of Brazilian reais amounts into Indian rupees amounts was performed solely for the convenience of readers outside Brazil, and to meet the requirements of Section 212 of the Indian Companies Act, 1956, based on criteria presented below, which has been instructed by representatives of the ultimate Indian parent company. The accompanying translation of financial information does not reflect IFRSs nor Brazilian accounting practices (BR GAAP).

The translation from Brazilian reais amounts into Indian rupees amounts has been performed as follows:

- All items of the financial position and amounts indicated in the statements of income, comprehensive income, changes in shareholders' equity and cash flows were translated into Indian rupees at the current exchange rate prevailing at the balance sheet dates (as informed by the representatives of the Indian parent company): INR19,372 per R\$1.00 as of March 31, 2015 for the 2015 statements and INR26,464 per R\$1.00 as of March 31, 2014 for the 2014 statements.
- The impacts of translation of the beginning balances (of cash and cash equivalents and some other items of the financial position) at the exchange rate in force at the end of the prior year were included in the statements of cash flows and in each note below, when applicable.
- The beginning balance of assets and liabilities that include a disclosure of a summary of the Company's activity for 2014 was translated into Indian rupees at the exchange rate in force at March 31, 2013 (INR26,821 per R\$1.00).

The translation into Indian rupees equivalents should not be construed as a representation that any or all of the amounts could be converted to Indian rupees at this or any other rate.

4. CASH AND CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>R\$</u>		<u>INR</u>	
Cash at hands and bank accounts (a)	22,058	195,867	427,308	5,183,424
Bank Certificates of Deposit (CDBs) (b)	<u>79,769</u>	-	<u>1,545,285</u>	-
Total	<u>101,827</u>	<u>195,867</u>	<u>1,972,593</u>	<u>5,183,424</u>

- (a) The balance as of March 31, 2015 held in bank accounts refers to funds that will be used to acquire vehicles at the beginning of April, and to start payments for the building the plant in Itatiaia, in the State of Rio de Janeiro.
- (b) Temporary cash investments as of March 31, 2015 refer to investments subject to the interbank deposit rate (CDI). The rates contracted for these investments approach 80% of CDI rate, and investments can be redeemed at any time with immaterial risk of changes in carrying amounts.

5. TRADE ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>R\$</u>		<u>INR</u>	
Receivables from car dealers - vehicles	96,217	48,440	1,863,915	1,281,916
Receivables from car dealers - spare parts	14,144	11,106	273,998	293,909
Allowance for doubtful accounts	<u>(4,528)</u>	<u>(466)</u>	<u>(87,716)</u>	<u>(12,332)</u>
Total	<u>105,833</u>	<u>59,080</u>	<u>2,050,197</u>	<u>1,563,493</u>

The aging list of trade accounts receivable is as follows:

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Current	86,193	44,546	1,669,730	1,178,865
Past-due:				
From 1 to 30 days	17,746	14,354	343,776	379,864
From 31 to 90 days	1,893	236	36,671	6,246
From 91 to 120 days	1,537	3	29,775	79
For more than 121 days	<u>2,992</u>	<u>407</u>	<u>57,961</u>	<u>10,771</u>
Total	<u>110,361</u>	<u>59,546</u>	<u>2,137,913</u>	<u>1,575,825</u>

The average sales term of vehicles and spare parts to car dealers is 30 days, with no interest being charged.

Changes in the allowance for doubtful accounts

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Balance at the beginning of year	(466)	(78)	(12,332)	(2,092)
Translation adjustment of the beginning balance	-	-	3,305	28
Addition	<u>(4,062)</u>	<u>(388)</u>	<u>(78,689)</u>	<u>(10,268)</u>
Balance at the end of year	<u>(4,528)</u>	<u>(466)</u>	<u>(87,716)</u>	<u>(12,332)</u>

The net activity of the allowance for doubtful accounts was charged to income for the year in the line item "Other, net" (note 19). The amounts charged against the allowance refer to receivables that are not expected to be recovered.

6. INVENTORIES

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Vehicles for resale - Land Rover	120,172	21,021	2,327,972	556,300
Vehicles for resale - Jaguar	9,312	2,179	180,392	57,665
Vehicles of fleet intended for sale - Land Rover	30,649	19,947	593,732	527,877
Vehicles of fleet intended for sale - Jaguar	10,336	6,701	200,229	177,335
Spare parts and accessories	46,870	40,924	907,966	1,083,013
Imports in transit	62,689	107,532	1,214,411	2,845,727
Provision for losses and obsolete inventory items	<u>(2,339)</u>	<u>(4,768)</u>	<u>(45,311)</u>	<u>(126,180)</u>
Total	<u>277,689</u>	<u>193,536</u>	<u>5,379,391</u>	<u>5,121,737</u>

Changes in the provision for losses and obsolete inventory items

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>R\$</u>		<u>INR</u>	
Balance at the beginning of year	(4,768)	(3,569)	(126,180)	(95,724)
Translation adjustment of the beginning balance	-	-	33,814	1,274
Addition	(3,267)	(2,250)	(63,288)	(59,544)
Usage	5,696	-	110,343	-
Reversal	-	<u>1,051</u>	-	<u>27,814</u>
Balance at the end of year	<u>(2,339)</u>	<u>(4,768)</u>	<u>(45,311)</u>	<u>(126,180)</u>

7. RECOVERABLE TAXES

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>R\$</u>		<u>INR</u>	
ICMS (State VAT)	19,830	19,867	384,147	525,760
IPI (Federal VAT)	-	1,304	-	34,509
IRRF (withholding income tax)	24	1,206	465	31,916
ICMS-ST (State VAT - tax replacement regime) (a)	18,412	17,623	356,677	466,375
Income tax and social contribution	-	156	-	4,128
Allowance for losses on unrealizable ICMS-ST (b)	<u>(3,979)</u>	<u>(3,979)</u>	<u>(77,081)</u>	<u>(105,300)</u>
Total	<u>34,287</u>	<u>36,177</u>	<u>664,208</u>	<u>957,388</u>
Current portion	20,643	2,803	399,896	74,179
Noncurrent portion	<u>13,644</u>	<u>33,374</u>	<u>264,312</u>	<u>883,209</u>
Total	<u>34,287</u>	<u>36,177</u>	<u>664,208</u>	<u>957,388</u>

- (a) From November 2009 to October 2010, approximately 47% of the Company's sales were made to car dealers located outside the State of São Paulo, through its branch in São Paulo, which received the imported vehicles through Cotia Vitória Serviços e Comércio S.A. ("Cotia Trading") in the city of Vitória, State of Espírito Santo. Under the laws applicable to such activity, ICMS-ST is calculated under the reverse charge regime (a regime that consists of anticipating the tax burden of the next agents in the economic chain). Consequently, the Company paid ICMS-ST when: (i) vehicles imported by Cotia Trading were transferred from the State of Espírito Santo to the State of São Paulo; and (ii) the Company's branch in São Paulo sold vehicles to the branch of the car dealer located outside State of São Paulo. For this reason, the Company filed a request with the tax authorities of State of São Paulo to be authorized to offset these credits, which had been paid twice during the aforementioned period, by selling such credits to Cotia Trading, its major supplier, as allowed in CAT Administrative Rule 17/06. The Company has not received such authorization until the present date.
- (b) As of March 31, 2015, the Company recognized a provision of R\$3,979 to write down these credits to the expected realizable values.

The noncurrent portion is basically represented by ICMS credits that are expected to be realized in the long term.

8. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Annual depreciation/ amortization rate - %	2015		2014
		Cost	Accumulated depreciation/ amortization	Net R\$
Property, plant and equipment:				
Vehicles (fleet)	20	-	-	1,350
Furniture and fixtures	10	2,561	(623)	1,938
IT equipment	20	3,320	(1,708)	1,612
Special tools	10	118	(39)	79
Improvements	4	1,354	(224)	1,130
Construction in progress (*)		<u>57,891</u>	<u>-</u>	<u>57,891</u>
		<u>65,244</u>	<u>(2,594)</u>	<u>62,650</u>
Intangible assets-				
Software	20	<u>127</u>	<u>(124)</u>	<u>3</u>
Total		<u>65,371</u>	<u>(2,718)</u>	<u>62,653</u>

(*) Refers to expenditures for the construction of the plant in the city of Itatiaia, State of Rio de Janeiro, which is scheduled to be completed in 2016, and advances for the construction of a laboratory to analyze and measure gases emitted from vehicles, which is scheduled to be completed in 2015.

	Annual depreciation/ amortization rate - %	2015		2014
		Cost	Accumulated depreciation/ amortization	Net INR
Property, plant and equipment:				
Vehicles (fleet)	20	-	-	35,726
Furniture and fixtures	10	49,612	(12,069)	37,543
IT equipment	20	64,315	(33,087)	31,228
Special tools	10	2,286	(756)	1,530
Improvements	4	26,230	(4,339)	21,890
Construction in progress (*)		<u>1,121,464</u>	<u>-</u>	<u>1,121,464</u>
		<u>1,263,907</u>	<u>(50,251)</u>	<u>1,213,655</u>
Intangible assets-				
Software	20	<u>2,460</u>	<u>(2,402)</u>	<u>58</u>
Total		<u>1,266,367</u>	<u>(52,653)</u>	<u>1,213,713</u>

(*) Refers to expenditures for the construction of the plant in the city of Itatiaia, State of Rio de Janeiro, which is scheduled to be completed in 2016, and advances for the construction of a laboratory to analyze and measure gases emitted from vehicles, which is scheduled to be completed in 2015.

Changes in property, plant and equipment and intangible assets:

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Balances at the beginning of year	12,490	4,619	330,535	123,859
Translation adjustment of the beginning balance	-	-	(88,579)	(1,622)
Additions:				
Improvements	84	-	1,627	-
Vehicles (fleet)	-	994	-	26,305
Furniture and fixtures	866	368	16,776	9,739
IT equipment	1,336	277	25,881	7,331
Special Tools	104	-	2,015	-
Construction in progress	<u>49,833</u>	<u>8,057</u>	<u>965,365</u>	<u>213,220</u>
Total	52,223	9,696	1,011,664	256,595
Write-offs, net	(1,825)	(1,666)	(35,354)	(44,089)
Depreciation/amortization	<u>(235)</u>	<u>(159)</u>	<u>(4,552)</u>	<u>(4,208)</u>
Balances at the end of year	<u>62,653</u>	<u>12,490</u>	<u>1,213,714</u>	<u>330,535</u>

9. INCOME TAX AND SOCIAL CONTRIBUTION

Income tax and social contribution are based on taxable income according to prevailing legislation. Income tax rate is levied at 15%, plus a 10% surtax on taxable income exceeding R\$240. Social contribution is levied on taxable income at 9%. For disclosure purposes, a combined tax rate of 34% is used.

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Beginning balances - payable	156	(27,296)	4,128	(732,106)
Currency translation adjustment on beginning balance	-	-	(1,106)	9,744
Total current income tax and social contribution expenses	(17,301)	(70,151)	(335,155)	(1,856,476)
Payments made during the year	<u>26,397</u>	<u>97,603</u>	<u>511,363</u>	<u>2,582,966</u>
Ending balances recoverable (noncurrent in 2014)	<u>9,252</u>	<u>156</u>	<u>179,230</u>	<u>4,128</u>

Reconciliation of income tax and social contribution expenses for the years ended March 31, 2015 and 2014 is as follows:

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Income before income tax and social contribution	38,080	181,698	737,686	4,808,456
Combined rate	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Expected income tax and social contribution expenses at combined rate	(12,947)	(61,777)	(250,809)	(1,634,867)
Effect of income tax on permanent differences:				
Transfer-pricing adjustment	(330)	(427)	(6,393)	(11,300)
Interest on equity	2,030	425	39,325	11,247
Other	<u>428</u>	<u>(1,288)</u>	<u>8,291</u>	<u>(34,086)</u>
Income tax and social contribution expense	<u>(10,819)</u>	<u>(63,067)</u>	<u>(209,586)</u>	<u>(1,669,005)</u>

The balance of deferred income tax and social contribution assets is as follows:

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>R\$</u>		<u>INR</u>	
Deferred tax assets on temporary differences:				
Provision for losses and obsolete inventory items	-	114	-	3,017
Accrued bonuses	1,757	655	34,037	17,334
Provision for risks	3,692	6,709	71,521	177,547
Provision for warranty and technical assistance	37,873	28,256	733,676	747,767
Provision for incentive of marketing and sales	13,894	16,305	269,155	431,496
Allowance for doubtful accounts	1,540	158	29,833	4,181
Other	<u>4,264</u>	<u>4,341</u>	<u>82,602</u>	<u>114,880</u>
Total	<u>63,020</u>	<u>56,538</u>	<u>1,220,824</u>	<u>1,496,222</u>

10. RELATED-PARTY TRANSACTIONS

Refer to transactions conducted with the controlling shareholder Jaguar Land Rover Limited.

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>R\$</u>		<u>INR</u>	
Transactions:				
Purchases of vehicles and spare parts	1,205,588	1,080,518	23,354,651	28,594,828
Reimbursement of expenses - revenue	(8,251)	(10,514)	(159,838)	(278,242)
Balances:				
Trade accounts receivable (a)	25,008	16,699	484,455	441,922
Trade accounts payable (b)	197,555	109,167	3,827,035	2,888,995
Interest on equity payable	6,136	1,062	118,867	28,104
Loans - related parties (note 12)	47,913	-	928,171	-

(a) Refer mainly to reimbursement of expenses on services provided to related parties located in Latin America, without fixed maturity or incidence of charges, and reimbursements related to incurred expenditures (spare parts and labor) incurred in the recall of vehicles.

(b) Refer mainly to trade accounts payable for purchase of vehicles and spare parts from Jaguar Land Rover Limited.

Management's compensation

Management's compensation expenses for the year ended March 31, 2015 amounted to R\$1,976 (R\$1,921 in 2014). Such compensation includes salaries and related charges, Christmas bonus, vacation rights and other short-term benefits, such as medical and dental assistance.

11. TAXES PAYABLE

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>R\$</u>		<u>INR</u>	
IPI (Federal VAT)	21,627	15,780	418,958	417,602
ICMS (State VAT)	-	2,750	-	72,776
ICMS-ST (State VAT - tax replacement regime)	25,770	29,780	499,216	788,098
PIS (tax on revenue)	89	91	1,724	2,408
COFINS (tax on revenue)	455	426	8,814	11,274
Other	<u>488</u>	<u>231</u>	<u>9,454</u>	<u>6,113</u>
Total	<u>48,429</u>	<u>49,058</u>	<u>938,166</u>	<u>1,298,271</u>

In October 2012, the Company entered into an agreement with the State of Ceará to collect ICMS-ST debts in 30 monthly installments, and as a result the amount of R\$8,048 recorded as of March 31, 2012 was reclassified from line item "Provision for risks". Such installments ended in March 2015 (R\$4,198 as of March 31, 2014).

12. LOANS - RELATED PARTIES

During 2015, the Company obtained a loan from the parent company to finance the plant construction. The amount recorded at "Loans - related parties", which bears interest charges at Libor for 6 months plus 3.5% per year, is denominated in British pounds (£10,017,000) and is detailed as follows:

	<u>Interest rate</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		<u>R\$</u>		<u>INR</u>	
Loan - Jaguar Land Rover Limited	Libor 6 m + 3.5% p.y.	<u>47,913</u>	=	<u>928,171</u>	=

13. SALES INCENTIVE PAYABLE

As of March 31, 2015, the Company had the following amounts of sales incentive payable to its dealers:

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>R\$</u>		<u>INR</u>	
Variable Margin Expense - VME payable - Land Rover	10,200	15,707	197,594	415,670
Variable Margin Expense - VME payable - Jaguar	<u>1,396</u>	<u>1,915</u>	<u>27,043</u>	<u>50,679</u>
Total	<u>11,596</u>	<u>17,622</u>	<u>224,637</u>	<u>466,349</u>

14. PROVISION FOR WARRANTY, SALES INCENTIVES AND OTHER

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Provision for warranty and technical assistance	111,393	83,339	2,157,905	2,205,483
Sales incentives	38,646	47,010	748,650	1,244,073
Accrued marketing expenses	2,219	1,294	42,986	34,244
Provision - Inovar Auto Program	<u>11,909</u>	<u>11,962</u>	<u>230,701</u>	<u>316,562</u>
Total	<u>164,167</u>	<u>143,605</u>	<u>3,180,243</u>	<u>3,800,363</u>
Current portion	109,942	103,385	2,129,796	2,735,981
Noncurrent portion	<u>54,225</u>	<u>40,220</u>	<u>1,050,447</u>	<u>1,064,382</u>
Total	<u>164,167</u>	<u>143,605</u>	<u>3,180,243</u>	<u>3,800,363</u>

15. PROVISION FOR RISKS

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Labor and social security	1,440	1,531	27,896	40,516
Tax	-	10,140	-	268,345
Civil	<u>9,420</u>	<u>8,061</u>	<u>182,484</u>	<u>213,326</u>
Total	<u>10,860</u>	<u>19,732</u>	<u>210,380</u>	<u>522,188</u>
Current portion	-	11,671	-	308,861
Noncurrent portion	<u>10,860</u>	<u>8,061</u>	<u>210,380</u>	<u>213,326</u>
Total	<u>10,860</u>	<u>19,732</u>	<u>210,380</u>	<u>522,188</u>

Changes in provision for risks

	Balance in 2014	Additions	Reversal	Payments	Balance in 2015	
					<u>R\$</u>	<u>INR</u>
Labor and social security	1,531	-	(91)	-	1,440	27,896
Tax	10,140	-	(10,140)	-	-	-
Civil	<u>8,061</u>	<u>4,888</u>	<u>-</u>	<u>(3,529)</u>	<u>9,420</u>	<u>182,484</u>
Total	<u>19,732</u>	<u>4,888</u>	<u>(10,231)</u>	<u>(3,529)</u>	<u>10,860</u>	<u>210,380</u>

	Balance in 2013	Additions	Reversal	Payments	Balance in 2014	
					<u>R\$</u>	<u>INR</u>
Labor and social security	1,528	215	(212)	-	1,531	40,516
Tax	9,437	2,373	(4)	(1,666)	10,140	268,345
Civil	<u>6,541</u>	<u>3,268</u>	<u>(1,748)</u>	<u>-</u>	<u>8,061</u>	<u>213,326</u>
Total	<u>17,506</u>	<u>5,856</u>	<u>(1,964)</u>	<u>(1,666)</u>	<u>19,732</u>	<u>522,188</u>

The main risks accrued, based on the opinion of the Company's legal counsel and Management, are as follows:

- Labor and social security - refer to lawsuits claiming labor charges relating to independent contractors engaged by the Company.
- Tax - refers basically to the recognition of a provision on the ICMS-ST difference calculated based on the methodology applicable to automakers "versus" the percentage rate of 30%, as prescribed by the ICMS regulation. Such difference had been accrued, but was reversed in 2015 due to the expiration of legal period.
- Civil - refer to lawsuits filed by consumers claiming compensation for pain and suffering and financial losses.

As of March 31, 2015, the lawsuits assessed as possible losses by the Company's Management and legal counsel refer to civil suits amounting to R\$19,908 (R\$15,108 in 2014).

Under the prevailing tax law, income tax returns for the last five years and other taxes and contributions are open to review and approval by tax authorities for varying statutory periods. The Company's Management believes, however, that as of March 31, 2015 there are no other known material contingencies that should be reflected in the financial statements.

16. CAPITAL

The Company's subscribed and paid-in capital is R\$59,231 as of March 31, 2015 (R\$19,231 in 2014), represented by 59,231,335 shares (19,231,355 in 2014) with par value of R\$1.00 each, held by the following shareholders:

<u>Shareholders</u>	<u>Shares</u>	
	<u>2015</u>	<u>2014</u>
Jaguar Land Rover Limited	59,231,334	19,231,334
JLR Nominee Company Limited	<u>1</u>	<u>1</u>
Total	<u>59,231,335</u>	<u>19,231,335</u>

Foreign capital, amounting to US\$7,809 thousand and £9,038 thousand as of March 31, 2015 (US\$7,815 thousand in 2014), is registered with the Central Bank of Brazil (BACEN) in the name of Jaguar Land Rover Limited. The remittance of dividends, capital repatriation and foreign reinvestments are subject to BACEN's regulations.

Profit allocation for the year ended March 31, 2015 was approved as follows:

- According to the minutes of the Partners' Meeting held on February 10, 2015, the financial statements for the year ended March 31, 2014 were approved with indication of an amount of R\$117,000 as profit and destination of R\$40,000 as capital increase.
- According to the minutes of the Partners' Meeting held on December 28, 2014, the distribution of interest on capital amounting to R\$5,970 was approved (withholding of income taxes of R\$896).

17. NET OPERATING REVENUE

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Domestic sales	2,324,548	2,466,789	45,031,144	65,281,104
Taxes on sales	(642,789)	(784,713)	(12,452,109)	(20,766,645)
Returns, discounts and rebates	<u>(181,174)</u>	<u>(232,741)</u>	<u>(3,509,703)</u>	<u>(6,159,258)</u>
Total	<u>1,500,585</u>	<u>1,449,335</u>	<u>29,069,333</u>	<u>38,355,201</u>

18. EXPENSES BY NATURE

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Raw materials and consumables used	(1,245,742)	(1,113,894)	(24,132,514)	(29,478,091)
Depreciation and amortization costs and expenses	(411)	(744)	(7,962)	(19,689)
Personnel costs and expenses	(38,381)	(17,357)	(743,517)	(459,336)
Structure and maintenance costs	(13,883)	(5,278)	(268,941)	(139,677)
Insurance, warranty, fees and charges	(68,551)	(44,520)	(1,327,970)	(1,178,177)
Information technology and project expenses	(3,460)	(1,713)	(67,067)	(45,333)
Outside services and others	(23,723)	(20,120)	(459,562)	(532,456)
Advertising, promotions and selling expenses	<u>(71,322)</u>	<u>(61,302)</u>	<u>(1,381,650)</u>	<u>(1,622,296)</u>
Total cost of sales and personnel, administrative, general and selling expenses	<u>(1,465,473)</u>	<u>(1,264,928)</u>	<u>(28,389,143)</u>	<u>(33,475,055)</u>
Cost of sales	(1,314,695)	(1,164,105)	(25,468,272)	(30,806,875)
Selling, general, administrative and personnel expenses	<u>(150,778)</u>	<u>(100,823)</u>	<u>(2,920,871)</u>	<u>(2,668,180)</u>
Total	<u>(1,465,473)</u>	<u>(1,264,928)</u>	<u>(28,389,143)</u>	<u>(33,475,055)</u>

19. OTHERS, NET

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Extraordinary losses (write-off of uncollectible receivables and ICMS and IPI credits, and out-of-court agreements)	(1,075)	(1,940)	(20,825)	(51,340)
Allowance for doubtful accounts	(4,062)	(388)	(78,689)	(10,268)
Provision for (reversal of) risks	5,343	(3,892)	103,505	(102,998)
Others	<u>2,426</u>	<u>297</u>	<u>46,996</u>	<u>7,860</u>
Total	<u>2,632</u>	<u>(5,923)</u>	<u>50,897</u>	<u>(156,746)</u>

20. FINANCIAL INCOME, NET

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Banking expenses	(62)	(96)	(1,201)	(2,541)
Income from temporary cash investments	5,905	5,865	114,392	155,211
Discounts granted to car dealers	(11)	(2,237)	(213)	(59,200)
Exchange rate changes on foreign currency items, net	(4,145)	105	(80,297)	2,779
Other	<u>(1,351)</u>	<u>(423)</u>	<u>(26,172)</u>	<u>(11,194)</u>
Total	<u>336</u>	<u>3,214</u>	<u>6,509</u>	<u>85,055</u>

21. FINANCIAL INSTRUMENTS

The Company enters into transactions involving financial instruments, basically short-term investments, all recorded in balance sheet accounts, to preserve its investment capacity and growth strategy.

a) The main financial assets and liabilities have been classified by category as follows:

	2015	2014	2015	2014
	<u>R\$</u>		<u>INR</u>	
Financial assets-				
Loans and receivables stated at amortized cost:				
Cash on hands and at banks	22,058	195,867	427,307	5,183,424
Short-term investments	79,769	-	1,545,285	-
Trade accounts receivable	105,833	59,080	2,050,197	1,563,493
Related parties	25,008	16,699	484,455	441,922
Financial liabilities-				
Loans and receivables stated at amortized cost:				
Trade accounts payable - third parties	25,974	91,783	503,168	2,428,945
Trade accounts payable - related parties	197,555	109,167	3,827,035	2,888,995
Loans - related parties	47,913	-	928,171	-

b) General considerations and policies

Management of these risks is implemented through strategies defined and approved by the Company's Management in conjunction with control systems and specific limits for exposures. Transactions using financial instruments are not conducted for speculative purposes.

In addition, Management timely assesses the Company's position and monitors the financial results obtained based on the analysis of future projections to ensure that the business plan is accomplished and that the risks to which the Company is exposed are monitored.

The Company is exposed to the following risks:

(i) Market risk

The main market risk faced by the Company is the volatility of the exchange rate of the local currency in relation to hard currencies, which affect the cost of imports of vehicles and spare parts. However, as from April 1, 2012, the Company started to import vehicles and spare parts in Brazilian reais from the controlling shareholder in England, being no longer exposed to this risk.

(ii) Foreign exchange risk

During 2015, the Company obtained a loan of £10,000,000 from the parent company (balance of £10,017,000 as of March 31, 2015).

Foreign currency sensitivity analysis

Based on the financial position on March 31, 2015, it is estimated that an increase or a decrease of 10% in the real exchange rate against the British pound would result in a gain or loss for the Company amounting to approximately R\$4,800.

(iii) Credit risk

The Company's sales policy considers the credit risk level that it is willing to assume in the ordinary course of business. The risk limit for each customer is determined according to the proportion of its total assets and based on financial information and current credit. The use of credit limits is regularly monitored.

Management does not expect any significant loss arising from customers' default. Additionally, the Company has no customer that accounts for more than 10% of sales.

With respect to temporary cash investments and other investments, the Company carries out transactions with financial institutions with good rating assigned by risk-rating agencies.

(iv) Liquidity risk

The treasury department estimates the cash flow and monitors the continuous forecasts of liquidity requirements to ensure that the Company has sufficient cash to meet its operational needs.

The treasury department invests cash surpluses in short-term deposits by selecting instruments with appropriate maturities or sufficient liquidity to provide a sufficient margin, based on the forecasts mentioned above.

(v) Capital management

The Company's purposes in managing its capital are to protect its ability to continue as a going concern to offer return to its shareholders and benefits to other stakeholders, besides maintaining an ideal capital structure.

(vi) Fair value estimates

The Company adopts, when applicable, the technical pronouncement CPC 40 - Financial Instruments: Disclosure for financial instruments measured at fair value in the balance sheet, which requires the disclosure of fair value measurements based on the hierarchy. As of March 31, 2015, the Company has assets classified only at level 3.

22. INSURANCE COVERAGE

As of March 31, 2015, insurance policies contracted by the Company with third parties are as follows:

	Insured amounts	
	<u>R\$</u>	<u>INR</u>
Vehicles	2,500	48,430
Operations risks	239,268	4,635,100
Civil liability	9,638	186,707
Transportation	<u>85,000</u>	<u>1,646,620</u>
Total	<u>336,406</u>	<u>6,516,857</u>

23. BANK GUARANTEES

On March 31, 2015 and 2014, based on existing contracts, bank guarantees had the following composition:

<u>Type</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>R\$</u>		<u>INR</u>	
Lease guarantee - Deutsche Bank	515	-	9,977	-
Lease guarantee - Industrial Bank	1,136	-	22,007	-
Lease guarantee - Santander Bank	-	<u>968</u>	-	<u>25,617</u>
Total	<u>1,651</u>	<u>968</u>	<u>31,984</u>	<u>25,617</u>

24. OTHER MATTERS

a) Law 12973/14

On May 13, 2014, Law 12973 was enacted, amending the federal tax legislation on income tax and social contribution, and laws on PIS and COFINS (taxes on revenue).

This Law addresses the differences between the tax books and the statutory accounting records deriving from the implementation of IFRSs in the past, and which had been addressed by the so-called Transitory Tax Regime (RTT). The new Law requires precise identification of such GAAP differences and detailed records of the activity of subject assets and liabilities since the implementation of IFRSs in 2008.

The Company would have to prepare all the required analyses and detailed record for purposes of 2015 tax disclosures. Management assessed the requirements and concluded that no details and analyses are required taking into account that the implementation of IFRSs did not require any new accounting practice, which would be different from what has been used up to December 31, 2007. Accordingly, there are no GAAP differences to control.

b) E-social

From the calendar year 2015, the Company will deliver the E-social, which is a federal government project to unify the transmission of information due by employers towards their employees in the form of specific files that make up the System Public Digital Bookkeeping (SPED) tax, social security and labor obligations. The Company's Management is responsible for the preparation and transmission of information and is working to meet deadlines and requirements satisfactorily.

25. APPROVAL OF FINANCIAL STATEMENTS

On May 29, 2015, the Company's Management examined and approved the financial statements for the year ended March 31, 2015.
