

***PT. TATA MOTORS INDONESIA  
AND ITS SUBSIDIARY***

CONSOLIDATED FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2015

AND INDEPENDENT AUDITORS' REPORT

PT. TATA MOTORS INDONESIA AND ITS SUBSIDIARY  
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## Independent Auditors' Report

GA115 0585 TMI TLG

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

We have audited the accompanying consolidated financial statements of PT. Tata Motors Indonesia and its subsidiary, which comprise the consolidated statement of financial position as of March 31, 2015 and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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

## Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of PT. Tata Motors Indonesia and its subsidiary as of March 31, 2015, and their financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

## Other Matters

Our audit of the accompanying consolidated financial statements of the Company and its subsidiary as of March 31, 2015 and for the year then ended was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying financial information of the Company (Parent Entity), which consists of the statement of financial position as of March 31, 2015, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended (collectively referred to as "Parent Entity Financial Information"), which is presented as additional information to the accompanying consolidated financial statements, is presented for purposes of additional analysis and is not a required part of the accompanying consolidated financial statements required under Indonesian Financial Accounting Standards. The Parent Entity financial information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity financial information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity financial information is fairly stated in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

OSMAN BING SATRIO & ENY



Tombang Lumban Gaol  
Public Accountant License No. AP.0965

May 18, 2015

PT. TATA MOTORS INDONESIA AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2015

	Notes	2015 INR	2014 INR
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash on hand and in banks	5	97,710,998	37,382,310
Trade accounts receivable	6	111,919,860	25,258,648
Other accounts receivable			
Related parties	7,26	9,404,347	10,287,888
Third parties		3,133,087	1,762,680
Inventories - net of allowance for decline in value of INR 2,330,546 at March 31, 2014	8	260,466,106	270,737,052
Prepaid taxes	9	77,903,655	57,492,141
Prepaid expenses	10	5,687,143	6,044,127
Other current assets		25,787,905	16,657,978
<b>Total Current Assets</b>		<b>592,013,102</b>	<b>425,622,825</b>
<b>NONCURRENT ASSETS</b>			
Property and equipment - net of accumulated depreciation of INR 2,513,358 at March 31, 2014 and INR 239,608 at March 31, 2013	11	45,803,847	38,027,907
Other noncurrent assets	12	40,424,004	50,461,931
<b>Total Noncurrent Assets</b>		<b>86,227,850</b>	<b>88,489,838</b>
<b>TOTAL ASSETS</b>		<b>678,240,952</b>	<b>514,112,664</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade accounts payable - related party	13	136,116,291	157,009,500
Other accounts payable	14		
Related parties	26	50,290,372	85,065,491
Third parties		77,572,469	29,154,805
Accrued expenses	15	44,210,825	57,232,494
Short-term Bank Loan	17	156,699,597	-
Taxes payable	16	1,378,665	2,662,675
<b>Total Current Liabilities</b>		<b>466,268,220</b>	<b>331,124,965</b>
<b>NONCURRENT LIABILITIES</b>			
Noncurrent portion of accrued expenses	15	1,617,212	467,513
Deferred tax liability	24	952,908	244,085
Post-employment benefit obligation	25	12,201,555	8,810,104
<b>Total Noncurrent Liabilities</b>		<b>14,771,675</b>	<b>9,521,701</b>
<b>EQUITY</b>			
Capital stock - Rp 8,855 par value per share			
Authorized - 45,000,000 shares in 2015 and 10,000,000 shares in 2014			
Subscribed and paid-up - 32,802,539 shares in 2015 and 9,384,941 shares in 2014	18	1,385,681,151	396,449,063
Additional paid-in capital	19	274,389	274,306
Share in Changes in equity in a subsidiary		(2,623,482)	-
Advances for future capital stock subscription	18	-	444,136,757
Deficit		(1,186,086,121)	(666,257,382)
<b>Equity attributable to the owners of the Company</b>		<b>197,245,937</b>	<b>174,602,744</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>(44,880)</b>	<b>(1,136,747)</b>
<b>Total Equity</b>		<b>197,201,058</b>	<b>173,465,997</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>678,240,952</b>	<b>514,112,664</b>

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

PT. TATA MOTORS INDONESIA AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED MARCH 31, 2015

	Notes	2015 INR	2014 INR
NET SALES	20	455,842,804	107,517,421
COST OF GOODS SOLD	21	474,484,486	117,138,061
GROSS LOSS		(18,641,682)	(9,620,640)
General and administrative expenses	22	(299,852,458)	(238,703,974)
Selling expenses	23	(192,674,617)	(169,695,941)
Gain on foreign exchange		(8,803,542)	19,757,375
Bank charges		(655,326)	(513,742)
Interest income		830,168	406,548
Others - net		(863,615)	(106,526)
LOSS BEFORE INCOME TAX		(520,661,072)	(398,476,900)
TAX EXPENSE - DEFERRED	24	708,823	244,085
NET LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		<u>(521,369,895)</u>	<u>(398,720,985)</u>
NET LOSS AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		(519,828,739)	(397,547,389)
Non-controlling interests		<u>(1,541,156)</u>	<u>(1,173,596)</u>
NET LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		<u>(521,369,895)</u>	<u>(398,720,985)</u>

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

PT. TATA MOTORS INDONESIA AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED MARCH 31, 2015

	Notes	Capital stock INR	Additional paid-in capital INR	Advances for future capital stock subscription INR	Deficit INR	Share in changes in equity in the subsidiaries INR	Equity attributable to owners of the Company INR	Non-controlling interests INR	Total Equity INR
Balance as of April 1, 2013		133,065,786	274,306	263,383,277	(268,709,992)	-	128,013,376	36,849	128,050,225
Issuance of 6,234,941 shares with Rp 8,855 par value per share	18	263,383,277	-	(263,383,277)	-	-	-	-	-
Shares of non-controlling interest		-	-	-	-	-	-	-	-
Advances for future capital stock subscription	18	-	-	444,136,757	-	-	444,136,757	-	444,136,757
Net loss and total comprehensive income for the year		-	-	-	(397,547,389)	-	(397,547,389)	(1,173,596)	(398,720,985)
Balance as of March 31, 2014		396,449,063	274,306	444,136,757	(666,257,382)	-	174,602,744	(1,136,747)	173,465,997
Issuance of 23,417,598 shares with Rp 8,855 par value per share	18	989,232,088	83	(444,136,757)	-	-	545,095,414	-	545,095,414
Increase in shares of noncontrolling interests		-	-	-	-	-	-	9,541	9,541
Dilution of minority share	19	-	-	-	-	(2,623,482)	(2,623,482)	2,623,482	-
Net loss and total comprehensive income for the year		-	-	-	(519,828,739)	-	(519,828,739)	(1,541,156)	(521,369,895)
Balance as of March 31, 2015		1,385,681,151	274,389	-	(1,186,086,121)	(2,623,482)	197,245,937	(44,880)	197,201,058

PT. TATA MOTORS INDONESIA AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	INR	INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	(520,661,072)	(398,476,900)
Adjustment for:		
Depreciation and amortization	20,041,769	6,801,152
Provision for post-employment benefit obligation	3,391,451	4,132,449
Provision for (reversal of) decline in value of inventories	(1,614,720)	2,330,547
Interest income	(830,168)	(406,548)
Interest expenses	655,326	-
Loss on disposal of office equipment	-	28,553
Operating loss before changes in working capital	(499,017,413)	(385,590,747)
Changes in operating assets and liabilities:		
Trade accounts receivable	(86,661,212)	(25,258,648)
Other accounts receivable	(486,866)	(11,465,637)
Inventories	11,885,665	(271,233,193)
Prepaid taxes	(15,406,199)	(47,627,085)
Prepaid expenses	356,984	6,434,343
Other current assets	(9,129,927)	(13,067,243)
Trade accounts payable	(20,893,209)	157,009,500
Other accounts payable	13,642,546	82,772,550
Taxes payable	(1,284,010)	1,051,725
Accrued expenses	(11,871,970)	36,382,699
Cash Used in Operations	(618,865,610)	(470,591,735)
Income tax paid	(5,005,314)	(9,415,957)
Net Cash Used in Operating Activities	(623,870,924)	(480,007,693)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in other noncurrent assets	102,777	(47,260,792)
Acquisitions of property and equipment	(17,882,559)	(35,775,419)
Interest received	830,168	406,548
Net Cash Used in Investing Activities	(16,949,614)	(82,629,663)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of capital stock	545,095,414	-
Proceeds from loans drawdown	156,044,271	-
Proceeds from advances for future capital stock subscription	-	444,136,757
Shares of non-controlling interest	9,541	-
Net Cash Provided by Investing Activities	701,149,226	444,136,757
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	60,328,688	(118,500,599)
CASH ON HAND AND IN BANKS AT BEGINNING OF THE YEAR	37,382,310	155,882,909
CASH ON HAND AND IN BANKS AT END OF THE YEAR	97,710,998	37,382,310

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

## 1. GENERAL

### a. Establishment and General Information

PT. Tata Motors Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 25 Year 2007, based on notarial deed No. 124, dated November 24, 2011, made before Andalia Farida S.H., M.H., notary public in Jakarta. The deed of establishment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia based on decree No. AHU-64421.AH.01.01 dated December 29, 2011. The publication of the establishment in the State Gazette of the Republic of Indonesia is still in process as of the issuance of these consolidated financial statements. The articles of association have been amended several times, most recently by Notarial Deed No. 27 dated Mach 20, 2015, made before Fardian, S.H., notary public in Jakarta, concerning issuance of additional 6,116,244 shares. This amendment was reported to the Minister of Law and Human Rights of the Republic of Indonesia and has been acknowledged through his Letter No. AHU-AH.01.03-0018476 dated March 23, 2015.

The Company has been in the development stage since its establishment on November 24, 2011. A development stage enterprise will typically be devoting most of its efforts to activities such as financial planning, raising funds, establishing sources of supply, acquiring property, equipment or the operating assets and construction of facilities. Development stage activities will be considered completed upon the commencement of commercial operations of the principal activities. Realization of major portion of the Company's assets is dependent upon the Company's ability to meet its future financing requirements and the success of future operations, the outcome of which cannot be presently determined.

The Company is domiciled in South Jakarta and its office is located in Pondok Indah Office Tower 3 Floor 8 Suite 801A, Jl. Sultan Iskandar Muda Kav.V-TA Pondok Pinang Jakarta Selatan 12310. The Company has 44 and 38 permanent employees as of March 31, 2015 and 2014, respectively.

In accordance with article 3 of the Company's articles of association, the scope of its activities is to engage in the industry of vehicles with four wheel or more, with business activities in manufacturing and/or assembling of vehicles such as sedan, jeep, mini truck, pick up, buses, station wagon, lori, big buses, (omnibuses), fire truck, ambulance, golf car, library car, steel armored car, ATV, go-karts, race car and similar and selling its production as a distributor/wholesaler in domestic or export market.

The Company is one of the companies owned by Tata Motors Limited (TML). As of March 31, 2015, the Company's management consists of the following:

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

### b. Consolidated Subsidiary

As of March 31, 2015 and 2014, the Company has direct ownership interest of 99.99% and 99.6%, respectively, in PT Tata Motors Distribusi Indonesia (TMDI).

TMDI is domiciled in South Jakarta and the scope of its activities is to engage in the wholesale trading and after-sales service with business activities as distributors and importer for new cars, parts; for vehicles with four- wheel or more wheeled vehicles which include engine, gear box, axles and propeller shafts. TMDI started its commercial operations in September 2013 and had total assets of INR 624,752,891 and INR 467,987,8373 as of March 31, 2015 and 2014, respectively.

## **2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (“PSAK”) AND INTERPRETATION OF PSAK (“ISAK”)**

### Standards effective in the current period

In the current year, the Company and its subsidiary (collectively known as the “Group”) has adopted all of the 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 April 1, 2014.

- ISAK 27, Transfers of Assets from Customers
- ISAK 28, Extinguishing Financial Liabilities with Equity Instruments
- ISAK 29, Stripping Cost in the Production Phase of a Surface Mine

The application of these standards has no effect on the amounts reported in the current and prior year because the Group has not entered into any transactions of this nature.

### Standards and interpretation in issue not yet adopted

The following relevant standards and interpretations are in issue but yet adopted by the Company:

- PSAK 1 (revised 2013), Presentation of Financial Statements
- PSAK 4 (revised 2013), Separate Financial Statements
- PSAK 15 (revised 2013), Investments in Associates and Joint Ventures
- PSAK 24 (revised 2013), Employee Benefits
- PSAK 46, Income Taxes
- PSAK 48, Impairment of Assets
- PSAK 50, Financial Instruments : Presentations
- PSAK 55, Financial Instruments: Recognition and Measurement
- PSAK 60, Financial Instruments: Disclosures
- PSAK 65, Consolidated Financial Statements
- PSAK 66, Joint Arrangements
- PSAK 67, Disclosures of Interests in Other Entities
- PSAK 68, Fair Value Measurements
- ISAK 26, Reassessment of Embedded Derivatives

As of the issuance date of the consolidated financial statements, the effect of adoption of these standard and interpretation on the financial statements is not known nor reasonably estimable by management.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **a. Statement of Compliance**

The consolidated financial statements of the Group have been prepared in accordance with Indonesian Financial Accounting Standards. These consolidated financial statements are not intended to present the financial position, result of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

**b. Consolidated Financial Statement Presentation**

The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting. The reporting (presentation) currency used in the preparation of the consolidated financial statements is the Indonesian Rupiah, while the measurement basis is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies.

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

**c. Principles of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments were made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Company.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately and presented within equity. The interest of non-controlling shareholders maybe initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net asset. The choice of measurement is made on acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus non-controlling interests' share of subsequent changes in equity. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having deficit balance.

Changes in the Company's interests in existing subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. When assets of the subsidiary are carried at revalued amount or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable accounting standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PSAK 55 (revised 2011), Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

**d. Foreign Currency Transactions and Balances**

The books of accounts of the Company and TMDI are maintained in Indonesian Rupiah, the currency of the primary economic environment in which the entity operates (its functional currency). Transactions during the year involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At reporting date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are charged to profit or loss.

**e. Transactions with Related Parties**

A related party is a person or entity that is related to the Group (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 in 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 consolidated financial statements.

**f. Financial Assets**

Cash and cash equivalents, except for cash on hand, receivables from customers, other receivables and other current assets are classified into the following categories: financial assets at fair value through profit or loss (FVPTL), available-for-sale financial assets, held-to-maturity investments and loans and receivables.

All financial assets are recognised and derecognised 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 timeframe 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 Group's financial assets as of the reporting dates are classified as loans and receivables.

#### Loans and receivables

Cash and cash equivalents, except for cash on hand, trade receivables, other receivables and other current assets 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 rate method, except for short-term receivables when the recognition of interest would be immaterial.

#### Effective interest method

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

#### Impairment of financial assets

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

The objective evidence of impairment could include:

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

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experiences 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 amortised 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 recognised 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 recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

#### Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

On derecognition of financial asset other than its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group 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.

### **g. Financial Liabilities and Equity Instruments**

#### Classification as debt or equity

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

#### Equity instruments

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

#### Financial Liabilities at amortized cost

Financial liabilities, which include trade and other payables and other borrowings, 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 Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or has expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**h. Netting of Financial Assets and Financial Liabilities**

The Group only offsets financial assets and liabilities and present the net amount in the consolidated statements 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.

**i. Inventories**

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

**j. Prepaid Expenses**

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

**k. 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
Building improvements	Lease term or 10 years whichever is shorter

The estimated useful lives, residual values and depreciation method are reviewed 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.

**l. Other Noncurrent Assets**

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.

**m. Impairment of Non-Financial Assets**

At the end of each reporting date, the Group 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 Group 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. 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed, only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**n. Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

**o. Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating 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.

**p. 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 sale of goods is recognized when all of the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group 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 Group; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Expenses

Expenses are recognized when incurred.

**q. Employee Benefits**

The Group provides post-employment benefits as required under Labor Law No. 13/2003 (the "Labor Law") for all the local permanent employees. No funding of benefits has been made to date.

The cost of providing post-employment benefits is determined using the Projected Unit Credit Method. The accumulated unrecognized actuarial gains and losses that exceed 10% of the greater of the present value of the Group's defined benefit obligations and the fair value of plan assets are recognized on straight-line basis over the expected average remaining working lives of the participating employees (corridor approach). Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of scheme assets.

**r. Income Tax**

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

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the 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 date.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting date, 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 date and reduced to the extent that it is no longer probable that sufficient future 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 Group 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, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

#### **4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES**

In the application of the Group's accounting policies, which are described in Note 3, the directors are 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 judgment that has significant impact on the amounts recognized in the financial statements, apart from those involving estimates, which are dealt with below.

##### **Key Sources of Estimation Uncertainty**

The key assumptions concerning future and other key sources of estimation uncertainty 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 Group 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 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 amounts of receivables are disclosed in Notes 6 and 7.

Allowance for Decline in Value of Inventories

The Group 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 Group's operations.

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

Estimated Useful Lives of Property and Equipment and System Software

The useful life of each item of the Group'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 and 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 and 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. Different realization from the Group's assumptions are accumulated and amortized over the future periods and consequently will affect the expense and liabilities recognized in the future. Although the assumptions of the Group 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 Group.

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, 2015	March 31, 2014
	INR	INR
Cash on hand	31,734	189,510
Cash in banks		
Indonesian Rupiah	25,787,336	7,032,457
US Dollar	39,181,308	30,160,343
Time deposits		
Indonesian Rupiah	20,227,078	-
US Dollar	12,483,542	-
Total	<u>97,710,998</u>	<u>37,382,310</u>

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

Time deposits denominated in US dollar earns interest at an annual rate of 2.5% 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.

Age category follows:

	March 31, 2015	March 31, 2014
	INR	INR
Not yet due	80,202,154	21,441,974
Past due:		
Under 30 days	14,243,951	1,137,208
61-90 days	17,473,755	2,679,467
Total	<u>111,919,860</u>	<u>25,258,648</u>

The average credit period on sales of goods is 30 days. No interests are charged on trade receivables and for the outstanding balance.

In determining the recoverability of a trade receivable, the Group 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 date.

The Group's receivables are secured with post-dated checks (GIRO) amounting to INR 103,542,175 and INR 25,258,648 as of March 31, 2015 and 2014.

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, 2015 and 2014, receivable from a related party pertains to the reimbursement of various charges from TML.

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

**8. INVENTORIES**

	March 31, 2015 <u>INR</u>	March 31, 2014 <u>INR</u>
Vehicles	228,245,508	257,065,189
Spare parts	<u>32,936,425</u>	<u>16,002,409</u>
Total	261,181,933	273,067,598
Allowance in decline in value	<u>(715,827)</u>	<u>(2,330,547)</u>
Net	<u><u>260,466,106</u></u>	<u><u>270,737,052</u></u>

Movements in the allowance in decline in value follows:

	March 31, 2015 <u>INR</u>	March 31, 2014 <u>INR</u>
Beginning balance	2,330,547	-
Provision during year	715,827	2,330,547
Reversal during the year	<u>(2,330,547)</u>	<u>-</u>
Ending Balance	<u><u>715,827</u></u>	<u><u>2,330,547</u></u>

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

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

Inventories were insured with PT. Asuransi Indrapura against earthquake, flood and RSCC (Riots, Strike, and Civil Commotions) for INR 280,412,174 and INR 316,525,140 as of March 31, 2015 and 2014, respectively, and with PT. Asuransi Rama Satria for marine cargo for US\$ 2,000,000 as of March 31, 2015 and 2014.

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**9. PREPAID TAXES**

	March 31, 2015	March 31, 2014
	INR	INR
<u>The Company</u>		
Overpayment of corporate income tax - 2014	198,168	198,168
Value added tax (VAT) In		
2015	1,058,613	-
2014	3,138,397	3,138,397
<u>TMDI</u>		
Overpayment of corporate income tax		
2015	5,005,314	-
2014	9,217,789	9,217,789
VAT In		
2015	14,347,586	-
2014	44,937,787	44,937,787
Total	<u>77,903,655</u>	<u>57,492,141</u>

**10. PREPAID EXPENSES**

This account is composed of prepayment for rental expenses.

**11. PROPERTY AND EQUIPMENT**

	April 1, 2014	Additions	Reclassifications	March 31, 2015
	INR	INR	INR	INR
Cost:				
IT equipment	4,100,733	478,445	1,335,937	5,915,115
Furniture and fixtures and office equipment	23,062,492	8,598,119	2,116,357	33,776,968
Vehicles	4,975,830	1,677,357	1,957,384	8,610,571
Building improvements	-	5,486,118	-	5,486,118
Factory equipment	737,389	-	-	737,389
Construction in-progress	7,664,821	1,642,520	(8,804,396)	502,945
Total	<u>40,541,265</u>	<u>17,882,559</u>	<u>(3,394,718)</u>	<u>55,029,106</u>
Accumulated Depreciation:				
IT equipment	545,745	1,200,228	-	1,745,973
Furniture and fixtures and office equipment	1,937,170	4,395,251	-	6,332,421
Vehicles	-	886,357	-	886,357
Building improvements	-	45,718	-	45,718
Factory equipment	30,443	184,347	-	214,790
Total	<u>2,513,358</u>	<u>6,711,901</u>	<u>-</u>	<u>9,225,259</u>
Net Carrying Value	<u>38,027,907</u>			<u>45,803,847</u>

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	April 1, 2013	Additions	Deduction	March 31, 2014
	INR	INR	INR	INR
Cost:				
IT equipment	-	4,100,733	-	4,100,733
Furniture and fixtures and office equipment	1,637,903	21,475,350	50,761	23,062,492
Vehicles	-	4,975,830	-	4,975,830
Factory equipment	-	737,389	-	737,389
Construction in-progress	-	7,664,821	-	7,664,821
Total	<u>1,637,903</u>	<u>38,954,123</u>	<u>50,761</u>	<u>40,541,265</u>
Accumulated Depreciation:				
IT equipment	-	545,745	-	545,745
Furniture and fixtures and office equipment	239,609	1,719,769	22,208	1,937,170
Factory equipment	-	30,443	-	30,443
Total	<u>239,609</u>	<u>2,295,957</u>	<u>22,208</u>	<u>2,513,358</u>
Net Carrying Value	<u>1,398,294</u>			<u>38,027,907</u>

The Group disposed property and equipment with carrying amount INR 28,553 in 2014. There were no proceeds from the disposal.

Depreciation expense recognized as part of general administrative expenses amounted to INR 6,711,901 and INR 10,953 in 2015 and 2014, respectively.

Construction in progress represents building under construction for the expansion of the Company, which are estimated to be completed by end of 2015.

Vehicles were insured with PT. Asuransi Rama Satria Wibawa against FLEXA (Fire, Lightning, Explosion and Falling of Aircraft), RSMD (Riot, Strike and Malicious Damage) and catastrophe (typhoon, storm, flood, landslide and water damage) for INR 7,365,709 as of March 31, 2015.

## 12. OTHER NONCURRENT ASSETS

	March 31, 2015	March 31, 2014
	INR	INR
System software - net	35,662,974	45,598,124
Deposits	4,761,030	4,863,807
Total	<u>40,424,004</u>	<u>50,461,931</u>

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Movements of system software are as follows:

	March 31, 2015 <u>INR</u>	March 31, 2014 <u>INR</u>
Cost		
Beginning balance	50,114,351	88,255
Additions	<u>3,394,718</u>	<u>50,026,096</u>
Ending balance	<u>53,509,069</u>	<u>50,114,351</u>
Accumulated Amortization:		
Beginning balance	4,516,227	11,032
Additions	<u>13,329,868</u>	<u>4,505,195</u>
Ending balance	<u>17,846,095</u>	<u>4,516,227</u>
Net	<u><u>35,662,974</u></u>	<u><u>45,598,124</u></u>

Amortization expense recognized as part of general administrative expenses amounted to INR 13,329,868 and INR 4,505,195 in 2015 and 2014, respectively.

### 13. 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 60 to 90 days. No interest is charged on past due trade accounts payable.

### 14. OTHER ACCOUNTS PAYABLE

	March 31, 2015 <u>INR</u>	March 31, 2014 <u>INR</u>
Related parties		
TML	47,161,810	65,499,833
Tata Technologies Limited (TTL)	<u>3,128,563</u>	<u>19,565,658</u>
	<u>50,290,372</u>	<u>85,065,491</u>
Third parties	<u><u>77,572,469</u></u>	<u><u>29,154,805</u></u>

Other accounts payable to TML pertains to expenses and short-term loans that are utilized for the operating needs of the Group. The foregoing accounts are non-interest bearing and payable on demand.

Other accounts payable to TTL pertains to IT support charges. This is non-interest bearing and payable on demand.

Other accounts payable from third parties as of March 31, 2015 and 2014 represents amounts due to third parties for expenses incurred for advertising and promotions, rental, professional fees, insurance, travel and transportation, among others.

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**15. ACCRUED EXPENSES**

	March 31 2015 <u>INR</u>	March 31 2014 <u>INR</u>
Current portion		
Bonus	11,764,928	16,005,152
Marketing	10,617,593	27,769,022
Warranty	8,876,109	1,236,516
Buy back guarantee	6,071,880	-
Transportation and logistics	2,354,100	4,182,859
Professional fees	11,865	3,192,033
Construction in-progress	-	3,178,704
Others	4,514,350	1,668,208
	<u>44,210,825</u>	<u>57,232,494</u>
Noncurrent portion		
Warranty	<u>1,617,212</u>	<u>467,513</u>

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

**16. TAXES PAYABLE**

	March 31 2015 <u>INR</u>	March 31 2014 <u>INR</u>
<u>The Company</u>		
Income taxes:		
Article 21	152,433	167,626
Article 23	18,024	4,506
VAT offshore	-	28,192
<u>TMDI</u>		
Income taxes:		
Article 4(2)	287,035	355,620
Article 21	470,148	379,056
Article 22	228,035	87,184
Article 23	222,990	257,817
VAT offshore	-	1,382,676
Total	<u>1,378,665</u>	<u>2,662,675</u>

**17. SHORT-TERM BANK LOAN**

On December 1, 2014, TMDI entered into a facility agreement with PT Bank ANZ Indonesia granting TMDI 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.

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This loan is secured by a fiducia security over inventories. The loan agreement contains certain covenants, which among others, restrict TMDI 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.

TMDI made drawdowns amounting to US\$ 750,000 (equivalent to INR 46,813,281) and US\$ 1,750,000 (equivalent to INR 109,230,989) on December 19, 2014 and March 10, 2015, respectively. Outstanding loan balance as of March 31, 2015 amounted to INR 156,699,596 which includes accrued interest amounting to INR 655,326. Interest expense recognized amounted to INR 655,326 in 2015.

**18. CAPITAL STOCK**

Name of Stockholders	2015		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital INR
TML Holdings Pte., Ltd.	29.418.622	89,68%	1.242.733.984
Tata Motors Limited	3.383.917	10,32%	142.947.166
<b>Total</b>	<b>32.802.539</b>	<b>100%</b>	<b>1.385.681.151</b>

  

Name of Stockholders	2014		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital INR
Tata Motors Limited	9.383.941	99,99%	396.406.820
TML Holdings Pte., Ltd.	1.000	0,01%	42.243
<b>Total</b>	<b>9.384.941</b>	<b>100%</b>	<b>396.449.063</b>

Based on Notarial Deed No. 6 dated March 17, 2014 of Fardian S.H., notary public in Jakarta, the shareholders of the Company agreed to increase the authorized share capital from 10,000,000 shares to 20,000,000 shares with par value of INR 42 per share. The shareholders of the Company also agreed to issue 6,156,796 shares to TML and 220 shares to TML Holdings Pte. Ltd. (THPL). This increases the subscribed and paid-up capital to 15,541,957 shares. This was approved by the Indonesia Investment Coordinating Board (BKPM) on March 14, 2014 thru its letter 632/1/IP-PB/PMA/2014 and by the Minister of Justice and Human Rights of the Republic of Indonesia thru its letter No. AHU-00298.40.20.2014 dated April 8, 2014. As a result of this approval, the advances for future capital stock subscription from TML amounting to INR 260,082,189 as of March 31, 2014 was converted to capital stock. The Company received the capital infusion from THPL amounting to INR 9,320 on June 17, 2014. This resulted in an increase in additional paid in capital of INR 27.

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Based on Notarial Deed No. 16 dated September 8, 2014 of Fardian S.H., notary public in Jakarta, the shareholders of the Company agreed to increase the authorized share capital from 20,000,000 shares to 45,000,000 shares with par value of INR 42 per share. The shareholders of the Company also agreed to issue 11,144,338 shares to TML. This increases the subscribed and paid-up capital to 26,686,295 shares. This was approved by BKPM on September 4, 2014 thru its letter no. 2488/1/IP-PB/PMA/2014 and by Minister of Justice and Human Rights of the Republic of Indonesia thru its letter No. AHU-07680.40.20.2014 dated September 9, 2014. As a result of this approval, the advances for future capital stock subscription from TML amounting to INR 184,054,567 as of March 31, 2014 was converted to capital stock. Additional capital infusion from TML amounting to INR 1,367,793 was received on May 14, 2014. This resulted in an increase in additional paid in capital of INR 26.

Based on Notarial Deed No. 61 dated September 30, 2014 of Fardian S.H., notary public in Jakarta, the shareholders of the Company agreed for the share transfer from TML to THPL for total shares of 26,683,855. As a result of the transfer, THPL became the immediate parent company, owning 26,685,075 shares, equivalent to 99.995% of the total issued shares. This was approved by BKPM on September 30, 2014 thru its letter no. 2753/1/IP-PB/PMA/2014 and by Minister of Justice and Human Rights of the Republic of Indonesia thru its letter No. AHU-36605.40.22.2014 dated October 20, 2014.

Based on Notarial Deed No. 27 dated March 20, 2015 of Fardian S.H., notary public in Jakarta, the shareholders of the Company agreed to issue 3,382,697 shares and 2,733,547 shares to TML and THPL, respectively, with par value of INR 42 per share. This increases the subscribed and paid-up capital to 32,802,539 shares. This was approved by BKPM on March 19, 2015 thru its letter no. 793/1/IP-PB/PMA/2015 and by Minister of Justice and Human Rights of the Republic of Indonesia thru its letter No. AHU-AH.01.03-0018476 dated March 23, 2015. The Company received capital infusion in relation to this issuance on July 22, 2014 and October 30, 2014 amounting to INR 142,895,630 and INR 115,473,547 respectively. The capital infusion resulted in an increase in additional paid-in capital amounting to INR 30.

**19. ADDITIONAL PAID-IN CAPITAL**

This account relates to the difference in amount of subscribed and paid-up capital arising due to the difference between the foreign exchange rate stated in the Articles of Association and the foreign exchange rate at the time the stockholders paid their subscriptions.

**20. SALES**

	<u>2015</u>	<u>2014</u>
	INR	INR
Vehicles	446,226,627	104,476,882
Spareparts	<u>9,616,178</u>	<u>3,040,539</u>
Total	<u><u>455,842,804</u></u>	<u><u>107,517,421</u></u>

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**21. COST OF SALES**

	<u>2015</u>	<u>2014</u>
	Rp	Rp
Vehicles	463,938,739	115,759,089
Spareparts	<u>10,545,747</u>	<u>1,378,971</u>
Total	<u><u>474,484,486</u></u>	<u><u>117,138,061</u></u>

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

**22. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2015</u>	<u>2014</u>
	INR	INR
Salaries and employee benefits (Note 25)	119,570,735	114,898,697
Rental	68,164,663	46,061,047
Transportation, meal and allowance	44,606,737	41,589,066
Office expenses	23,564,957	14,078,196
Depreciation and amortization (Notes 11 and 12)	20,041,769	6,801,152
Professional fees	15,412,268	6,063,103
Utilities	4,128,737	2,947,548
Permits and licenses	-	466,511
Others	<u>4,362,592</u>	<u>5,798,653</u>
Total	<u><u>299,852,458</u></u>	<u><u>238,703,974</u></u>

**23. SELLING EXPENSES**

	<u>2015</u>	<u>2014</u>
	INR	INR
Marketing	148,937,907	150,576,299
Sponsorship	38,662,178	15,698,336
Others	<u>5,074,532</u>	<u>3,421,306</u>
Total	<u><u>192,674,617</u></u>	<u><u>169,695,941</u></u>

**24. TAXATION**

The Group's income tax in 2015 and 2014 represents deferred tax expense of the Company and TMDI amounting to INR 708,823 and INR 244,084 respectively.

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Current Tax

The reconciliations between loss before tax per consolidated statements of comprehensive income and the Company's fiscal losses are as follows:

Loss before tax per consolidated statement of comprehensive income	(520,661,072)	(398,476,900)
Loss before tax of TMDI	<u>460,419,233</u>	<u>293,225,599</u>
Loss before tax of the Company	<u>(60,241,839)</u>	<u>(105,251,301)</u>
Temporary difference:		
Difference between commercial and fiscal depreciation	(678,004)	(278,230)
Provision for (income from) post-employment benefit obligation	<u>17,651</u>	<u>(506,645)</u>
Total	<u>(660,353)</u>	<u>(784,876)</u>
Permanent differences:		
Benefits in kind	8,579,953	28,039,107
Interest income subject to final tax	(234,426)	(207,804)
Non-deductible expenses	<u>3,814,454</u>	<u>57,355</u>
Total	<u>12,159,981</u>	<u>27,888,659</u>
Fiscal loss before fiscal loss carryforward	(48,742,211)	(78,147,518)
Fiscal loss carryforward		
2014	(78,147,518)	-
2013	<u>(223,977,343)</u>	<u>(223,977,343)</u>
Fiscal Losses	<u><u>(350,867,071)</u></u>	<u><u>(302,124,861)</u></u>

No current tax expense was provided as the Company incurred fiscal loss. 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, 2015 and 2014, the Company did not recognize deferred tax asset on temporary differences from available fiscal losses and post-employment obligation due to uncertainty of generating future taxable income.

Deferred tax liability amounting to INR 952,907 and INR 244,084 as of March 31, 2015 and 2014, respectively, pertains to the difference between the carrying amounts of property and equipment and system software per commercial and per fiscal.

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

	<u>2015</u>	<u>2014</u>
	INR	INR
Loss before tax per consolidated statement of comprehensive income	(520,661,072)	(398,476,900)
Loss before tax of TMDI	<u>460,419,233</u>	<u>293,225,599</u>
Loss before tax of the Company	<u>(60,241,839)</u>	<u>(105,251,301)</u>
Tax benefit at enacted tax rates	<u>(15,060,460)</u>	<u>(26,312,825)</u>
Tax effect of permanent differences:		
Benefits in kind	2,144,988	7,009,777
Interest income subject to final tax	(58,606)	(51,951)
Non-deductible expenses	<u>953,613</u>	<u>14,339</u>
Total	(12,020,464)	(19,340,660)
Unrecognized deferred tax	<u>12,189,965</u>	<u>19,411,428</u>
Tax Expense	<u><u>169,501</u></u>	<u><u>70,768</u></u>

## 25. POST-EMPLOYMENT BENEFIT OBLIGATION

### Post-employment Benefits Under Labor law No. 13/20013

The Group 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 44 and 38 in 2015 and 2014, respectively.

Amounts recognized as part of general and administrative expenses in the consolidated statements of comprehensive income in respect of these post-employment benefits are as follows:

	<u>2015</u>	<u>2014</u>
	INR	INR
Current service cost	3.083.809	4.652.075
Interest cost	443.817	135.416
Adjustment of resignation benefit	(136.175)	(97.572)
Actuarial gain	<u>-</u>	<u>(18.915)</u>
Total	<u><u>3.391.451</u></u>	<u><u>4.671.005</u></u>

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The amounts included in the consolidated statement of financial position arising from the Group's obligation with respect to these post-employment benefits are as follows:

	March 31, 2015	March 31, 2014
	INR	INR
Present value of unfunded obligations	13,039,653	6,217,222
Unrecognized actuarial gain (loss)	(838,098)	2,592,882
Net liability	<u>12,201,555</u>	<u>8,810,104</u>

Movements in the present value of the post-employment benefits obligation were as follows:

	March 31, 2015	March 31, 2014
	INR	INR
Beginning balance	6,217,222	3,374,148
Current service cost	3,083,809	4,652,075
Interest cost	443,817	135,416
Adjustment of resignation benefit	(136,175)	(97,572)
Actuarial loss (gain)	3,430,980	(1,846,847)
Ending balance	<u>13,039,653</u>	<u>6,217,222</u>

Movements in the net liability recognized in the consolidated statement of financial position are as follows:

	March 31, 2015	March 31, 2014
	INR	INR
Beginning balance	8,810,104	4,139,099
Provision during the year	3,391,451	4,671,005
Ending balance	<u>12,201,555</u>	<u>8,810,104</u>

Other long-term employee benefits

In 2013, the Group provides long-term employee benefits in the form of a two (2) month grand leaves to qualifying employees determined based on years of service, the benefit settlement of which is every six (6) years. The benefits were removed in 2014, resulting in a curtailment gain of INR 538,555.

The history of experience adjustments is as follows:

	March 31	
	2015	2014
Present Value of Unfunded Obligation	<u>13,039,653</u>	<u>6,217,222</u>
Experience Adjustment on Obligation - Gain (Loss)	<u>(622,011)</u>	<u>655,744</u>

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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:

	2015	2014
Discount rate	7.8% per annum	8.5% per annum
Salary increment rate	8% per annum	6% per annum
Mortality rate	USA Table of Mortality, Commissioners' Standard Ordinary	USA Table of Mortality, Commissioners' Standard Ordinary
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

- TML is the minority stockholder in 2015 and majority stockholder in 2014 of the Company and is also the ultimate controlling party of the Group.
- TTL is an entity under same shareholder, which is TML.
- Key management personnel is composed of Commissioners and Directors of the Company

### Transactions with Related Parties

- Purchases of spare parts and vehicles from related party represent 100% of the total purchases in 2015 and 2014. At reporting dates, the liabilities for these purchases were presented as trade accounts payable.
- The Group entered into other transactions with related parties as disclosed in Notes 7 and 14.
- The Group provides short-term employee benefits to its key management personnel amounting to INR 15,339,291 and INR 17,154,836 for 2015 and 2014, respectively.

## 27. SIGNIFICANT AGREEMENTS

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

### The Company

- 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. Future minimum lease payments are as follows:

	2015	2014
	INR	INR
Future minimum lease payments		
Not later than one year	5,124,932	5,481,448
One to three years	-	5,124,932
	<u>5,124,932</u>	<u>10,606,380</u>

Rental expense recognized from this agreement amounted to INR 5,481,447 and INR 8,035,007 in 2015 and 2014, respectively.

TMDI

- b. TMDI 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, TMDI 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 TMDI 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.
- c. TMDI entered into dealership agreements with various dealers under which the dealers will distribute TMDI's product at a price agreed by both parties. Under the agreement, the dealers will sell TMDI's products at its name, account and risk. The agreements shall be valid unless terminated by either party, by giving an advance notice in writing.
- d. TMDI 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. Future minimum lease payments are as follows:

	<u>2015</u>	<u>2014</u>
	INR	INR
Future minimum lease payments		
Not later than one year	9,517,827	10,179,934
One to three years	-	9,517,827
	<u>9,517,827</u>	<u>19,697,762</u>

Rental expense recognized from this agreement amounted to INR 10,179,934 and INR 9,198,591 in 2015 and 2014, respectively.

- e. TMDI 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, 2013 until June 30, 2014. On November 18, 2014, the term was extended until June 30, 2014. Under the agreement, PT Toll Indonesia shall provide the warehouse and logistic support, including inventory management to TMDI.

Rental expense recognized from this agreement amounted to INR 4,266,973 and INR 2,371,475 in 2015 and 2014, respectively.

- f. TMDI entered into a cancellable stockyard rental and logistics services agreement with PT Multi Land for stockyard rental and logistic services for the TMDI'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 TMDI's vehicles and provide logistic support, including inventory management to TMDI.

Rental expense recognized from this agreement amounted to INR 10,153,611 and INR 5,581,528 in 2015 and 2014, respectively.

- g. TMDI entered into a buy back guarantee cooperation agreement with PT Mandiri Tunas Finance (MTF), a third party, effective November 9, 2014 and is valid until July 3, 2015. The following are the terms of the agreement:
1. Obligation to pay the unpaid installment, on behalf of the dealer, is valid if the default happens with 12 months of the installment.
  2. In case of default of the customer, under the consumer financing facility with MTF, and the vehicle was not repossessed, the Company shall pay MTF, on behalf of the dealer, equivalent to the installment from date of default until 12th installment payment.
  3. In case the vehicle was repossessed, TMDI shall pay MTF, on behalf of the dealer, equivalent to the unpaid installment balance.

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4. Vehicles that have been repossessed and supporting documents shall be delivered by MTF to the related dealers.
5. The agreement can be terminated by either party by giving written notice to the other party.

Provision for buy back guarantee related to the agreement amounted to INR 6,071,880 in 2015.

h. In relation to the buy back guarantee cooperation agreement, TMDI entered into cooperation agreement for the execution of buy back guarantee program with various dealers. The following are the terms of the agreement:

1. TMDI will act as the proxy receiver for and on behalf of the dealer and will buy back the repossessed vehicles from the financing companies.
2. The repossessed vehicles, after verification and inspection by the dealer, shall be delivered to the dealer, together with all the supporting documents of the repossessed vehicles.
3. TMDI shall pay the financing companies equivalent to the remaining unpaid installment by the customers. The payment shall serve as advances by TMDI on behalf of the dealer and will be paid back by dealer within 90 calendar days.
4. The dealer shall also issue GIRO with a top of 90 days equivalent to 50% of the Company's payment to the financing companies.
5. On selling the repossessed vehicles, TMDI will share with the dealer the gain/loss to the extent of 50% of the selling price less cost paid by TMDI and expenses incurred by the dealer.

As of March 31, 2015, total advances made by TMDI amounted to INR 1,818,726 which is included under "Other accounts receivable - third party" account in the statement of financial position.

## 28. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

At March 31, 2015 and 2014, the Group had monetary assets and liabilities in foreign currencies as follows:

		In Original Currency	Equivalent in INR	In Original Currency	Equivalent in INR
<u>ASSETS</u>					
Cash and cash equivalents	US\$	827,727	51,664,850	2,649	30,214,746
Other accounts receivable					
Related party	US\$	150,668	9,404,347	189,105	10,287,918
Total Assets			61,069,197		40,502,664
<u>LIABILITIES</u>					
Trade accounts payable	US\$	2,017,237	136,116,291	2,886,034	157,009,500
Other accounts payable					
Related parties	US\$	694,271	43,334,833	629,248	34,233,108
Third parties	US\$	108,458	6,769,682	5,223	59,563,092
Short-term bank loans	US\$	11,976	156,699,597	-	-
Total Liabilities			342,920,404		250,805,701
Net Liabilities			(281,851,207)		(210,303,036)

The conversion rates per US\$ used by the Group as of March 31, 2015 and March 31, 2014 and the prevailing rates on May 18, 2015 are INR 62, INR 54 and INR 62 respectively.

**29. CATEGORIES AND CLASSES OF FINANCIAL INSTRUMENTS**

	March 31, 2015	March 31, 2014
	INR	INR
<b>Current Financial Assets</b>		
<u>Loans and receivables</u>		
Cash and cash equivalents	97.710.998	37.382.310
Trade accounts receivables	111.919.860	25.258.648
Other accounts receivable		
Related party	9.404.347	10.287.888
Third parties	3.133.087	1.762.680
Other current assets	7.239.366	12.300.329
<b>Total</b>	<b>229.407.658</b>	<b>86.991.856</b>
<b>Current Financial Liabilities</b>		
<u>Liabilities at amortized cost</u>		
Trade accounts payable	136.116.291	157.009.500
Other accounts payable		
Related parties	50.290.372	85.065.491
Third parties	77.572.469	29.154.805
Accrued expenses	44.210.825	57.232.494
Short-term bank loan	156.699.597	-
<b>Noncurrent Financial Liabilities</b>		
<u>Liabilities at amortized cost</u>		
Accrued expenses	1.617.212	467.513
<b>Total</b>	<b>466.506.766</b>	<b>328.929.803</b>

**30. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT**

**a. Capital risk management**

The Group 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 Group's capital structure consists of cash and cash equivalents (Note 5), short-term bank loan (Note 17) and equity shareholders consisting of capital stock (Note 18) and additional paid-in capital (Note 19).

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

**b. Financial risk management objectives and policies**

The Group'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 Group's risk management is to identify all key risks for the Group, measure these risks and manage the risk positions in accordance with its policies and Group's risk appetite. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's principal financial liabilities are due to related parties, which is included under "Other accounts payable" account. The main purpose of the Group's due to related parties is to finance the developments and operations of the Group. It does not enter into derivative transactions. The Group has cash in banks, trade and other receivables, trade and other payables and accrued expenses that arise directly from its operations.

**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 Group 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 Group believes that exposure to interest rate fluctuations is not significant because there are no borrowings which are interest bearing 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 Group has foreign exchange exposure on its US Dollar denominated purchases of vehicles and spare part, short-term availment of loan and bank deposits. The Group periodically reviews the impact of foreign exchange rate movement so that appropriate action is taken to mitigate this risk.

The Group manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. The Group's net open foreign currency exposure as of reporting date is disclosed in Note 28.

The following table details the Group's sensitivity to percentage rate increase and decrease in the Rupiah against US Dollar in 2015 and 2014. 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.

	2015		2014	
	Increase (decrease) in percentage	Increase (decrease) on loss before tax INR	Increase (decrease) in percentage	Increase (decrease) on loss before tax INR
US Dollar	8.0% (8.0%)	22,548,097 (22,548,097)	6.1% (6.1%)	9,212,470 (9,212,470)

**ii. Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Group.

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The Group's credit risk is primarily attributed to its cash in bank and trade and other accounts receivable. The Group 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 Group's exposure is continuously monitored and the credit exposure are reviewed and approved by the Group's Board of Directors. There are no significant concentrations of credit risk in the Group.

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

**iii. Liquidity risk management**

Liquidity risk refers to the risk of the Group's inability to fulfill its commitment with regards to its financial liabilities. The management closely evaluates and monitors cash-in flows and cash-out flows to ensure the availability of fund to settle the due obligation. 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 Group'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 Group can be required to pay. The contractual maturity is based on the earliest date on which the Group may be required to pay.

		1 to 3 months	3 months to 1 year	1 to 5 years	Total
		INR	INR	INR	INR
2015					
Non-interest bearing					
Trade accounts payable		136,116,291	-	-	136,116,291
Other accounts payable					
Related parties		50,290,372	-	-	50,290,372
Third parties		77,572,469	-	-	77,572,469
Accrued expenses		29,262,836	14,947,989	1,617,212	45,828,037
Interest-bearing					
Short-term loan	1%	-	157,479,818	-	157,479,818
<b>Total</b>		<b>293,241,968</b>	<b>172,427,807</b>	<b>1,617,212</b>	<b>467,286,988</b>
		1 to 3 months	3 months to 1 year	1 to 5 years	Total
		INR	INR	INR	INR
2014					
Non-interest bearing					
Trade accounts payable		157,009,500	-	-	157,009,500
Other accounts payable					
Related parties		85,065,491	-	-	85,065,491
Third parties		29,154,805	-	-	29,154,805
Accrued expenses		55,995,978	1,236,516	467,513	57,700,007
<b>Total</b>		<b>327,225,774</b>	<b>1,236,516</b>	<b>467,513</b>	<b>328,929,803</b>

The following table details the Group'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 Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

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	Less than 3 months	3 months to 1 year	Total
2015	INR		INR
Cash and cash equivalents	97,710,998	-	97,710,998
Trade accounts receivable	111,919,860	-	111,919,860
Other Related parties			
Related party	9,404,347	-	9,404,347
Third parties	3,133,087	-	3,133,087
Other current assets	-	7,239,366	7,239,366
<b>Total</b>	<b>222,168,293</b>	<b>7,239,366</b>	<b>229,407,658</b>
	Less than 3 months	3 months to 1 year	Total
2014	INR		INR
Cash and cash equivalents	37,382,310	-	37,382,310
Trade accounts receivable	25,258,648	-	25,258,648
Other Related parties			
Related party	10,287,888	-	10,287,888
Third parties	1,762,680	-	1,762,680
Other current assets	-	12,300,329	12,300,329
<b>Total</b>	<b>74,691,527</b>	<b>12,300,329</b>	<b>86,991,856</b>

**iv. Fair value of financial instruments**

Management considers that the carrying amount of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values either because of their short-term maturities or they carry market rates of interest.

**31. SUPPLEMENTAL DISCLOSURES ON NON CASH INVESTING ACTIVITIES**

For the year ended March 31, 2014, the Group had acquisitions of property and equipment amounting to INR 3,178,704 which did not require the use of cash and were excluded from the consolidated statement of cash flows. These acquisitions were made through accrued expenses.

**32. FINANCIAL INFORMATION OF PARENT ENTITY ONLY**

The financial information that are presented on pages 37 to 40 are the Company's financial statements, which present statement of financial position, statement of comprehensive income, statement of changes in capital deficiency and cash flows in an individual basis. These Parent Entity only financial information follow the accounting policies used in the preparation of the consolidated financial statements that are described in Note 3, except for the investment in a subsidiary which is accounted for using cost method.

**33. MANAGEMENT RESPONSIBILITY AND APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The preparation and fair presentation of the consolidated financial statements on pages 3 to 36 and the additional information on pages 37 to 40 were the responsibilities of the management, and were approved by the Directors and authorized for issue on May 18, 2015.

### **34. 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 1 Rs. = IDR 209.62 as on March 31, 2015 and 1 Rs. = IDR 186.26 as on March 31, 2014. 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.

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