

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

CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2017

AND INDEPENDENT AUDITORS' REPORT

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

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

This statement letter is made truthfully.

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

Mr. Biswadev Sengupta
President Director

Mr. Aftab Patel
Chief Financial Officer

PT TATA MOTORS INDONESIA

Pondok Indah Office Tower 3 Floor 8 Suite 801A
Jl. Sultan Iskandar Muda Kav. V-TA, Pondok Pinang - Jakarta Selatan 12310, Indonesia
Tel. : +62-21-2932 8041 | Fax. : +62-21-2932 8042

Independent Auditors' Report

GA117 0501 TMI XAU

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, 2017 and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity (capital deficiency) 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.

Satrio Bing Eny & Rekan

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Satrio Bing Eny & Rekan

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, 2017, 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 (Parent Entity) and its subsidiary as of March 31, 2017 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 Parent Entity, which consists of the statement of financial position as of March 31, 2017, statement of profit or loss and other comprehensive income, statement of changes in equity (capital deficiency) and statement of cash flows for the year then ended (collectively referred to as "Parent Entity Financial Information"), which is presented as supplementary 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 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.

SATRIO BING ENY & REKAN



Xenia Ayubudhi
Public Accountant License No. AP.0575

May 10, 2017

PT. TATA MOTORS INDONESIA AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

	Notes	March 31, 2017 Rp	March 31, 2016 Rp
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	6,659,666,695	5,617,646,745
Trade accounts receivable - net of allowance for impairment losses of Rp 1,046,837,963 at March 31, 2017 and nil at March 31, 2016	6	10,913,697,888	17,561,039,992
Other accounts receivable			
Related party	7,28	4,217,524,249	2,908,557,459
Third parties - net of allowance for impairment losses of Rp 3,643,222,352 at March 31, 2017 and Rp 1,711,461,339 at March 31, 2016	29	2,635,136,735	1,869,685,112
Inventories - net of allowance for decline in value of Rp 877,954,612 at March 31, 2017 and nil at March 31, 2016	8	38,753,926,056	48,319,521,400
Prepaid expenses	10	1,417,265,699	1,490,711,283
Prepaid taxes	9	2,788,271,882	-
Other current assets		2,828,279,496	3,091,910,208
Total Current Assets		70,213,768,700	80,859,072,199
NONCURRENT ASSETS			
Property and equipment - net of accumulated depreciation of Rp 6,619,822,017 at March 31, 2017 and Rp 4,088,351,042 at March 31, 2016	11	9,594,383,365	11,124,342,973
Prepaid taxes	9	22,224,541,078	21,907,755,791
Other noncurrent assets	12	2,698,654,576	5,541,690,357
Total Noncurrent Assets		34,517,579,019	38,573,789,121
TOTAL ASSETS		104,731,347,719	119,432,861,320
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable - related party	13,28	22,338,699,279	27,764,968,502
Other accounts payable	14		
Related parties	28	17,574,087,769	13,119,210,901
Third parties		12,008,333,232	14,047,002,836
Derivative liabilities	15	93,586,321	7,153,944,913
Accrued expenses	16	16,731,272,092	11,043,468,473
Short-term bank loan	18	54,057,217,565	34,014,130,279
Taxes payable	17	357,376,898	468,609,438
Total Current Liabilities		123,160,573,156	107,611,335,342
NONCURRENT LIABILITIES			
Noncurrent portion of accrued expenses	16	524,000,000	414,000,000
Deferred tax liability	26	639,293,467	419,846,002
Post-employment benefit obligation	27	3,318,835,000	3,579,158,000
Total Noncurrent Liabilities		4,482,128,467	4,413,004,002
EQUITY (CAPITAL DEFICIENCY)			
Capital stock - Rp 8,855 par value per share			
Authorized - 70,000,000 shares in 2017 and 45,000,000 shares in 2016			
Subscribed and paid-up - 48,610,308 shares in 2017 and 39,894,842 shares in 2016	19	430,444,277,340	353,268,825,910
Additional paid-in capital	21	57,535,039	57,529,769
Share in changes in equity in a subsidiary		(566,913,758)	(564,509,292)
Advances for future capital stock subscription	20	-	15,628,305,000
Deficit		(452,845,677,364)	(360,981,534,090)
Equity (Capital Deficiency) attributable to the owners of the Company		(22,910,778,743)	7,408,617,297
Non-controlling interests		(575,161)	(95,321)
Total Equity (Capital Deficiency)		(22,911,353,904)	7,408,521,976
TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		104,731,347,719	119,432,861,320

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2017

	Notes	2017 Rp	2016 Rp
NET SALES	22	84,701,404,561	111,077,669,962
COST OF SALES	23,28	<u>73,864,626,123</u>	<u>109,135,772,772</u>
GROSS PROFIT		10,836,778,438	1,941,897,190
General and administrative expenses	24	(62,194,033,783)	(65,584,727,743)
Selling expenses	25	(31,835,498,648)	(37,115,711,421)
Loss on foreign exchange		(4,208,297,882)	(9,284,857,081)
Interest expense	18	(4,959,845,020)	(2,770,850,245)
Interest income		57,465,804	115,322,326
Other income - net		<u>266,007,976</u>	<u>116,122,344</u>
LOSS BEFORE INCOME TAX		(92,037,423,115)	(112,582,804,630)
TAX EXPENSE - DEFERRED	26	<u>219,447,465</u>	<u>220,097,503</u>
NET LOSS FOR THE YEAR		<u><u>(92,256,870,580)</u></u>	<u><u>(112,802,902,133)</u></u>
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligation		<u>389,843,000</u>	<u>619,160,000</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(91,867,027,580)</u></u>	<u><u>(112,183,742,133)</u></u>
LOSS ATTRIBUTABLE TO			
Owners of the Company		(92,253,973,482)	(112,797,032,269)
Non-controlling interests		<u>(2,897,098)</u>	<u>(5,869,864)</u>
Net Loss for the year		<u><u>(92,256,870,580)</u></u>	<u><u>(112,802,902,133)</u></u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :			
Owners of the Company		(91,864,143,274)	(112,177,900,121)
Non-controlling interests		<u>(2,884,306)</u>	<u>(5,842,012)</u>
Total comprehensive income for the year		<u><u>(91,867,027,580)</u></u>	<u><u>(112,183,742,133)</u></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, 2017

	Notes	Capital stock Rp	Additional paid-in capital Rp	Advances for future capital stock subscription Rp	Deficit Rp	Share in changes in equity in the subsidiaries Rp	Equity attributable to owners of the Company Rp	Non-controlling interests Rp	Total Equity (Capital Deficiency) Rp
Balance as of April 1, 2015		290,466,482,845	57,517,409	-	(248,803,633,969)	(560,082,707)	41,160,283,578	1,320,106	41,161,603,684
Issuance of 7,092,303 shares with Rp 8,855 par value per share	19	62,802,343,065	12,360	-	-	-	62,802,355,425	-	62,802,355,425
Advances for future capital stock subscription	20	-	-	15,628,305,000	-	-	15,628,305,000	-	15,628,305,000
Dilution of minority share		-	-	-	-	(4,426,585)	(4,426,585)	4,426,585	-
Net loss for the year		-	-	-	(112,797,032,269)	-	(112,797,032,269)	(5,869,864)	(112,802,902,133)
Other comprehensive income for the year		-	-	-	619,132,148	-	619,132,148	27,852	619,160,000
Balance as of March 31, 2016		353,268,825,910	57,529,769	15,628,305,000	(360,981,534,090)	(564,509,292)	7,408,617,297	(95,321)	7,408,521,976
Issuance of 8,715,466 shares with Rp 8,855 par value per share	19	77,175,451,430	5,270	(15,628,305,000)	-	-	61,547,151,700	-	61,547,151,700
Dilution of minority share		-	-	-	-	(2,404,466)	(2,404,466)	2,404,466	-
Net loss for the year		-	-	-	(92,253,973,482)	-	(92,253,973,482)	(2,897,098)	(92,256,870,580)
Other comprehensive income for the year		-	-	-	389,830,208	-	389,830,208	12,792	389,843,000
Balance as of March 31, 2017		430,444,277,340	57,535,039	-	(452,845,677,364)	(566,913,758)	(22,910,778,743)	(575,161)	(22,911,353,904)

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 CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	2017 Rp	2016 Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(92,037,423,115)	(112,582,804,630)
Adjustment for:		
Depreciation and amortization	5,362,023,006	4,958,695,058
Interest expense	4,959,845,020	2,770,850,245
Provision for after sales service	3,002,575,121	3,028,594,668
Provision for impairment losses	2,978,598,976	1,711,461,339
Provision for buyback guarantee	1,166,102,940	628,860,991
Provision for (Reversal of) decline in value of inventories	877,954,612	(150,051,558)
Provision for post-employment benefit obligation	673,619,000	1,464,946,000
Net unrealized loss on derivative liabilities	93,586,321	7,153,944,913
Loss on disposal of property and equipment	18,854,572	45,388,062
Interest income	(57,465,804)	(115,322,326)
Net unrealized loss on foreign exchange	(7,176,804,315)	611,505,428
Operating loss before changes in working capital	(80,138,533,666)	(90,473,931,810)
Changes in operating assets and liabilities:		
Trade accounts receivable	5,600,504,141	5,899,601,122
Other accounts receivable	(4,006,179,426)	(3,861,606,979)
Inventories	8,687,640,732	6,429,435,354
Prepaid taxes	(2,588,987,169)	(5,970,991,687)
Prepaid expenses	73,445,584	(298,572,358)
Other current assets	263,630,712	2,313,750,438
Trade accounts payable	(5,426,269,223)	(767,728,457)
Other accounts payable	2,416,207,264	363,604,922
Taxes payable	(111,232,540)	179,613,586
Accrued expenses	1,629,125,558	(1,806,460,283)
Cash Used in Operations	(73,600,648,033)	(87,993,286,152)
Income taxes paid	(1,550,137,000)	(1,536,256,000)
Benefits paid	(544,099,000)	-
Collection of estimated tax refund	1,034,067,000	1,929,656,000
Net Cash Used in Operating Activities	(74,660,817,033)	(87,599,886,152)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in other noncurrent assets	41,205,500	127,846,500
Proceeds from disposal of property and equipment	54,545,455	-
Acquisitions of property and equipment	(1,103,633,144)	(3,722,880,940)
Interest received	57,465,804	115,322,326
Net Cash Used in Investing Activities	(950,416,385)	(3,479,712,114)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loan payable	209,000,000,000	70,000,000,000
Proceeds from issuance of capital stock	61,547,151,700	62,802,355,425
Proceeds from advances for future capital stock subscription	-	15,628,305,000
Interest paid	(4,893,898,332)	(2,905,594,856)
Repayment of short-term loan payable	(189,000,000,000)	(69,310,000,000)
Net Cash Provided by Financing Activities	76,653,253,368	76,215,065,569
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,042,019,950	(14,864,532,697)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	5,617,646,745	20,482,179,442
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6,659,666,695	5,617,646,745

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. 19 dated March 3, 2017, of Fardian, S.H., notary public in Jakarta, concerning issuance of additional 6,950,553 shares. This changes was reported and acknowledged by the Minister of Justice and Human Rights of the Republic of Indonesia through his Letter No. AHU-AH.01.03-0113079 dated March 6, 2017.

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 61 and 54 employees as of March 31, 2017 and 2016, 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 TML Holdings Pte. Ltd. (TML). As of March 31, 2017, the Company's management consists of the following:

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

b. Consolidated Subsidiary

As of March 31, 2017 and 2016, the Company has direct ownership interest of 99.99% 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 Rp 101,034,613,108 and Rp 113,867,382,604 as of March 31, 2017 and 2016, respectively.

2. ADOPTION OF NEW AND 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 and its subsidiary (collectively known as the “Group”) has applied a number of amendments issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting period beginning on January 1, 2016. The application of the following amendments to standards have not resulted to material impact to disclosures or on the amounts recognized in the current and prior year financial statements:

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

b. Standards and interpretations issued not yet adopted

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

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

As of the issuance date of the consolidated 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 consolidated financial statements of the Group have been prepared in accordance with Indonesian Financial Accounting Standards.

b. Basis of Preparation

The consolidated 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.

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.

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

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary. Control is achieved where the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including (i) the size of the Company's holding of voting rights relative to the size and dispersion of holding of the other vote holders; (ii) potential voting rights held by the Company, other vote holders or other parties; (iii) rights arising from other contractual arrangements; and (iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustment are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interest 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 Group 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. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted 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, 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

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

In preparing the consolidated financial statements, transactions in currencies other than the entity'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.

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).

- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

f. 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 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 cash on hand, trade accounts receivable, other accounts receivable 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

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 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. Cash and Cash Equivalents

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

j. 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.

k. Prepaid Expenses

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

l. Property and Equipment

Property and equipment 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:

	<u>Years</u>
Vehicles	5
Furniture and fixtures and office equipment	4 – 8
IT equipment	4
Factory equipment	4
Tools	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.

m. 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.

n. Impairment of Non-Financial Assets

At the end of each reporting period, 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. 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 3f.

o. 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. 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.

q. 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.

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

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

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

s. Income Tax

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

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

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

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

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group 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 future taxable profits will be available to allow all or part of the asset to be recovered.

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

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

t. Derivative Financial Instrument

The Group uses derivative financial instruments to manage its exposure to foreign exchange rate risk. Further details on the use of derivatives are disclosed in Notes 15 and 32.

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the 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

Below are the critical judgments, apart from those involving estimations that the management have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

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. Actual results that differ from the Group's assumptions are recognized immediately in the profit or loss as and when they occur. 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 27.

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 16.

5. CASH AND CASH EQUIVALENTS

	March 31, 2017	March 31, 2016
	<u>Rp</u>	<u>Rp</u>
Cash on hand	6,759,343	6,746,246
Cash in banks		
Indonesian Rupiah	5,810,756,591	3,152,822,015
US Dollar	602,150,761	2,218,078,484
Time deposits		
Indonesian Rupiah	<u>240,000,000</u>	<u>240,000,000</u>
Total	<u><u>6,659,666,695</u></u>	<u><u>5,617,646,745</u></u>

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

6. TRADE ACCOUNTS RECEIVABLE

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

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

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

	March 31, 2017	March 31, 2016
	Rp	Rp
Not yet due	6,881,172,925	10,445,353,990
Past due:		
Under 90 days	664,145,946	445,522,295
91-180 days	1,533,934,840	3,551,286,607
more than 180 days	1,834,444,177	3,118,877,100
Total	<u>10,913,697,888</u>	<u>17,561,039,992</u>

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

In determining the recoverability of a trade receivable, the 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 period.

The Group's receivables are secured with post-dated checks (GIRO) amounting to Rp 2,423,494,582 and Rp 16,060,099,890 as of March 31, 2017 and 2016.

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

7. OTHER ACCOUNTS RECEIVABLE FROM A RELATED PARTY

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

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

8. INVENTORIES

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

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Movements in the allowance in decline in value follows:

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

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

The Group's inventories are being used as security over short term loan (Note 18).

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

9. PREPAID TAXES

	March 31, 2017	March 31, 2016
	Rp	Rp
<u>The Company</u>		
Value added tax (VAT) - net	<u>960,818,886</u>	<u>905,065,196</u>
<u>TMDI</u>		
Overpayment of corporate income tax		
2017	1,440,212,218	-
2016	1,550,137,000	1,536,256,000
2015	-	1,047,678,000
VAT - net	<u>21,061,644,856</u>	<u>18,418,756,595</u>
Subtotal	<u>24,051,994,074</u>	<u>21,002,690,595</u>
Total	25,012,812,960	21,907,755,791
Less : current portion	<u>2,788,271,882</u>	<u>-</u>
Noncurrent portion	<u>22,224,541,078</u>	<u>21,907,755,791</u>

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

10. PREPAID EXPENSES

This account is composed of prepayment for rental expenses that will be fully amortized within a year.

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 MARCH 31, 2017 AND FOR THE YEAR THEN ENDED (Continued)

11. PROPERTY AND EQUIPMENT

	April 1, 2016 Rp	Additions Rp	Deductions Rp	Reclassifications Rp	March 31, 2017 Rp
Cost:					
IT equipment	1,294,778,403	54,970,000	-	-	1,349,748,403
Furniture and fixtures and office equipment	9,347,532,638	847,250,550	-	388,000,000	10,194,783,188
Vehicles	2,327,688,992	-	102,121,777	-	2,613,567,215
Building improvements	1,150,000,000	-	-	-	1,150,000,000
Factory equipment	154,571,454	-	-	-	154,571,454
Tools	453,045,229	76,412,594	-	-	529,457,823
Construction in-progress	485,077,299	125,000,000	-	(388,000,000)	222,077,299
Total	15,212,694,015	1,103,633,144	102,121,777	-	16,214,205,382
Accumulated Depreciation:					
IT equipment	687,350,894	486,470,815	-	-	1,173,821,709
Furniture and fixtures and office equipment	2,693,410,413	1,509,511,243	-	-	4,202,921,656
Vehicles	443,958,659	281,387,205	28,721,750	-	696,624,114
Building improvements	124,583,333	115,000,000	-	-	239,583,333
Factory equipment	83,667,089	38,642,864	-	-	122,309,953
Tools	55,380,654	129,180,598	-	-	184,561,252
Total	4,088,351,042	2,560,192,725	28,721,750	-	6,619,822,017
Net Carrying Value	11,124,342,973				9,594,383,365
	April 1, 2015 Rp	Additions Rp	Deductions Rp	Reclassifications Rp	March 31, 2016 Rp
Cost:					
IT equipment	1,239,926,403	54,852,000	-	-	1,294,778,403
Furniture and fixtures and office equipment	7,080,328,018	2,234,204,620	-	33,000,000	9,347,532,638
Vehicles	1,804,947,963	522,741,029	-	-	2,327,688,992
Building improvements	1,150,000,000	-	-	-	1,150,000,000
Factory equipment	154,571,454	-	-	-	154,571,454
Tools	-	453,045,229	-	-	453,045,229
Construction in-progress	105,427,299	458,038,062	45,388,062	(33,000,000)	485,077,299
Total	11,535,201,137	3,722,880,940	45,388,062	-	15,212,694,015
Accumulated Depreciation:					
IT equipment	365,990,874	321,360,020	-	-	687,350,894
Furniture and fixtures and office equipment	1,327,402,163	1,366,008,250	-	-	2,693,410,413
Vehicles	185,798,170	258,160,489	-	-	443,958,659
Building improvements	9,583,333	115,000,000	-	-	124,583,333
Factory equipment	45,024,225	38,642,864	-	-	83,667,089
Tools	-	55,380,654	-	-	55,380,654
Total	1,933,798,765	2,154,552,277	-	-	4,088,351,042
Net Carrying Value	9,601,402,372				11,124,342,973

Depreciation expense recognized as part of general administrative expenses amounted to Rp 2,560,192,725 and Rp 2,154,552,277 in 2017 and 2016, respectively.

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

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

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

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

12. OTHER NONCURRENT ASSETS

	March 31, 2017	March 31, 2016
	Rp	Rp
System software - net	1,869,699,524	4,671,529,805
Deposits	828,955,052	870,160,552
Total	<u>2,698,654,576</u>	<u>5,541,690,357</u>

Movements of system software are as follows:

	March 31, 2017	March 31, 2016
	Rp	Rp
Cost	<u>11,216,571,112</u>	<u>11,216,571,112</u>
Accumulated Amortization:		
Beginning balance	6,545,041,307	3,740,898,526
Additions	<u>2,801,830,281</u>	<u>2,804,142,781</u>
Ending balance	<u>9,346,871,588</u>	<u>6,545,041,307</u>
Net carrying amount	<u>1,869,699,524</u>	<u>4,671,529,805</u>

Amortization expense recognized as part of general administrative expenses amounted to Rp 2,801,830,281 and Rp 2,804,142,781 in 2017 and 2016, 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 90 days. No interest is charged on past due trade accounts payable.

14. OTHER ACCOUNTS PAYABLE

	March 31, 2017 <u>Rp</u>	March 31, 2016 <u>Rp</u>
Related parties		
TML	17,027,511,642	12,405,576,496
Tata Technologies Limited (TTL)	<u>546,576,127</u>	<u>713,634,405</u>
	<u>17,574,087,769</u>	<u>13,119,210,901</u>
Third parties	<u>12,008,333,232</u>	<u>14,047,002,836</u>

Other accounts payable to TML pertains to expenses and other accounts payable to TTL pertains to IT support charges. These payables are non-interest bearing and payable on demand.

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

15. DERIVATIVE LIABILITIES

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

Foreign Exchange Forward Contracts

As of March 31, 2016, TMDI uses forward foreign exchange contracts to cover specific foreign currency payments and receipts. The forward foreign exchange contracts require TMDI, at a future date, to buy or sell foreign currencies in exchange for Rupiah and other currencies. The maturity date of the contracts are on April 2017. The following derivative instruments are not designated in hedge accounting relationships.

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

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

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

Net unrealized gain and loss on derivative from foreign exchange forward amounting to Rp 93,586,321 and Rp 7,153,944,913 loss for the year ended March 31, 2017 and 2016, respectively, are presented as part of "Gain (loss) on foreign exchange" in the consolidated 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.

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16. ACCRUED EXPENSES

	March 31, 2017	March 31, 2016
	Rp	Rp
Current portion		
After sales service	6,260,162,175	3,963,082,271
Marketing	4,105,689,024	2,142,262,168
Bonus	2,398,000,000	1,999,999,999
Buy back guarantee (Note 29)	2,262,452,408	1,658,229,621
Professional fees	325,215,100	421,022,500
Transportation and logistics	89,000,295	200,267,446
Others	1,290,753,090	658,604,468
Total	<u>16,731,272,092</u>	<u>11,043,468,473</u>
Noncurrent portion		
Warranty	<u>524,000,000</u>	<u>414,000,000</u>

Management recognized provision for buy back guarantee loss based on estimated losses in relation to the agreement entered into with third parties (Note 29). Management believes that the estimated provision is sufficient to cover probable losses from the buyback agreement.

17. TAXES PAYABLE

	March 31, 2017	March 31, 2016
	Rp	Rp
<u>The Company</u>		
Income taxes:		
Article 4(2)	-	10,010,983
Article 21	49,856,934	59,710,134
Article 23	2,262,158	3,121,643
<u>TMDI</u>		
Income taxes:		
Article 4(2)	21,305,888	107,484,781
Article 21	164,157,077	209,640,329
Article 22	37,292,918	14,548,590
Article 23	82,501,923	64,092,978
Total	<u>357,376,898</u>	<u>468,609,438</u>

18. 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 a total facility of US\$ 1,000,000. On March 4, 2015, an amendment was made increasing the total facility to US\$ 5,000,000. Interest rate is at the bank cost of funds plus 1% per annum, payable monthly in arrears. The loan has a term of 6 months, renewable every year based on the agreement of both parties.

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This loan is secured by a fiducial 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. As an impact of the amendment in March 2015, TMDI is entitled to receive a higher drawdown amount and can be made in US\$ or Rupiah.

As of March 31, 2017 and 2016, the outstanding loan balance amounted to Rp 54,057,217,565 and Rp 34,014,130,279, respectively. As of March 31, 2017 and 2016, the outstanding loan balance includes accrued interest amounting to Rp 57,217,565 and Rp 14,130,279, respectively.

19. CAPITAL STOCK

Name of Stockholders	March 31, 2017		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital Rp
TML Holdings Pte., Ltd.	48,609,088	99.99%	430,433,474,240
Tata Motors Limited	1,220	0.01%	10,803,100
Total	<u>48,610,308</u>	<u>100%</u>	<u>430,444,277,340</u>

Name of Stockholders	March 31, 2016		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital Rp
TML Holdings Pte., Ltd.	39,893,622	99.99%	353,258,022,810
Tata Motors Limited	1,220	0.01%	10,803,100
Total	<u>39,894,842</u>	<u>100%</u>	<u>353,268,825,910</u>

Based on Notarial Deed No. 19 dated March 3, 2017 of Fardian S.H., notary public in Jakarta, the shareholders of the Company agreed to issue 6,950,553 shares to THPL with par value of Rp 8,855 per share. This increased the subscribed and paid-up capital to 48,610,308 shares which was acknowledged by Minister of Justice and Human Rights of the Republic of Indonesia thru his letter No. AHU-AH.01.03-0113079 dated March 6, 2017. The Company received capital infusion totalling to Rp 61,547,151,700 in relation to this issuance on June 10, 2016 amounting to Rp 25,693,471,000, September 9, 2016 amounting to Rp 20,143,040,000, and October 17, 2016 amounting to Rp 15,710,640,000. The capital infusion resulted in an increase in additional paid-in capital amounting to Rp 4,885.

20. ADVANCE FOR FUTURE CAPITAL STOCK SUBSCRIPTION

On February 29, 2016, the Company received Rp 15,628,305,000 from THPL which was intended as an advance for capital stock subscription.

Based on Notarial Deed No. 17 dated June 14, 2016 of Fardian S.H., notary public in Jakarta, the Company converted the advance for capital stock subscription amounting to Rp 15,628,305,000 to the issuance of 1,764,913 shares to THPL with par value of Rp 8,855 per share. This issuance was acknowledged by Minister of Justice and Human Rights of the Republic of Indonesia thru his letter No. AHU-AH.01.03-0064214 dated July 13, 2016. The capital infusion resulted in an increase in additional paid-in capital amounting to Rp 385.

21. 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.

22. SALES

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

23. COST OF SALES

	<u>2017</u> Rp	<u>2016</u> Rp
Vehicles	68,078,617,851	106,797,563,615
Spareparts	<u>5,786,008,272</u>	<u>2,338,209,157</u>
Total	<u><u>73,864,626,123</u></u>	<u><u>109,135,772,772</u></u>

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

24. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2017</u> Rp	<u>2016</u> Rp
Salaries and employee benefits (Note 27)	25,812,961,659	27,548,268,103
Rental	10,215,954,389	14,951,519,093
Transportation, logistics and trials	8,546,584,603	7,179,812,812
Depreciation and amortization (Notes 11 and 12)	5,362,023,006	4,958,695,058
Office expenses	3,943,092,743	4,076,244,953
After sales service	2,107,762,076	2,321,798,089
Professional fees	1,628,872,928	2,109,428,509
Utilities	1,513,496,825	1,347,049,598
Provision for impairment losses on receivables (Note 6)	1,046,837,963	-
Others	<u>2,016,447,591</u>	<u>1,091,911,528</u>
Total	<u><u>62,194,033,783</u></u>	<u><u>65,584,727,743</u></u>

25. SELLING EXPENSES

	2017	2016
	Rp	Rp
Marketing and promotion (Note 29)	23,305,129,050	26,711,916,011
Sponsorship	5,133,697,811	8,338,216,595
Others	3,396,671,787	2,065,578,815
Total	<u>31,835,498,648</u>	<u>37,115,711,421</u>

26. TAXATION

The Group's income tax in 2017 and 2016 represents deferred tax expense of the Company and TMDI amounting to Rp 219,447,465 and Rp 220,097,503, respectively.

Current Tax

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

	2017	2016
	Rp	Rp
Loss before tax per consolidated statement of profit or loss and other comprehensive income	(92,037,423,115)	(112,582,804,630)
Loss before tax of TMDI	<u>88,107,647,057</u>	<u>102,438,596,690</u>
Loss before tax of the Company	<u>(3,929,776,058)</u>	<u>(10,144,207,940)</u>
Temporary difference:		
Difference between commercial and fiscal depreciation	(139,874,234)	(146,748,225)
Difference between commercial and fiscal amortization	2,312,501	4,625,001
Provision for post-employment benefit obligation	<u>(1,168,078,000)</u>	<u>451,299,000</u>
Total	<u>(1,305,639,733)</u>	<u>309,175,776</u>
Permanent differences:		
Non-deductible expenses	632,739,079	467,314,932
Benefits in kind	180,036,883	1,030,911,790
Interest income subject to final tax	<u>(7,722,290)</u>	<u>(17,800,161)</u>
Total	<u>805,053,672</u>	<u>1,480,426,561</u>
Fiscal loss before fiscal loss carryforward	(4,430,362,119)	(8,354,605,603)
Fiscal loss carryforward		
2016	(8,354,605,603)	-
2015	(10,217,342,217)	(10,217,342,217)
2014	(16,381,282,660)	(16,381,282,660)
2013	<u>(46,950,130,629)</u>	<u>(46,950,130,629)</u>
Accumulated Fiscal Losses	<u>(86,333,723,228)</u>	<u>(81,903,361,109)</u>

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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. The tax authorities may assess taxes within 5 years after the date when the tax becomes due.

Deferred Tax

As of March 31, 2017 and 2016, the Company did not recognize deferred tax asset on temporary differences from fiscal losses and post-employment obligation due to uncertainty of generating future taxable income to utilize accumulated fiscal loss.

Deferred tax liability amounting to Rp 639,293,467 and Rp 419,846,002 as of March 31, 2017 and 2016, respectively, pertains to the difference between the carrying amounts of property and equipment and system software per commercial and per fiscal.

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

	<u>2017</u>	<u>2016</u>
	Rp	Rp
Loss before tax per consolidated statement of comprehensive income	(92,037,423,115)	(112,582,804,630)
Loss before tax of TMDI	<u>88,107,647,057</u>	<u>102,438,596,690</u>
Loss before tax of the Company	<u>(3,929,776,058)</u>	<u>(10,144,207,940)</u>
Tax benefit at enacted tax rates	<u>(982,444,015)</u>	<u>(2,536,051,985)</u>
Tax effect of permanent differences:		
Benefits in kind	45,009,221	257,727,947
Interest income subject to final tax	(1,930,573)	(4,450,040)
Non-deductible expenses	<u>158,184,770</u>	<u>116,828,733</u>
Total	(781,180,597)	(2,165,945,345)
Unrecognized deferred tax	<u>816,149,156</u>	<u>2,202,632,401</u>
Tax Expense	<u><u>34,968,559</u></u>	<u><u>36,687,056</u></u>

27. 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 41 in 2017 and 44 in 2016.

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

Interest risk

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

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Salary risk

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

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

	<u>2017</u>	<u>2016</u>
	Rp	Rp
Service Cost		
Current service cost	952,609,000	1,284,143,000
Interest cost	201,577,000	180,803,000
Past service cost	165,879,000	-
Adjustments	<u>(646,446,000)</u>	<u>-</u>
Components of defined benefit costs recognised in profit or loss	<u>673,619,000</u>	<u>1,464,946,000</u>
Remeasurement on the net defined benefit liability:		
Actuarial gains arising from changes in demographic assumptions	-	(57,300,000)
Actuarial gains arising from changes in financial assumptions	(390,185,000)	(330,521,000)
Actuarial (gains) and losses arising from experience adjustments	<u>342,000</u>	<u>(231,339,000)</u>
Components of defined benefit costs recognised in other comprehensive income	<u>(389,843,000)</u>	<u>(619,160,000)</u>
Total	<u><u>283,776,000</u></u>	<u><u>845,786,000</u></u>

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

	March 31, 2017	March 31, 2016
	Rp	Rp
Beginning balance	3,579,158,000	2,733,372,000
Current service cost	952,609,000	1,284,143,000
Interest cost	201,577,000	180,803,000
Past service cost	165,879,000	-
Adjustments	(646,446,000)	-
Excess benefit paid recognized by the Company	(65,443,000)	-
Benefits paid by Company	(478,656,000)	-
Remeasurement (gains)/losses:		
Actuarial gains arising from changes in demographic assumptions	-	(57,300,000)
Actuarial gains arising from experience adjustments	(390,185,000)	(231,339,000)
Actuarial (gains) and losses arising from changes in financial assumptions	342,000	(330,521,000)
Ending balance	<u>3,318,835,000</u>	<u>3,579,158,000</u>

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

	March 31, 2017		March 31, 2016	
	<i>Increase</i>	<i>Decrease</i>	<i>Increase</i>	<i>Decrease</i>
	Rp million	Rp million	Rp million	Rp million
Discount rate	(298,501)	342,491	(290,922)	337,555
Salary incremental rate	345,361	(305,915)	336,900	(295,420)

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 recognised in the statement of financial position.

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

	2017	2016
Discount rate	7.9% per annum	8.7% per annum
Salary increment rate	6% per annum	8% per annum
Mortality rate	Mortality Table of Indonesia 2011	Mortality Table of Indonesia 2011
Disability rate	10% of Mortality Rate	10% of Mortality Rate
Resignation rate	5% at age 30 reducing linearly to 0% at age 55	5% at age 30 reducing linearly to 0% at age 55
Retirement rate	100% at 55 years old	100% at 55 years old

28. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES

Nature of Relationship

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

Transactions with Related Parties

- a. Purchases of spare parts and vehicles from related party represent 100% of the total purchases in 2017 and 2016. At reporting dates, the liabilities for these purchases were presented as trade accounts payable.
- b. The Group entered into other transactions with related parties as disclosed in Notes 7 and 14.
- c. The Group provides short-term employee benefits to its key management personnel amounting to Rp 4,765,072,393 and Rp 4,783,909,788 for 2017 and 2016, respectively.

29. SIGNIFICANT AGREEMENTS

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

The Company

- a. The Company entered into a lease agreement with PT. Metropolitan Kentjana Tbk for office rental for a period of 3 years effective March 1, 2013 until February 28, 2016. The lease agreement has been extended by the Company for 2 months until April 30, 2016, then extended again for a period of 3 years effective May 1, 2016 until April 30, 2019 and reducing the space rented from 1,085.75 sqm to 709.08 sqm.

Rental expense recognized from this agreement amounted to Rp 210,168,117 and Rp 1,174,398,104 in 2017 and 2016, 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. The lease agreement has been extended by the Company for 2 months until April 30, 2016, then extended again for a period of 3 years effective May 1, 2016 until April 30, 2019.

Rental expense recognized from this agreement amounted to Rp 2,388,159,550 and Rp 2,238,577,067 in 2017 and 2016, 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, 2014 until June 30, 2015. On November 18, 2015, the term was extended until June 30, 2016. On June 24, 2016, the term was extended until June 30, 2017. Under the agreement, PT. Toll Indonesia shall provide the warehouse and logistic support, including inventory management to the Company.

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

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

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

- g. During 2016 and 2017, 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 is 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 agrees to provide financing facility for public transportation vehicles of TMDI through dealers or TMDI on behalf of dealers has the right to execute buy back guarantee program based on certain conditions as stipulated in the agreement. The agreement is valid for one year and can be extended until further written notice from both or either parties.

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

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

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

- h. 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.

30. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

		2017		2016	
		In Original Currency	Equivalent in Rp	In Original Currency	Equivalent in Rp
ASSETS					
Cash and cash equivalents	US\$	45,203	602,150,761	167,223	2,220,053,821
Other accounts receivable					
Related party	US\$	316,607	4,217,524,249	219,084	2,908,557,459
Third party	US\$	-	-	500	6,638,000
Other current assets	US\$	-	-	41,699	553,589,286
Total Assets			<u>4,819,675,010</u>		<u>5,688,838,566</u>
LIABILITIES					
Trade accounts payable	US\$	1,676,954	22,338,699,279	1,402,570	18,620,518,922
Other accounts payable					
Related parties	US\$	1,028,349	13,698,632,899	880,170	11,685,134,000
Third parties	US\$	-	-	509,999	6,925,086,867
Short-term bank loans	US\$	2,099,572	27,968,398,612	-	-
Total Liabilities			<u>64,005,730,790</u>		<u>37,230,739,788</u>
Net Liabilities			<u>(59,186,055,780)</u>		<u>(31,541,901,222)</u>

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

31. CATEGORIES AND CLASSES OF FINANCIAL INSTRUMENTS

	March 31, 2017 Rp	March 31, 2016 Rp
Financial Asset		
<u>Loans and receivables</u>		
Cash and cash equivalents	6,652,907,352	5,610,900,499
Trade accounts receivables	10,913,697,888	17,561,039,992
Other accounts receivable		
Related party	4,217,524,249	2,908,557,459
Third parties	2,635,136,735	1,869,685,112
Other current assets	1,669,226,550	196,560,550
Other noncurrent assets	828,955,052	870,160,552
Total	<u>26,917,447,826</u>	<u>29,016,904,164</u>

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 MARCH 31, 2017 AND FOR THE YEAR THEN ENDED (Continued)

	March 31, 2017 Rp	March 31, 2016 Rp
Financial Liabilities		
<u>Current liabilities at amortized cost</u>		
Trade accounts payable	22,338,699,279	27,764,968,502
Other accounts payable		
Related parties	17,574,087,769	13,119,210,901
Third parties	12,008,333,232	14,047,002,836
Accrued expenses	16,731,272,092	11,043,468,473
Short-term bank loan	54,057,217,565	34,014,130,279
<u>Current liabilities at FVTPL</u>		
Derivative liabilities	93,586,321	7,153,944,913
<u>Noncurrent liabilities at amortized cost</u>		
Accrued expenses	524,000,000	414,000,000
Total	<u>123,327,196,258</u>	<u>107,556,725,904</u>

32. 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 short-term bank loan (Note 18) offset by cash and cash equivalents (Note 5) and equity shareholders consisting of capital stock (Note 19), advances for future capital stock subscription (Note 20), additional paid-in capital (Note 21), non-controlling interest and deficit.

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.

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

	March 31, 2017	March 31, 2016
Debt	54,057,217,565	34,014,130,279
Cash and cash equivalents	(6,659,666,695)	(5,617,646,745)
Net debt	47,397,550,870	28,396,483,534
Equity (Capital Deficiency)	(22,911,353,904)	7,408,521,976
Net debt to equity ratio	<u>-207%</u>	<u>383%</u>

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.

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 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 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. To help manage the risk, the Group entered into forward foreign exchange contracts with financial institution. The Group's net open foreign currency exposure as of reporting date is disclosed in Note 30.

The following table details the Group'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.

	2017		2016	
	Increase (decrease) in percentage	Increase (decrease) on loss before tax Rp	Increase (decrease) in percentage	Increase (decrease) on loss before tax Rp
US Dollar	2.0% (2.0%)	1,183,721,116 (1,183,721,116)	4.0% (4.0%)	1,261,676,049 (1,261,676,049)

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.

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.

	Annual Interest	1 to 3 months Rp	3 months to 1 year Rp	1 to 5 years Rp	Total Rp
March 31, 2017					
Non-interest bearing					
Trade accounts payable		22,338,699,279	-	-	22,338,699,279
Other accounts payable					
Related parties		17,574,087,769	-	-	17,574,087,769
Third parties		12,008,333,232	-	-	12,008,333,232
Accrued expenses		8,208,657,509	8,522,614,583	524,000,000	17,255,272,092
Interest-bearing					
Short-term bank loan	2.72% - 8.89%	54,134,485,153	-	-	54,134,485,153
Total		<u>114,264,262,942</u>	<u>8,522,614,583</u>	<u>524,000,000</u>	<u>123,310,877,525</u>
March 31, 2016					
Non-interest bearing					
Trade accounts payable		27,764,968,502	-	-	27,764,968,502
Other accounts payable					
Related parties		13,119,210,901	-	-	13,119,210,901
Third parties		14,047,002,836	-	-	14,047,002,836
Accrued expenses		9,222,691,578	1,406,776,895	414,000,000	11,043,468,473
Interest-bearing					
Short-term bank loan	9.6% - 12.15%	-	34,377,574,730	-	34,377,574,730
Total		<u>64,153,873,817</u>	<u>35,784,351,625</u>	<u>414,000,000</u>	<u>100,352,225,442</u>

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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.

	Annual Interest	Less than 3 months	3 months to 1 year	1 year to 5 years	Total
March 31, 2017		Rp	Rp	Rp	Rp
Variable interest rate instruments					
Cash in banks	0.25% - 3%	6,419,072,642	-	-	6,419,072,642
Fixed interest rate instruments					
Time deposits	6.00% - 7.50%	243,037,644	-	-	243,037,644
Non-interest bearing					
Trade accounts receivable		10,913,697,888	-	-	10,913,697,888
Other accounts receivable					
Related party		4,217,524,249	-	-	4,217,524,249
Third parties		2,635,136,735	-	-	2,635,136,735
Other current assets		-	1,669,226,550	-	1,669,226,550
Other noncurrent assets		-	-	828,955,052	828,955,052
Total		<u>24,428,469,158</u>	<u>1,669,226,550</u>	<u>828,955,052</u>	<u>26,926,650,760</u>

	Annual Interest	Less than 3 months	3 months to 1 year	1 year to 5 years	Total
March 31, 2016		Rp	Rp	Rp	Rp
Variable interest rate instruments					
Cash in banks	0.25% - 3%	5,403,125,902	-	-	5,403,125,902
Fixed interest rate instruments					
Time deposits	5.4% - 7.75%	243,720,000	-	-	243,720,000
Non-interest bearing					
Trade accounts receivable		17,561,039,992	-	-	17,561,039,992
Other accounts receivable					
Related party		2,908,557,459	-	-	2,908,557,459
Third parties		1,869,685,112	-	-	1,869,685,112
Other current assets		-	196,560,550	-	196,560,550
Other noncurrent assets		-	-	870,160,552	870,160,552
Total		<u>27,986,128,465</u>	<u>196,560,550</u>	<u>870,160,552</u>	<u>29,052,849,567</u>

iv. Fair value of financial instruments

Fair value of financial instruments

Except for financial instruments at FVTPL, as disclosed in Note 15, 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.

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

PSAK 68, Fair Value Measurement, requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

33. FINANCIAL INFORMATION OF PARENT ENTITY ONLY

The financial information that are presented on pages 38 to 41 are the Company's financial statements, which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity 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.

34. EVENT AFTER REPORTING PERIOD

On April 11, 2017, the Group received Rp 44,100,000,000 from THPL which is intended for capital injection. As of issuance date of the financial statements, the notarial deed and other legal documents are still in process.

35. MANAGEMENT RESPONSIBILITY AND APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation and fair presentation of the consolidated financial statements on pages 1 to 37 and the supplementary information on pages 38 to 41 were the responsibilities of the management, and were approved by the Directors and authorized for issue on May 10, 2017.

PT. TATA MOTORS INDONESIA
 ADDITIONAL INFORMATION
 SCHEDULE I: PARENT ENTITY'S STATEMENT OF FINANCIAL POSITION
 MARCH 31, 2017

	March 31, 2017 Rp	March 31, 2016 Rp
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	633,246,201	1,412,927,130
Other accounts receivable - Third parties	48,955,927	234,208,039
Prepaid expenses	9,870,697	88,499,988
Other current assets	158,660,060	161,262,969
Total Current Assets	850,732,885	1,896,898,126
NONCURRENT ASSETS		
Investment in subsidiary	330,806,720,000	272,177,280,000
Property and equipment - net of accumulated depreciation of Rp 1,518,677,004 at March 31, 2017 and Rp 1,139,122,782 at March 31, 2016	769,010,428	1,148,564,650
Prepaid taxes	960,818,886	905,065,196
Other noncurrent assets	1,116,172,412	1,614,950,744
Total Noncurrent Assets	333,652,721,726	275,845,860,590
TOTAL ASSETS	334,503,454,611	277,742,758,716
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Other accounts payable		
Related party	7,535,472,825	6,938,542,690
Third parties	627,905,865	709,482,651
Accrued expenses	434,988,930	618,220,358
Taxes payable	52,119,092	72,842,760
Total Current Liabilities	8,650,486,712	8,339,088,459
NONCURRENT LIABILITIES		
Deferred tax liability	122,020,748	87,052,189
Post-employment benefit obligation	306,923,000	1,475,001,000
Total Noncurrent Liabilities	428,943,748	1,562,053,189
EQUITY		
Capital stock - Rp 8,855 par value per share		
Authorized - 70,000,000 shares in 2017 and 45,000,000 shares in 2016		
Subscribed and paid-up - 48,610,308 shares in 2017 and 39,894,842 shares in 2016	430,444,277,340	353,268,825,910
Additional paid-in capital	57,535,039	57,529,769
Advances for future capital stock subscription	-	15,628,305,000
Deficit	(105,077,788,228)	(101,113,043,611)
Total Equity	325,424,024,151	267,841,617,068
TOTAL LIABILITIES AND EQUITY	334,503,454,611	277,742,758,716

PT. TATA MOTORS INDONESIA
 ADDITIONAL INFORMATION
 SCHEDULE II: PARENT ENTITY'S STATEMENT OF PROFIT OR LOSS
 AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
	Rp	Rp
General and administrative expenses	(3,793,910,612)	(9,235,141,556)
Loss on foreign exchange	(133,231,193)	(859,360,282)
Interest income	7,722,290	17,800,161
Other expenses - net	<u>(10,356,543)</u>	<u>(67,506,263)</u>
LOSS BEFORE INCOME TAX	(3,929,776,058)	(10,144,207,940)
TAX EXPENSE - DEFERRED	<u>34,968,559</u>	<u>36,687,056</u>
NET LOSS FOR THE YEAR	(3,964,744,617)	(10,180,894,996)
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligation	<u>-</u>	<u>132,231,000</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>(3,964,744,617)</u></u>	<u><u>(10,048,663,996)</u></u>

PT. TATA MOTORS INDONESIA
 ADDITIONAL INFORMATION
 SCHEDULE III: PARENT ENTITY'S STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED MARCH 31, 2017

	Capital stock Rp	Additional paid-in capital Rp	Advances for future capital stock subscription Rp	Deficit Rp	Total Equity Rp
Balance as of April 1, 2015	290,466,482,845	57,517,409	-	(91,064,379,615)	199,459,620,639
Issuance of 7,092,303 shares with Rp 8,855 par value per share	62,802,343,065	12,360	-	-	62,802,355,425
Advances for future capital stock subscription	-	-	15,628,305,000	-	15,628,305,000
Net loss for the year	-	-	-	(10,180,894,996)	(10,180,894,996)
Other comprehensive income for the year	-	-	-	132,231,000	132,231,000
Balance as of March 31, 2016	353,268,825,910	57,529,769	15,628,305,000	(101,113,043,611)	267,841,617,068
Issuance of 8,715,466 shares with Rp 8,855 par value per share	77,175,451,430	5,270	(15,628,305,000)	-	61,547,151,700
Net loss for the year	-	-	-	(3,964,744,617)	(3,964,744,617)
Other comprehensive income for the year	-	-	-	-	-
Balance as of March 31, 2017	<u>430,444,277,340</u>	<u>57,535,039</u>	<u>-</u>	<u>(105,077,788,228)</u>	<u>325,424,024,151</u>

PT. TATA MOTORS INDONESIA
 ADDITIONAL INFORMATION
 SCHEDULE IV: PARENT ENTITY'S STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2017

	2017 Rp	2016 Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(3,929,776,058)	(10,144,207,940)
Adjustment for:		
Provision for (reversal of) post-employment benefit obligation	(1,168,078,000)	451,299,000
Depreciation and amortization	839,439,554	889,666,319
Interest income	(7,722,290)	(17,800,161)
Operating loss before changes in working capital	(4,266,136,794)	(8,821,042,782)
Changes in operating assets and liabilities:		
Other accounts receivable	185,252,112	(112,159,943)
Prepaid value added taxes	(55,753,690)	16,251,961
Prepaid expenses	78,629,291	220,714,221
Other current assets	2,602,909	278,366,639
Other accounts payable	515,353,349	288,207,846
Taxes payable	(20,723,668)	37,111,651
Accrued expenses	(183,231,428)	178,745,441
Net Cash Used in Operating Activities	(3,744,007,919)	(7,913,804,966)
CASH FLOWS FROM INVESTING ACTIVITY		
Investment to a subsidiary	(58,629,440,000)	(74,888,505,000)
Decrease in other noncurrent assets	38,893,000	127,846,500
Interest received	7,722,290	17,800,161
Net Cash Used in Investing Activities	(58,582,824,710)	(74,742,858,339)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from issuance of capital stock	61,547,151,700	62,802,355,425
Proceeds from advances for future capital stock subscription	-	15,628,305,000
Net Cash Provided by Financing Activities	61,547,151,700	78,430,660,425
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(779,680,929)	(4,226,002,880)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,412,927,130	5,638,930,010
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	633,246,201	1,412,927,130