

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

FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2015

AND INDEPENDENT AUDITORS' REPORT

PT. TATA MOTORS DISTRIBUSI INDONESIA
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Independent Auditors' Report

GA115 0586 TMDI TLG

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

We have audited the accompanying financial statements of PT. Tata Motors Distribusi Indonesia, which comprise the statement of financial position as of March 31, 2015 and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Osman Bing Satrio & Eny

Opinion

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

OSMAN BING SATRIO & ENY



Tombang Lumban Gaol
License of Public Accountant No. AP.0965

May 18, 2015

PT. TATA MOTORS DISTRIBUSI INDONESIA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	Notes	March 31, 2015 INR	March 31, 2014 INR
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	5	70,810,273	24,312,730
Trade accounts receivable	6	111,919,860	25,258,648
Other accounts receivable			
Related parties	7,25	9,404,347	6,866,158
Third parties	26	2,550,852	828,420
Inventories - net of allowance for decline in value of INR 715,826 at March 31, 2015 and INR 2,330,546 at March 31, 2014	8	260,466,106	270,737,052
Prepaid taxes	9	73,508,477	54,155,576
Other current assets		27,902,661	19,471,802
Total Current Assets		556,562,576	401,630,385
NONCURRENT ASSETS			
Property and equipment - net of accumulated depreciation of INR 1,179,702 at March 31, 2014	10	38,274,290	28,418,265
Other noncurrent assets	11	29,916,025	37,939,187
		68,190,315	66,357,452
TOTAL ASSETS		624,752,891	467,987,837
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade accounts payable - related party	12,25	136,116,291	157,009,500
Other accounts payable			
Related parties	13	20,788,468	35,629,518
Third parties	25	72,614,522	27,576,169
Accrued expenses	14	41,463,862	47,495,471
Taxes payable	15	1,208,209	2,462,352
Short-term bank loan	16	156,699,597	
Total Current Liabilities		428,890,949	270,173,010
NONCURRENT LIABILITIES			
Noncurrent portion of accrued expenses	14	1,617,212	467,513
Deferred tax liability	23	712,639	173,317
Post-employment benefit obligation	24	8,012,895	4,639,095
Total Noncurrent Liabilities		10,342,746	5,279,924
EQUITY			
Capital stock - Rp 1,000 par value			
Authorized - 350,000,000 shares in 2015 and 8,885,00 shares in 2014			
Subscribed and paid-up - 180,226,730 shares in 2015 and 2,213,750 shares in 2014	17	859,778,313	10,560,777
Advances for future capital stock subscription	18	81,446,904	476,721,591
Deficit		(755,706,020)	(294,747,465)
Total Equity		185,519,197	192,534,903
TOTAL LIABILITIES AND EQUITY		624,752,891	467,987,837

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

PT. TATA MOTORS DISTRIBUSI INDONESIA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2015

	Notes	March 31, 2015 INR	March 31, 2014 INR
NET SALES	19	455,842,804	107,517,421
COST OF GOODS SOLD	20	<u>474,484,486</u>	<u>117,510,628</u>
GROSS LOSS		<u>(18,641,682)</u>	<u>(9,993,207)</u>
General and administrative expenses	21	(236,586,141)	(142,762,671)
Selling expenses	22	(192,674,617)	(154,411,568)
Gain (loss) on foreign exchange		(11,713,650)	14,165,336
Interest Expense	16	(655,326)	0
Interest income		595,742	198,744
Others - net		<u>(743,559)</u>	<u>(422,234)</u>
LOSS BEFORE INCOME TAX		(460,419,233)	(293,225,599)
TAX EXPENSE - DEFERRED	23	<u>539,322</u>	<u>173,317</u>
NET LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		<u><u>(460,958,555)</u></u>	<u><u>(293,398,916)</u></u>

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

PT. TATA MOTORS DISTRIBUSI INDONESIA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

	Notes	Capital stock INR	Advances for future capital stock subscription INR	Deficit INR	Total Equity INR
Balance as of April 1, 2013	17	10,560,777		(1,348,549)	9,212,228
Advances for capital stock subscription			476,721,591		476,721,591
Net loss for the period and total comprehensive income				(293,398,916)	(293,398,916)
Balance as of March 31, 2014		10,560,777	476,721,591	(294,747,465)	192,534,903
Advances for capital stock subscription	18		81,446,904		81,446,904
Issuance of 178,012,980 shares Rp 1,000 par value	17	849,217,536	(476,721,591)		372,495,945
Net loss for the year and total comprehensive income				(460,958,555)	(460,958,555)
Balance as of March 31, 2015		<u>859,778,313</u>	<u>81,446,904</u>	<u>(755,706,020)</u>	<u>185,519,197</u>

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

PT. TATA MOTORS DISTRIBUSI INDONESIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	March 31, 2015 INR	March 31, 2014 INR
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(460,419,233)	(293,225,599)
Adjustments for:		
Depreciation and amortization	15,797,583	4,861,179
Provision for post employment benefit obligation	3,373,800	2,330,547
Provision for (reversal of) decline in value of inventories	(1,614,720)	4,639,095
Interest expense	655,326	-
Interest income	(595,742)	(198,744)
Operating loss before changes in working capital	(442,802,986)	(281,593,523)
Changes in working capital:		
Trade accounts receivable	(86,661,212)	(25,258,648)
Other accounts receivable	(4,260,621)	(7,694,578)
Inventories	11,885,665	(273,067,598)
Prepaid taxes	(14,347,586)	(44,645,873)
Other current assets	(8,430,859)	(19,471,802)
Trade accounts payable	(20,893,209)	157,009,500
Other accounts payable	30,197,302	62,845,035
Accrued expenses	(4,881,909)	43,804,553
Taxes payable	(1,254,143)	2,368,099
Cash used in operations	(541,449,558)	(385,704,835)
Income tax paid	(5,005,314)	(9,217,789)
Interest received	595,742	198,744
Net Cash Used in Operating Activities	(545,859,131)	(394,723,880)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(17,630,446)	(26,419,264)
Increase in other noncurrent assets	-	(38,701,524)
Net Cash Used in Investing Activities	(17,630,446)	(65,120,788)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	372,495,945	-
Proceeds from short-term loan	156,044,271	-
Proceeds from advances for future capital stock subscription	81,446,904	476,721,591
Net Cash Provided by Financing Activities	609,987,120	476,721,591
INCREASE IN CASH ON HAND AND IN BANKS	46,497,543	16,876,923
CASH ON HAND AND IN BANKS AT BEGINNING OF THE YEAR	24,312,730	7,435,807
CASH ON HAND AND IN BANKS AT END OF THE YEAR	70,810,273	24,312,730

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

1. GENERAL

PT. Tata Motors Distribusi Indonesia (the "Company") is a foreign investment company which was established within the framework of the Foreign Capital Investment Law No. 25 Year 2007, based on notarial deed No. 70, dated January 23, 2013, of Aryanti Artisari S.H., M.Kn, Notary public in Jakarta. The deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia based on decree No. AHU-05503.AH.01.01 Year 2013 dated February 11, 2013. The articles of association have been amended several times, most recently by Notarial Deed No. 6 dated March 13, 2015, concerning the share transfer from Ajit Venkataraman, the minority shareholder, to TML Holdings Pte. Ltd. Singapore. These changes were reported to the Minister of Law and Human Rights of the Republic of Indonesia and has been acknowledged through his Letter No. AHU-AH.01.03-0016300 year 2015 dated March 14, 2015.

The Company is domiciled in South Jakarta and its office is located in Pondok Indah Office Tower 3 Floor 8 Suite 801B, Jl. Sultan Iskandar Muda Kav.V-TA Pondok Pinang Kebayoran Lama, Jakarta Selatan 12310. The Company has 34 and 18 permanent employees as of March 31, 2015 and 2014, respectively.

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

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

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

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

Standards effective in the current period

In the current year, the Company has adopted all of the new and revised standards and interpretations issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting periods beginning on April 1, 2014.

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

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

Standards and interpretation in issue not yet adopted

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Financial Statement Presentation

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

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

c. Foreign Currency Transactions and Balances

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

d. Transactions with Related Parties

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

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

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

e. Financial Assets

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

All financial assets are 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 Company's financial assets as of the reporting date are classified as loans and receivables.

Loans and receivables

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

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

Effective interest method

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

Impairment of financial assets

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

The objective evidence of impairment could include:

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

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company'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 Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

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

f. Financial Liabilities and equity instrument

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and 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 Company are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities at amortized cost

Financial liabilities, which include trade and other payables and other borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company'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.

g. Netting of Financial Assets and Financial Liabilities

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

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

h. 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.

i. Property and Equipment

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

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

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

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

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

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

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

j. Other Noncurrent Asset

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.

k. Impairment of Non-Financial Assets

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

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

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

I. Provisions

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

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

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

m. Leases

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

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

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

n. 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 Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Expenses

Expenses are recognized when incurred.

o. Employee Benefits

The Company provides defined post-employment benefits to its employees in accordance with Labor Law No. 13/2003. No funding has been made to this defined benefit plan.

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

The benefits obligation recognized in the statement of financial position represents the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains or losses and unrecognized past service cost.

p. Income Tax

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and current tax liabilities on a net basis.

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

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

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

Key Sources of Estimation Uncertainty

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

Impairment Loss on Receivables

The Company assesses its receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is 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 Company provides allowance for decline in value of inventories based on estimated future usage of such inventories. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will impact the result of the Company's operations.

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

Estimated Useful Lives of Property, Equipment and System Software

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

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

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The carrying amounts of property, equipment and system software are disclosed in Notes 10 and 11, respectively.

Post-employment benefits obligation

The determination of post-employment benefits obligation depends on selection of certain assumptions used by the actuary for the calculation of the liability. These assumptions include discount rate and rate of increase in salaries. Different realization from the Company's assumptions are accumulated and amortized over the future periods and consequently will affect the expense and liabilities recognized in the future. Although the assumptions of the Company are considered appropriate and reasonable, significant changes in fact or significant changes in assumptions used can significantly affect the post-employment benefits obligation of the Company.

The carrying amount of post-employees benefit obligation is disclosed in Note 24.

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 14.

5. CASH AND CASH EQUIVALENTS

	March 31, 2015	March 31, 2014
	INR	INR
Cash on hand	19,814	77,348
Cash in banks		
Indonesian Rupiah	24,692,619	4,247,450
US Dollar	26,443,227	19,987,932
Time deposits	19,654,613	-
Total	<u>70,810,273</u>	<u>24,312,730</u>

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

6. TRADE ACCOUNTS RECEIVABLE

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

Age Category follows:

	March 31, 2015	March 31, 2014
	<u>INR</u>	<u>INR</u>
Not yet due	80.202.154	21.441.974
Past due:		
Under 30 days	14.243.951	1.137.208
61-90 days	<u>17.473.755</u>	<u>2.679.467</u>
Total	<u><u>111.919.860</u></u>	<u><u>25.258.648</u></u>

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

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

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

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

7. OTHER ACCOUNTS RECEIVABLE FROM A RELATED PARTY

As of March 31, 2015 and 2014, receivable from a related party pertains to the reimbursement of various charges from TML.

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

8. INVENTORIES

	March 31, 2015	March 31, 2014
	<u>INR</u>	<u>INR</u>
Vehicles	228.245.508	257.065.189
Spare parts	<u>32.936.425</u>	<u>16.002.409</u>
Total	261.181.933	273.067.598
Allowance in decline in value	<u>(715.827)</u>	<u>(2.330.547)</u>
Net	<u><u>260.466.106</u></u>	<u><u>270.737.052</u></u>

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Movements in the allowance in decline in value follows:

	March 31, 2015 <u>INR</u>	March 31, 2014 <u>INR</u>
Beginning balance	2.330.547	-
Provision during year	715.827	2.330.547
Reversal during the year	<u>(2.330.547)</u>	<u>-</u>
Ending Balance	<u>715.827</u>	<u>2.330.547</u>

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

The Company's inventories are being used as security over short term loan (Note 16).

Inventories were insured with PT. Asuransi Indrapura against earthquake, flood and RSCC (Riots, Strike, and Civil Commotions) for INR 280,412,174 and INR 316,525,141 as of March 31, 2015 and 2014, respectively, and with PT. Asuransi Rama Satria for marine cargo for US\$ 2,000,000 as of March 31, 2015 and 2014.

9. PREPAID TAXES

	March 31, 2015 <u>INR</u>	March 31, 2014 <u>INR</u>
Overpayment of corporate income tax		
2015	5,005,314	-
2014	9,217,789	9,217,789
Value added tax (VAT) In		
2015	14,347,586	-
2014	<u>44,937,787</u>	<u>44,937,787</u>
Total	<u>73,508,477</u>	<u>54,155,576</u>

10. PROPERTY AND EQUIPMENT

	April 1, 2014 <u>INR</u>	Additions <u>INR</u>	Reclassification	March 31, 2015 <u>INR</u>
Cost:				
IT equipment	4,100,733	478,445	1,335,937	5,915,115
Furniture and fixtures and office equipment	13,138,833	8,598,119	1,864,244	23,601,196
Vehicles	4,975,830	1,677,357	1,957,384	8,610,571
Building improvements	-	5,486,118	-	5,486,118
Construction in-progress	<u>7,382,572</u>	<u>1,390,407</u>	<u>(8,270,370)</u>	<u>502,608</u>
Total	<u>29,597,968</u>	<u>17,630,446</u>	<u>(3,112,805)</u>	<u>44,115,608</u>
Accumulated Depreciation:				
IT Equipment	545,745	1,200,228	-	1,745,973
Furniture and fixtures and office equipment	633,957	2,529,312	-	3,163,270
Vehicles	-	886,357	-	886,357
Building improvements	<u>-</u>	<u>45,718</u>	<u>-</u>	<u>45,718</u>
Total	<u>1,179,703</u>	<u>4,661,615</u>	<u>-</u>	<u>5,841,317</u>
Net Carrying Value	<u>28,418,265</u>			<u>38,274,290</u>

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	April 1, 2013	Additions	Reclassification	March 31, 2014
	INR	INR	INR	INR
Cost:				
IT equipment	-	4.100.733	-	4.100.733
Furniture and fixtures and office equipment	-	13.138.833	-	13.138.833
Marketing vehicle	-	4.975.830	-	4.975.830
Construction in-progress	-	7.382.572	-	7.382.572
Total	-	<u>29.597.968</u>	-	<u>29.597.968</u>
Accumulated Depreciation:				
IT Equipment	-	(545.745)	-	(545.745)
Furniture and fixtures and office equipment	-	(633.957)	-	(633.957)
Total	-	<u>(1.179.703)</u>	-	<u>(1.179.703)</u>
Net Carrying Value	-			<u>28.418.265</u>

Depreciation expense recognized as part of general and administrative expenses amounted of INR 4,661,615 and INR 1,179,703 in 2015 and 2014, respectively.

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

Vehicles were insured with PT. Asuransi Rama Satria Wibawa against FLEXA (Fire, Lightning, Explosion and Falling of Aircraft), RSMD (Riot, Strike and Malicious Damage) and catastrophe (typhoon, storm, flood, landslide and water damage) for INR 5,870,146 and INR 7,365,709 as of March 31, 2015 and 2014, respectively.

11. OTHER NONCURRENT ASSETS

This account represents system software with movements are as follows:

	March 31, 2015	March 31, 2014
		INR
Cost:		
Beginning balance	41.620.664	-
Additions	<u>3.112.805</u>	<u>41.620.664</u>
Ending balance	<u>44.733.469</u>	<u>41.620.664</u>
Accumulated Amortization:		
Beginning balance	3.681.476	-
Additions	<u>11.135.968</u>	<u>3.681.476</u>
Ending balance	<u>14.817.445</u>	<u>3.681.476</u>
Net carrying amount	<u>29.916.025</u>	<u>37.939.187</u>

Amortization expense recognized as part of general and administrative expenses amounted of INR 11,135,968 and INR 3,681,476 in 2015 and 2014, respectively.

12. TRADE ACCOUNTS PAYABLE

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

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These purchases have normal credit terms of 60 to 90 days. No interest is charged on past due trade accounts payable.

13. OTHER ACCOUNTS PAYABLE

	March 31, 2015	March 31, 2014
	<u>INR</u>	<u>INR</u>
Related parties		
TML	17.659.905	16.063.860
Tata Technologies Limited (TTL)	3.128.563	19.565.658
	<u>20.788.468</u>	<u>35.629.518</u>
Third parties	<u>72.614.522</u>	<u>27.576.169</u>

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

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

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

14. ACCRUED EXPENSES

	March 31, 2015	March 31, 2014
	<u>INR</u>	<u>INR</u>
Current portion		
Marketing cost	10,617,593	27,769,022
Bonus	9,273,264	8,462,933
Warranty	8,876,109	1,236,516
Buy back guarantee	6,071,880	-
Transportation and logistics	2,354,100	4,182,859
Construction in-progress	-	3,178,704
Professional fees	-	1,629,575
Others	4,270,916	1,035,862
Total	<u>41,463,862</u>	<u>47,495,471</u>
Noncurrent portion		
Warranty	<u>1,617,212</u>	<u>467,513</u>

Management recognized provision for buy back guarantee loss based on estimated losses in relation to the agreement entered into with a third party (Note 26). Management believes that the estimated provision is sufficient to cover probable losses from the buy-back agreement.

15. TAXES PAYABLE

	March 31, 2015	March 31, 2014
	INR	INR
Income taxes		
Article 4(2)	287,035	355,620
Article 21	470,148	379,056
Article 22	228,035	87,184
Article 23	222,990	257,817
VAT offshore	-	1,382,676
Total	<u>1,208,209</u>	<u>2,462,352</u>

16. SHORT-TERM BANK LOAN

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

This loan is secured by a fiducia security over inventories. The loan agreement contains certain covenants, which among others, restrict the Company to enter into any amalgamation, demerger, or corporate reconstruction which might reasonably be expected to have a material adverse effect; to sell, lease, transfer or otherwise dispose of any asset, unless in the general course of business.

The Company made drawdowns amounting to US\$ 750,000 (equivalent to INR 46,813,281) and US\$ 1,750,000 (equivalent to INR 109,230,989) on December 19, 2014 and March 10, 2015, respectively. Outstanding loan balance as of March 31, 2015 amounted to INR 156,699,597, which includes accrued interest amounting to INR 655,326. Interest expense recognized amounted to INR 655,326 in 2015.

17. CAPITAL STOCK

Name of Stockholders	2015		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital INR
Tata Motors Indonesia	859.727	99,99%	859.726.529
TML Holdings Pte. Ltd.	<u>52</u>	<u>0,01%</u>	<u>51.784</u>
Total	<u>859.778</u>	<u>100%</u>	<u>859.778.313</u>
Name of Stockholders	2014		
	Number of Shares	Percentage of Ownership	Total Paid-up Capital INR
Tata Motors Indonesia	10.519	99,60%	10.518.534
Ajit Venkataraman	<u>42</u>	<u>0,40%</u>	<u>42.243</u>
Total	<u>10.561</u>	<u>100%</u>	<u>10.560.777</u>

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Based on Notarial Deed No. 6 dated November 8, 2013 of Fardian S.H., notary public in Jakarta, the shareholders of the Company agreed to increase the authorized share capital from 8,855,000 shares to 11,000,000 shares with par value of Rp 1,000. The shareholders also agreed to issue 8,000,000 shares to TMI and 2,000 shares to Ajit Venkatarman. This increases the subscribed and paid-up capital shares to 10,215,750 shares. This was approved by the Indonesia Investment Coordinating Board (BKPM) on April 23, 2014 thru its letter No. 1157/1/IP-PB/PMA/2014 and by the Minister of Justice and Human Rights of the Republic of Indonesia thru its letter No. AHU-17197.AH.01.02 year 2014 dated July 15, 2014. As a result of this approval, the advances for future capital stock subscription made as of March 31, 2014 amounting to INR 38,164,297 was converted to capital stock.

Based on Notarial Deed No. 1 dated February 6, 2015 of Fardian S.H., notary public in Jakarta, the shareholders of the Company agreed to increase the authorized share capital from 11,000,000 shares to 350,000,000 shares with face value of Rp 1,000 each. The shareholders also agreed to issue 170,010,980 shares to TMI. This increases the subscribed and paid-up capital shares to 180,226,730 shares. This was approved by BKPM on February 17, 2015 thru its letter No. 453/1/IP-PB/PMA/2015 and by Minister of Justice and Human Rights of the Republic of Indonesia thru its letter No. AHU-0002303.AH.01.02 year 2015 dated February 12, 2015. As a result of this approval, the advances for future capital stock subscription made as of March 31, 2014 amounting to INR 438,557,294 was converted to capital stock. Additional subscriptions amounting to INR 40,199,408, INR 111,735,521 and INR 220,551,474 were received on October 30, 2014, August 7, 2014 and May 20, 2014, respectively.

Based on Notarial Deed No. 6 dated March 13, 2015 of Fardian S.H., notary public in Jakarta, the shareholders of the Company agreed on the share transfer from Ajit Venkataraman to TML Holdings Pte. Ltd. This was approved by BKPM on March 10, 2015 through its letter no. 666/1/IP-PB/PMA/2015. This was acknowledged by Minister of Justice and Human Rights of the Republic of Indonesia thru its letter No. AHU-AH.01.03-0016300 year 2015 dated March 14, 2015.

18. ADVANCES FOR FUTURE CAPITAL STOCK SUBSCRIPTION

On January 12, 2015 and November 6, 2014, the Company received INR 17,903,826 and INR 63,543,078, respectively, from TMI which are intended as advances for capital stock subscription. As of the issuance date of the financial statements, the notarial deed and other legal documents are still in process.

19. SALES

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

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20. COST OF SALES

	<u>2015</u>	<u>2014</u>
	INR	INR
Vehicles	463.938.739	115.759.089
Spareparts	<u>10.545.747</u>	<u>1.751.539</u>
Total	<u><u>474.484.486</u></u>	<u><u>117.510.628</u></u>

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

21. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2015</u>	<u>2014</u>
	INR	INR
Salaries and employee benefits (Note 24)	88.207.337	64.426.960
Rental (Note 26)	49.643.021	20.217.513
Transportation and logistics	41.321.185	31.336.063
Office expenses	23.505.153	13.355.807
Depreciation and amortization	15.797.583	4.861.179
Professional fees	10.704.089	3.192.099
Utilities	3.328.958	1.939.159
Others	<u>4.078.816</u>	<u>3.433.890</u>
Total	<u><u>236.586.141</u></u>	<u><u>142.762.671</u></u>

22. SELLING EXPENSES

	<u>2015</u>	<u>2014</u>
	INR	INR
Marketing and promotion (Note 26)	148.937.907	136.172.379
Sponsorship	38.662.178	15.698.336
Others	<u>5.074.532</u>	<u>2.540.853</u>
Total	<u><u>192.674.617</u></u>	<u><u>154.411.568</u></u>

23. TAXATION

The Company's income tax pertains to deferred tax expense in 2015 and 2014.

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Current Tax

	2015 INR	2014 INR
Loss before income tax per statement of comprehensive income	(460,419,233)	(293,225,599)
Temporary differences:		
Provision for post-employment benefit	3,373,800	4,639,095
Property and equipment and system software	(2,157,288)	(693,267)
Provision for decline in value of inventories	(1,614,720)	2,139,725
Other provisions	25,420,918	-
Total	25,022,710	6,085,552
Permanent differences:		
Benefits in kind	21,725,113	19,968,236
Interest income subject to final tax	(595,742)	(198,744)
Others	-	7,811
	21,129,371	19,777,302
Fiscal loss before fiscal loss carryforward	(414,267,152)	(267,362,745)
Fiscal loss carryforward		
2014	(267,362,745)	-
2013	(1,348,549)	(1,348,549)
Accumulated fiscal losses	(682,978,446)	(268,711,294)

No current tax expense was provided as the Company incurred fiscal loss in 2015 and 2014 amounting to INR 414,267,152 and INR 267,362,745 respectively. According to tax regulations, such loss maybe carried forward and applied against taxable income in any of the 5 years following the year in which the fiscal loss was incurred.

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

Deferred Tax

As of March 31, 2015, the Company did not recognize deferred tax asset on available fiscal losses and temporary differences due to uncertainty of generating sufficient future taxable income.

Deferred tax liability as of March 31, 2015 and 2014 amounting to INR 712,639 and INR 173,317, respectively, pertains to the difference between the carrying amounts of property and equipment per fiscal and per commercial.

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

	<u>2015</u> INR	<u>2014</u> INR
Loss before income tax per statement of comprehensive income	<u>(460.419.233)</u>	<u>(293.225.599)</u>
Tax benefit at enacted tax rates	<u>(115.104.808)</u>	<u>(73.306.400)</u>
Tax effect of permanent differences:		
Benefits in kind	5.431.278	4.992.059
Interest income subject to final tax	(148.936)	(49.686)
Non-deductible expenses	-	1.953
Subtotal	<u>5.282.343</u>	<u>4.944.326</u>
Unrecognized deferred tax	<u>110.361.788</u>	<u>68.535.391</u>
Tax Expense	<u>539.322</u>	<u>173.317</u>

24. POST-EMPLOYMENT BENEFIT OBLIGATION

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

The Company provides post-employment benefits for its qualifying employees in accordance with the Labor Law No. 13/2003. The number of employees entitled to the benefits is 34 in 2015 and 18 in 2014.

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

	<u>2015</u> INR	<u>2014</u> INR
Current service cost	2.595.005	2.704.642
Interest cost	295.707	70.132
Adjustment on resignation benefit	(98.035)	(84.877)
Transfer-in	<u>581.123</u>	<u>1.949.199</u>
Total	<u>3.373.800</u>	<u>4.639.095</u>

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

	<u>March 31,</u> <u>2015</u> INR	<u>March 31,</u> <u>2014</u> INR
Present value of unfunded obligations	7.525.231	2.913.257
Unrecognized actuarial gain	<u>487.663</u>	<u>1.725.837</u>
Net liability	<u>8.012.895</u>	<u>4.639.095</u>

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Movements in the present value of unfunded obligation are as follows:

	March 31, 2015	March 31, 2014
	INR	INR
Beginning of the year	2.913.257	-
Current service cost	2.595.005	2.704.642
Interest cost	295.707	70.132
Adjustment on resignation benefit	-	(84.877)
Net transfer in	581.123	1.949.199
Actuarial loss (gain)	1.140.139	(1.725.837)
End of the year	<u>7.525.231</u>	<u>2.913.257</u>

Movements in the pension benefit obligation recognized in the statement of financial position are as follow:

	March 31, 2015	March 31, 2014
	INR	INR
Pension benefit obligation, beginning	4.639.095	-
Provision during the year	<u>3.373.800</u>	<u>4.639.095</u>
Pension benefit obligation, ending	<u>8.012.895</u>	<u>4.639.095</u>

The history of experience adjustments is as follows:

	March 31	
	2015	2014
Present Value of Unfunded Obligation	<u>7.525.231</u>	<u>2.913.257</u>
Experience Adjustment on Obligation - Gain	<u>978.857</u>	<u>487.711</u>

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

	2015	2014
Discount rate	7.8% per annum	8.5% per annum
Salary increment rate	8% per annum	6% per annum
Mortality rate	USA Table of Mortality, Commissioners' Standard Ordinary 1980 (CSO '80)	USA Table of Mortality, Commissioners' Standard Ordinary 1980 (CSO '80)
Disability rate	10% of Mortality Rate	10% of Mortality Rate
Resignation rate	5% at age 30 reducing linearly to 0% at age 55	5% at age 30 reducing linearly to 0% at age 55
Retirement rate	100% at 55 years old	100% at 55 years old

25. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES

Nature of Relationship

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

Transactions with Related Parties

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

- a. Purchases of spare parts and vehicles from related party represent 100% of the total purchases in 2015 and 2014. At reporting dates, the liabilities for these purchases were presented as trade accounts payable.
- b. The Company entered into other transactions with related parties as disclosed in Notes 7 and 13.

26. SIGNIFICANT AGREEMENTS

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

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

	2015	2014
	INR	INR
Future minimum lease payments		
Not later than one year	9.517.827	10.179.934
One to three years	-	9.517.827
	9.517.827	19.697.762

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

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- d. The Company entered into a cancellable warehouse and logistic agreement with PT Toll Indonesia for warehouse storage rental and inventory handling management for a period of one year effective July 1, 2013 until June 30, 2014. On November 18, 2014, the term was extended until June 30, 2015. Under the agreement, PT Toll Indonesia shall provide the warehouse and logistic support, including inventory management to the Company.

Rental expense recognized from this agreement amounted to INR 4,266,934 and INR 2,371,475 in 2015 and 2014, respectively.

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

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

- f. The Company entered into a buy back guarantee cooperation agreement with PT Mandiri Tunas Finance (MTF), a third party, effective November 9, 2014 and is valid until July 3, 2015. The following are the terms of the agreement:

1. Obligation to pay the unpaid installment, on behalf of the dealer, is valid if the default happens with 12 months of the installment.
2. In case of default of the customer, under the consumer financing facility with MTF, and the vehicle was not repossessed, the Company shall pay MTF, on behalf of the dealer, equivalent to the installment from date of default until 12th installment payment.
3. In case the vehicle was repossessed, the Company shall pay MTF, on behalf of the dealer, equivalent to the unpaid installment balance.
4. Vehicles that have been repossessed and supporting documents shall be delivered by MTF to the related dealers.
5. The agreement can be terminated by either party by giving written notice to the other party.

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

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

1. 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.
2. The repossessed vehicles, after verification and inspection by the dealer, shall be delivered to the dealer, together with all the supporting documents of the repossessed vehicles.
3. The Company shall pay the financing companies based on conditions stipulated in agreement. The payment shall serve as advances by the Company on behalf of the dealer and will be paid back by dealer within 90 calendar days.
4. The dealer shall also issue Giro with terms of payment of 90 days equivalent to 50% of the Company's payment to the financing companies as security. The remaining 50% is due also within 90 days.
5. On selling the repossessed vehicles, the Company will share with the dealer the gain/loss to the extent of 50% of the selling price less cost paid by the Company and expenses incurred by the dealer.

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

27. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

		2015		2014	
		In Original Currency	Equivalent in INR	In Original Currency	Equivalent in INR
ASSETS					
Cash and cash equivalents	US\$	423,649	26,443,227	367,404	19,987,932
Other accounts receivable from related party	US\$	150,668	9,404,347	126,209	6,866,158
Total Assets			35,847,574		26,854,090
LIABILITIES					
Trade accounts payable	US\$	2,017,237	136,116,291	2,886,034	157,009,500
Other accounts payable					
Related parties	US\$	280,998	17,539,225	654,916	35,629,518
Third parties	US\$	57,783	3,606,682	5,223	284,148
Short-term bank loans	US\$	11,976	156,699,597	-	-
Total Liabilities			313,961,795		192,923,167
Net Liabilities			(278,114,221)		(166,069,077)

The conversion rates per US\$ used by the Company at March 31, 2015 and 2014 and the prevailing rates on May 18, 2015 are Rp 62, Rp 54 and Rp 62 respectively.

28. CATEGORIES AND CLASSES OF FINANCIAL INSTRUMENTS

	March 31, 2015 INR	March 31, 2014 INR
Financial Asset		
<u>Loans and receivables</u>		
Cash and cash equivalents	70.810.273	24.312.730
Trade accounts receivable	111.919.860	25.258.648
Other accounts receivable	11.955.199	7.694.578
Other current assets	7.239.366	12.300.329
Total	201.924.698	69.566.285
Financial Liabilities		
<u>Current liabilities at amortized cost</u>		
Trade accounts payable	136.116.291	157.009.500
Other accounts payable	93.402.990	63.205.688
Accrued expenses	41.463.862	47.495.471
Short-term bank loan	156.699.597	-
<u>Noncurrent liabilities at amortized cost</u>		
Accrued expenses	1.617.212	467.513
Total	429.299.952	267.710.659

29. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital Risk Management

The Company manages capital risk to ensure that it will be able to continue as going concern, in addition to maximizing the profits of the shareholders through the optimization of the balance of debt and equity. The Company's capital structure consists of cash and cash equivalents (Note 5), short-term loan (Note 16) and equity shareholders consisting of capital stock (Note 17) and advances for future capital stock subscription (Note 18).

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

b. Financial risk management objectives and policies

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

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

i. Market risk

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

Interest rate risk management

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

The Company believes that exposure to interest rate fluctuations is not significant because there are no borrowings which bear interest at market rate. The interest rate risk exposure in deposits of cash in bank is considered manageable.

Foreign currency risk management

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

The Company manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. The Company's net open foreign currency exposure as of reporting date is disclosed in Note 27.

The following table details the Company's sensitivity to percentage rate increase and decrease in the Rupiah against US Dollar in 2015 and 2014. The percentage rate is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for change in foreign currency rates.

	2015	
	Increase (decrease) in percentage	Increase (decrease) on loss before tax INR
US Dollar	8,00% (8.00%)	22.249.138 (22.249.138)
	Increase (decrease) in percentage	Increase (decrease) on loss before tax INR
US Dollar	6,10% (6.10%)	10.130.214 (10.130.214)

ii. Credit risk management

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

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

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

iii. Liquidity risk management

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

Liquidity and interest risk tables

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

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2015	Weighted average rate	1 to 3 months	3 months to 1 year	1 to 5 years	Total
		INR	INR	INR	INR
Non-interest bearing					
Trade accounts payable		136.116.291	-	-	136.116.291
Other accounts payable					
Related parties		20.788.468	-	-	20.788.468
Third parties		72.614.522	-	-	72.614.522
Accrued expenses		26.515.873	14.947.989	1.617.212	43.081.074
Taxes payable		1.208.209	-	-	1.208.209
Interest bearing					
Short term loan	1%	-	157.479.818	-	157.479.818
Total		257.243.363	172.427.807	1.617.212	431.288.382

2014	Weighted average rate	1 to 3 months	3 months to 1 year	1 to 5 years	Total
		INR	INR	INR	INR
Non-interest bearing					
Trade accounts payable					
Related party		157.009.500	-	-	157.009.500
Other accounts payable					
Related parties		35.629.518	-	-	35.629.518
Third parties		27.576.169	-	-	27.576.169
Accrued expenses		46.258.955	1.236.516	467.513	47.962.983
Total		266.474.143	1.236.516	467.513	268.178.171

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

2015	Less than 3 months	3 months to 1 year	Total
	INR	INR	INR
Interest bearing			
Cash and cash equivalents	70.810.273	-	70.810.273
Noninterest-bearing			
Trade accounts receivable	111.919.860	-	111.919.860
Other accounts receivable			
Related party	9.404.347	-	9.404.347
Third parties	2.550.852	-	2.550.852
Other current assets	-	7.239.366	7.239.366
Total	194.685.332	7.239.366	201.924.698

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	Less than 3 months INR	3 months to 1 year	Total INR
2014			
Interest-bearing			
Cash and cash equivalents	24,312,730	-	24,312,730
Noninterest-bearing			
Trade accounts receivable	25,258,648	-	25,258,648
Other accounts receivable			
Related party	6,866,158	-	6,866,158
Third parties	828,420	-	828,420
Other current assets	-	12,300,329	12,300,329
Total	57,265,956	12,300,329	69,566,285

c. Fair value of financial instruments

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.

30. SUPPLEMENTAL DISCLOSURES ON NON CASH INVESTING ACTIVITIES

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

31. MANAGEMENT RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 3 to 33 were the responsibilities of the management, and were approved by the Directors and authorized for issue on May 18, 2015.

32. CONVERSION RATE ON FINANCIALS

The financial information is expressed in IDR only in the audited Accounting packs based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirement of section 212 of the Indian Companies Act, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate of 1 Rs. = IDR 209.62 as on March 31, 2015 and 1 Rs. = IDR 186.26 as on March 31, 2014. These translations should not be construed as a representation that any or all the amounts could be converted to Indian Rupees at this or any other rate.
