

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

FINANCIAL STATEMENT
FOR THE YEARS ENDED MARCH 31, 2016

AND INDEPENDENT AUDITORS' REPORT

PT. TATA MOTORS DISTRIBUSI INDONESIA
TABLE OF CONTENTS

	<u>Page</u>
DIRECTORS' STATEMENT LETTER	
INDEPENDENT AUDITORS' REPORT	
FINANCIAL STATEMENTS – For the years ended March 31, 2016	
Statement of Financial Position	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5



**DIRECTORS' STATEMENT LETTER
RELATING TO
THE RESPONSIBILITY ON
THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2016
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, 2016, 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 17, 2016
For and on behalf of the Board of Directors

Mr. Biswadev Sengupta
President Director

Mr. Aftab Patel
Chief Financial Officer

Independent Auditors' Report

GA116 0559 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, 2016 and statement of profit or loss and other comprehensive income, statement of changes in equity 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.

Osman Bing Satrio & Eny

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited

Osman Bing Satrio & Eny

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, 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Emphasis of Matter

As discussed in Note 31 to the financial statements, in 2015, the Company adopted several Statement of Financial Accounting Standards (PSAK) which have been applied retrospectively and the prior year corresponding figures have been restated, including the third statement of financial position as of April 1, 2014/March 31, 2014. Our opinion is not modified in respect of this matter.

OSMAN BING SATRIO & ENY



Xenia Ayubudhi
Public Accountant License No. AP.0575

May 17, 2016

PT. TATA MOTORS DISTRIBUSI INDONESIA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

	Notes	March 31, 2016 INR	March 31, 2015 *) INR	April 1, 2014 *)/ March 31, 2014 *) INR
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	21,187,804	74,795,916	25,681,201
Trade accounts receivable	6	88,491,005	118,219,406	26,680,362
Other accounts receivable				
Related party	7,26	14,656,374	9,933,682	7,252,628
Third parties	27	8,241,255	2,694,430	875,048
Inventories - net	8	243,484,613	275,126,758	285,975,816
Prepaid taxes	9	-	9,736,624	-
Other current assets		21,833,502	29,473,196	20,567,796
Total Current Assets		397,894,553	519,980,012	367,032,852
NONCURRENT ASSETS				
Property and equipment - net of accumulated depreciation of INR 14,861,317 at March 31, 2016, INR 6,170,103 at March 31, 2015, and INR 1,246,104 at April 1, 2014	10	50,268,472	40,428,605	30,017,821
Prepaid taxes	9	105,833,664	67,909,367	57,203,789
Other noncurrent assets	11	19,787,048	31,599,884	40,074,641
Total Noncurrent Assets		175,889,184	139,937,857	127,296,251
TOTAL ASSETS		573,783,737	659,917,869	494,329,103
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade accounts payable - related party	12,26	139,909,138	143,777,762	165,846,971
Other accounts payable	13			
Related parties	26	31,144,713	21,958,572	37,634,969
Third parties		67,208,467	76,701,719	29,128,328
Derivative liabilities	14	36,049,105	-	-
Accrued expenses	15	52,533,374	43,797,706	50,168,811
Taxes payable	16	1,994,289	1,276,214	2,600,948
Short-term bank loan	17	171,398,994	165,519,624	-
Total Current Liabilities		500,238,080	89,904,120,663	285,380,027
NONCURRENT LIABILITIES				
Noncurrent portion of accrued expenses	15	2,086,168	1,708,239	493,827
Deferred tax liability	24	1,676,966	752,751	183,072
Post-employment benefit obligation	25	10,602,958	7,948,798	3,077,234
Total Noncurrent Liabilities		14,366,091	10,409,788	3,754,133
EQUITY				
Capital stock - Rp 1,000 par value				
Authorized - 350,000,000 shares in 2016, 2015 and 2014				
Subscribed and paid-up -258,176,830 shares in 2016, 180,226,730 shares in 2015 and 2,213,750 shares in 2014	18	1,300,966,641	908,171,983	11,155,203
Advances for future capital stock subscription	19	70,603,704	86,031,242	503,554,447
Deficit		(1,312,390,779)	(797,726,742)	(309,514,707)
Total Equity		59,179,566	196,476,483	205,194,943
TOTAL LIABILITIES AND EQUITY		573,783,737	90,111,006,934	494,329,103

*) As restated (Note 31)

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, 2016

	Notes	2016 INR	2015 *) INR
NET SALES	20	559,726,228	481,500,472
COST OF SALES	21,26	<u>549,940,906</u>	<u>501,191,423</u>
GROSS PROFIT (LOSS)		<u>9,785,322</u>	<u>(19,690,951)</u>
General and administrative expenses	22	(283,948,532)	(249,867,790)
Selling expenses	23	(187,028,024)	(203,519,543)
Loss on foreign exchange		(42,456,522)	(12,372,967)
Interest expense	17	(13,962,460)	(692,212)
Interest income		491,419	629,274
Others - net		<u>925,314</u>	<u>(785,411)</u>
LOSS BEFORE TAX		(516,193,483)	(486,299,600)
TAX EXPENSE - DEFERRED	24	<u>924,215</u>	<u>569,678</u>
LOSS FOR THE YEAR		(517,117,698)	(486,869,278)
OTHER COMPREHENSIVE INCOME			
ITEM THAT WILL NOT BE RECLASSIFIED			
SUBSEQUENTLY TO PROFIT OR LOSS			
Actuarial gain (loss) on defined benefit obligation		<u>2,453,661</u>	<u>(1,342,756)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(514,664,037)</u></u>	<u><u>(488,212,035)</u></u>

*) As restated (Note 31)

Realization of after sales service
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, 2016

	Notes	Capital stock INR	Advances for future capital stock subscription INR	Deficit INR	Total Equity INR
Balance as of April 1, 2014 (as previously reported)		11,155,203	503,554,447	(311,337,685)	203,371,964
Adjustments	2, 31	-	-	1,822,978	1,822,978
Balance as of April 1, 2014 *)		11,155,203	503,554,447	(309,514,707)	205,194,943
Advances for capital stock subscription	18	-	86,031,242	-	86,031,242
Issuance of 178,012,980 shares with Rp 1,000 par value	17	897,016,780	(503,554,447)	-	393,462,333
Loss for the year		-	-	(486,869,278)	(486,869,278)
Other comprehensive income for the year		-	-	(1,342,756)	(1,342,756)
Balance as of March 31, 2015 *)		908,171,983	86,031,242	(797,726,742)	196,476,483
Advances for capital stock subscription	18	-	70,603,704	-	70,603,704
Issuance of 77,970,100 shares with Rp 1,000 par value	17	392,794,659	(86,031,242)	-	306,763,416
Loss for the year		-	-	(517,117,698)	(517,117,698)
Other comprehensive income for the year		-	-	2,453,661	2,453,661
Balance as of March 31, 2016		<u>1,300,966,641</u>	<u>70,603,704</u>	<u>(1,312,390,779)</u>	<u>59,179,566</u>

*) As restated (Note 31)

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, 2016

	2016 INR	2015 *) INR
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(516,193,483)	(486,299,600)
Adjustments for:		
Net unrealized loss on derivative liabilities	36,049,105	-
Depreciation and amortization	20,504,050	16,686,769
Provision for after sales service	15,261,248	-
Interest expense	13,962,460	692,212
Provision for impairment losses	8,624,144	-
Provision for post employment benefit obligation	5,107,821	3,528,808
Provision for buyback guarantee	3,168,864	-
Net unrealized loss on foreign exchange	3,081,408	-
Write off of property and equipment	228,713	-
Interest income	(491,419)	(629,274)
Reversal of decline in value of inventories	(756,118)	(1,705,607)
Operating loss before changes in working capital	(411,453,207)	(467,726,691)
Changes in working capital:		
Trade accounts receivable	29,728,401	(91,539,044)
Other accounts receivable	(18,893,661)	(4,500,436)
Inventories	32,398,263	12,554,665
Prepaid taxes	(30,190,762)	(15,155,158)
Other current assets	7,639,694	(8,905,400)
Trade accounts payable	(3,868,624)	(22,069,209)
Other accounts payable	(307,112)	31,896,994
Accrued expenses	(9,316,515)	(5,156,693)
Taxes payable	718,075	(1,324,734)
Cash used in operations	(403,545,448)	(571,925,706)
Income tax paid	(7,741,275)	(5,287,044)
Collection of tax refund	9,744,364	-
Net Cash Used in Operating Activities	(401,542,359)	(577,212,751)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	491,419	629,274
Acquisition of property and equipment	(18,759,793)	(18,622,797)
Net Cash Used in Investing Activities	(18,268,374)	(17,993,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loan	352,733,686	164,827,412
Proceeds from issuance of capital stock	306,763,416	393,462,333
Proceeds from advances for future capital stock subscription	70,603,704	86,031,242
Interest paid	(14,641,445)	-
Repayment of short-term loan payable	(349,256,740)	-
Net Cash Provided by Financing Activities	366,202,621	644,320,988
INCREASE IN CASH AND CASH EQUIVALENTS	(53,608,112)	49,114,714
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	74,795,916	25,681,201
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	21,187,804	74,795,916

*) As restated (Note 31)

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. 9 dated January 19, 2016, concerning the issuance of 77,950,100 shares to PT Tata Motors Indonesia. This changes was reported and acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia through his Letter No. AHU-0007183.AH.01.11 year 2016 dated January 19, 2016.

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, 2016, the Company's management consists of the following:

President Commissioner	:	Mr. Ranjit Singh Yadav
Commissioners	:	Mr. Abhijit Aravind Gajendragadkar
	:	Mr. Ranggannagowda Wasan
President Director	:	Mr. Biswadev Sengupta
Directors	:	Mr. Achmad Djauhari
	:	Mr. Pankaj Jain

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

a. Standards effective in the current period

In the current year, the Company has adopted the following new and revised standards and interpretations issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting periods beginning on January 1, 2015.

- PSAK 1 (revised 2013), Presentation of Financial Statements

The amendments to PSAK 1 introduce new terminology for the statement of comprehensive income. Under the amendments to PSAK 1, the statement of comprehensive income is renamed as a "statement of profit or loss and other comprehensive income". The amendments to PSAK 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to PSAK 1, require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (1) items that will not be reclassified subsequently to profit or loss; and (2) items that may be reclassified subsequently to profit or loss when specific conditions are met.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Also relevant to the Company is the amendment to PSAK 1 regarding when a statement of financial position as of the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position.

In the current year, the Company has applied a number of new and revised PSAK (see discussion below). In accordance with the amendments to PSAK 1, the Company has presented a third statement of financial position as of April 1, 2014/March 31, 2014 without the related notes except for the disclosure requirements of PSAK 25, Accounting Policies, Changes in Accounting Estimates and Errors.

- PSAK 24 (revised 2013), Employee Benefits

The amendments to PSAK 24 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of PSAK 24 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of PSAK 24 are replaced with a "net interest" amount under PSAK 24 (revised 2013) which is calculated by applying the discount rate to the net defined benefit liability or asset.

These changes have had an impact on the amounts recognized in profit or loss and other comprehensive income in prior years. In addition, PSAK 24 (revised 2013) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of PSAK 24 (revised 2013). The Company has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (Note 31).

Impact on the financial statements as of and for the year ended March 31, 2015 and statement of financial position as of April 1, 2014/March 31, 2014 are disclosed in Note 31.

The following new and revised standards and interpretations effective in the current period have no material impact on the disclosures or on the amounts recognized in the financial statements are as follows:

- PSAK 4 (revised 2013), Separate Financial Statements
- PSAK 15 (revised 2013), Instruments in Associates and Joint Ventures
- PSAK 46 (revised 2014), Income Taxes
- PSAK 48 (revised 2014), Impairment of Assets
- PSAK 50 (revised 2014), Financial Instruments : Presentation
- PSAK 55 (revised 2014), Financial Instruments : Recognition and Measurement

- PSAK 60 (revised 2014), Financial Instruments : Disclosures
- PSAK 65, Consolidated Financial Statements
- PSAK 66, Joint Arrangements
- PSAK 67, Disclosures of Interest in Other Entities
- PSAK 68, Fair value Measurements
- ISAK 26, Reassessment of Embedded Derivatives

b. Standards and interpretations issued not yet adopted

Standard and improvements to standards effective for periods beginning on or after January 1, 2016, with early application permitted as are follows:

Standard

- PSAK 110 (revised 2015): Accounting for Sukuk.

Improvements

- PSAK 5: Operating Segments,
- PSAK 7: Related Party Disclosures,
- PSAK 13: Investments Property,
- PSAK 16: Property, Plant and Equipment,
- PSAK 19: Intangible Assets,
- PSAK 22: Business Combination,
- PSAK 25: Accounting Policies, Changes in Accounting Estimates and Errors,
- PSAK 53: Share-based Payments, and
- PSAK 68: Fair Value Measurement.

Amendments to standards and interpretation which are effective for periods beginning on or after January 1, 2016, with retrospective application are as follows:

- PSAK 4: Separate Financial Statements about Equity Method in Separate Financial Statements,
- PSAK 15: Investment in Associates and Joint Venture about Investment Entities: Applying the Consolidation Exception,
- PSAK 24: Defined Benefit Plans: Employee Contributions,
- PSAK 65: Consolidation Financial Statements about Investment Entities: Applying the Consolidation Exception,
- PSAK 67: Disclosures of Interest in Other Entities about Investment Entities: Applying the Consolidation Exception, and
- ISAK 30: Levies.

The amendments to standards effective for periods beginning on or after January 1, 2016, with amendments to be applied prospectively are as follows:

- PSAK 16: Property, Plant and Equipment about Clarification of Acceptable Methods of Depreciation and Amortization,
- PSAK 19: Intangible Asset about Clarification of Acceptable Methods of Depreciation and Amortization, and
- PSAK 66: Joint Arrangements about Accounting for Acquisitions of Interests in Joint Operation.

Amendments to standard and interpretation effective for periods beginning on or after January 1, 2017, with early application permitted are amendments to PSAK 1: Presentation of Financial Statements about Disclosure Initiative and ISAK 31, Scope Interpretation of PSAK 13: Investment property.

Standard and amendment to standard effective for periods beginning on or after January 1, 2018 with early application permitted are PSAK 69: Agriculture and amendments to PSAK 16: Plant, Property and Equipment about Agriculture: Bearer Plants.

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 estimate 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.

These financial statements are not intended to present the financial position, financial performance and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of PSAK 30, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PSAK 14 or value in use in PSAK 48.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

c. Foreign Currency Transactions and Balances

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).

All transactions with related parties, whether or not made at similar terms and conditions as those done with third parties, are disclosed in the financial statements.

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 for 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-organisation.

For 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.

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 collateralised 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.

Reclassification of Financial Liabilities

The Company is not allowed to reclassify any financial liabilities from or to a group of FVTPL financial liabilities.

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"). 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 retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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 is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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.

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.

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 (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss.

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 the 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 immediately in earnings.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in earnings.

A derivative is presented as non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 (twelve) months and is not expected to be realized or settled within 12 (twelve) months. Other derivatives are presented as current assets or current liabilities.

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, 2016	March 31, 2015
	INR	INR
Cash on hand	21,258	20,929
Cash in banks		-
Indonesian Rupiah	14,470,756	26,082,474
US Dollar	6,091,103	27,931,616
Time deposits	604,686	20,760,897
Total	<u>21,187,804</u>	<u>74,795,916</u>

PT. TATA MOTORS DISTRIBUSI INDONESIA
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

Time deposits denominated in Rupiah, earns interest at an annual rate ranging from 5.4% to 7.50% in 2016 and 5.4% to 7.75% in 2015.

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.

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

	March 31, 2016	March 31, 2015
	INR	INR
Not yet due	18,709,792	84,716,430
Past due:		
Under 90 days	36,169,907	15,045,689
91-180 days	17,895,120	7,192,058
more than 180 days	15,716,186	11,265,229
Total	<u>88,491,005</u>	<u>118,219,406</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 INR 80,927,689 and INR 109,370,173 as of March 31, 2016 and 2015.

Management believes that all receivables are collectible thus no allowance for impairment losses is required to cover possible losses from the non-collectible accounts. Management also believes that there are no significant concentrations of credit risk in third party receivables as the customer base is large and unrelated.

7. OTHER ACCOUNTS RECEIVABLE FROM A RELATED PARTY

As of March 31, 2016 and 2015, 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.

PT. TATA MOTORS DISTRIBUSI INDONESIA
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

8. INVENTORIES

	March 31, 2016	March 31, 2015
	<u>INR</u>	<u>INR</u>
Vehicles	203,589,477	241,092,584
Spare parts	39,895,136	34,790,292
Total	243,484,613	275,882,876
Allowance in decline in value	-	(756,118)
Net	<u>243,484,613</u>	<u>275,126,758</u>

Movements in the allowance in decline in value follows:

	March 31, 2016	March 31, 2015
	<u>INR</u>	<u>INR</u>
Beginning balance	756,118	2,461,724
Provision during year	-	756,118
Reversal during the year	(756,118)	(2,461,724)
Ending Balance	<u>-</u>	<u>756,118</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 INR 292,910,053 as of March 31, 2016 and with PT. Asuransi Indrapura against earthquake, flood and RSCC (Riots, Strike, and Civil Commotions) for INR 296,195,515 as of March 31, 2015. Marine cargo of inventories were insured with PT. Asuransi Rama Satria for US\$ 2,000,000 as of March 31, 2016 and 2015.

9. PREPAID TAXES

	March 31, 2016	March 31, 2015
	<u>INR</u>	<u>INR</u>
Overpayment of corporate income tax		
2016	7,741,275	-
2015	5,279,305	5,287,044
2014	-	9,736,624
Value added tax (VAT) - net		
Total	14,537,582	15,155,158
Less current maturities	78,275,502	47,467,165
	105,833,664	77,645,991
Noncurrent portion	<u>14,537,582</u>	<u>(32,312,008)</u>

In July 2015, the Company received tax assessment letter from the Tax Authority approving the overpayment of 2014 corporate income tax amounted to INR 9,723,638 and the difference with recorded balance was charged to profit or loss. The Company received the refund on September 2, 2015.

PT. TATA MOTORS DISTRIBUSI INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

10. PROPERTY AND EQUIPMENT

	April 1, 2016	Additions	Deduction	Reclassification	March 31, 2016
	INR	INR	INR	INR	INR
Cost:					
IT equipment	6,248,054	276,402	-	-	6,524,457
Furniture and fixtures and office equipment	24,929,618	11,258,275	-	166,289	36,354,181
Vehicles	9,095,228	2,634,120	-	-	11,729,347
Building improvements	5,794,911	-	-	-	5,794,911
Tools	530,898	2,308,078	228,713	(166,289)	2,443,974
Construction in-progress	-	2,282,919	-	-	2,282,919
Total	46,598,709	18,759,793	228,713	-	65,129,789
Accumulated Depreciation:					
IT Equipment	1,844,247	1,619,350	-	-	3,463,597
Furniture and fixtures and office equipment	3,341,318	4,912,422	-	-	8,253,740
Vehicles	936,247	1,300,884	-	-	2,237,131
Building improvements	48,291	579,491	-	-	627,782
Tools	-	279,066	-	-	279,066
Total	6,170,103	8,691,213	-	-	14,861,317
Net Carrying Value	40,428,605				50,268,472

	April 1, 2015	Additions	Reclassification	March 31, 2015
	INR	INR	INR	INR
Cost:				
IT equipment	4,331,548	505,375	1,411,132	6,248,054
Furniture and fixtures and office equipment	13,878,368	9,082,075	1,969,175	24,929,618
Vehicles	5,255,901	1,771,769	2,067,558	9,095,228
Building improvements	-	5,794,911	-	5,794,911
Construction in-progress	7,798,109	1,468,667	(8,735,878)	530,898
Total	31,263,925	18,622,797	(3,288,013)	46,598,709
Accumulated Depreciation:				
IT Equipment	576,463	1,267,784	-	1,844,247
Furniture and fixtures and office equipment	669,641	2,671,678	-	3,341,318
Vehicles	-	936,247	-	936,247
Building improvements	-	48,291	-	48,291
Total	1,246,104	4,923,999	-	6,170,103
Net Carrying Value	30,017,821			40,428,605

Depreciation expense recognized as part of general and administrative expenses amounted of INR 8,691,213 and INR 4,923,999 in 2016 and 2015 respectively. Loss on disposal amounted to INR 228,713 in 2016.

Construction in progress represents building under construction for the expansion of the Company, which are estimated to be completed by end of 2016.

Vehicles were insured with PT Asuransi Asoka Mas and PT. Asuransi Rama Satria Wibawa 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 INR 8,224,394 and INR 6,200,554 as of March 31, 2016 and 2015, respectively.

11. OTHER NONCURRENT ASSETS

This account represents system software with movements are as follows:

	March 31, 2016 <u>INR</u>	March 31, 2015 <u>INR</u>
Cost:		
Beginning balance	47,251,347	43,963,333
Additions	-	3,288,013
Ending balance	<u>47,251,347</u>	<u>47,251,347</u>
Accumulated Amortization:		
Beginning balance	15,651,462	3,888,693
Additions	11,812,837	11,762,770
Ending balance	<u>27,464,299</u>	<u>15,651,462</u>
Net carrying amount	<u>19,787,048</u>	<u>31,599,884</u>

Amortization expense recognized as part of general and administrative expenses amounted of INR 11,812,837 and INR 11,762,770 in 2016 and 2015, respectively.

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, 2016 <u>INR</u>	March 31, 2015 <u>INR</u>
Related parties		
TML	40,242,243	18,653,914
Tata Technologies Limited (TTL)	2,051,843	3,304,658
	<u>42,294,086</u>	<u>21,958,572</u>
Third parties	<u>67,208,467</u>	<u>76,701,719</u>

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, 2016 and 2015 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

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 foreign currencies in exchange for Rupiah. The maturity date of the contracts ranges from April 2016 to September 2016.

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

	March 31, 2016		March 31, 2015	
	Total notional amount	Fair value INR	Total notional amount INR	Fair value INR
Forward contracts buy Rupiah	US\$ 2,863,749	(2,680,771)	-	-
Forward contracts buy US\$	INR 784,448,208	(33,368,334)	-	-
Total fair value		<u>(36,049,105)</u>		<u>-</u>
Presented on financial position as:				
Current liabilities		<u>(36,049,105)</u>		<u>-</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 INR 36 million loss and Rp Nil for the year ended March 31, 2016 and 2015, 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

	2016 INR	2015 INR
Current portion		
After sales service	19,970,180	9,375,712
Marketing cost	10,794,972	11,215,217
Buy back guarantee (Note 27)	8,355,906	6,413,643
Bonus	7,539,419	9,795,221
Professional fees	2,109,021	-
Transportation and logistics	1,009,158	2,486,603
Others	2,754,717	4,511,310
Total	<u>52,533,374</u>	<u>43,797,706</u>
Noncurrent portion		
Warranty	<u>2,086,168</u>	<u>1,708,239</u>

PT. TATA MOTORS DISTRIBUSI INDONESIA
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

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, 2016 INR	March 31, 2015 INR
Income taxes		
Article 4(2)	541,621	303,191
Article 21	1,056,389	496,611
Article 22	73,311	240,870
Article 23	322,968	235,542
Total	<u>1,994,289</u>	<u>1,276,214</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 the 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 more drawdowns and the drawdown can be made in US\$ or Rupiah.

As of March 31, 2016 and 2015, the outstanding loan balance amounted to INR 171,398,994 and US\$ 2,510,499 or equivalent to INR 165,519,624 respectively. As of March 31, 2016 and 2015, the outstanding loan balance includes accrued interest amounting to INR 71,203 and INR 692,212 respectively.

18. CAPITAL STOCK

Name of Stockholders	2016		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital INR
Tata Motors Indonesia	258,165,975	99.99%	1,300,911,943
TML Holdings Pte. Ltd.	10,855	0.01%	54,699
Total	<u>258,176,830</u>	<u>100%</u>	<u>1,300,966,641</u>

PT. TATA MOTORS DISTRIBUSI INDONESIA
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

Name of Stockholders	2015		Total Paid-up Capital INR
	Number of Shares	Percentage of Ownership	
Tata Motors Indonesia	180,215,875	99.99%	908,117,284
TML Holdings Pte. Ltd.	10,855	0.01%	54,699
Total	<u>180,226,730</u>	<u>100%</u>	<u>908,171,983</u>

During 2014, the Company received advances for capital stock subscription from its stockholders amounting to INR 503,554,447 which was converted into capital stock after receiving approval from Minister of Justice and Human Rights of the Republic of Indonesia thru his letter No AHU-17197.AH.01.02 year 2014 dated July 15, 2014 and No. AHU-0002303.AH.01.02 year 2015 dated February 12, 2015. As a result of this approval, the total capital stock subscription was converted to capital stock. The Company also received additional capital amounting to INR 393,462,333 as of March 31, 2015.

On January 12, 2015 and November 6, 2014, the Company received advance for capital stock subscription from TMI amounting to INR 18,911,565 and INR 67,119,678 respectively.

Based on Notarial Deed No. 9 dated January 19, 2016 of Fardian S.H. notary public in Jakarta, the shareholders of the Company agreed to increase the subscribed and paid up capital from 180,226,730 shares to 258,176,830 shares by issuing 77,950,100 shares to TMI. The notarial deed was approved by BKPM and Minister of Justice and Human Rights of the Republic of Indonesia thru his letter NO. 16/1/IP-PB/PMA/2015 dated January 7, 2016 and No. AHU-007183/AH.01.11 year 2016 dated January 19, 2016. As a result of this approval, the advances for future capital stock subscription as of March 31, 2015 amounting to INR 86,031,242 was converted to capital stock. The Company also received additional capital stock subscription totaling to INR 306,763,417 in June and September 2015.

19. ADVANCES FOR FUTURE CAPITAL STOCK SUBSCRIPTION

On March 1, 2016, the Company received INR 70,603,704 from TMI which are intended as advances for capital stock subscription. As of the issuance date of the financial statements, the notarial deed and other legal documents are still in process.

20. SALES

	2016 INR	2015 INR
Vehicles	542,272,525	471,343,036
Spareparts	17,453,704	10,157,436
Total	<u>559,726,228</u>	<u>481,500,472</u>

PT. TATA MOTORS DISTRIBUSI INDONESIA
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

21. COST OF SALES

	<u>2016</u>	<u>2015</u>
	INR	INR
Vehicles	538,158,547	490,052,096
Spareparts	<u>11,782,359</u>	<u>11,139,327</u>
Total	<u><u>549,940,906</u></u>	<u><u>501,191,423</u></u>

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

22. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2016</u>	<u>2015 *)</u>
	INR	INR
Salaries and employee benefits (Note 25)	112,193,029	93,172,194
Rental (Note 27)	64,566,296	52,437,239
Transportation, logistics, and trials	46,687,883	43,646,998
Office expenses	20,533,610	24,828,169
Depreciation and amortization (Note 10 and 11)	20,504,050	16,686,769
After sales service	11,699,663	6,140,228
Professional fees	8,778,022	11,306,582
Utilities	5,856,210	3,516,332
Others	<u>4,829,431</u>	<u>4,308,397</u>
Total	<u><u>295,648,195</u></u>	<u><u>256,042,908</u></u>

*) As restated (Note 31)

23. SELLING EXPENSES

	<u>2016</u>	<u>2015</u>
	INR	INR
Marketing and promotion (Note 27)	134,602,751	157,321,059
Sponsorship	42,016,712	40,838,326
Others	<u>10,408,560</u>	<u>5,360,158</u>
Total	<u><u>187,028,024</u></u>	<u><u>203,519,543</u></u>

24. TAXATION

The Company's income tax pertains to deferred tax expense in 2016 and 2015.

Current Tax

	2016 INR	2015 *) INR
Loss before income tax per statement of comprehensive income	(516,193,483)	(486,299,600)
Temporary differences:		
Provision for post-employment benefit	5,107,821	3,528,808
Property and equipment and system software	(3,696,860)	(2,278,714)
Provision for decline in value of inventories	0	(1,705,607)
Other provisions	70,135,658	26,851,766
Total	71,546,619	26,396,254
Permanent differences:		
Benefits in kind	36,507,209	22,947,937
Non-deductible expenses	162,037	0
Interest income subject to final tax	(491,419)	(629,274)
	36,177,827	22,318,663
Fiscal loss before fiscal loss carryforward	(408,469,037)	(437,584,683)
Fiscal loss carryforward		
2015	(437,584,683)	
2014	(282,411,583)	(282,411,583)
2013	(1,424,454)	(1,424,454)
Accumulated fiscal losses	(1,129,889,757)	(721,420,720)

*) As restated (Note 31)

No current tax expense was provided as the Company incurred fiscal loss in 2016 and 2015 amounting to INR 408,469,037 and INR 437,584,683 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, 2016 and 2015, 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, 2016 and 2015 amounting to INR 1,676,966 and INR 752,751 respectively, pertains to the difference between the carrying amounts of property and equipment per fiscal and per commercial.

PT. TATA MOTORS DISTRIBUSI INDONESIA
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

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 & other comprehensive income is as follows:

	<u>2016</u>	<u>2015</u>
	INR	INR
Loss before income tax per statement of profit or loss & other comprehensive income	<u>(516,193,483)</u>	<u>(486,299,600)</u>
Tax benefit at enacted tax rates	<u>(129,048,371)</u>	<u>(121,574,900)</u>
Tax effect of permanent differences:		
Benefits in kind	9,126,802	5,736,984
Non-deductible expenses	40,509	
Interest income subject to final tax	(122,855)	(157,319)
Subtotal	<u>9,044,457</u>	<u>5,579,666</u>
Unrecognized deferred tax	<u>120,928,129</u>	<u>116,564,913</u>
Tax Expense	<u>924,215</u>	<u>569,678</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, longevity 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.

Longevity risk

The present value of the defined benefits obligation is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants 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.

PT. TATA MOTORS DISTRIBUSI INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

Amounts recognized in comprehensive income in respect of these post-employment benefits are as follows:

	<u>2016</u> INR	<u>2015 *)</u> INR
Service Cost		
Current service cost	4,489,887	2,741,068
Interest cost	617,934	301,507
Transfer-in	-	486,233
	<u>5,107,821</u>	<u>3,528,808</u>
Components of defined benefit costs recognised in profit or loss		
	<u>5,107,821</u>	<u>3,528,808</u>
Remeasurement on the net defined benefit liability:		
Actuarial (gains) and losses arising from changes in demographic assumptions	(247,040)	-
Actuarial (gains) and losses arising from changes in financial assumptions	(1,398,554)	2,238,267
Actuarial (gains) and losses arising from experience adjustments	(808,068)	(895,510)
	<u>(2,453,661)</u>	<u>1,342,756</u>
Components of defined benefit costs recognised in other comprehensive income		
	<u>(2,453,661)</u>	<u>1,342,756</u>
Total	<u><u>2,654,160</u></u>	<u><u>4,871,565</u></u>

*) As restated (Note 31)

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

	<u>March 31,</u> 2016 INR	<u>March 31,</u> 2015 *) INR
Opening defined benefit obligation	7,948,798	3,077,234
Current service cost	4,489,887	2,741,068
Interest cost	617,934	301,507
Net transfer in	-	486,233
Remeasurement on the net defined benefit liability:		
Actuarial (gains) and losses arising from changes in demographic assumptions	(247,040)	-
Actuarial (gains) and losses arising from changes in financial assumptions	(1,398,554)	2,238,267
Actuarial (gains) and losses arising from experience adjustments	(808,068)	(895,510)
	<u>(808,068)</u>	<u>(895,510)</u>
Closing defined benefit obligation	<u><u>10,602,958</u></u>	<u><u>7,948,798</u></u>

*) As restated (Note 31)

PT. TATA MOTORS DISTRIBUSI INDONESIA
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

As of March 31, 2016 and 2015, the effect of 1% movement in assumed discount rate and salary incremental rate on present value of defined benefit obligation is as follows:

	<u>Increase</u> INR <i>million</i>	<u>Decrease</u> INR <i>million</i>	<u>Increase</u> INR <i>million</i>	<u>Decrease</u> INR <i>million</i>
Discount rate	(1,226)	1,426	(954)	1,115
Salary incremental rate	1,423	(1,245)	1,102	(961)

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 history of experience adjustments is as follows:

	<u>2016</u> INR	<u>March 31</u> <u>2015 *)</u> INR	<u>2014 *)</u> INR
Present Value of Unfunded Obligation	<u>10,602,958</u>	<u>7,948,798</u>	<u>3,077,234</u>
Experience adjustment on obligation - gain (loss)	<u>808,068</u>	<u>895,510</u>	<u>515,163</u>

) As restated (Note 31)

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:

	<u>2016</u>	<u>2015</u>
Discount rate	8.9% per annum	7.8% per annum
Salary increment rate	8% per annum	8% per annum
Mortality rate	USA Table of Mortality, Commissioners' Standard Ordinary 1980 (CSO '80)	USA Table of Mortality, Commissioners' Standard Ordinary 1980 (CSO '80)
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 2016 and 2015. 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 INR 8,136,142 and INR 7,433,086 for 2016 and 2015, 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. As of the issuance date of the financial statements, the extension agreement is still in process. Rental expense recognized from this agreement amounted to INR 11,280,308 and INR 10,752,924 in 2016 and 2015, 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. 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 INR 5,106,680 and INR 4,507,146 in 2016 and 2015, 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. 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 INR 11,928,496 and INR 10,725,120 in 2016 and 2015, respectively.

- f. During 2015 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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015, the Company had monetary assets and liabilities denominated in foreign currencies as follows:

		2016		2015	
		In Original Currency	Equivalent in INR	In Original Currency	Equivalent in INR
ASSETS					
Cash and cash equivalents	US\$	91,050	6,091,103	423,649	27,931,616
Other accounts receivable					
Related party	US\$	219,084	14,656,374	150,668	9,933,682
Third party	US\$	500	33,449	-	-
Other current asset	US\$	29,444	1,969,725	-	-
Total Assets			<u>22,750,651</u>		<u>37,865,298</u>
LIABILITIES					
Trade accounts payable	US\$	1,402,570	93,829,775	2,017,237	143,777,762
Other accounts payable					
Related parties	US\$	380,829	25,476,853	280,998	18,526,442
Third parties	US\$	496,474	33,991,083	57,783	3,809,689
Short-term bank loans	US\$	-	-	12,651	165,519,624
Total Liabilities			<u>153,297,712</u>		<u>331,633,517</u>
Net Liabilities			<u>(130,547,061)</u>		<u>(293,768,219)</u>

The conversion rates per US\$ used by the Company at March 31, 2016 and 2015 and the prevailing rates on May 17, 2016 are Rp 13,276, Rp 13.084 and Rp 13,278, respectively.

29. CATEGORIES AND CLASSES OF FINANCIAL INSTRUMENTS

	March 31, 2016 INR	March 31, 2015 INR
Financial Asset		
<u>Loans and receivables</u>		
Cash and cash equivalents	21,187,804	74,795,916
Trade accounts receivable	88,491,005	118,219,406
Other accounts receivable	22,897,629	12,628,112
Other current assets	21,833,502	7,646,842
Total	<u>154,409,940</u>	<u>213,290,276</u>
Financial Liabilities		
<u>Current liabilities at amortized cost</u>		
Trade accounts payable	139,909,138	143,777,762
Other accounts payable	98,353,179	98,660,291
Accrued expenses	52,533,374	43,797,706
Short-term bank loan	171,398,994	165,519,624
<u>Current liabilities at FVTPL</u>		
Derivative liabilities	36,049,105	-
<u>Noncurrent liabilities at amortized cost</u>		
Accrued expenses	2,086,168	1,708,239
Total	<u>500,329,958</u>	<u>453,463,623</u>

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, 2016 and 2015 are as follows:

	March 31, 2016	March 31, 2015
Debt	171,398,994	165,519,624
Cash and cash equivalents	(21,187,804)	(74,795,916)
Net debt	150,211,190	90,723,709
Equity	59,179,566	196,476,483
Net debt to equity ratio	254%	46%

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 2016 and 2015. 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.

	2016	
	Increase (decrease) in percentage	Increase (decrease) on loss before tax INR
US Dollar	4.00% (4.00%)	5,221,882 (5,221,882)
	2015	
	Increase (decrease) in percentage	Increase (decrease) on loss before tax INR
US Dollar	8.00% (8.00%)	23,501,458 (23,501,458)

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	1 to 3 months	3 months to	1 to 5 years	Total
	interest rate		1 year		
March 31, 2016		INR	INR	INR	INR
Non-interest bearing					
Trade accounts payable		139,909,138	-	-	139,909,138
Other accounts payable					
Related parties		31,144,713	-	-	31,144,713
Third parties		67,208,467	-	-	67,208,467
Derivative liabilities		36,049,105	-	-	36,049,105
Accrued expenses		45,444,551	7,088,823	2,086,168	54,619,542
Interest bearing					
Short term bank loan	9.60% - 12.15%	-	173,230,409	-	173,230,409
Total		319,755,974	180,319,232	2,086,168	502,161,374
	Annual	1 to 3 months	3 months to	1 to 5 years	Total
	interest rate		1 year		
March 31, 2015		INR	INR	INR	INR
Non-interest bearing					
Trade accounts payable		143,777,762	-	-	143,777,762
Other accounts payable					
Related parties		21,958,572	-	-	21,958,572
Third parties		76,701,719	-	-	76,701,719
Accrued expenses		28,008,351	15,789,355	1,708,239	45,505,945
Interest bearing					
Short term bank loan	3.30% - 3.40%	-	166,343,761	-	166,343,761
Total		270,446,405	182,133,116	1,708,239	454,287,760

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.

PT. TATA MOTORS DISTRIBUSI INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

	Annual interest rate %	Less than 3 months INR	3 months to 1 year	Total INR
March 31, 2016				
Variable interest bearing				
Cash in banks	0.25% - 3.00%	20,716,073	-	20,716,073
Fixed interest bearing				
Time deposit	5.40% - 7.50%	616,024	-	616,024
Noninterest-bearing				
Cash on hand		21,258	-	21,258
Trade accounts receivable		88,491,005	-	88,491,005
Other accounts receivable				
Related party		14,656,374	-	14,656,374
Third parties		8,241,255	-	8,241,255
Other current assets		-	990,479	990,479
Total		132,741,990	990,479	133,732,469

	Annual interest rate %	Less than 3 months INR	3 months to 1 year	Total INR
March 31, 2015				
Variable interest bearing				
Cash in banks	0.5% - 1.25%	54,182,883	-	54,182,883
Fixed interest bearing				
Time deposit	5.40% - 7.75%	21,163,139	-	21,163,139
Noninterest-bearing				
Cash on hand		20,929	-	20,929
Trade accounts receivable		118,219,406	-	118,219,406
Other accounts receivable				
Related party		9,933,682	-	9,933,682
Third parties		2,694,430	-	2,694,430
Other current assets		-	7,646,842	7,646,842
Total		206,214,470	7,646,842	213,861,312

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>
	INR	INR	INR	INR
March 31, 2016				
Liability measured at Fair Value				
Derivative liabilities	-	36,049,105	-	36,049,105

The fair value of the Company's financial assets and liabilities, except cash in banks and time deposits are measured using input level 3 which include inputs for the financial assets or liability that are not based on observable market data. Cash in banks and time deposits are measured using input level 2 which include other than quoted prices included within Level 1, that are observable for the financial asset or liability, either directly or indirectly.

30. RESTATEMENT AND RECLASSIFICATION OF THE FINANCIAL STATEMENTS

As described in Note 2 to the financial statements, the Company restated its statement of financial position as of March 31, 2015 and April 1, 2014/ March 31, 2014 and statement of profit or loss and other comprehensive income for the year ended March 31, 2015 due to adoption of PSAK 24 (revised 2013), Employee Benefits. The Company also made reclassifications for prepaid tax from current to non current to conform with the presentation as of March 31, 2016.

PT. TATA MOTORS DISTRIBUSI INDONESIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

The following is the summary of the accounts in the statements of financial position as of March 31, 2015 and April 1, 2014/ March 31, 2014 before and after restatements and reclassification:

	March 31, 2015			
	As previously reported	PSAK 24 (revised 2013) adjustment	Reclassification	As restated
	INR	INR	INR	INR
STATEMENTS OF FINANCIAL POSITION				
ASSETS				
CURRENT ASSETS				
Prepaid taxes	77,645,991	-	(67,909,367)	9,736,624
Total Current Assets	587,889,379	-	(67,909,367)	519,980,012
NONCURRENT ASSETS				
Prepaid taxes	-	-	67,909,367	67,909,367
Total Noncurrent Assets	71,955,972	-	67,909,367	139,865,339
TOTAL ASSETS	659,917,869	-	-	659,917,869
LIABILITIES AND EQUITY				
NONCURRENT LIABILITIES				
Employee benefits obligation	8,463,910	(515,112)	-	7,948,798
Total Noncurrent Liabilities	10,924,900	(515,112)	-	10,409,788
EQUITY				
Deficit	(798,241,854)	515,112	-	(797,726,742)
Total Equity	195,961,371	515,112	-	196,476,483
TOTAL LIABILITIES AND EQUITY	659,917,869	-	-	659,917,869
STATEMENTS OF FINANCIAL POSITION				
ASSETS				
CURRENT ASSETS				
Prepaid taxes	57,203,789	-	(57,203,789)	-
Total Current Assets	424,236,641	-	(57,203,789)	367,032,852
NONCURRENT ASSETS				
Prepaid taxes	-	-	57,203,789	57,203,789
Total Noncurrent Assets	70,092,462	-	57,203,789	127,296,251
TOTAL ASSETS	494,329,103	-	-	494,329,103
LIABILITIES AND EQUITY				
NONCURRENT LIABILITIES				
Employee benefits obligation	4,900,212	(1,822,978)	-	3,077,234
Total Noncurrent Liabilities	5,577,111	(1,822,978)	-	3,754,133
EQUITY				
Deficit	-	1,822,978	-	1,822,978
Total Equity	203,371,964	1,822,978	-	205,194,943
TOTAL LIABILITIES AND EQUITY	494,329,103	-	-	494,329,103

PT. TATA MOTORS DISTRIBUSI INDONESIA
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2016 AND FOR THE YEAR THEN ENDED (Continued)

The following is the summary of the classes of transactions of the statement of profit or loss and other comprehensive income for the year ended March 31, 2015 before and after restatements:

	March 31, 2015		
	As previously reported	PSAK 24 (revised 2013) adjustment	As restated
	INR	INR	INR
<u>IMPACT ON PROFIT FOR THE YEAR</u>			
General and administrative expenses	(249,902,680)	34,890	(249,867,790)
PROFIT (LOSS) FOR THE YEAR	(486,334,490)	34,890	(486,299,600)
<u>IMPACT ON OTHER COMPREHENSIVE INCOME FOR THE YEAR</u>			
OTHER COMPREHENSIVE INCOME ITEM THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Actuarial loss on defined benefit obligation	-	(1,342,756)	1,342,756
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(1,342,756)	1,342,756

31. MANAGEMENT RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 1 to 39 were the responsibilities of the management, and were approved by the Directors and authorized for issue on May 17, 2016.

32. CONVERSION RATE ON FINANCIALS

The financial information is expressed in IDR only in the audited Accounting packs based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirement of section 212 of the Indian Companies Act, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate of INR 1 = IDR 198.45 as on March 31, 2016 and March 31, 2015. These translations should not be construed as a representation that any or all the amounts could be converted to Indian Rupees at this or any other rate.
