

PT BAJAJ AUTO INDONESIA

FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

AND INDEPENDENT AUDITORS' REPORT

PT BAJAJ AUTO INDONESIA
TABLE OF CONTENTS

The financial statements have been prepared in Indonesian Rupiah. Also the audit report is based on figures in Indonesian Rupiah. For the purpose of user, the financial statements and notes as on 31 March 2017 & 2016 have been converted in Indian Rupees at following exchange rates as on 31 March 2017.

1 USD = Indonesian Rupiah 13321

1 USD = Rs. 64.8500

Hence, Re. 1 = Indonesian Rupiah 205.41

	<u>Page</u>
DIRECTORS' STATEMENT LETTER	
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS – As of March 31, 2017 and 2016 And for the years then ended	
Statements of Financial Position	3 - 4
Statements of Comprehensive Income	5
Statements of Changes In Equity	6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 15



PT. Bajaj Auto Indonesia
Jl. Panjang No. 11 D-E,
Arteri Kelapa Dua
Kebon Jeruk,
Jakarta Barat 11550

Tel. +62 21 5366 2689
Fax +62 21 5366 2690

**DIRECTORS' STATEMENT
RELATING TO THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017
PT BAJAJ AUTO INDONESIA**

We, the undersigned:

Name : **Kulkarni Dinesh Anantrao**
Office address : Jalan Panjang No. 11D-E Arteri Kelapa Dua
Kebon Jeruk – Jakarta 11550
Domicile : C/O BAJAJ AUTO LTD.
Akurdi, Pune 411 035
Maharashtra state
India
Phone number : (+91) 9561112752
Position : President Director

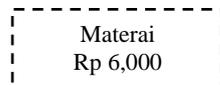
State that:

1. We are responsible for the preparation and presentation of the financial statements for the year ended March 31, 2017;
2. The financial statements have been prepared and presented in accordance with the Indonesian Financial Accounting Standards;
3. a. All information contained in the financial statements is complete and correct;
b. The financial statements do not contain misleading 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 is made truthfully.

Pune, April 20, 2017

PT BAJAJ AUTO INDONESIA



Kulkarni Dinesh Anantrao
President Director



Independent Auditors' Report

No. 007 B17 BAJI PA GA

The Commissioners and Directors
PT BAJAJ AUTO INDONESIA

We have audited the accompanying financial statements of **PT BAJAJ AUTO INDONESIA (the Company)**, which comprise of the statement of financial position as of March 31, 2017 and the statements of comprehensive income, changes in equity, and 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

The management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing 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 such 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 statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to 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 the management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

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

TRISNO, ADAMS & REKAN

Business License No. KMK.NOMOR 922/KM.1/2010

Patrick Henry Adam, M.Com., CPA of Indonesia
License No. AP .0548

April 20, 2017

PT BAJAJ AUTO INDONESIA
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah, unless otherwise stated)

	Notes	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2b,2d,3	9,665,163,059	11,127,559,355	4.71	5.42
Other receivable	4	1,000,000	162,074,790	-	0.07
Prepaid taxes	2o,5a	83,245,881	76,221,056	0.04	0.04
Total Current Assets		9,749,408,940	11,365,855,201	4.75	5.53
NON-CURRENT ASSETS					
Security deposit		10,000,000	10,000,000	-	-
Total Noncurrent Assets		10,000,000	10,000,000	-	-
TOTAL ASSETS		9,759,408,940	11,375,855,201	4.75	5.53

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

Rakesh Sharma
President Commissioner

Kevin D'sa
Commissioner

Teguh Boentoro
Commissioner

Kulkarni Dinesh Anantrao
President Director

PT BAJAJ AUTO INDONESIA
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah, unless otherwise stated) (Continued)

	Notes	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Taxes payable	2o,5b	16,973,917	-	0.01	-
Other payables	6	254,259,452		0.12	-
Accrued expenses	2n	96,477,246	66,543,224	0.05	0.03
Total Current Liabilities		367,710,615	66,543,224	0.18	0.03
EQUITY					
Capital stock - USD 100 (IDR 935,500) par value per share					
Authorized, subscribed and paid-up - 415,000 shares	7	388,232,500,000	388,232,500,000	189.00	189.00
Foreign exchange difference on paid-up capital	7	17,623,187,500	17,623,187,500	8.58	8.58
Deficit		(396,463,989,175)	(394,546,375,523)	(193.01)	(192.08)
Total Equity		9,391,698,325	11,309,311,977	4.57	5.50
TOTAL LIABILITIES AND EQUITY		9,759,408,940	11,375,855,201	4.75	5.53

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

Rakesh Sharma
President Commissioner

Kevin D'sa
Commissioner

Teguh Boentoro
Commissioner

Kulkarni Dinesh Anantrao
President Director

PT BAJAJ AUTO INDONESIA
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah, unless otherwise stated)

	Notes	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
NET SALES	2n	-	-	-	-
COST OF GOODS SOLD	2c,2n	-	-	-	-
GROSS PROFIT		-	-	-	-
OPERATING EXPENSES	2n,8				
Selling		(99,550,000)	-	(0.05)	-
General and administrative		(1,936,535,392)	(237,910,899)	(0.94)	(0.12)
Total Operating Expenses		(2,036,085,392)	(237,910,899)	(0.99)	(0.12)
LOSS FROM OPERATIONS		(2,036,085,392)	(237,910,899)	(0.99)	(0.12)
OTHER INCOME (EXPENSES)					
Interest income - net		49,029,379	162,074,790	0.02	0.08
Gain (loss) on foreign exchange - net	2b	10,826,256	76,916,800	0.01	0.04
Others		58,616,105	87,992,777	0.03	0.04
Other Income - Net		118,471,740	326,984,367	0.06	0.16
INCOME (LOSS) BEFORE INCOME TAX		(1,917,613,652)	89,073,468	(0.93)	0.04
INCOME TAX BENEFIT (EXPENSES)	2o,6c	-	-	-	-
INCOME (LOSS) FOR THE YEAR		(1,917,613,652)	89,073,468	(0.93)	0.04
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL NET INCOME (LOSS) AND OTHER COMPREHENSIVE INCOME FOR THE YEAR		(1,917,613,652)	89,073,468	(0.93)	0.04

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

Rakesh Sharma
President Commissioner

Kevin D'sa
Commissioner

Teguh Boentoro
Commissioner

Kulkarni Dinesh Anantrao
President Director

PT BAJAJ AUTO INDONESIA
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah, unless otherwise stated)

	Paid-up capital stock IDR	Foreign exchange difference on paid-up capital IDR	Deficit IDR	Total equity IDR
Balance as of March 31, 2015	388,232,500,000	17,623,187,500	(394,635,448,991)	11,220,238,509
Total net income for the year	-	-	89,073,468	89,073,468
Balance as of March 31, 2016	388,232,500,000	17,623,187,500	(394,546,375,523)	11,309,311,977
Total net income for the year	-	-	(1,917,613,652)	(1,917,613,652)
Balance as of March 31, 2017	388,232,500,000	17,623,187,500	(396,463,989,175)	9,391,698,325

	Paid-up capital stock ₹ (Crore)	Foreign exchange difference on paid-up capital ₹ (Crore)	Deficit ₹ (Crore)	Total equity ₹ (Crore)
Balance as of March 31, 2015	189.00	8.58	(192.12)	5.46
Total net income for the year	-	-	0.04	0.04
Balance as of March 31, 2016	189.00	8.58	(192.08)	5.50
Total net income for the year	-	-	(0.93)	(0.93)
Balance as of March 31, 2017	189.00	8.58	(193.01)	4.57

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

Rakesh Sharma
President Commissioner

Kevin D'sa
Commissioner

Teguh Boentoro
Commissioner

Kulkarni Dinesh Anantrao
President Director

PT BAJAJ AUTO INDONESIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah, unless otherwise stated)

	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash paid to suppliers and employees	(1,673,500,465)	(96,092,098)	(0.81)	(0.04)
Net Cash Used in Operating Activities	(1,673,500,465)	(96,092,098)	(0.81)	(0.04)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	211,104,169	-	0.10	-
Net Cash Provided by Investing Activities	211,104,169	-	0.10	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,462,396,296)	(96,092,098)	(0.71)	(0.04)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,127,559,355	11,223,651,453	5.42	5.46
CASH AND CASH EQUIVALENTS AT END OF YEAR	9,665,163,059	11,127,559,355	4.71	5.42

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

Rakesh Sharma
President Commissioner

Kevin D'sa
Commissioner

Teguh Boentoro
Commissioner

Kulkarni Dinesh Anantrao
President Director

1. GENERAL

PT Bajaj Auto Indonesia (the Company) was established within the framework of the Foreign Capital Investment Law No. 1 year 1967 as amended by Law No. 11 year 1970, based on notarial Deed No. 9 dated July 3, 2006 of Sutjipto, S.H., M.Kn., notary public in Jakarta. The deed of establishment has been approved by the Minister of Law and Human Rights of the Republic of Indonesia with decision letter No. C-22753 HT.01.01.TH.2006 dated August 3, 2006, and was published in State Gazette No. 83 dated October 17, 2006, Supplement No. 11137. Based on Decision Letter No. 631/I/PMA/2006, Project Code No. 3591/5030-31/32-19262 dated June 8, 2006 and No. 1119/III/PMA/08 dated July 10, 2008, the Company obtained approval for foreign investment from Foreign Investment Coordinating Board (BKPM). The articles of association have been amended several times, most recently are:

- Notarial deed No. 82 dated April 18, 2013 by Mala Mukti, S.H., LL.M., a notary public in Jakarta, concerning in increasing paid up capital based on circular of shareholders. These changes has been approved by the Minister of Law and Human Rights of the Republic of Indonesia with decision letter No. AHU-27579-AH.01.02-Tahun 2013 dated May 22, 2013.
- Notarial deed No. 09 dated September 9, 2013 by Mala Mukti, S.H., LL.M., a notary public in Jakarta, concerning in changes of the management structure of the board of directors and company's head office address. These changes has been approved by the Minister of Law and Human Rights of the Republic of Indonesia with decision letter No. AHU-65799.AH.01.02.Tahun 2013 dated December 16, 2013.
- Notarial deed No. 92 dated Januari 30, 2014 by Mala Mukti, S.H., LL.M., a notary public in Jakarta, concerning in increasing paid up capital based on circular of shareholders. These changes has been approved by the Minister of Law and Human Rights of the Republic of Indonesia with decision letter No. AHU-08665.AH.01.02.Tahun 2014 dated February 28, 2014.
- The Company has obtained the approval letter from Foreign Investment Coordinating Board (BKPM) regarding increase in paid in capital as stated in BKPM's approval No. 671/A.8/PMA/2013, dated April 11, 2013 and No.175/I/IP-PB/PMA/2014 dated January 24, 2014.

The Company is domiciled in Jalan Panjang NO. 11D-E Arteri Kelapa Dua, Kebon Jeruk - Jakarta..

In accordance with article 3 of the Company's articles of association, the scope of its activities is to engage in the trading and manufacturing of two wheelers, three wheelers and spare parts thereof. The Company started commercial operations in 2006.

The Company's management as of March 31, 2017 and 2016 consist of the following:

	<u>2017 and 2016</u>
President Commissioner	Rakesh Sharma
Commissioners	Kevin D'sa
	Teguh Boentoro
President Director	Kulkarni Dinesh Anantrao

The Company had total number of employees of 1 person in 2017 & nil in 2016 (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Statement Presentation

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants. Such financial statements are an English translation of the Company's statutory report in Indonesia, and are not intended to present financial position and results of operations, changes in equity, and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

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

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

b. Foreign Currency Transactions and Translation

The financial statements are presented in Rupiah, which is functional currency and reporting currency of the Company. Transactions denominated in a foreign currency are translated into Rupiah at the exchange rate prevailing at the date of the transaction. At the reporting dates, monetary assets and liabilities in foreign currencies are translated at the Central Bank of Indonesia middle rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

The exchange rates used as of March 31, 2017 and 2016 as follow:

	2017 IDR	2016 IDR
United States Dollar (USD 1)	13,321.00	13,084.00

c. Transaction with Related Parties

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

- 1) directly, or indirectly through one or more intermediaries, the party (1) controls, is controlled by, or is under common control with the Company; has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company.
- 2) the party is an associate of the Company;
- 3) the party is a joint venture in which the Company is a venturer;
- 4) the party is a member of the key management personnel of the Company;
- 5) the party is a close member of the family of any individuals referred to in (1) or (4)
- 6) the party is an entity that is controller, jointly controlled, significantly influenced by or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (4) or (5); or
- 7) The party is a post-employment benefit plan for the benefit employees of the Company, or of any entity that is a related party of the Company.

d. Cash and Cash equivalents

Cash and cash equivalents consist of cash on hand and in banks and all unrestricted investment with maturities of three months or less from the date of placement.

e. Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivable is established when there is objective evidence that the outstanding amounts of the Company's receivables will not be collected.

f. Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Costs of vehicles and spare parts are determined using the moving weighted average method.

A provision for inventory loss is determined on the basis of estimated inventory losses since the date of the last physical inventory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Impairment of Financial Assets

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Company first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the 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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

h. Prepaid Expenses

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

i. Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Machinery	8
Computer and data processing equipment	4
Factory equipment	8
Home and office appliance	4
Transportation equipment	4-8

i. Property, Plant and Equipment and Depreciation (Continued)

When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its estimated recoverable amount, which is determined as the higher of net selling price of value in use.

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, plant 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. Gain and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other gains (losses) – net in the profit and loss.

j. Trade Payables

Trade payable are stated at nominal values.

k. Employees' Benefits

The Company recognized the estimated liabilities for employees' benefits in accordance with the Labor Law No. 13/2003 dated March 25, 2003.

The cost of providing post-employment benefits is determined using the Projected Unit Credit Method. The accumulated unrecognized actuarial gains and losses that exceed 10% of the greater of the present value of the Company's defined benefit obligation and the fair value of plan assets are recognized on 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 post-employment benefits obligation recognized in the statements of financial position represent the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost and as reduced by the fair value of plan assets.

In 2017 and 2016 there is no estimated employees' benefit was made because the number of employee is nil, hence the SFAS 24 (2013 Revision) "Employee Benefits" can not be applied.

l. Impairment of Non-Financial Assets

At reporting date, the Company reviews any indication of asset impairment.

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sales and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Financial Assets and Liabilities

Financial Assets

Financial assets are classified in categories of (i) financial assets at fair value through profit and loss, (ii) loans and receivables, (iii) held-to-maturity financial assets, and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financials assets were acquired. Management determines the classification of its financial assets at initial recognition.

m. Financial Assets and Liabilities (Continued)

Financial Liabilities

Financial liabilities are classified in the following categories of (i) financial liabilities at fair value through profit and loss and (ii) financial liabilities measured at amortized cost. Financial liabilities are derecognized when they have redeemed or otherwise extinguished.

Determination of Fair Value

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the balance sheet date. Quoted market value used by the Company for the financial asset is bid price, while for the financial liabilities is ask price.

The fair value of financial instruments not traded in active markets is determined by using a specific valuation technique. The Company uses the discounted cash flow method by using assumptions based on market conditions existing at the date of financial position to determine the fair value of other financial instruments

n. Revenue and Expense Recognition

Sales are recognized when the goods are delivered and title has passed. Expenses are recognized when incurred.

o. 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 existing 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 is calculated at the tax rates that have been enacted or substantively enacted by the date of financial statements. Deferred tax is charged or credited in the statement of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset in the statements of financial position, except if these are for different legal entities, in the same manner the current tax assets and liabilities are presented.

Amendments to tax obligation are recorded when an assessment is received or, if appealed against by the Company and its subsidiaries, when the result of the appeal is determined.

p. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimates.

PT BAJAJ AUTO INDONESIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah, unless otherwise stated) (Continued)

3. CASH AND CASH EQUIVALENTS

	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
Cash in banks Citibank N.A.	9,665,163,059	817,159,355	4.71	0.40
Time deposit Citibank N.A.	-	10,310,400,000	-	5.02
Total	9,665,163,059	11,127,559,355	4.71	5.42

By Currency

	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
United States Dollar				
Cash in banks (USD 404,968.88 in 2017 and USD 9,353.86 in 2016)	5,394,590,450	124,181,845	2.63	0.06
Time deposit (USD 400,000 in 2016)	-	5,310,400,000	-	2.59
Indonesian Rupiah				
Cash in banks	4,270,572,609	692,977,510	2.08	0.34
Time deposit	-	5,000,000,000	-	2.43
Total	9,665,163,059	11,127,559,355	4.71	5.42

4. OTHER RECEIVABLE

This account represent CLAIM TO Mrs. Fenty Abidin amounting to IDR 1,000,000 in 2017 and the interest receivable from time deposit in 2016 amounting to IDR 162,074,790.(₹ 0.07 crore)

5. TAXATION

a. Prepaid Taxes

	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
Tax receivable (Note 6d)				
Value Added Taxes	76,221,056	76,221,056	0.04	0.04
Income tax Article 21	7,024,825	-	-	-
	83,245,881	76,221,056	0.04	0.04

b. Taxes Payable

	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
Income taxes:				
Article 21	15,163,917	-	0.01	-
Article 23	1,810,000	-	-	-
Total	16,973,917	-	0.01	-

5. TAXATION (Continued)

c. Tax Benefit

A reconciliation between loss before tax per statements of income and fiscal loss is as follows:

	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
Income (loss) before tax per statements of income	(1,917,613,652)	89,073,468	(0.93)	0.04
<u>Nondeductible expenses (income):</u>				
Employees' benefit in kinds:				
Welfare	83,647,686	-	0.04	-
Insurance	79,913,045	-	0.04	-
Staff on cost	76,488,910	-	0.04	-
Miscellaneous expense	13,809,714	1,084,326	0.01	-
Employees' residence telephone and mobilephones	3,628,321	-	-	-
Entertainment	2,397,693	-	-	-
Medical allowance and benefit	2,111,992	-	-	-
Tax penalty	-	23,250,764	-	0.01
Interest income	(49,029,379)	(162,074,790)	(0.02)	(0.08)
Total	212,967,982	(137,739,700)	0.11	(0.07)
Fiscal loss for current year	(1,704,645,670)	(48,666,232)	(0.82)	(0.03)

Compensated prior year fiscal loss:

2017	(1,704,645,670)	-	(0.83)	-
2016	(48,666,232)	(48,666,232)	(0.02)	(0.02)
2015	(7,986,119,413)	(7,986,119,413)	(3.89)	(3.89)
2014	(27,122,427,272)	(27,122,427,272)	(13.20)	(13.20)
2013	(37,821,960,782)	(37,821,960,782)	(18.41)	(18.41)
Adjustment of tax decision letter for income tax 2013	37,821,960,782	37,821,960,782	18.41	18.41
2012	-	(18,344,845,869)	-	(8.93)
Adjustment of tax decision letter for income tax 2012	-	18,344,845,869	-	8.93
2011	-	(21,590,369,920)	-	(10.51)
Accumulated fiscal loss	(36,861,858,587)	(56,747,582,837)	(17.94)	(27.62)

6 OTHER PAYABLES

	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
Mr. Rajesh Raj	197,259,452	-	0.09	-
PT Afiat Lestari	33,000,000	-	0.02	-
PT Duta Buana Travelindo	14,000,000	-	0.01	-
Kap Handoko & Suparmun	10,000,000	-	-	-
Total	254,259,452	-	0.12	-

PT BAJAJ AUTO INDONESIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(Expressed in Indonesian Rupiah, unless otherwise stated) (Continued)

7. CAPITAL STOCK

2017 and 2016					
Name of Stockholder	Series	Number of Share	Percentage of Ownership %	Total Paid-up Capital	
				USD	IDR
Bajaj Auto Limited	A	408,750	98.50%	40,875,000	382,385,625,000
	B	3,125	0.75%	312,500	2,923,437,500
Teguh Boentoro	B	3,125	0.75%	312,500	2,923,437,500
Total		415,000	100.00%	41,500,000	388,232,500,000

The balance of foreign exchange difference on paid-up capital represents funds received by the Company over the par value of shares issued, as a result of differences in exchange rates between the rate used in the articles of association and the actual rate ruling on the date the foreign currency capital was contributed by the shareholders.

8. OPERATING EXPENSES

Selling Expenses

	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
Market research	99,550,000	-	0.05	-

General and Administrative Expenses

	2017 IDR	2016 IDR	2017 ₹ (Crore)	2016 ₹ (Crore)
Consultancy and legalisation	725,505,275	170,272,638	0.35	0.09
Staff on cost	537,443,372	-	0.26	-
Rental	237,281,078	-	0.12	-
Welfare	85,759,678	-	0.04	-
Travelling	82,573,665	-	0.04	-
Insurance	79,913,045	-	0.04	-
Motor car expenses	73,125,011	-	0.04	-
Bank charges	44,284,839	3,303,171	0.02	-
Professional fee	40,000,000	40,000,000	0.02	0.02
Others	16,207,407	1,084,326	0.01	-
Courier and communication	8,454,522	-	-	-
Printing and stationery	5,987,500	-	-	-
Tax	-	23,250,764	-	0.01
Total	1,936,535,392	237,910,899	0.94	0.12

9. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

As of March 31, 2017 and 2016, the Company had monetary assets and liabilities in foreign currency as follows:

	2017			2016		
	Balance in USD	Equivalent in IDR	Equivalent in ₹ (Crore)	Balance in USD	Balance in USD	Equivalent in ₹ (Crore)
Assets						
Cash on hand and in banks	404,968.88	5,394,590,450	2.63	409,353.86	5,434,581,845	2.65
Total Assets	404,968.88	5,394,590,450	2.63	409,353.86	5,434,581,845	2.65
Liabilities						
Accrued expense	1,147.00	15,279,187	0.01	-	-	-
Total Liabilities	1,147.00	15,279,187	0.01	-	-	-
Net Assets	403,821.88	5,379,311,263	2.62	409,353.86	5,434,581,845	2.65

The conversion rate used by the Company is IDR 13,321 and IDR 13,276 for USD 1 as of March 31, 2017 and 2016, respectively.

10. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's treasury policies are designed to mitigate the financial impact of fluctuations in interest rates and foreign exchanges rates and to minimize potential adverse effects on the Company's financial risk.

(i) **Market Risk**

Foreign Exchange Risk

The Company is exposed to foreign exchange risk primarily arise from recognized monetary assets and liabilities that are denominated in a currency that is not the Company's functional currency.

The Company closely monitors the foreign exchange rate fluctuation and market expectation so it can take necessary actions benefits to the Company in due time. The management currently considers no need to make any forward/swaps currency transaction.

(ii) **Credit Risk**

Credit risk refers to the risk that customers will default on its contractual obligation resulting in loss to the Company.

The Company's credit risk is primarily attributed to its cash in banks and trade receivables. The credit risk on the bank balance is limited because the Company place their bank balances with credit worthy financial institutions. The Company minimizes credit risk exposure on trade receivables arising from customers by limiting the amount of credit to any particular customer and by monitoring receivables aging and managing ongoing collection.

(iii) **Liquidity Risk**

Liquidity risk is the risk that the Company is unable to meet its obligations when due. The management evaluates and monitors cash-in flows and cash-out flows to ensure the availability of fund to settle the due obligation. In general, fund needed to settle the current and longterm liabilities are obtained from sales activities to customers.

11. BUSINESS PLAN

Indonesia has posted a GDP growth of 4.9 %, a drop of 1.7% over last year. This year this country has experienced stability in current account deficit to 1.8 % down from 2.0 % last year of the GDP. This has led to lesser fluctuation in the currency and the currency has been largely stable at 13,400 levels to USD.

The two-wheeler industry has witnessed serious slowdown in the industry with the market hitting about 5,900,000 units, a fall of almost 9 % over last year. The Sports Motor Cycle segment also took a hit with total number last year at 6,36,000 units, a drop of 14 % as against last year.

With headwinds behind us and anticipating a more stable currency regime, we expect to see revival in business prospects in the sport motorcycle segment. KTM and Bajaj have now decided to manage KTM Brand in the Indonesian market with the jointly developed range of products. To facilitate business, PT BAI had already made required applications for Import & other licenses, which is under due process.

The joint product range has been currently introduced in Jakarta through local distributor. Till PT BAI gets required licenses, PT BAI will be helping Bajaj Auto to work closely with the local distributor to build brand network and develop supply chain. Options are being worked out to execute the CKD project for KTM, which will be spearheaded by PT Bajaj Auto Indonesia.

12. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of these financial statements that were completed on April 20, 2017.
