

***PT. TATA MOTORS DISTRIBUSI
INDONESIA***

FINANCIAL STATEMENT
FOR THE YEARS ENDED MARCH 31, 2017

AND INDEPENDENT AUDITORS' REPORT

PT. TATA MOTORS DISTRIBUSI INDONESIA
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**DIRECTORS' STATEMENT LETTER
RELATING TO
THE RESPONSIBILITY ON
THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2017
AND FOR THE YEAR THEN ENDED
PT. TATA MOTORS DISTRIBUSI INDONESIA**

We, the undersigned:

- | | |
|--------------------|---|
| 1. Name | : Biswadev Sengupta |
| Office address | : Pondok Indah Office Tower 3 Floor 8 Suite 801B
Jl. Sultan Iskandar Muda Kav. V-TA Kebayoran Lama,
Jakarta Selatan 12310 |
| Domicile as stated | : Pondok Indah Office Tower 3 Floor 8 Suite 801B
Jl. Sultan Iskandar Muda Kav. V-TA Kebayoran Lama,
Jakarta Selatan 12310 |
| Telephone | : 29328041 |
| Position | : President Director |
| 2. Name | : Aftab Patel |
| Office address | : Pondok Indah Office Tower 3 Floor 8 Suite 801B
Jl. Sultan Iskandar Muda Kav. V-TA Kebayoran Lama,
Jakarta Selatan 12310 |
| Domicile as stated | : Pondok Indah Office Tower 3 Floor 8 Suite 801B
Jl. Sultan Iskandar Muda Kav. V-TA Kebayoran Lama,
Jakarta Selatan 12310 |
| Telephone | : 29328041 |
| Position | : Chief Financial Officer |

Declare that:

1. We are responsible for the preparation and presentation of the financial statements;
2. The financial statements as at March 31, 2017, and for the year then ended have been prepared and presented in accordance with the Indonesian Financial Accounting Standards;
3. a. All information in the financial statements are complete and correct;
b. The financial statements do not contain false material information or facts and do not omit material information or facts;
4. We are responsible for the Company's internal control system.

This statement letter is made truthfully.

Jakarta, May 10, 2017
For and on behalf of the Board of Directors

Mr. Biswadev Sengupta
President Director

Mr. Aftab Patel
Chief Financial Officer

Independent Auditors' Report

GA117 0502 TMDI XAU

The Stockholders, Boards of Commissioner and Directors
PT. Tata Motors Distribusi Indonesia

We have audited the accompanying financial statements of PT. Tata Motors Distribusi Indonesia, which comprise the statement of financial position as of March 31, 2017 and statement of profit or loss and other comprehensive income, statement of changes in equity (capital deficiency) and statement of cash flows for the year then ended, and a summary of significant accounting policies 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 Indonesian Financial Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. 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 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 auditors consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies 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 audit opinion.

Satrio Bing Eny & Rekan

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Satrio Bing Eny & Rekan

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT. Tata Motors Distribusi Indonesia as of March 31, 2017, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

SATRIO BING ENY & REKAN



Xenia Ayubudhi
Public Accountant License No. AP.0575

May 10, 2017

PT. TATA MOTORS DISTRIBUSI INDONESIA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

	Notes	March 31, 2017 Rp	March 31, 2016 Rp
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	6,026,420,494	4,204,719,615
Trade accounts receivable - net of allowance for impairment losses of Rp1,046,837,963 at March 31, 2017 and nil at March 31, 2016	6	10,913,697,888	17,561,039,992
Other accounts receivable			
Related party	7,26	4,217,524,249	2,908,557,459
Third parties - net of allowance for impairment losses of Rp3,643,222,352 at March 31, 2017 and Rp1,711,461,339 at March 31, 2016	27	2,586,180,808	1,635,477,073
Inventories - net	8	38,753,926,056	48,319,521,400
Prepaid taxes	9	2,788,271,882	-
Other current assets		4,077,014,438	4,332,858,534
Total Current Assets		69,363,035,815	78,962,174,073
NONCURRENT ASSETS			
Property and equipment - net of accumulated depreciation of Rp 5,101,145,013 at March 31, 2017 and Rp 2,949,228,260 at March 31, 2016	10	8,825,372,937	9,975,778,323
Prepaid taxes	9	21,263,722,192	21,002,690,595
Other noncurrent assets	11	1,582,482,164	3,926,739,613
Total Noncurrent Assets		31,671,577,293	34,905,208,531
TOTAL ASSETS		101,034,613,108	113,867,382,604
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable - related party	12,26	22,338,699,279	27,764,968,502
Other accounts payable	13		
Related parties	26	10,038,614,944	6,180,668,211
Third parties		11,380,427,367	13,337,520,185
Derivative liabilities	14	93,586,321	7,153,944,913
Accrued expenses	15	16,296,283,162	10,425,248,115
Taxes payable	16	305,257,806	395,766,678
Short-term bank loan	17	54,057,217,565	34,014,130,279
Total Current Liabilities		114,510,086,444	99,272,246,883
NONCURRENT LIABILITIES			
Noncurrent portion of accrued expenses	15	524,000,000	414,000,000
Deferred tax liability	24	517,272,719	332,793,813
Post-employment benefit obligation	25	3,011,912,000	2,104,157,000
Total Noncurrent Liabilities		4,053,184,719	2,850,950,813
EQUITY (CAPITAL DEFICIENCY)			
Capital stock - Rp 1,000 par value			
Authorized - 550,000,000 shares in 2017 and 350,000,000 shares in 2016			
Subscribed and paid-up -330,817,575 shares in 2017 and 258,176,830 shares in 2016	18	330,817,575,000	258,176,830,000
Advances for future capital stock subscription	19	-	14,011,305,000
Deficit		(348,346,233,055)	(260,443,950,092)
Total Equity (Capital Deficiency)		(17,528,658,055)	11,744,184,908
TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		101,034,613,108	113,867,382,604

See accompanying notes to financial statements
which are an integral part of the financial statements.

PT. TATA MOTORS DISTRIBUSI INDONESIA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2017

	Notes	2017 Rp	2016 Rp
NET SALES	20	84,701,404,561	111,077,669,962
COST OF SALES	21,26	<u>73,864,626,123</u>	<u>109,135,772,772</u>
GROSS PROFIT		<u>10,836,778,438</u>	<u>1,941,897,190</u>
General and administrative expenses	22	(58,400,123,171)	(56,349,586,187)
Selling expenses	23	(31,835,498,648)	(37,115,711,421)
Loss on foreign exchange		(4,075,066,689)	(8,425,496,799)
Interest expense	17	(4,959,845,020)	(2,770,850,245)
Interest income		49,743,514	97,522,165
Others income - net		<u>276,364,519</u>	<u>183,628,607</u>
LOSS BEFORE TAX		(88,107,647,057)	(102,438,596,690)
TAX EXPENSE - DEFERRED	24	<u>184,478,906</u>	<u>183,410,447</u>
LOSS FOR THE YEAR		(88,292,125,963)	(102,622,007,137)
Other comprehensive income item that will not be reclassified subsequently to profit or loss Remeasurement of defined benefit obligation		<u>389,843,000</u>	<u>486,929,000</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(87,902,282,963)</u>	<u>(102,135,078,137)</u>

See accompanying notes to financial statements
which are an integral part of the financial statements.

PT. TATA MOTORS DISTRIBUSI INDONESIA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2017

	Notes	Capital stock Rp	Advances for future capital stock subscription Rp	Deficit Rp	Total Equity/ (Capital Deficiency) Rp
Balance as of April 1, 2015		180,226,730,000	17,072,900,000	(158,308,871,955)	38,990,758,045
Advances for capital stock subscription	19	-	14,011,305,000	-	14,011,305,000
Issuance of 77,970,100 shares with Rp 1,000 par value	18	77,950,100,000	(17,072,900,000)	-	60,877,200,000
Loss for the year		-	-	(102,622,007,137)	(102,622,007,137)
Other comprehensive income for the year		-	-	486,929,000	486,929,000
Balance as of March 31, 2016		258,176,830,000	14,011,305,000	(260,443,950,092)	11,744,184,908
Issuance of 72,640,745 shares with Rp 1,000 par value	19	72,640,745,000	(14,011,305,000)	-	58,629,440,000
Loss for the year		-	-	(88,292,125,963)	(88,292,125,963)
Other comprehensive income for the year		-	-	389,843,000	389,843,000
Balance as of March 31, 2017		<u>330,817,575,000</u>	<u>-</u>	<u>(348,346,233,055)</u>	<u>(17,528,658,055)</u>

See accompanying notes to financial statements
which are an integral part of the financial statements.

PT. TATA MOTORS DISTRIBUSI INDONESIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	2017 Rp	2016 Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(88,107,647,057)	(102,438,596,690)
Adjustments for:		
Net unrealized loss on derivative liabilities	93,586,321	7,153,944,913
Depreciation and amortization	4,524,895,952	4,069,028,739
Provision for after sales service	3,002,575,121	3,028,594,668
Interest expense	4,959,845,020	2,770,850,245
Provision for impairment losses	2,978,598,976	1,711,461,339
Provision for post employment benefit obligation	1,841,697,000	1,013,647,000
Provision for buyback guarantee	1,166,102,940	628,860,991
Net unrealized loss on foreign exchange	(7,176,804,315)	611,505,428
Loss on disposal of property and equipment	18,854,572	45,388,062
Interest income	(49,743,514)	(97,522,165)
Provision for (reversal of) decline in value of inventories	877,954,612	(150,051,558)
Operating loss before changes in working capital	(75,870,084,372)	(81,652,889,028)
Changes in working capital:		
Trade accounts receivable	5,600,504,141	5,899,601,122
Other accounts receivable	(4,191,431,538)	(3,749,447,036)
Inventories	8,687,640,732	6,429,435,354
Prepaid taxes	(2,643,158,261)	(5,991,356,628)
Other current assets	255,844,096	1,516,097,219
Trade accounts payable	(5,426,269,223)	(767,728,456)
Other accounts payable	1,900,853,915	(60,946,324)
Accrued expenses	1,812,356,986	(1,848,862,324)
Taxes payable	(90,508,872)	142,501,935
Cash used in operations	(69,964,252,396)	(80,083,594,166)
Income taxes paid	(1,440,212,218)	(1,536,256,000)
Benefits paid	(544,099,000)	-
Collection of tax refund	1,034,067,000	1,933,768,980
Net Cash Used in Operating Activities	(70,914,496,614)	(79,686,081,186)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	49,743,514	97,522,165
Acquisition of property and equipment	(1,103,633,144)	(3,722,880,940)
Proceeds from disposal of property and equipment	54,545,455	-
Net Cash Used in Investing Activities	(999,344,175)	(3,625,358,775)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loan	209,000,000,000	70,000,000,000
Proceeds from issuance of capital stock	58,629,440,000	60,877,200,000
Proceeds from advances for future capital stock subscription	-	14,011,305,000
Interest paid	(4,893,898,332)	(2,905,594,856)
Repayment of short-term loan payable	(189,000,000,000)	(69,310,000,000)
Net Cash Provided by Financing Activities	73,735,541,668	72,672,910,144
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,821,700,879	(10,638,529,817)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,204,719,615	14,843,249,432
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6,026,420,494	4,204,719,615

See accompanying notes to financial statements
which are an integral part of the financial statements.

1. GENERAL

PT. Tata Motors Distribusi Indonesia (the "Company") is a foreign investment company which was established within the framework of the Foreign Capital Investment Law No. 25 Year 2007, based on notarial deed No. 70, dated January 23, 2013, of Aryanti Artisari S.H., M.Kn, Notary public in Jakarta. The deed of establishment was approved by the Minister of Justice on Law of the Republic of Indonesia based on decree No. AHU-05503.AH.01.01 Year 2013 dated February 11, 2013. The articles of association have been amended several times, most recently by Notarial Deed No. 20 dated March 3, 2017, concerning on increase of authorized capital and subscribe and paid up capital amounting to Rp 200,000,000,000 and Rp58,629,440,000, respectively. This changes was approved by BKPM on February 28, 2017 through its letter No 717/1/IP-PB/PMA/2017 and reported and acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia through his Letter No. AHU-0005539.AH.01.02 year 2017 dated March 6, 2017.

The Company is domiciled in South Jakarta and its office is located in Pondok Indah Office Tower 3 Floor 8 Suite 801B, Jl. Sultan Iskandar Muda Kav.V-TA Pondok Pinang Kebayoran Lama, Jakarta Selatan 12310. The Company has 45 and 43 employees as of March 31, 2016 and 2015, respectively.

In accordance with article 3 of the Company's articles of association, the scope of its activities is to engage in the wholesale trading and after-sales service with business activities as distributor and importer for new cars, parts for four or more wheeled vehicles which include engine, gear box, axles and propeller shafts and after-sales services. The Company started its commercial operations in September 2013.

The Company is one of the companies owned by Tata Motors Limited (TML). As of March 31, 2017, the Company's management consists of the following:

President Commissioner	:	Mr. Kottamasu Venkateswara Rao
Commissioners	:	Mr. Ravindra Pisharody
	:	Mr. Abhijit Aravind Gajendragadkar
	:	Mr. Ramanathan Ramakrishnan
	:	Mr. Ajit Kumar Jindal
President Director	:	Mr. Biswadev Sengupta
Directors	:	Mr. Achmad Djauhari
	:	Mr. Pankaj Jain

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

a. Standards and amendments effective in the current period

In the current year, the Company has applied a number of amendments issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting period beginning on January 1, 2016. The application of the following amendments to standards have not resulted to material impact to disclosures or on the amounts recognized in the current and prior year financial statements:

- Amendments to PSAK 7, Related Party Disclosures
- Amendments to PSAK 16, Property, Plant and Equipment
- Amendments to PSAK 19, Intangible Assets
- Amendments to PSAK 24, Employee Benefits
- Amendments to PSAK 68, Fair Value Measurements

b. Standards and interpretations issued not yet adopted

New amendments and interpretation effective for periods beginning on or after January 1, 2017, with early application permitted, are as follows:

- PSAK 1: Presentation of Financial Statements about Disclosure Initiative
- ISAK 31: Scope Interpretation of PSAK 13: Investment Property.

As of the issuance date of the financial statements, the effect of adoption of those standards and interpretations in the financial statements is not known nor reasonably estimable by management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

b. Basis of Preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. The presentation currency used in the preparation of the financial statements is the Indonesian Rupiah.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The statement of cash flows are prepared using the indirect method for operating activities with classifications of cash flows into operating, investing and financing activities.

c. Foreign Currency Transactions and Balances

The financial statements are presented in Indonesian Rupiah, which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

d. Transactions with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

- a. A person or a close member of that person's family is related to the reporting entity if that person:

- i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to the reporting entity if any of the following conditions applies:
- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

e. Financial Assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Company's financial assets are classified as loans and receivables.

Loans and receivables

Cash and cash equivalents except cash on hand, trade and other accounts receivable that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortized cost using the effective interest method less impairment.

Interest is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial asset carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of financial asset other than its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

f. Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified as either "at Fair Value Through Profit or Loss (FVTPL)" or at "amortized cost".

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is part of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel (as defined in PSAK 7: Related Party Disclosures), for example the entity's board of directors and chief executive officer.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities, which include trade and other accounts payable, accrued expenses and bank loans are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

g. Netting of Financial Assets and Liabilities

The Company only offsets financial assets and liabilities and presents the net amount in the statement of financial position where it:

- currently has a legal enforceable right to set off the recognized amount; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h. Cash and Cash Equivalents

For cash flow presentation purposes, cash and cash equivalents consist of cash on hand and in banks and all unrestricted investments with maturities of three months or less from the date of placement.

i. Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost is determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

j. Property and Equipment

Property and equipment held for use in the supply of goods or for administrative purposes are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognized so as to write-off the cost of assets less residual values using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Vehicles	5
Furniture and fixtures and office equipment	4 – 8
IT equipment	4
Tools	4
Building improvements	Lease term or 10 years whichever is shorter

The estimated useful lives and depreciation method are reviewed at least at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

When assets are retired or otherwise disposed of, their carrying values are removed from the accounts and any resulting gain or loss is reflected in profit or loss.

Construction in progress is stated at cost and transferred to the respective property and equipment account when completed and ready for use.

k. System Software

System software, included under "Other noncurrent assets" account in the statement of financial position, is carried at cost less accumulated amortization and any impairment losses. Amortization is computed using the straight-line method over 4 years.

l. Impairment of Non-Financial Asset

At the end of each reporting period, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

Accounting policy for impairment of financial assets is discussed in Note 3e.

m. Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

n. Leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

o. Revenue and Expense Recognition

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sales of goods is recognized when all of the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither 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; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Expenses

Expenses are recognised when incurred.

p. Employee Benefits

The Company established defined benefit pension plan covering all the local permanent employees as required under Labor Law No. 13/2003 (the "Labor Law"). For normal pension scheme, the Company calculates and recognizes the higher of the benefits under the Labor Law and those under such pension plan. No funding has been made to this defined benefit plan.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings (deficit) and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The benefit obligation recognized in the statement of financial position represents the actual deficit in the Company's defined benefit plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

q. Income Tax

The tax currently payable is based on taxable income to the year. Taxable income differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates and tax laws that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss, in which case the tax is also recognized outside of profit or loss.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and current tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

r. Derivative Financial Instrument

The Company uses derivative financial instruments to manage its exposure to foreign exchange rate risk. Further details on the use of derivatives are disclosed in Notes 14 and 30.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently measured to their fair value at each reporting date.

Although it was entered into as economic hedge of exposure against foreign exchange risks, these derivatives are not designated and do not qualify as accounting hedge and therefore changes in fair values are recognized in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical 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. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgments that has significant impact on the amounts recognized in the financial statements, apart from those involving estimations, which are dealt with below.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment Loss on Receivables

The Company assesses its receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is an objective evidence that loss event has occurred. Management also makes judgment as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss.

The carrying amount of receivables are disclosed in Note 6 and 7.

Allowance for Decline in Value of Inventories

The Company provides allowance for decline in value of inventories based on estimated future usage of such inventories. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will impact the result of the Company's operations.

The carrying amounts and provision for decline in value of inventories are disclosed in Note 8.

Estimated Useful Lives of Property, Equipment and System Software

The useful life of each item of the Company's property and equipment and system software are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property, equipment and system software would affect the recorded depreciation and amortization expense and decrease in the carrying values of these assets.

The carrying amounts of property, equipment and system software are disclosed in Notes 11 and 12, respectively.

Post-employment benefits obligation

The determination of post-employment benefits obligation depends on selection of certain assumptions used by the actuary for the calculation of the liability. These assumptions include discount rate and rate of increase in salaries. Actual results that differ from the Group's assumptions are recognized immediately in the profit or loss as and when they occurred. Although the assumptions of the Company are considered appropriate and reasonable, significant changes in fact or significant changes in assumptions used can significantly affect the post-employment benefits obligation of the Company.

The carrying amount of post-employees benefit obligation is disclosed in Note 25.

Provision for buy back guarantee

The Company determines the provision for buy back guarantee based on the estimated losses that will be incurred in case of default by end customer. In estimating the provision, management considers the rate of default, cost of repossession of vehicles, cost of repairing and other incremental costs and estimated selling price to sell the repossessed vehicles. While it is believed that the assumptions used in the estimation of provision for buy back guarantee are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the provision, which ultimately will impact the result of the Company's operations. Each quarter, the Company re-evaluate the estimates to assess the adequacy of the recorded provisions and adjust the amounts as necessary.

The carrying amount of provision for buy back guarantee is disclosed in Note 15.

5. CASH AND CASH EQUIVALENTS

	March 31, 2017 Rp	March 31, 2016 Rp
Cash on hand	4,225,069	4,218,722
Cash in banks		
Indonesian Rupiah	5,577,216,842	2,871,721,546
US Dollar	324,978,583	1,208,779,347
Time deposits	120,000,000	120,000,000
Total	<u>6,026,420,494</u>	<u>4,204,719,615</u>

Time deposits denominated in Rupiah, earns interest at an annual rate ranging from 6.00% to 7.50% in 2017 and 5.4% to 7.50% in 2016.

6. TRADE ACCOUNTS RECEIVABLE

This account represents the outstanding balances relating to the sales transactions with third parties. These are all denominated in Indonesian Rupiah.

	March 31, 2017 Rp	March 31, 2016 Rp
Third parties	11,960,535,851	17,561,039,992
Allowance for impairment loss	(1,046,837,963)	-
Total - net	<u>10,913,697,888</u>	<u>17,561,039,992</u>

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The age of the Company's trade accounts receivable not impaired are as follows:

	March 31, 2017 Rp	March 31, 2016 Rp
Not yet due	6,881,172,925	10,445,353,990
Past due:		
Under 90 days	664,145,946	445,522,295
91-180 days	1,533,934,840	3,551,286,607
More than 180 days	2,881,282,140	3,118,877,100
	<u>11,960,535,851</u>	<u>17,561,039,992</u>

The average credit period on sales of goods is 37 days. No interests are charged on trade receivables and for the outstanding balance.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The Company's receivables are secured with post-dated checks (GIRO) amounting to Rp2,423,494,582 and Rp 16,060,099,890 as of March 31, 2017 and 2016.

As of March 31, 2017, the Company had provided an allowance for impairment amounting to Rp 1,046,837,963, for certain receivable whose carrying value exceeded their expected recoverable amounts. Management believes that the allowance for impairment losses is adequate. Changes in the allowance for impairment account are charged to general and administration expenses.

7. OTHER ACCOUNTS RECEIVABLE FROM A RELATED PARTY

As of March 31, 2017 and 2016, receivable from a related party pertains to the reimbursement of various charges from TML.

The foregoing accounts are non-interest bearing and collectible on demand. No allowance for impairment loss has been provided for these accounts as the management believes the receivables from related parties are fully collectible.

8. INVENTORIES

	March 31, 2017 Rp	March 31, 2016 Rp
Vehicles	29,570,998,821	40,402,331,688
Spare parts	10,060,881,847	7,917,189,712
Total	39,631,880,668	48,319,521,400
Allowance in decline in value	(877,954,612)	-
Net	<u>38,753,926,056</u>	<u>48,319,521,400</u>

PT. TATA MOTORS DISTRIBUSI INDONESIA
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Movements in the allowance in decline in value follows:

	March 31, 2017	March 31, 2016
	Rp	Rp
Beginning balance	-	150,051,558
Provision during year	(877,954,612)	-
Reversal during the year	-	(150,051,558)
Ending Balance	<u>(877,954,612)</u>	<u>-</u>

Management believes that the allowance for decline in value of inventories is adequate to cover possible losses to the Company.

The Company's inventories are being used as security over short term loan (Note 17).

Inventories were insured with PT. ACE Jaya Proteksi against fire, earthquake, flood, landslide and RSCC (Riots, Strike and Civil Commotions) for Rp 58,128,000,000 as of March 31, 2017 and 2016. Marine cargo of inventories were insured with PT. Asuransi AXA Indonesia for US\$ 2,000,000 as of March 31, 2017 and PT. Asuransi Rama Satria for US\$ 2,000,000 as of March 31, 2016. Management believes that the insurance coverage is sufficient to cover possible losses on the assets insured.

9. PREPAID TAXES

	March 31, 2017	March 31, 2016
	Rp	Rp
Overpayment of corporate income tax		
2017	1,440,212,218	-
2016	1,550,137,000	1,536,256,000
2015	-	1,047,678,000
Value added tax (VAT) - net	<u>21,061,644,856</u>	<u>18,418,756,595</u>
Total	24,051,994,074	21,002,690,595
Less current maturities	<u>2,788,271,882</u>	<u>-</u>
Noncurrent portion	<u>21,263,722,192</u>	<u>21,002,690,595</u>

In July 2016, the Company received tax assessment letter from the Tax Authority approving the overpayment of 2015 corporate income tax amounting to Rp 1,034,067,000. The Company received the refund on August 26, 2016. and the difference with recorded balance was charged to profit or loss.

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10. PROPERTY AND EQUIPMENT

	April 1, 2016 Rp	Additions Rp	Deductions Rp	Reclassification	March 31, 2017 Rp
Cost:					
IT equipment	1,294,778,403	54,970,000	-	-	1,349,748,403
Furniture and fixtures and office equipment	7,214,487,245	847,250,550	-	388,000,000	8,449,737,795
Vehicles	2,327,688,992	-	102,121,777	-	2,225,567,215
Building improvements	1,150,000,000	-	-	-	1,150,000,000
Tools	453,045,229	76,412,594	-	-	529,457,823
Construction in-progress	485,006,714	125,000,000	-	(388,000,000)	222,006,714
Total	12,925,006,583	1,103,633,144	102,121,777	-	13,926,517,950
Accumulated Depreciation:					
IT Equipment	687,350,894	333,409,582	-	-	1,020,760,476
Furniture and fixtures and office equipment	1,637,954,720	1,321,661,118	-	-	2,959,615,838
Vehicles	443,958,659	281,387,205	28,721,750	-	696,624,114
Building improvements	124,583,333	115,000,000	-	-	239,583,333
Tools	55,380,654	129,180,598	-	-	184,561,252
Total	2,949,228,260	2,180,638,503	28,721,750	-	5,101,145,013
Net Carrying Value	9,975,778,323				8,825,372,937

	April 1, 2015 Rp	Additions Rp	Deductions Rp	Reclassification	March 31, 2016 Rp
Cost:					
IT equipment	1,239,926,403	54,852,000	-	-	1,294,778,403
Furniture and fixtures and office equipment	4,947,282,625	2,234,204,620	-	33,000,000	7,214,487,245
Vehicles	1,804,947,963	522,741,029	-	-	2,327,688,992
Building improvements	1,150,000,000	-	-	-	1,150,000,000
Tools	-	453,045,229	-	-	453,045,229
Construction in-progress	105,356,714	458,038,062	45,388,062	(33,000,000)	485,006,714
Total	9,247,513,705	3,722,880,940	45,388,062	-	12,925,006,583
Accumulated Depreciation:					
IT Equipment	365,990,874	321,360,020	-	-	687,350,894
Furniture and fixtures and office equipment	663,084,593	974,870,127	-	-	1,637,954,720
Vehicles	185,798,170	258,160,489	-	-	443,958,659
Building improvements	9,583,333	115,000,000	-	-	124,583,333
Tools	-	55,380,654	-	-	55,380,654
Total	1,224,456,970	1,724,771,290	-	-	2,949,228,260
Net Carrying Value	8,023,056,735				9,975,778,323

Depreciation expense recognized as part of general and administrative expenses amounted of Rp 2,180,638,503 and Rp 1,724,771,290 in 2017 and 2016 respectively. Loss on disposal amounted to Rp 18,854,572 in 2017.

The deductions from property and equipment represent disposals with details as follows:

	2017 Rp	2016 Rp
Net carrying amount	73,400,027	45,388,062
Proceeds from disposals	54,545,455	-
Loss on disposals	18,854,572	45,388,062

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Construction in progress represents furniture and fixtures under construction which are estimated to be completed by end of 2017.

Vehicles were insured with PT. Asuransi FPG Indonesia and PT. Asuransi Asoka Mas against FLEXA (Fire, Lightning, Explosion and Falling of Air-craft), RSMD (Riot, Strike and Malicious Damage) and catastrophe (typhoon, storm, flood, landslide and water damage) for Rp 1,939,900,000 and Rp 1,632,131,000 as of March 31, 2017 and 2016, respectively. Management believes that the insurance coverage is sufficient to cover possible losses on the assets insured.

11. OTHER NONCURRENT ASSETS

This account represents system software with movements are as follows:

	March 31, 2017	March 31, 2016
Cost	9,377,029,789	9,377,029,789
Accumulated Amortization:		
Beginning balance	5,450,290,176	3,106,032,727
Additions	2,344,257,449	2,344,257,449
Ending balance	7,794,547,625	5,450,290,176
Net carrying amount	1,582,482,164	3,926,739,613

Amortization expense recognized as part of general and administrative expenses amounted of Rp 2,344,257,449 in 2017 and 2016.

12. TRADE ACCOUNTS PAYABLE

This balance pertains to the outstanding balance from purchases of vehicles and spare parts from TML, a related party.

These purchases have normal credit terms of 90 days. No interest is charged on past due trade accounts payable.

13. OTHER ACCOUNTS PAYABLE

	March 31, 2017 Rp	March 31, 2016 Rp
Related parties		
TML	10,038,614,944	5,773,480,015
Tata Technologies Limited (TTL)	-	407,188,196
	10,038,614,944	6,180,668,211
Third parties	11,380,427,367	13,337,520,185

Other accounts payable to TML pertains to advances for the Company's expenses. Other accounts payable to TTL pertains to IT support charges.

Other accounts payable to third parties as of March 31, 2017 and 2016 represents amounts due to third parties for expenses incurred for advertising and promotions, rental, professional fees, insurance, travel and transportation, among others.

14. DERIVATIVE LIABILITIES

The Company utilizes the following derivative instruments, principally foreign exchange contracts to enhance its ability to manage risks, primarily foreign currency fluctuations, which exist as part of its ongoing business operations:

Foreign Exchange Forward Contracts

The Company uses forward foreign exchange contracts to cover specific foreign currency payments and receipts. The forward foreign exchange contracts require the Company, at a future date, to buy or sell foreign currencies in exchange for Rupiah and other currencies. The maturity date of the contracts are on April 2017. The following derivative instruments are not designated in hedge accounting relationships.

The estimated fair values of the Company's derivative instruments are summarized below:

		March 31, 2017		March 31, 2016	
		Total notional amount	Fair value Rp	Total notional amount Rp	Fair value Rp
Forward contracts to buy Rupiah	US\$	-	-	2,863,749	(531,999,044)
Forward contracts to buy US\$	Rp	28,159,763,197	(93,586,321)	155,673,746,920	(6,621,945,869)
Total fair value			<u>(93,586,321)</u>		<u>(7,153,944,913)</u>

The fair values of these derivative assets are calculated using quoted market prices. Where such prices are not available, discounted cash flow analysis are used, which are discounted using the applicable yield curve for the duration of the instruments.

Net unrealized gain and loss on derivative from foreign exchange forward amounting to Rp93,586,321 and Rp 7,153,944,913 loss for the year ended March 31, 2017 and 2016, respectively, are presented as part of "Gain (loss) on foreign exchange" in the statement of profit or loss and other comprehensive income. The above contracts economically hedge transactions and balances for periods consistent with the related exposures and do not constitute investments independent of these exposures.

15. ACCRUED EXPENSES

	March 31, 2017 Rp	March 31, 2016 Rp
Current portion		
After sales service	6,023,270,807	3,963,082,271
Marketing cost	4,342,580,392	2,142,262,168
Buy back guarantee (Note 27)	2,262,452,408	1,658,229,621
Bonus	2,035,000,000	1,496,197,718
Professional fees	555,977,900	418,535,300
Transportation and logistics	46,000,000	200,267,446
Others	1,031,001,655	546,673,591
Total	<u>16,296,283,162</u>	<u>10,425,248,115</u>
Noncurrent portion		
Warranty	<u>524,000,000</u>	<u>414,000,000</u>

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Management recognized provision for buy back guarantee loss based on estimated losses in relation to the agreement entered into with third parties (Note 27). Management believes that the estimated provision is sufficient to cover probable losses from the buy back agreement.

16. TAXES PAYABLE

	March 31, 2017 Rp	March 31, 2016 Rp
Income taxes		
Article 4(2)	21,305,888	107,484,781
Article 21	164,157,077	209,640,329
Article 22	37,292,918	14,548,590
Article 23	82,501,923	64,092,978
Total	<u>305,257,806</u>	<u>395,766,678</u>

17. SHORT-TERM BANK LOAN

On December 1, 2014, the Company entered into a facility agreement with PT. Bank ANZ Indonesia granting the Company a short term revolving credit facility amounting to US\$ 750,000 and overdraft facility amounting to US\$ 250,000 for a total facility of US\$ 1,000,000. On March 4, 2015, an amendment was made increasing the total facility to US\$ 5,000,000. Interest rate is at the bank cost of funds plus 1% per annum, payable monthly in arrears. The loan has a term of 6 months, renewable every year based on the agreement of both parties.

This loan is secured by a fiducia security over inventories. The loan agreement contains certain covenants, which among others, restrict the Company to enter into any amalgamation, demerger, or corporate reconstruction which might reasonably be expected to have a material adverse effect; to sell, lease, transfer or otherwise dispose of any asset, unless in the general course of business. As an impact of the amendment in March 2015, the Company is entitled to receive a higher drawdown amount and can be made in US\$ or Rupiah.

As of March 31, 2017 and 2016, the outstanding loan balance amounted to Rp54,057,217,565 and Rp 34,014,130,279, respectively. As of March 31, 2017 and 2016, the outstanding loan balance includes accrued interest amounting to Rp 57,217,565 and Rp 14,130,279, respectively.

18. CAPITAL STOCK

Name of Stockholders	March 31, 2017		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital Rp
Tata Motors Indonesia	330,806,720	99.99%	330,806,720,000
TML Holdings Pte. Ltd.	10,855	0.01%	10,855,000
Total	<u>330,817,575</u>	<u>100%</u>	<u>330,817,575,000</u>

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Name of Stockholders	March 31, 2016		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital Rp
Tata Motors Indonesia	258,165,975	99.99%	258,165,975,000
TML Holdings Pte. Ltd.	10,855	0.01%	10,855,000
Total	<u>258,176,830</u>	<u>100%</u>	<u>258,176,830,000</u>

Based on the Notarial Deed No. 25 dated September 29, 2016 of Fardian S.H. notary public in Jakarta, the shareholders of the Company agreed to increase the subscribed and paid up capital from 258,176,830 shares to 272,188,135 shares by issuing 14,011,305 shares to TMI. The notarial deed was approved by BKPM and Minister of Justice and Human Rights of the Republic of Indonesia through his letter No. 3185/1/IP-PB/PMA/2016 dated September 15, 2016 and No. AHU-0118868/AH.01.11 year 2016 dated October 10, 2016. As a result of this approval, the advances for future capital stock subscription as of March 31, 2016 amounting to Rp 14,011,305,000 was converted to capital stock

Based on the Notarial Deed No. 20 dated March 3, 2017 of Fardian S.H. notary public in Jakarta, the shareholders of the Company agreed to increase the authorized capital from 350,000,000 shares to 550,000,000 shares and also increase subscribed and paid up capital from 272,188,135 shares to 330,817,575 shares. The notarial deed was approved by BKPM and Minister of Justice and Human Rights of the Republic of Indonesia through his letter No. 717/1/IP-PB/PMA/2017 dated February 28, 2017 and No. AHU-0030379/AH.01.11 year 2017 dated March 6, 2017.

19. ADVANCES FOR FUTURE CAPITAL STOCK SUBSCRIPTION

In 2016, the Company received Rp 14,011,305,000, respectively from TMI which are intended as advances for capital stock subscription. As of the issuance date of the financial statements, the notarial deed has been issued on September 29, 2016 (Note 18).

20. SALES

	2017 Rp	2016 Rp
Vehicles	79,660,211,651	107,613,982,491
Spareparts	5,041,192,910	3,463,687,471
Total	<u>84,701,404,561</u>	<u>111,077,669,962</u>

21. COST OF SALES

	2017 Rp	2016 Rp
Vehicles	68,444,373,058	106,797,563,615
Spareparts	5,420,253,065	2,338,209,157
Total	<u>73,864,626,123</u>	<u>109,135,772,772</u>

All vehicles and spare parts are purchased from TML, a related party.

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2017 Rp	2016 Rp
Salaries and employee benefits (Note 25)	23,763,113,971	22,264,706,692
Rental (Note 27)	9,811,932,396	12,813,181,486
Transportation, logistics, and trials	8,183,260,065	6,890,906,532
Office expenses	3,941,592,743	4,074,894,953
Depreciation and amortization (Notes 10 and 11)	4,524,895,952	4,069,028,739
After sales service	2,107,762,076	2,321,798,089
Professional fees	1,378,223,797	1,741,998,498
Utilities	1,499,542,673	1,162,164,798
Provision for impairment losses on receivables (Note 6)	1,046,837,963	-
Others	2,142,961,535	1,010,906,400
Total	58,400,123,171	56,349,586,187

23. SELLING EXPENSES

	2017 Rp	2016 Rp
Marketing and promotion (Note 27)	23,305,129,050	26,711,916,011
Sponsorship	5,133,697,811	8,338,216,595
Others	3,396,671,787	2,065,578,815
Total	31,835,498,648	37,115,711,421

24. TAXATION

The Company's income tax pertains to deferred tax expense in 2017 and 2016.

Current Tax

	2017 Rp	2016 Rp
Loss before income tax per statement of profit or loss and other comprehensive income	(88,107,647,057)	(102,438,596,690)
Temporary differences:		
Provision for post-employment benefit	1,297,598,000	1,013,647,000
Provision for impairment losses	1,046,837,963	-
Property and equipment and system software	(737,915,624)	(733,641,788)
Provision for decline in value of inventories	877,954,612	-
Other provisions	6,178,125,590	13,918,421,368
Total	8,662,600,541	14,198,426,580

(Forward)

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	2017 Rp	2016 Rp
Permanent differences:		
Benefits in kind	5,997,829,058	7,244,855,651
Interest income subject to final tax	(49,743,514)	(97,522,165)
Others	(3,286,623,217)	32,156,185
	<u>2,661,462,327</u>	<u>7,147,333,486</u>
Fiscal loss before fiscal loss carryforward	(76,783,584,189)	(81,060,680,439)
Fiscal loss carryforward		
2016	(81,060,680,439)	-
2015	(86,838,680,437)	(86,838,680,437)
2014	(56,044,578,561)	(56,044,578,561)
2013	(282,682,828)	(282,682,828)
	<u>(301,010,206,454)</u>	<u>(224,226,622,265)</u>
Accumulated fiscal losses		

No current tax expense was provided as the Company incurred fiscal loss in 2017 and 2016 amounting to Rp 76,783,584,189 and Rp 81,060,680,439 respectively. According to tax regulations, such loss maybe carried forward and applied against taxable income in any of the 5 years following the year in which the fiscal loss was incurred.

Under the taxation laws of Indonesia, the Company submits tax returns on a self-assessment basis. Effective for fiscal year 2009, the tax authorities may assess taxes within 5 years after the date when the tax becomes due.

Deferred Tax

As of March 31, 2017 and 2016, the Company did not recognize deferred tax asset on available fiscal losses and temporary differences due to uncertainty of generating sufficient future taxable income.

Deferred tax liability as of March 31, 2017 and 2016 amounting to Rp 517,272,719 and Rp 332,793,813, respectively, pertains to the difference between the carrying amounts of property and equipment per fiscal and per commercial.

A reconciliation between the tax expense and the amounts computed by applying the enacted tax rates to loss before tax per statement of profit of loss and other comprehensive income is as follows:

	2017 Rp	2016 Rp
Loss before income tax per statement of profit or loss and other comprehensive income	<u>(88,107,647,057)</u>	<u>(102,438,596,690)</u>
Tax benefit at enacted tax rates	<u>(22,026,911,764)</u>	<u>(25,609,649,173)</u>
Tax effect of permanent differences:		
Benefits in kind	1,499,457,265	1,811,213,913
Interest income subject to final tax	(12,435,878)	(24,380,541)
Others	(821,655,804)	8,039,046
Subtotal	<u>665,365,583</u>	<u>1,794,872,418</u>
Unrecognized deferred tax	<u>21,546,025,087</u>	<u>23,998,187,202</u>
Tax Expense	<u>184,478,906</u>	<u>183,410,447</u>

25. POST-EMPLOYMENT BENEFIT OBLIGATION

Post-employment Benefits under Labor Law No. 13/2003

The Company provides post-employment benefits for its qualifying employees in accordance with the Labor Law No. 13/2003. The number of employees entitled to the benefits is 36 in 2016 and 34 in 2015.

The defined benefit pension plan typically expose the Company to actuarial risks such as: interest rate risk and salary risk.

Interest risk

The present value of the defined benefits obligation is calculated using a discount rate determined by reference to high quality corporate bond yields. A decrease in the bond interest rate will increase the benefits obligation.

Salary risk

The present value of the defined benefits obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the benefits obligation.

Amounts recognized in statement of profit or loss and other comprehensive income in respect of these post-employment benefits are as follows:

	2017 Rp	2016 Rp
Service Cost		
Current service cost	952,609,000	891,018,000
Past service cost due to plan amendment	165,879,000	-
Interest cost	201,577,000	122,629,000
Effect of employee transferred in	456,189,000	-
Excess benefit paid	65,443,000	-
Components of defined benefit costs recognised in profit or loss	<u>1,841,697,000</u>	<u>1,013,647,000</u>
Remeasurement on the net defined benefit liability:		
Actuarial gains arising from changes in demographic assumptions	-	(49,025,000)
Actuarial gains arising from changes in financial assumptions	(390,185,000)	(277,543,000)
Actuarial (gains) and losses arising from experience adjustments	<u>342,000</u>	<u>(160,361,000)</u>
Components of defined benefit costs recognised in other comprehensive income	<u>(389,843,000)</u>	<u>(486,929,000)</u>
Total	<u><u>1,451,854,000</u></u>	<u><u>526,718,000</u></u>

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Movements in the present value of the post-employment benefit obligation are as follows:

	March 31, 2017 Rp	March 31, 2016 Rp
Opening defined benefit obligation	2,104,157,000	1,577,439,000
Current service cost	952,609,000	891,018,000
Past service cost due to plan amendment	165,879,000	-
Interest cost	201,577,000	122,629,000
Provision for excess benefit payment	65,443,000	-
Effect of employee transferred in	456,189,000	-
Benefit paid	(478,656,000)	-
Excess benefit paid	(65,443,000)	-
Remeasurement on the net defined benefit liability:		
Actuarial gains arising from changes in demographic assumptions	-	(49,025,000)
Actuarial gains arising from changes in financial assumptions	(390,185,000)	(277,543,000)
Actuarial (gains) and losses arising from experience adjustments	342,000	(160,361,000)
Closing defined benefit obligation	<u>3,011,912,000</u>	<u>2,104,157,000</u>

As of March 31, 2017 and 2016, the effect of 1% movement in assumed discount rate and salary incremental rate on present value of defined benefit obligation is as follows:

	March 31, 2017		March 31, 2016	
	<i>Increase</i>	<i>Decrease</i>	<i>Increase</i>	<i>Decrease</i>
	Rp million	Rp million	Rp million	Rp million
Discount rate	(298,501)	342,491	(243,336)	282,945
Salary incremental rate	345,361	(305,915)	282,434	(247,126)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

The cost of providing post-employment benefits under Labor Law No. 13/2003 is calculated by an independent actuary, PT. Dayamandiri Dharmakonsilindo. The actuarial valuation was carried out using the following key assumptions:

	2017	2016
Discount rate	7.9% per annum	8.9% per annum
Salary increment rate	6% per annum	8% per annum
Mortality rate	Mortality Table of Indonesia 2011	Mortality Table of Indonesia 2011
Disability rate	10% of Mortality Rate	10% of Mortality Rate
Resignation rate	5% at age 30 reducing linearly to 0% at age 55	5% at age 30 reducing linearly to 0% at age 55
Retirement rate	100% at 55 years old	100% at 55 years old

26. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES

Nature of Relationship

- a) TML is the majority stockholder of the Company
- b) TML is the ultimate controlling party of the Company
- c) TTL is an entity under same shareholder, which is TML
- d) Key management personnel is composed of Commissioners and Directors of the Company

Transactions with Related Parties

In the normal course of business, the Company entered into certain transactions with related parties, including the following:

- a. Purchases of spare parts and vehicles from related party represent 100% of the total purchases in 2017 and 2016. At reporting dates, the liabilities for these purchases were presented as trade accounts payable.
- b. The Company entered into other transactions with related parties as disclosed in Notes 7 and 13.
- c. The Company provides short-term employee benefits to its key management personnel amounting to Rp1,594,683,875 and Rp 1,614,617,422 for 2017 and 2016, respectively.

27. SIGNIFICANT AGREEMENTS

The following are the Company's significant agreements as of the reporting period:

- a. The Company entered into a distribution agreement with TML effective July 2, 2013 and shall be valid for five years and shall automatically expire unless renewed by both parties. Under the agreement, the Company is appointed to exclusively market, sell and distribute vehicles manufactured by TML. The title of the vehicles including the risks and costs shall pass to the Company when the vehicles are shipped from TML's premises. The agreement can be terminated by either party, by giving an advance notice in writing to the other party.
- b. The Company entered into dealership agreements with various dealers under which the dealers will distribute and promote the Company's product at a price agreed by both parties. Under the agreement, the dealers will sell the Company's products at its name, account and risk. The agreements are normally valid for three years unless terminated by either party, by giving an advance notice in writing.
- c. The Company entered into a lease agreement with PT. Metropolitan Kentjana Tbk for office rental for a period of 3 years effective March 1, 2013 until February 28, 2016. The lease agreement has been extended by the Company for 2 months until April 30, 2016, then extended again for a period of 3 years effective May 1, 2016 until April 30, 2019 and reducing the space rented from 1,085.75 meter square to 709.08 meter square.

Rental expense recognized from this agreement amounted to Rp2,388,159,550 and Rp 2,238,577,067 in 2017 and 2016, respectively.

- d. The Company entered into a cancellable warehouse and logistic agreement with PT. Toll Indonesia for warehouse storage rental and inventory handling management for a period of one year effective July 1, 2014 until June 30, 2015. On November 18, 2015, the term was extended until June 30, 2016. On June 24, 2016, the term was extended until June 30, 2017.

Under the agreement, PT. Toll Indonesia shall provide the warehouse and logistic support, including inventory management to the Company.

Rental expense recognized from this agreement amounted to Rp1,119,720,000 and Rp 1,013,420,716 in 2017 and 2016, respectively.

- e. The Company entered into a cancellable stockyard rental and logistics services agreement with PT. Multi Land for stockyard rental and logistic services for the Company's vehicles for a period of three years effective July 25, 2013 until July 24, 2016. On April 14, 2016, the term was extended for a period of 3 years until July 30, 2019. Under the agreement, PT. Multi Land shall make available its stockyard and facilities for the Company's vehicles and provide logistic support, including inventory management to the Company.

Rental expense recognized from this agreement amounted to Rp2,313,768,000 and Rp 2,367,210,041 in 2017 and 2016, respectively.

- f. During 2017 and 2016, the Company entered into buy back guarantee cooperation agreements with several financing companies such as : PT. Mandiri Tunas Finance, PT. BPR Cikarang Raharja and PT. CIMB Niaga Auto Finance (CNAF). The terms of the agreement is one year and can be extended with term and conditions which shall be determined based on mutual agreement between parties. The salient point in the agreement among others: the Company is obliged to pay the unpaid installment on behalf of dealer if there is a default in the customer based on certain conditions as stipulated in the agreement. The buy back guarantee only valid within 12 months after the date of the consumer financing agreement.

In addition to the above, on March 1, 2016, the Company entered into an agreement on vehicle financing with PT. Adira Dinamika Multi Finance Tbk (Adira) in which Adira agreed to provide financing facility for public transportation vehicles of TMDI through dealers or TMDI on behalf of dealers has the rights to execute buy back guarantee program based on certain conditions as stipulated in the agreement. The agreement is valid for one year and can be extended until further written notice from both or either parties.

As of March 31, 2017 and 2016, the Company provided provision for buy back guarantee which was presented as part of accrued expense.

In relation to the buy back guarantee above, the Company also entered into cooperation agreement for the execution of buy back guarantee program with various dealers. The salient point among others are the Company will act as the proxy receiver for and on behalf of the dealer and will buy back the repossessed vehicles from the financing companies based on certain conditions as stipulated in the agreement. The payment by TMDI to financing companies will be repaid back by dealers within 90 days and 50% of the payment is secured by GIRO. Dealers are required to sell the repossessed vehicles with certain period and the gain/ loss will be shared between dealers and the Company as stipulated in the agreement.

As of March 31, 2017 and 2016, total payment made by the Company to financing companies on behalf of dealers was presented as other accounts receivable – third parties.

- g. In May 2015, the Company entered into dealer financing agreement with PT. Bank SBI Indonesia and dealers to finance the purchase of new Tata vehicles. Under the agreement, PT. Bank SBI will provide financing facility to dealer based on certain conditions as stipulated in the agreement. The agreement is effective upon signing of the agreements and remain enforced unless terminated by PT. Bank SBI based on conditions stipulated in the agreement.

28. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

At March 31, 2017 and 2016, the Company had monetary assets and liabilities denominated in foreign currencies as follows:

		2017		2016	
		In Original Currency	Equivalent in Rp	In Original Currency	Equivalent in Rp
ASSETS					
Cash and cash equivalents	US\$	24,396	324,978,583	91,050	1,208,779,347
Other accounts receivable					
Related party	US\$	316,607	4,217,524,249	219,084	2,908,557,459
Third party	US\$	-	-	500	6,638,000
Other current asset	US\$	-	-	29,444	390,891,906
Total Assets			4,542,502,832		4,514,866,712
LIABILITIES					
Trade accounts payable	US\$	1,676,954	22,338,699,279	1,402,570	18,620,518,922
Other accounts payable					
Related parties	US\$	532,195	7,089,365,066	380,829	5,055,881,556
Third parties	US\$	-	-	496,474	6,745,530,427
Short-term bank loans	US\$	2,099,572	27,968,398,346	-	-
Total Liabilities			57,396,462,691		30,421,930,905
Net Liabilities			(52,853,959,859)		(25,907,064,193)

The conversion rates per US\$ used by the Company at March 31, 2017 and 2016 and the prevailing rates on May 10, 2017 are Rp 13,321 Rp 13,276 and Rp 13,355, respectively.

29. CATEGORIES AND CLASSES OF FINANCIAL INSTRUMENTS

	March 31, 2017 Rp	March 31, 2016 Rp
Financial Asset		
<u>Loans and receivables</u>		
Cash and cash equivalents	6,022,195,425	4,200,500,893
Trade accounts receivable	10,913,697,888	17,561,039,992
Other accounts receivable	6,803,705,057	4,544,034,532
Other current assets	1,669,226,550	196,560,550
Total	25,408,824,920	26,502,135,967
Financial Liabilities		
<u>Current liabilities at amortized cost</u>		
Trade accounts payable	22,338,699,279	27,764,968,502
Other accounts payable	21,419,042,311	19,518,188,396
Accrued expenses	16,296,283,162	10,425,248,115
Short-term bank loan	54,057,217,565	34,014,130,279
<u>Current liabilities at FVTPL</u>		
Derivative liabilities	93,586,321	7,153,944,913
<u>Noncurrent liabilities at amortized cost</u>		
Accrued expenses	524,000,000	414,000,000
Total	114,728,828,638	99,290,480,205

30. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital Risk Management

The Company manages capital risk to ensure that it will be able to continue as going concern, in addition to maximizing the profits of the shareholders through the optimization of the balance of debt and equity. The Company's capital structure consists of short-term loan (Note 17) offset by cash and cash equivalents (Note 5), and equity shareholders consisting of capital stock (Note 18) and advances for future capital stock subscription (Note 19).

The Directors of the Company periodically reviews the Company's capital structure. As part of this review, the Directors consider the cost of capital and related risks.

The gearing ratio as of March 31, 2017 and 2016 are as follows:

	March 31, 2017	March 31, 2016
Debt	54,057,217,565	34,014,130,279
Cash and cash equivalents	(6,026,420,494)	(4,204,719,615)
Net debt	48,030,797,071	29,809,410,664
Equity (Capital Deficiency)	(17,528,658,055)	11,744,184,908
Net debt to equity ratio	-274%	254%

b. Financial risk management objectives and policies

The Company's overall financial risk management and policies seek to ensure that adequate financial resources are available for operation and development of its business, while managing its exposure to market risk (i.e. interest rate risk and foreign exchange rate risk), credit and liquidity risks. The core function of the Company's risk management is to identify all key risks for the Company, measure these risks and manage the risk positions in accordance with its policies and Company's risk appetite. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risks, in particular, interest rate risk and foreign currency exchange risk.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company believes that exposure to interest rate fluctuations is not significant because borrowings are only short term in nature as of the reporting date. The interest rate risk exposure in deposits of cash in bank is considered manageable.

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has foreign exchange exposure on its US Dollar denominated purchases of vehicles and spare part, short-term availment of loan and bank deposits. The Company periodically reviews the impact of foreign exchange rate movement so that appropriate action is taken to mitigate this risk.

The Company manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. To help manage the risk, the Company entered into forward foreign exchange contracts with financial institution. The Company's net open foreign currency exposure as of reporting date is disclosed in Note 28.

The following table details the Company's sensitivity to percentage rate increase and decrease in the Rupiah against US Dollar in 2017 and 2016. The percentage rate is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for change in foreign currency rates.

	2017	
	Increase (decrease) in percentage	Increase (decrease) on loss before tax Rp
US Dollar	2.00% (2.00%)	1,057,079,197 (1,057,079,197)
	2016	
	Increase (decrease) in percentage	Increase (decrease) on loss before tax Rp
US Dollar	4.00% (4.00%)	1,036,282,568 (1,036,282,568)

ii. Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Company.

The Company's credit risk is primarily attributed to its cash in bank and trade and other accounts receivable. The Company places its bank balances with credit worthy financial institutions. Trade and other accounts receivable are entered with respected and credit worthy third parties and related parties. The Company's exposure is continuously monitored and the credit exposure are reviewed and approved by the Company's Board of Directors. There are no significant concentrations of credit risk in the Company.

The carrying amount of financial assets recorded in the financial statements represents the Company's exposure to credit risk.

iii. Liquidity risk management

Liquidity risk refers to the risk of the Company's inability to fulfill its commitment with regards to its financial liabilities. Since the financial liabilities mainly resulted from transactions with related parties, management believes that it has the ability to manage the related liquidity risk.

Liquidity and interest risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Annual interest rate	1 to 3 months Rp	3 months to 1 year Rp	1 to 5 years Rp	Total Rp
March 31, 2017					
Non-interest bearing					
Trade accounts payable		22,338,699,279	-	-	22,338,699,279
Other accounts payable					
Related parties		10,038,614,944	-	-	10,038,614,944
Third parties		11,380,427,367	-	-	11,380,427,367
Accrued expenses		8,010,559,652	8,285,723,215	524,000,000	16,820,282,867
Interest bearing					
Short term bank loan	2.72% - 8.89%	54,134,485,153	-	-	54,134,485,153
Total		<u>105,902,786,395</u>	<u>8,285,723,215</u>	<u>524,000,000</u>	<u>114,712,509,610</u>
March 31, 2016					
Non-interest bearing					
Trade accounts payable		27,764,968,502	-	-	27,764,968,502
Other accounts payable					
Related parties		6,180,668,211	-	-	6,180,668,211
Third parties		13,337,520,185	-	-	13,337,520,185
Accrued expenses		9,018,471,220	1,406,776,895	414,000,000	10,839,248,115
Interest bearing					
Short term bank loan	9.60% - 12.15%	-	34,377,574,730	-	34,377,574,730
Total		<u>56,301,628,118</u>	<u>35,784,351,625</u>	<u>414,000,000</u>	<u>92,499,979,743</u>

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

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	Annual interest rate %	Less than 3 months Rp	3 months to 1 year Rp	Total Rp
March 31, 2017				
Variable interest bearing				
Cash in banks	0.25% - 3.00%	5,902,195,425	-	5,902,195,425
Fixed interest bearing				
Time deposit	6.00% - 7.50%	120,000,000	-	120,000,000
Noninterest-bearing				
Trade accounts receivable		10,913,697,888	-	10,913,697,888
Other accounts receivable				
Related party		4,217,524,249	-	4,217,524,249
Third parties		2,586,180,808	-	2,586,180,808
Other current assets		-	1,669,226,550	1,669,226,550
Total		23,739,598,370	1,669,226,550	25,408,824,920
March 31, 2016				
Variable interest bearing				
Cash in banks	0.25% - 3.00%	4,111,104,650	-	4,111,104,650
Fixed interest bearing				
Time deposit	5.40% - 7.50%	122,250,000	-	122,250,000
Noninterest-bearing				
Trade accounts receivable		17,561,039,992	-	17,561,039,992
Other accounts receivable				
Related party		2,908,557,459	-	2,908,557,459
Third parties		1,635,477,073	-	1,635,477,073
Other current assets		-	196,560,550	196,560,550
Total		26,338,429,174	196,560,550	26,534,989,724

c. Fair value of financial instruments

Fair value of financial instruments

Except for financial instruments at FVTPL, as disclosed in Note 14, management considers that the carrying amount of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values either because of their short-term maturities or they carry market rates of interest.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves are derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Fair Value Measurement hierarchy of the Group's assets and liabilities:

The following tables summarize the carrying amounts and fair values of the assets and liabilities, analyzed among those whose fair value is based on:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>Rp</u>	<u>Rp</u>	<u>Rp</u>	<u>Rp</u>
March 31, 2017				
Liability measured at Fair Value				
Derivative liabilities	<u>-</u>	<u>93,586,321</u>	<u>-</u>	<u>93,586,321</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>Rp</u>	<u>Rp</u>	<u>Rp</u>	<u>Rp</u>
March 31, 2016				
Liability measured at Fair Value				
Derivative liabilities	<u>-</u>	<u>7,153,944,913</u>	<u>-</u>	<u>7,153,944,913</u>

31. EVENT AFTER REPORTING PERIOD

On April 11, 2017, the Company received Rp 43,000,000,000 from TMI which are intended as capital injection. As of the issuance date of the financial statements, the notarial deed and other legal documents are still in process.

32. MANAGEMENT RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 1 to 34 were the responsibilities of the management, and were approved by the Directors and authorized for issue on May 10, 2017.
