

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2016, AND DECEMBER 31, 2015,
AND FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2016 AND 2015**

ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW REPORT

SSANGYONG MOTOR COMPANY

Independent Accountants' Review Report

English Translation of Independent Accountants' Review Report Originally Issued in Korean on September 14, 2016

**To the Shareholders and Board of Directors of
Ssangyong Motor Company:**

We have reviewed the accompanying consolidated interim financial statement of Ssangyong Motor Company (the "Company"). The consolidated financial statements consist of the consolidated statement of financial position as of September 30, 2016, and December 31, 2015, and the related consolidated statement of comprehensive income for the three and nine months ended September 30, 2016 and 2015, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the nine months ended September 30, 2016 and 2015, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The Company's management is responsible for the preparation and fair presentation of the accompanying consolidated interim financial statements and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent accountants' responsibility

Our responsibility is to express a conclusion on the accompanying consolidated interim financial statements based on our review. We conducted our review in accordance with standards for review of consolidated interim financial statements in the Republic of Korea. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statement of the Company are not presented fairly, in all material respects, in accordance with Korean International Financial Reporting Standards ("K-IFRS") 1034, Interim Financial Reporting.

Other matters

We have given an opinion on the comparative consolidated statement of financial position as of December 31, 2015, and the related consolidated statement of income, retained earnings and cash flows for the year then ended on March 8, 2016, as fairly stated. There is no difference in terms of importance between comparative purposed consolidated financial position on December 31, 2015, and current financial position.

Deloitte Anjin LLC

September 14, 2016

Notice to Readers

This report is effective as of September 14, 2016, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the accountants' review report.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2016, AND DECEMBER 31, 2015

	Korean won		Indian rupee	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
	(In thousands)		(In thousands)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 33)	₩ 82,869,779	₩ 197,881,904	Rs. 5,030,196	Rs. 12,011,432
Trade and other receivables, net (Notes 7, 32 and 33)	198,345,050	160,062,466	12,039,545	9,715,792
Derivative assets (Notes 25 and 33)	2,452,595	1,707,695	148,873	103,657
Inventories, net (Notes 8 and 24)	226,626,487	247,673,244	13,756,228	15,033,766
Other current assets (Note 10)	18,001,713	6,567,823	1,092,705	398,667
Total current assets	<u>528,295,624</u>	<u>613,893,132</u>	<u>32,067,547</u>	<u>37,263,314</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)	₩ 6,000	₩ 6,000	Rs. 364	Rs. 364
Non-current available-for-sale ("AFS") financial assets (Notes 6 and 33)	560,000	560,000	33,992	33,992
Non-current other receivables, net (Notes 7 and 33)	37,397,691	39,728,010	2,270,040	2,411,490
Property, plant and equipment, net (Notes 11 and 13)	1,187,477,632	1,187,844,823	72,079,891	72,102,181
Intangible assets (Note 12)	214,489,886	186,944,585	13,019,535	11,347,536
Investments in joint ventures (Note 9)	13,220,703	9,868,178	802,497	598,999
Other non-current assets (Note 10)	352,819	352,985	21,416	21,425
Total non-current assets	<u>1,453,504,731</u>	<u>1,425,304,581</u>	<u>88,227,735</u>	<u>86,515,987</u>
TOTAL ASSETS	<u>₩ 1,981,800,355</u>	<u>₩ 2,039,197,713</u>	<u>Rs. 120,295,282</u>	<u>Rs. 123,779,301</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Trade and other payables (Notes 14, 18, 32 and 33)	₩ 535,160,134	₩ 637,814,269	Rs. 32,484,220	Rs. 38,715,326
Short-term borrowings (Notes 13, 18 and 33)	166,362,384	153,224,546	10,098,197	9,300,730
Derivative liabilities (Notes 25 and 33)	29,941	24,074	1,817	1,461
Provision for product warranties (Note 15)	52,039,452	56,861,223	3,158,795	3,451,476
Current portion of other long-term employee benefits obligation	673,293	1,960,778	40,870	119,019
Other current liabilities (Note 16)	28,772,421	28,884,728	1,746,486	1,753,303
Total current liabilities	<u>783,037,625</u>	<u>878,769,618</u>	<u>47,530,385</u>	<u>53,341,315</u>

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF SEPTEMBER 30, 2016, AND DECEMBER 31, 2015

	Korean won		Indian rupee	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Long-term borrowing (Notes 13, 18 and 33)	₩ 22,500,000	₩ 37,500,000	Rs. 1,365,750	Rs. 2,276,250
Other non-current payables (Note 33)	7,106,748	12,612,614	431,380	765,586
Retirement benefit obligation (Note 17)	310,342,954	292,005,725	18,837,816	17,724,747
Other long-term employee benefits obligation	15,338,020	14,321,822	931,018	869,336
Provision for long-term product warranties (Note 15)	<u>87,394,512</u>	<u>86,932,757</u>	<u>5,304,847</u>	<u>5,276,818</u>
Total non-current liabilities	<u>442,682,234</u>	<u>443,372,918</u>	<u>26,870,811</u>	<u>26,912,737</u>
TOTAL LIABILITIES	<u>1,225,719,859</u>	<u>1,322,142,536</u>	<u>74,401,196</u>	<u>80,254,052</u>
SHAREHOLDERS' EQUITY:				
Total shareholders' equity	756,080,496	717,055,177	45,894,086	43,525,249
Capital stock (Note 19)	686,100,480	686,100,480	41,646,299	41,646,299
Other capital surplus (Note 20)	131,678,360	131,678,360	7,992,877	7,992,877
Other capital adjustments (Notes 21 and 25)	1,935,771	1,570,930	117,501	95,355
Retained earnings (accumulated deficit) (Note 22)	(63,634,115)	(102,294,593)	(3,862,591)	(6,209,282)
Non-controlling interests	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	<u>756,080,496</u>	<u>717,055,177</u>	<u>45,894,086</u>	<u>43,525,249</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩ 1,981,800,355</u>	<u>₩ 2,039,197,713</u>	<u>Rs. 120,295,282</u>	<u>Rs. 123,779,301</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Korean won			
	Three months ended September 30, 2016 (In thousands, except per share amounts)	Nine months ended September 30, 2016 (In thousands, except per share amounts)	Three months ended September 30, 2015 (In thousands, except per share amounts)	Nine months ended September 30, 2015 (In thousands, except per share amounts)
SALES (Notes 31 and 32)	₩ 850,770,909	₩ 2,627,945,471	₩ 819,452,819	₩ 2,415,334,237
COST OF SALES (Notes 24 and 32)	<u>726,912,537</u>	<u>2,196,447,028</u>	<u>686,487,270</u>	<u>2,059,445,367</u>
GROSS PROFIT	123,858,372	431,498,443	132,965,549	355,888,870
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	<u>131,194,540</u>	<u>411,459,634</u>	<u>136,532,481</u>	<u>413,546,263</u>
OPERATING INCOME (LOSS)	(7,336,168)	20,038,809	(3,566,932)	(57,657,393)
NON-OPERATING INCOME (Note 27)	26,683,429	40,960,352	6,662,797	23,480,571
NON-OPERATING EXPENSES (Note 27)	9,720,956	29,765,655	5,853,234	19,141,623
FINANCIAL INCOME (Note 28)	7,543,767	18,199,283	1,039,221	12,265,451
FINANCIAL COST (Note 28)	<u>(59,938)</u>	<u>14,114,342</u>	<u>25,408,350</u>	<u>40,010,739</u>
INCOME FROM INVESTMENTS IN JOINT VENTURE	1,084,327	3,352,525	-	-
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	18,314,337	38,670,972	(27,126,498)	(81,063,733)
INCOME TAX EXPENSE (Note 23)	<u>-</u>	<u>26</u>	<u>(140)</u>	<u>10,418</u>
NET INCOME (LOSS)	18,314,337	38,670,946	(27,126,358)	(81,074,151)
Owners of the Company	18,314,337	38,670,946	(27,126,358)	(81,074,151)
Non-controlling interests	-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)	<u>(901,498)</u>	<u>354,372</u>	<u>(6,559,680)</u>	<u>(4,399,584)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>₩ 17,412,839</u>	<u>₩ 39,025,318</u>	<u>₩ (33,686,038)</u>	<u>₩ (85,473,735)</u>
Owners of the Company	17,412,839	39,025,318	(33,686,038)	(85,473,735)
Non-controlling interests	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29)				
Basic and diluted income (loss) per share	<u>₩ 133</u>	<u>₩ 282</u>	<u>₩ (198)</u>	<u>₩ (591)</u>

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Indian rupee			
	Three months ended September 30, 2016 (In thousands, except per share amounts)	Nine months ended September 30, 2016 (In thousands, except per share amounts)	Three months ended September 30, 2015 (In thousands, except per share amounts)	Nine months ended September 30, 2015 (In thousands, except per share amounts)
SALES (Notes 31 and 32)	Rs. 51,641,794	Rs. 159,516,290	Rs. 49,740,786	Rs. 146,610,788
COST OF SALES (Notes 24 and 32)	<u>44,123,591</u>	<u>133,324,335</u>	<u>41,669,777</u>	<u>125,008,334</u>
GROSS PROFIT	7,518,203	26,191,955	8,071,009	21,602,454
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	<u>7,963,508</u>	<u>24,975,600</u>	<u>8,287,522</u>	<u>25,102,258</u>
OPERATING INCOME (LOSS)	(445,305)	1,216,355	(216,513)	(3,499,804)
NON-OPERATING INCOME (Note 27)	1,619,684	2,486,294	404,432	1,425,271
NON-OPERATING EXPENSES (Note 27)	590,062	1,806,775	355,291	1,161,897
FINANCIAL INCOME (Note 28)	457,907	1,104,697	63,081	744,513
FINANCIAL COST (Note 28)	<u>(3,638)</u>	<u>856,741</u>	<u>1,542,287</u>	<u>2,428,652</u>
INCOME FROM INVESTMENTS IN JOINT VENTURE	65,819	203,498	-	-
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	1,111,681	2,347,328	(1,646,578)	(4,920,569)
INCOME TAX EXPENSE (Note 23)	<u>-</u>	<u>2</u>	<u>(8)</u>	<u>632</u>
NET INCOME (LOSS)	1,111,681	2,347,326	(1,646,570)	(4,921,201)
Owners of the Company	1,111,681	2,347,326	(1,646,570)	(4,921,201)
Non-controlling interests	-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)	(54,721)	21,510	(398,173)	(267,055)
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>Rs. 1,056,960</u>	<u>Rs. 2,368,836</u>	<u>Rs. (2,044,743)</u>	<u>Rs. (5,188,256)</u>
Owners of the Company	1,056,960	2,368,836	(2,044,743)	(5,188,256)
Non-controlling interests	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29)				
Basic and diluted income (loss) per share	<u>Rs. 8</u>	<u>Rs. 17</u>	<u>Rs. (12)</u>	<u>Rs. (36)</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

Korean won in thousands

	Other capital surplus									
	Capital stock	Paid-up capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stock	Other capital surplus	Other capital adjustments	Retained earnings (accumulated deficit)	Total
Balance at January 1, 2015	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ (1,189,820)	₩ -	₩ -	₩ (13,065,231)	₩ (25,034,685)	₩ 777,383,966
Net loss	-	-	-	-	-	-	-	-	(81,074,151)	(81,074,151)
Actuarial loss	-	-	-	-	-	-	-	-	(15,635)	(15,635)
Disposal of treasury stock	-	-	-	-	1,189,820	1,105,138	-	-	-	2,294,958
Gain on valuation of derivatives	-	-	-	-	-	-	-	-	-	-
Overseas operations translation credit	-	-	-	-	-	-	-	(4,727,710)	-	(4,727,710)
Balance at September 30, 2015	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ -	₩ 1,105,138	₩ -	₩ (17,449,181)	₩ (106,124,471)	₩ 694,205,188
Balance at January 1, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ -	₩ 1,105,138	₩ -	₩ 1,570,930	₩ (102,294,593)	₩ 717,055,177
Net income	-	-	-	-	-	-	-	-	38,670,946	38,670,946
Actuarial loss	-	-	-	-	-	-	-	-	(10,468)	(10,468)
Gain on valuation of derivatives	-	-	-	-	-	-	-	-	-	-
Overseas operations translation credit	-	-	-	-	-	-	-	515,494	-	515,494
Balance at September 30, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ -	₩ 1,105,138	₩ -	₩ (150,653)	₩ (63,634,115)	₩ 756,080,496

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Indian rupee in thousands									
	Other capital surplus					Retained earnings (accumulated deficit)				
	Capital stock	Paid-up capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stock	Other capital surplus	Other capital adjustments		Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at January 1, 2015	41,646,299	695,180	7,174,072	56,543	(72,222)	-	-	(793,060)	(1,519,605)	47,187,207
Net loss	-	-	-	-	-	-	-	-	(4,921,201)	(4,921,201)
Actuarial loss	-	-	-	-	-	-	-	-	(949)	(949)
Disposal of treasury stock	-	-	-	-	72,222	67,082	-	-	-	139,304
Gain on valuation of derivatives	-	-	-	-	-	-	-	(286,972)	-	(286,972)
Overseas operations translation credit	-	-	-	-	-	-	-	20,866	-	20,866
Balance at September 30, 2015	41,646,299	695,180	7,174,072	56,543	-	67,082	-	(1,059,166)	(6,441,755)	42,138,255
Balance at January 1, 2016	41,646,299	695,180	7,174,072	56,543	-	67,082	-	95,355	(6,209,282)	43,525,249
Net income	-	-	-	-	-	-	-	-	2,347,326	2,347,326
Actuarial loss	-	-	-	-	-	-	-	-	(635)	(635)
Gain on valuation of derivatives	-	-	-	-	-	-	-	31,290	-	31,290
Overseas operations translation credit	-	-	-	-	-	-	-	(9,144)	-	(9,144)
Balance at September 30, 2016	41,646,299	695,180	7,174,072	56,543	-	67,082	-	117,501	(3,862,591)	45,894,086

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Korean won		Indian rupee	
	Nine months ended Sep. 30, 2016	Nine months ended Sep. 30, 2015	Nine months ended Sep. 30, 2016	Nine months ended Sep. 30, 2015
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	₩ 38,670,946	₩ (81,074,151)	Rs. 2,347,326	Rs. (4,921,201)
Adjustment (Note 30)	164,199,543	161,914,017	9,966,912	9,828,181
Changes in net working capital (Note 30)	<u>(160,799,800)</u>	<u>(83,570,921)</u>	<u>(9,760,547)</u>	<u>(5,072,755)</u>
	<u>42,070,689</u>	<u>(2,731,055)</u>	<u>2,553,691</u>	<u>(165,775)</u>
Interests received	2,039,623	2,470,099	123,805	149,935
Interests paid	(2,816,557)	(2,439,447)	(170,965)	(148,074)
Dividend income received	11,000	11,000	668	668
Income tax paid	-	(10,718)	-	(651)
Net cash provided by (used in) operating activities	<u>41,304,755</u>	<u>(2,700,121)</u>	<u>2,507,199</u>	<u>(163,897)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	2,288,870	6,002,201	138,934	364,334
Disposal of property, plant and equipment	790,920	696,697	48,009	42,290
Decrease in other assets	278	113,159	17	6,869
	<u>3,080,068</u>	<u>6,812,057</u>	<u>186,960</u>	<u>413,493</u>
Cash outflows for investing activities:				
Increase in other receivables	5,220,000	5,976,062	316,854	362,747
Acquisition of property, plant and equipment	100,100,525	96,546,641	6,076,102	5,860,381
Acquisition of intangible assets	54,231,780	46,480,371	3,291,869	2,821,359
	<u>159,552,305</u>	<u>149,003,074</u>	<u>9,684,825</u>	<u>9,044,487</u>
Net cash used in investing activities	<u>(156,472,237)</u>	<u>(142,191,017)</u>	<u>(9,497,865)</u>	<u>(8,630,994)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	12,950,566	82,570,176	786,099	5,012,009
Increase in government grants	-	42,228	-	2,563
Disposal of treasury stock	-	2,294,958	-	139,304
	<u>₩ 12,950,566</u>	<u>₩ 84,907,362</u>	<u>Rs. 786,099</u>	<u>Rs. 5,153,876</u>

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Korean won		Indian rupee	
	Nine months ended Sep. 30, 2016	Nine months ended Sep. 30, 2015	Nine months ended Sep. 30, 2016	Nine months ended Sep. 30, 2015
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ 12,500,000	₩ 2,500,000	Rs. 758,750	Rs. 151,750
	12,500,000	2,500,000	758,750	151,750
Net cash provided by financing activities	450,566	82,407,362	27,349	5,002,126
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(295,209)	341,485	(17,919)	20,728
NET DECREASE IN CASH AND CASH EQUIVALENTS	(115,012,125)	(62,142,291)	(6,981,236)	(3,772,037)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	197,881,904	156,765,307	12,011,432	9,515,654
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	₩ 82,869,779	₩ 94,623,016	Rs. 5,030,196	Rs. 5,743,617

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2016, AND DECEMBER 31, 2015,
AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

1. GENERAL:

(1) Company overview and recent changes in business environment

Ssangyong Motor Company (the “Company”) was incorporated on December 6, 1962, in the Republic Korea and listed its stocks on the Korea Stock Exchange in May 1975. The Company’s headquarters is located at Dongsak-ro, Pyungtaek and its factories are located in Pyungtaek, Kyeonggi-do and Changwon, Kyeongsangnam-do, Republic of Korea. The Company manufactures and distributes motor vehicles and parts.

(2) Major shareholders

The Company’s shareholders as of September 30, 2016, are as follows:

<u>Name of shareholders</u>	<u>Number of shares owned</u>	<u>Percentage of ownership (%)</u>
Mahindra & Mahindra Ltd.	99,964,502	72.85
Others	37,255,594	27.15
	<u>137,220,096</u>	<u>100</u>

2. SIGNIFICANT ACCOUNTING POLICIES:

The Company and its subsidiaries (the “Group”) summarize consolidated financial statements, their period belongs to annual financial report and they adopt Korean International Reporting Standards (“K-IFRS”) 1034, Interim Financial Reporting. The audited consolidated financial statements as of and for the year ended December 31, 2015, are used to understand the consolidated financial statements.

The account policy is identified with the audited consolidated financial statement of December 31, 2015, except for the account policy explained as follows:

The Indian rupee amounts presented in these consolidated financial statements were computed by translating the Korean won into Indian rupees based on the Bank of Korea Basic Rate (₩1 to Rs. 0.0607 at September 30, 2016), solely for the convenience of the reader. These convenience translations into Indian rupees should not be construed as representations that the Korean won amounts have been, could have been or could in the future be converted at this or any other rate of exchange.

1) Amendments to K-IFRS and new interpretations that are mandatorily effective for the current year

Amendments to K-IFRS 1001 – Presentation of Financial Statements

The amendments to K-IFRS 1001 clarify the concept of applying materiality in practice and restrict an entity reducing the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The application of these amendments has no impact on the disclosure in the Group’s consolidated financial statements.

Amendments to K-IFRS 1016 – Property, Plant and Equipment

The amendments to K-IFRS 1016 prohibit the Company from using a revenue-based depreciation method for items of property, plant and equipment. The application of these amendments has no impact on the disclosure in the Group’s consolidated financial statements.

Amendments to K-IFRS 1038 – Intangible Assets

The amendments to K-IFRS 1038 do not allow presumption that revenue is an appropriate basis for the amortization of intangible assets; this presumption can only be limited when an intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Amendments to K-IFRS 1016 – Property, Plant and Equipment and K-IFRS 1041 – Agriculture: Bearer Plants

The amendments to K-IFRS 1016 and K-IFRS 1041 define a bearer plant and require biological assets that meet the definition of the bearer plant to be accounted for as property, plant and equipment in accordance with K-IFRS 1016, instead of K-IFRS 1041. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Amendments to K-IFRS 1110 – Consolidated Financial Statements, K-IFRS 1112 – Disclosure of Interests in Other Entities and K-IFRS 1028 – Investment in Associates

The amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or the joint venture used for its subsidiaries. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Amendments to K-IFRS 1111 – Accounting for Acquisitions of Interests in Joint Operations

The amendments to K-IFRS 1111 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in K-IFRS 1103, Business Combinations. A joint operator is also required to disclose the relevant information required by K-IFRS 1103 and other standards for business combinations. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Annual Improvements to K-IFRS 2012-2014 Cycle

The annual improvements include amendments to a number of K-IFRS. The amendments introduce a specific guidance in K-IFRS 1105, Non-current Assets Held for Sale and Discontinued Operations, when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa); such a change is considered as a continuation of the original plan of disposal, and not as a change to a plan of sale. Other amendments in the annual improvements include K-IFRS 1107, Financial Instruments: Disclosures; K-IFRS 1019, Employee Benefits; and K-IFRS 1034, Interim Financial Reporting. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

2) New and revised K-IFRS issued, but not yet effective

The Group has not applied the following new and revised K-IFRS that have been issued, but are not yet effective:

Amendments to K-IFRS 1109 – Financial Instruments

The amendments to K-IFRS 1109 contain the requirements for the classification and measurement of financial assets and financial liabilities based on a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and based on the contractual terms that give rise on specified dates to cash flows, impairment methodology based on the expected credit losses, broadened types of instruments that qualify as hedging instruments, the types of risk components of non-financial items that are eligible for hedge accounting and the change in the hedge effectiveness test. The amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to K-IFRS 1115 – Revenue from Contracts with Customers

The core principle under K-IFRS 1115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments introduce a five-step approach to revenue recognition and measurement: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract and 5) Recognize revenue when (or as) the entity satisfies a performance obligation. This standard will supersede K-IFRS 1011 - Construction Contracts, K-IFRS 1018 - Revenue, K-IFRS 2113 - Customer Loyalty Programs, K-IFRS 2115 - Agreements for the Construction of Real Estate, K-IFRS 2118 - Transfers of Assets from Customers and K-IFRS 2031 - Revenue-Barter Transactions Involving Advertising Services. The amendments are effective for annual periods beginning on or after January 1, 2018.

The Group does not anticipate that these amendments referred above will have a significant effect on its consolidated financial statements and disclosures.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

In the preparation of the Group's interim consolidated financial statements, management is required to apply accounting policies and make judgments, estimation and assumptions affecting the carrying amounts of assets, liabilities, income and expenses. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations. The management's significant judgments about the application of the Group's accounting policies and the main resources of the uncertainty are consistent with those of the annual consolidated financial statements as of and for the year ended December 31, 2015.

4. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash on hand and in banks and highly liquid short-term financial instruments that may be easily converted into cash and whose risk of value fluctuation is not material.

5. RESTRICTED FINANCIAL ASSETS:

Restricted financial assets as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	Financial institution	September 30, 2016	December 31, 2015	Notes
Cash and cash equivalents	Shinhan Bank and others	₩ 665,315	₩ 567,340	Government subsidies and others Unconfirmed reorganization debt pledged as collateral and others
	Woori Bank	746,104	957,689	
Long-term financial instruments	Shinhan Bank and others	6,000	6,000	Overdraft deposit
		<u>₩ 1,417,419</u>	<u>₩ 1,531,029</u>	

(Unit: Indian rupee in thousands)

	Financial institution	September 30,		December 31,		Notes
		2016		2015		
Cash and cash equivalents	Shinhan Bank and others	Rs.	40,385	Rs.	34,439	Government subsidies and others Unconfirmed reorganization debt pledged as collateral and others
	Woori Bank		45,289		58,132	
Long-term financial instruments	Shinhan Bank and others		364		364	Overdraft deposit
		Rs.	86,038	Rs.	92,935	

6. LONG-TERM AFS FINANCIAL ASSETS:

The Group's long-term AFS financial assets as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Classification	Ownership (%)	September 30, 2016			December 31, 2015
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	₩ 500,000	₩ 685,246	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50	60,000	603,782	60,000	60,000
		₩ 560,000	₩ 1,289,028	₩ 560,000	₩ 560,000

(Unit: Indian rupee in thousands)

Classification	Ownership (%)	September 30, 2016			December 31, 2015
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 30,350	Rs. 41,594	Rs. 30,350	Rs. 30,350
Korea Management Consultants Association (*)	1.50	3,642	36,650	3,642	3,642
		Rs. 33,992	Rs. 78,244	Rs. 33,992	Rs. 33,992

(*) Because the market prices from an active market are not available and the fair values cannot be reliably measured, AFS financial assets are measured at their acquisition costs.

7. TRADE AND OTHER RECEIVABLES:

All current trade and other receivables are due within one year from September 30, 2016, and because the present value discount effect is not material, the fair value of the aforementioned receivables is equal to the book value.

(1) Details of current portion of trade and other receivables as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Financial assets	September 30, 2016			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	₩ 178,838,619	₩ 12,068,119	₩ 7,608,429	₩ 37,491,216
Less: Allowance for doubtful accounts	(98,635)	(5,223)	(66,259)	(93,525)
	₩ 178,739,984	₩ 12,062,896	₩ 7,542,170	₩ 37,397,691

December 31, 2015				
Financial assets	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	₹ 151,034,088	₹ 6,455,062	₹ 2,628,696	₹ 39,887,266
Less: Allowance for doubtful accounts	(44,462)	(2,252)	(8,666)	(159,256)
	<u>₹ 150,989,626</u>	<u>₹ 6,452,810</u>	<u>₹ 2,620,030</u>	<u>₹ 39,728,010</u>

(Unit: Indian rupee in thousands)

September 30, 2016				
Financial assets	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	₹ 10,855,504	₹ 732,535	₹ 461,832	₹ 2,275,717
Less: Allowance for doubtful accounts	(5,987)	(317)	(4,022)	(5,677)
	<u>₹ 10,849,517</u>	<u>₹ 732,218</u>	<u>₹ 457,810</u>	<u>₹ 2,270,040</u>

December 31, 2015				
Financial assets	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	₹ 9,167,769	₹ 391,822	₹ 159,563	₹ 2,421,157
Less: Allowance for doubtful accounts	(2,699)	(137)	(526)	(9,667)
	<u>₹ 9,165,070</u>	<u>₹ 391,685</u>	<u>₹ 159,037</u>	<u>₹ 2,411,490</u>

(2) Credit risk and allowance for doubtful accounts

The above trade and non-trade receivables and other receivables are classified as loans and receivables and measured at amortized cost.

If a credit risk occurs with respect to a dealership sale, which is a major type of the Group's sales, the respective dealership bears all the risk; the Group manages credit risk on product sales using two management indexes, agreed liability rate and agreed excess rate, and when the management index exceeds the agreed rate, it imposes a release restriction on the respective dealership and transfers a credit risk arising from product sales.

The Group's trade receivables are usually collected within 30 days, but some of the notes receivable are collected within 75 days. Based on the past experience, receivables that are overdue for more than one year are usually not collected, and the Group reserves the full amount of those receivables as an allowance for doubtful accounts. The Group estimates an allowance for the receivables that are overdue for more than 90 days through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Group estimates an allowance based on the historical loss rates.

Some of the trade receivables that are overdue for more than 90 days are not included in the above trade receivables (refer to the aging analysis below); the Group did not reserve an allowance for the aforementioned receivables as their credit ratings did not change materially, and they are expected to be collected. The Group has no collaterals pledged or credit enforcement provided for the aforementioned receivables and does not have a legal right to offset those receivables with the debt of the transacting parties.

- 1) Aging analysis of the trade and non-trade receivables that are overdue, but not impaired as of September 30, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

Classification	September 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₩ 99,858	₩ -	₩ 1,266,474	₩ 1,366,332
Non-trade receivables	4,752,506	17,049	3,809,642	8,579,197
Non-current other receivables	-	-	103,250	103,250
	<u>₩ 4,852,364</u>	<u>₩ 17,049</u>	<u>₩ 5,179,366</u>	<u>₩ 10,048,779</u>

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₩ 344,346	₩ 316,971	₩ 20,749	₩ 682,066
Non-trade receivables	285,124	1,833	4,125,784	4,412,741
Non-current other receivables	-	-	103,250	103,250
	<u>₩ 629,470</u>	<u>₩ 318,804</u>	<u>₩ 4,249,783</u>	<u>₩ 5,198,057</u>

(Unit: Indian rupee in thousands)

Classification	September 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 6,061	Rs. -	Rs. 76,875	Rs. 82,936
Non-trade receivables	288,477	1,035	231,245	520,757
Non-current other receivables	-	-	6,267	6,267
	<u>Rs. 294,538</u>	<u>Rs. 1,035</u>	<u>Rs. 314,387</u>	<u>Rs. 609,960</u>

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 20,902	Rs. 19,240	Rs. 1,259	Rs. 41,401
Non-trade receivables	17,307	111	250,435	267,853
Non-current other receivables	-	-	6,267	6,267
	<u>Rs. 38,209</u>	<u>Rs. 19,351</u>	<u>Rs. 257,961</u>	<u>Rs. 315,521</u>

- 2) Aging analysis of the trade, non-trade and other long-term receivables that are impaired as of September 30, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

Classification	September 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Non-current other receivables	₩ -	₩ -	₩ 44,607	₩ 44,607

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Non-current other receivables	₩ -	₩ -	₩ 47,349	₩ 47,349

(Unit: Indian rupee in thousands)

Classification	September 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Non-current other receivables	Rs. -	Rs. -	Rs. 2,708	Rs. 2,708

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Non-current other receivables	Rs. -	Rs. -	Rs. 2,874	Rs. 2,874

- 3) Changes in allowance for trade and other receivables for the nine months ended September 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

Classification	Nine months ended September 30, 2016			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Beginning balance	₩ 44,462	₩ 2,252	₩ 8,666	₩ 159,256
Bad debt expense	54,173	2,971	57,593	(65,731)
Ending balance	₩ 98,635	₩ 5,223	₩ 66,259	₩ 93,525

Classification	Nine months ended September 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Beginning balance	₩ 87,169	₩ 393,336	₩ 11,054	₩ 149,638
Bad debt expense	77,875	(20,964)	5,851	12,734
Write-offs	-	(368,681)	-	-
Ending balance	₩ 165,044	₩ 3,691	₩ 16,905	₩ 162,372

(Unit: Indian rupee in thousands)

Classification	Nine months ended September 30, 2016			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Beginning balance	Rs. 2,699	Rs. 137	Rs. 526	Rs. 9,667
Bad debt expense	3,288	180	3,496	(3,990)
Ending balance	Rs. 5,987	Rs. 317	Rs. 4,022	Rs. 5,677

Classification	Nine months ended September 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Beginning balance	Rs. 5,291	Rs. 23,875	Rs. 671	Rs. 9,083
Bad debt expense	4,727	(1,273)	355	773
Write-offs	-	(22,379)	-	-
Ending balance	Rs. 10,018	Rs. 223	Rs. 1,026	Rs. 9,856

The Group estimates allowances for doubtful accounts through individual analysis, and an allowance for the receivables that are not subject to separate individual analysis is estimated based on the historical collection rates. For troubled receivables (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.), the Group assesses collectibility of each receivable through an individual analysis and reserves 100% allowance. For the receivables that are not subject to individual analysis, the allowance is estimated by applying the average loss rate for the past three years to the remaining balance of the receivables at the end of a reporting period; the three-year average loss rate is calculated by dividing the amount of actual loss that occurred in the past three years by the average balance of the receivables.

8. INVENTORIES:

Details of inventories as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	<u>September 30, 2016</u>		<u>December 31, 2015</u>	
Merchandises	₩	38,702,896	₩	41,253,588
Finished goods		55,421,202		56,174,620
Work in process		29,356,116		29,360,159
Raw materials		41,666,172		45,354,455
Submaterials		463,748		454,283
Supplies		3,570,450		3,740,522
Goods in transit		57,445,903		71,335,617
Total	₩	<u>226,626,487</u>	₩	<u>247,673,244</u>

(Unit: Indian rupee in thousands)

	<u>September 30, 2016</u>		<u>December 31, 2015</u>	
Merchandises	Rs.	2,349,266	Rs.	2,504,093
Finished goods		3,364,067		3,409,799
Work in process		1,781,916		1,782,162
Raw materials		2,529,137		2,753,015
Submaterials		28,150		27,575
Supplies		216,726		227,050
Goods in transit		3,486,966		4,330,072
Total	Rs.	<u>13,756,228</u>	Rs.	<u>15,033,766</u>

The Group is using the “lower of cost or market method” on the consolidated statement of financial position in the case of inventories’ market value decrease under the acquisition cost. On the other hand, loss on valuation of inventories that was deducted to “cost of sales” in the current period due to the application of “lower of cost or market method” is ₩29,841 thousand (Rs. 1,811 thousand).

9. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE:

(1) Details of investments in subsidiaries and joint venture as of September 30, 2016, are as follows:

<u>Classification</u>	<u>Entities</u>	<u>Location</u>	<u>Ownership (%)</u>	<u>Closing month</u>	<u>Industry</u>
Investments in subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100.00	December	Car sales
	Ssangyong European Parts Center B.V.	Netherland	100.00	December	A/S and sales
Investment in joint venture	SY Auto Capital Co., Ltd. (*)	Korea	51.00	December	Installment finance

(*) SY Auto Capital Co., Ltd. is a joint arrangement whereby the Group and KB Capital Co., Ltd. that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement and the results, and assets and liabilities of joint venture are incorporated in these consolidated financial statements using the equity method of accounting.

(2) Changes in the carrying amounts of investments in joint venture for the nine months ended September 30, 2016, are as follows:

(Unit: Korean won in thousands)

<u>Company</u>	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Share of profit of a joint venture</u>	<u>Ending balance</u>
SY Auto Capital Co., Ltd.	₩ 9,868,178	₩ -	₩ 3,352,525	₩ 13,220,703

(Unit: Indian rupee in thousands)

Company	Beginning balance	Acquisition	Share of profit of a joint venture	Ending balance
SY Auto Capital Co., Ltd.	Rs. 598,999	Rs.	- Rs. 203,498	Rs. 802,497

(3) Summarized financial information of subsidiaries and joint venture

The summarized financial information of the Group's subsidiaries and joint venture as of September 30, 2016, and December 31, 2015, is as follows:

September 30, 2016

(Unit: Korean won in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 3,220,601	₩ 750,316	₩ 2,470,285
Ssangyong European Parts Center B.V.	10,178,031	12,422,646	(2,244,615)
SY Auto Capital Co., Ltd.	60,485,849	35,228,425	25,257,424

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 134,007	₩ (577,025)	₩ (802,959)
Ssangyong European Parts Center B.V.	12,890,377	1,376,294	1,451,575
SY Auto Capital Co., Ltd.	2,902,964	5,908,056	5,908,056

(Unit: Indian rupee in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 195,490	Rs. 45,544	Rs. 149,946
Ssangyong European Parts Center B.V.	617,806	754,055	(136,249)
SY Auto Capital Co., Ltd.	3,671,491	2,138,365	1,533,126

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 8,134	Rs. (35,025)	Rs. (48,740)
Ssangyong European Parts Center B.V.	782,446	83,541	88,111
SY Auto Capital Co., Ltd.	176,210	358,619	358,619

December 31, 2015

(Unit: Korean won in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 4,264,069	₩ 990,824	₩ 3,273,245
Ssangyong European Parts Center B.V.	8,399,103	12,095,292	(3,696,189)
SY Auto Capital Co., Ltd.	19,608,715	259,347	19,349,368

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 1,270,691	₩ (2,505,187)	₩ (2,386,469)
Ssangyong European Parts Center B.V.	14,776,015	105,948	274,428
SY Auto Capital Co., Ltd.	42,256	(650,632)	(650,632)

(Unit: Indian rupee in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 258,829	Rs. 60,143	Rs. 198,686
Ssangyong European Parts Center B.V.	509,826	734,184	(224,358)
SY Auto Capital Co., Ltd.	1,190,249	15,742	1,174,507

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 77,131	Rs. (152,065)	Rs. (144,859)
Ssangyong European Parts Center B.V.	896,904	6,431	16,658
SY Auto Capital Co., Ltd.	2,565	(39,493)	(39,493)

10. OTHER ASSETS:

Carrying values of the Group's other assets as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Account	September 30, 2016	December 31, 2015
Other current assets:		
Advance payments	₩ 2,021,757	₩ 1,077,676
Less: Allowance for doubtful accounts	(2,751)	(663)
Prepaid expenses	15,726,454	5,074,020
Income tax refundable	256,253	416,790
	₩ 18,001,713	₩ 6,567,823
Other non-current assets:		
Other non-current assets	₩ 352,819	₩ 352,985

(Unit: Indian rupee in thousands)

Account	September 30, 2016	December 31, 2015
Other current assets:		
Advance payments	Rs. 122,721	Rs. 65,415
Less: Allowance for doubtful accounts	(167)	(40)
Prepaid expenses	954,596	307,993
Income tax refundable	15,555	25,299
	Rs. 1,092,705	Rs. 398,667
Other non-current assets:		
Other non-current assets	Rs. 21,416	Rs. 21,425

11. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	September 30, 2016				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 475,062,781	₩ -	₩ -	₩ -	₩ 475,062,781
Buildings	537,413,530	1,568,407	204,230,190	148,366,786	183,248,147
Structures	107,250,042	120,542	61,999,609	28,913,882	16,216,009
Machinery	1,309,877,701	335,824	1,035,279,619	96,895,193	177,367,065
Vehicles	8,142,813	-	6,239,215	747,187	1,156,411
Tools and molds	1,068,651,693	1,842	668,035,676	159,738,301	240,875,874
Equipment	67,876,153	1,491	44,126,524	3,688,318	20,059,820
Construction in progress	73,491,050	-	-	-	73,491,050
Machinery in transit	475	-	-	-	475
	₩ 3,647,766,238	₩ 2,028,106	₩ 2,019,910,833	₩ 438,349,667	₩ 1,187,477,632

December 31, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₹ 475,531,313	₹ -	₹ -	₹ -	₹ 475,531,313
Buildings	536,914,323	1,603,429	196,449,216	148,366,786	190,494,892
Structures	106,552,738	135,809	60,736,919	28,913,882	16,766,128
Machinery	1,312,354,742	453,057	1,027,789,268	98,337,509	185,774,908
Vehicles	8,798,376	-	6,479,303	896,350	1,422,723
Tools and molds	1,028,887,149	6,657	615,699,091	160,933,311	252,248,090
Equipment	67,396,593	6,874	40,517,584	4,056,991	22,815,144
Construction in progress	40,866,774	-	-	-	40,866,774
Machinery in transit	1,924,851	-	-	-	1,924,851
	<u>₹ 3,579,226,859</u>	<u>₹ 2,205,826</u>	<u>₹ 1,947,671,381</u>	<u>₹ 441,504,829</u>	<u>₹ 1,187,844,823</u>

(Unit: Indian rupee in thousands)

September 30, 2016					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₹ 28,836,311	₹ -	₹ -	₹ -	₹ 28,836,311
Buildings	32,621,001	95,202	12,396,773	9,005,864	11,123,162
Structures	6,510,078	7,317	3,763,376	1,755,073	984,312
Machinery	79,509,576	20,385	62,841,473	5,881,538	10,766,180
Vehicles	494,269	-	378,720	45,354	70,195
Tools and molds	64,867,158	112	40,549,766	9,696,115	14,621,165
Equipment	4,120,082	91	2,678,480	223,881	1,217,630
Construction in progress	4,460,907	-	-	-	4,460,907
Machinery in transit	29	-	-	-	29
	<u>₹ 221,419,411</u>	<u>₹ 123,107</u>	<u>₹ 122,608,588</u>	<u>₹ 26,607,825</u>	<u>₹ 72,079,891</u>

December 31, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₹ 28,864,751	₹ -	₹ -	₹ -	₹ 28,864,751
Buildings	32,590,699	97,328	11,924,467	9,005,864	11,563,040
Structures	6,467,751	8,244	3,686,731	1,755,073	1,017,703
Machinery	79,659,933	27,501	62,386,809	5,969,087	11,276,536
Vehicles	534,061	-	393,294	54,408	86,359
Tools and molds	62,453,450	403	37,372,935	9,768,652	15,311,460
Equipment	4,090,973	416	2,459,417	246,259	1,384,881
Construction in progress	2,480,613	-	-	-	2,480,613
Machinery in transit	116,838	-	-	-	116,838
	<u>₹ 217,259,069</u>	<u>₹ 133,892</u>	<u>₹ 118,223,653</u>	<u>₹ 26,799,343</u>	<u>₹ 72,102,181</u>

(2) Changes in the carrying amounts of property, plant and equipment for the nine months ended September 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

Nine months ended September 30, 2016						
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	₩ 475,531,313	₩ -	₩ 468,532	₩ -	₩ -	₩ 475,062,781
Buildings	190,494,892	109,725	151,728	664,157	7,868,899	183,248,147
Structures	16,766,128	568,399	47,999	230,037	1,300,556	16,216,009
Machinery	185,774,908	40,897	25,664	13,352,100	21,775,176	177,367,065
Vehicles	1,422,723	57,494	6,914	81,672	398,564	1,156,411
Tools and molds	252,248,090	3,578,201	13,189	39,858,741	54,795,969	240,875,874
Equipment	22,815,144	1,828,299	15,021	620,664	5,189,266	20,059,820
Construction in progress	40,866,774	83,421,288	-	(50,797,012)	-	73,491,050
Machinery in transit	1,924,851	1,223,377	-	(3,147,753)	-	475
	<u>₩ 1,187,844,823</u>	<u>₩ 90,827,680</u>	<u>₩ 729,047</u>	<u>₩ 862,606</u>	<u>₩ 91,328,430</u>	<u>₩ 1,187,477,632</u>

Nine months ended September 30, 2015						
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	194,648,006	138,021	1,242	2,790,532	7,633,202	189,942,115
Structures	16,955,550	394,604	-	867,881	1,270,486	16,947,549
Machinery	148,061,877	2,388,694	2,511	48,450,050	22,015,068	176,883,042
Vehicles	1,641,197	30,328	5,345	100,066	427,029	1,339,217
Tools and molds	178,424,105	21,553,664	5,817	115,009,699	51,957,121	263,024,530
Equipment	24,549,765	2,540,463	3,313	236,450	4,937,081	22,386,284
Construction in progress	131,569,206	69,036,715	-	(164,736,690)	-	35,869,231
Machinery in transit	2,355,375	464,152	-	(2,289,898)	-	529,629
	<u>₩ 1,173,736,394</u>	<u>₩ 96,546,641</u>	<u>₩ 18,228</u>	<u>₩ 428,090</u>	<u>₩ 88,239,987</u>	<u>₩ 1,182,452,910</u>

(*) Capitalization cost that has flowed into construction in progress and other accounts is ₩822,878 thousand (2015: ₩543,833 thousand) during this period.

(**) Depreciation cost of suspended assets amounting to ₩11,357 thousand (2015: ₩14,216 thousand) is excluded from the depreciation cost in the consolidated statement of cash flows.

(Unit: Indian rupee in thousands)

Nine months ended September 30, 2016						
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	Rs. 28,864,751	Rs. -	Rs. 28,440	Rs. -	Rs. -	Rs. 28,836,311
Buildings	11,563,040	6,660	9,210	40,314	477,642	11,123,162
Structures	1,017,703	34,502	2,914	13,965	78,944	984,312
Machinery	11,276,536	2,482	1,558	810,473	1,321,753	10,766,180
Vehicles	86,359	3,490	420	4,959	24,193	70,195
Tools and molds	15,311,460	217,197	801	2,419,424	3,326,115	14,621,165
Equipment	1,384,881	110,978	912	37,671	314,988	1,217,630
Construction in progress	2,480,613	5,063,672	-	(3,083,378)	-	4,460,907
Machinery in transit	116,838	74,259	-	(191,068)	-	29
	<u>Rs. 72,102,181</u>	<u>Rs. 5,513,240</u>	<u>Rs. 44,255</u>	<u>Rs. 52,360</u>	<u>Rs. 5,543,635</u>	<u>Rs. 72,079,891</u>

Nine months ended September 30, 2015						
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	Rs. 28,864,751	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 28,864,751
Buildings	11,815,134	8,378	75	169,385	463,335	11,529,487
Structures	1,029,202	23,952	-	52,680	77,119	1,028,715
Machinery	8,987,356	144,994	152	2,940,918	1,336,315	10,736,801
Vehicles	99,621	1,841	325	6,074	25,921	81,290
Tools and molds	10,830,343	1,308,307	354	6,981,089	3,153,797	15,965,588
Equipment	1,490,171	154,206	201	14,353	299,680	1,358,849

Nine months ended September 30, 2015						
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Construction in progress	7,986,251	4,190,529	-	(9,999,517)	-	2,177,263
Machinery in transit	142,971	28,174	-	(138,997)	-	32,148
	<u>Rs. 71,245,800</u>	<u>Rs. 5,860,381</u>	<u>Rs. 1,107</u>	<u>Rs. 25,985</u>	<u>Rs. 5,356,167</u>	<u>Rs. 71,774,892</u>

(*) Capitalization cost that has flowed into construction in progress and other accounts is Rs. 49,949 thousand (2015: Rs. 33,011 thousand) during this period.

(**) Depreciation cost of suspended assets amounting to Rs. 688 thousand (2015: Rs. 863 thousand) is excluded from the depreciation cost in the consolidated statement of cash flows.

(3) The assets pledged as collateral for the Group's borrowings as of September 30, 2016, are as follows:

(Unit: Korean won in thousands)

Assets pledged as collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	₩ 366,132,440	
Buildings and structures	150-3 (factory site) and others Pyeongtaek plant production facilities	73,710,302	₩ 267,000,000
Machinery and others		4,639,374	
		<u>₩ 444,482,116</u>	

(Unit: Indian rupee in thousands)

Assets pledged as collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	Rs. 22,224,239	
Buildings and structures	150-3 (factory site) and others Pyeongtaek plant production facilities	4,474,215	Rs. 16,000,000
Machinery and others		281,610	
		<u>Rs. 26,980,064</u>	

(4) Borrowing costs and capitalized interest, which is the capital, for the nine months ended September 30, 2016 and 2015, are as follows.

(Unit: Korean won in thousands)

Account	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Capitalized interest expenses (*)	₩ 2,188,635	₩ 1,652,355
Capitalization interest rate	3.68%	4.02%

(*) Borrowing costs that have been capitalized during the nine months ended September 30, 2016 and 2015, in development costs are ₩1,365,757 thousand (2015: ₩1,108,522 thousand).

(Unit: Indian rupee in thousands)

Account	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Capitalized interest expenses (*)	Rs. 132,850	Rs. 100,298
Capitalization interest rate	3.68%	4.02%

(*) Borrowing costs that have been capitalized during the nine months ended September 30, 2016 and 2015, in development costs are Rs. 82,901 thousand (2015: Rs. 67,287 thousand).

12. INTANGIBLE ASSETS:

(1) Details of intangible assets as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	September 30, 2016				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	₩ 170,793,491	₩ -	₩ 61,408,973	₩ -	₩ 109,384,518
Patents	3,379,062	20,322	1,566,064	54,380	1,738,296
Other intangible assets	<u>126,265,164</u>	<u>43,518</u>	<u>22,278,469</u>	<u>576,105</u>	<u>103,367,072</u>
	<u>₩ 300,437,717</u>	<u>₩ 63,840</u>	<u>₩ 85,253,506</u>	<u>₩ 630,485</u>	<u>₩ 214,489,886</u>

	December 31, 2015				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	₩ 148,086,281	₩ -	₩ 38,550,140	₩ -	₩ 109,536,141
Patents	2,816,199	22,335	1,170,064	39,190	1,584,610
Other intangible assets	<u>93,908,276</u>	<u>21,283</u>	<u>17,487,054</u>	<u>576,105</u>	<u>75,823,834</u>
	<u>₩ 244,810,756</u>	<u>₩ 43,618</u>	<u>₩ 57,207,258</u>	<u>₩ 615,295</u>	<u>₩ 186,944,585</u>

(Unit: Indian rupee in thousands)

	September 30, 2016				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	Rs. 10,367,165	Rs. -	Rs. 3,727,525	Rs. -	Rs. 6,639,640
Patents	205,109	1,234	95,060	3,301	105,514
Other intangible assets	<u>7,664,295</u>	<u>2,642</u>	<u>1,352,303</u>	<u>34,969</u>	<u>6,274,381</u>
	<u>Rs. 18,236,569</u>	<u>Rs. 3,876</u>	<u>Rs. 5,174,888</u>	<u>Rs. 38,270</u>	<u>Rs. 13,019,535</u>

	December 31, 2015				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	Rs. 8,988,837	Rs. -	Rs. 2,339,993	Rs. -	Rs. 6,648,844
Patents	170,943	1,356	71,023	2,379	96,185
Other intangible assets	<u>5,700,232</u>	<u>1,292</u>	<u>1,061,464</u>	<u>34,969</u>	<u>4,602,507</u>
	<u>Rs. 14,860,012</u>	<u>Rs. 2,648</u>	<u>Rs. 3,472,480</u>	<u>Rs. 37,348</u>	<u>Rs. 11,347,536</u>

(2) Changes in intangible assets for the nine months ended September 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Nine months ended September 30, 2016						
	Beginning balance	Acquisition	Transfer	Amortization	Impairment loss	Other(*)	Ending balance
Development cost	₩ 109,536,141	₩ -	₩ 22,707,210	₩ 22,858,833	₩ -	₩ -	₩ 109,384,518
Patents	1,584,610	562,863	-	393,987	15,190	-	1,738,296
Other intangible assets	<u>75,823,834</u>	<u>53,668,917</u>	<u>(22,707,210)</u>	<u>4,784,226</u>	<u>-</u>	<u>1,365,757</u>	<u>103,367,072</u>
	<u>₩ 186,944,585</u>	<u>₩ 54,231,780</u>	<u>₩ -</u>	<u>₩ 28,037,046</u>	<u>₩ 15,190</u>	<u>₩ 1,365,757</u>	<u>₩ 214,489,886</u>

(*) Of the current-year development costs, the amount that has flowed into the capital of the cost is ₩1,365,757 thousand, including difference of change in exchange rate.

	Nine months ended September 30, 2015						Ending balance
	Beginning balance	Acquisition(*)	Transfer	Amortization	Impairment loss	Other (**)	
Development cost	₩ 14,223,033	₩ 1,881,970	₩ 118,722,633	₩ 18,562,046	₩ -	₩ 7,104	₩ 116,272,694
Patents	1,063,611	675,777	-	293,777	6,186	-	1,439,425
Other intangible assets	135,628,790	43,920,837	(118,722,633)	5,022,147	-	1,174,983	56,979,830
	<u>₩ 150,915,434</u>	<u>₩ 46,478,584</u>	<u>₩ -</u>	<u>₩ 23,877,970</u>	<u>₩ 6,186</u>	<u>₩ 1,182,087</u>	<u>₩ 174,691,949</u>

(*) Of the patents, the amount that pertains to government subsidies is ₩1,787 thousand, including difference of change in exchange rate.

(**) Of the current-year development costs and other intangible assets, the amount that has flowed into the capital of the cost is ₩1,108,522 thousand, including difference of change in exchange rate.

(Unit: Indian rupee in thousands)

	Nine months ended September 30, 2016						Ending balance
	Beginning balance	Acquisition	Transfer	Amortization	Impairment loss	Other(*)	
Development cost	Rs. 6,648,844	Rs. -	Rs. 1,378,327	Rs. 1,387,531	Rs. -	Rs. -	Rs. 6,639,640
Patents	96,185	34,166	-	23,915	922	-	105,514
Other intangible assets	4,602,507	3,257,703	(1,378,327)	290,403	-	82,901	6,274,381
	<u>Rs. 11,347,536</u>	<u>Rs. 3,291,869</u>	<u>Rs. -</u>	<u>Rs. 1,701,849</u>	<u>Rs. 922</u>	<u>Rs. 82,901</u>	<u>Rs. 13,019,535</u>

(*) Of the current-year development costs, the amount that has flowed into the capital of the cost is Rs. 82,901 thousand, including difference of change in exchange rate.

	Nine months ended September 30, 2015						Ending balance
	Beginning balance	Acquisition(*)	Disposal	Amortization	Impairment loss	Other(**)	
Development cost	Rs. 863,338	Rs. 114,236	Rs. 7,206,464	Rs. 1,126,717	Rs. -	Rs. 431	Rs. 7,057,752
Patents	64,561	41,020	-	17,832	375	-	87,374
Other intangible assets	8,232,668	2,665,995	(7,206,464)	304,844	-	71,321	3,458,676
	<u>Rs. 9,160,567</u>	<u>Rs. 2,821,251</u>	<u>Rs. -</u>	<u>Rs. 1,449,393</u>	<u>Rs. 375</u>	<u>Rs. 71,752</u>	<u>Rs. 10,603,802</u>

(*) Of the patents, the amount that pertains to government subsidies is Rs. 108 thousand, including difference of change in exchange rate.

(**) Of the current-year development costs and other intangible assets, the amount that has flowed into the capital of the cost is Rs. 67,287 thousand, including difference of change in exchange rate.

(3) Amortization of the Group's intangible assets for the nine months ended September 30, 2016 and 2015, is as follows:

Account	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Cost of goods manufactured	₩ 22,858,833	₩ 18,562,046	Rs. 1,387,531	Rs. 1,126,716
Selling and administrative expenses	5,178,213	5,315,924	314,318	322,677
	<u>₩ 28,037,046</u>	<u>₩ 23,877,970</u>	<u>Rs. 1,701,849</u>	<u>Rs. 1,449,393</u>

(4) Changes in volume and book value of emission rights for the nine months ended September 30, 2016, are as follows:

(Unit: tCo2/Korean won in thousands)

	2015		2016		2017		Total	
	Volume	Book value	Volume	Book value	Volume	Book value	Volume	Book value
Beginning balance	129,076	₩ -	127,422	₩ -	124,838	₩ -	381,336	₩ -
Allowance allocated free of charge	-	-	-	-	-	-	-	-
Ending balance	<u>129,076</u>	<u>₩ -</u>	<u>127,422</u>	<u>₩ -</u>	<u>124,838</u>	<u>₩ -</u>	<u>381,336</u>	<u>₩ -</u>

There are no pledged emission rights for the Group's borrowings as of September 30, 2016.

(5) Changes in emission liability for the nine months ended September 30, 2016, are as follows:

(Unit: Korean won in thousands)

Account	Beginning balance	Increase	Decrease	Ending balance
Emission liability	₩ 153,050	₩ 58,226	₩ -	₩ 211,276

(Unit: Indian rupee in thousands)

Account	Beginning balance	Increase	Decrease	Ending balance
Emission liability	Rs. 9,290	Rs. 3,534	Rs. -	Rs. 12,824

Estimated amount of greenhouse gas that is discharged during the year is 105,183 tCo2.

13. **BORROWINGS:**

(1) The Group's short-term borrowings as of September 30, 2016, and December 31, 2015, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	September 30, 2016	December 31, 2015
Korea Development Bank ("KDB")	Operating fund	CD + 2.12	₩ 30,000,000	₩ 30,000,000
Woori Bank (*)	Operating fund	CD + 2.00	20,000,000	17,500,000
Bank of America ("BOA") and others	Banker's usance	0.17-0.85	116,362,384	105,724,546
			₩ 166,362,384	₩ 153,224,546

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	September 30, 2016	December 31, 2015
KDB	Operating fund	CD + 2.12	Rs. 1,821,000	Rs. 1,821,000
Woori Bank(*)	Operating fund	CD + 2.00	1,214,000	1,062,250
BOA and others	Banker's usance	0.17-0.85	7,063,197	6,417,480
			Rs. 10,098,197	Rs. 9,300,730

(*) Of the amount of long-term borrowings, the amount is within one-year arrival worth.

(2) The Group's long-term borrowings as of September 30, 2016, and December 31, 2015, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	September 30, 2016	December 31, 2015
Woori Bank	Operating fund	CD + 2.00	₩ 42,500,000	₩ 55,000,000
Net: Within one-year arrival worth			(20,000,000)	(17,500,000)
			₩ 22,500,000	₩ 37,500,000

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	September 30, 2016	December 31, 2015
Woori Bank	Operating fund	CD + 2.00	Rs. 2,579,750	Rs. 3,338,500
Net: Within one-year arrival worth			(1,214,000)	(1,062,250)
			Rs. 1,365,750	Rs. 2,276,250

(3) The Group provided the following collaterals in relation to its borrowings:

Creditor	Assets pledged as collaterals	Pledged date	Maximum credit amount
KDB	Land, buildings structures and machinery	2009-08-13	₩ 195 billion (Rs. 12 billion)
Woori Bank	Land, buildings and machinery	2014-10-29	₩ 36 billion (Rs. 2 billion)
Woori Bank	Land, buildings and machinery	2015-08-07	₩ 36 billion (Rs. 2 billion)

14. OTHER FINANCIAL LIABILITIES:

Carrying amounts of the Group's other financial liabilities as of September 30, 2016, and December 31, 2015, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Other current financial liabilities:				
Accrued expenses	₩ 35,254,563	₩ 32,484,211	Rs. 2,139,951	Rs. 1,971,793

15. PROVISION FOR PRODUCT WARRANTIES:

The Group provides warranties for the sale of its products and establishes a provision for product warranties for the amount of expected warranty costs. Provisions for product warranties for the nine months ended September 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Nine months ended						
September 30, 2016	₩ 143,793,979	₩ 72,182,636	₩ 76,542,651	₩ 139,433,964	₩ 52,039,452	₩ 87,394,512
Nine months ended						
September 30, 2015	137,866,039	84,488,479	76,509,122	145,845,396	60,071,320	85,774,076

(Unit: Indian rupee in thousands)

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Nine months ended						
September 30, 2016	Rs. 8,728,295	Rs. 4,381,486	Rs. 4,646,139	Rs. 8,463,642	Rs. 3,158,795	Rs. 5,304,847
Nine months ended						
September 30, 2015	8,368,469	5,128,451	4,644,104	8,852,816	3,646,329	5,206,487

16. OTHER CURRENT LIABILITIES:

Carrying amounts of the Group's other liabilities as of September 30, 2016, and December 31, 2015, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Other liabilities				
Advances from customers	₩ 4,502,880	₩ 2,572,498	Rs. 273,325	Rs. 156,151
Deposits received	620,834	733,742	37,685	44,538
Withholdings	23,648,707	25,578,488	1,435,476	1,552,614
	₩ 28,772,421	₩ 28,884,728	Rs. 1,746,486	Rs. 1,753,303

17. RETIREMENT BENEFIT OBLIGATION:

(1) Defined benefit plans and related liabilities arising from the Group's consolidated financial statements' configuration items as of September 30, 2016, and December 31, 2015, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Present value of defined benefit obligation	₩ 311,548,458	₩ 293,343,081	Rs. 18,910,991	Rs. 17,805,925
Fair value of plan assets	(1,205,504)	(1,337,356)	(73,175)	(81,178)
	₩ 310,342,954	₩ 292,005,725	Rs. 18,837,816	Rs. 17,724,747

(2) Changes in the Group's defined benefit obligations ("DBO") for the nine months ended September 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Nine months ended September 30, 2016		
	Present value of DBO	Fair value of scheme assets	Total
Beginning balance	₩ 293,343,081	₩ (1,337,356)	₩ 292,005,725
Net current service cost	30,632,604	-	30,632,604
Interest cost (income) on DBO	6,390,106	(29,079)	6,361,027
Subtotal	<u>330,365,791</u>	<u>(1,366,435)</u>	<u>328,999,356</u>
Remeasurements:			
Asset loss	-	10,468	10,468
Payments:			
Benefit payment from plan assets	(150,463)	150,463	-
Benefit payment from Company	(18,666,870)	-	(18,666,870)
Ending balance	<u>₩ 311,548,458</u>	<u>₩ (1,205,504)</u>	<u>₩ 310,342,954</u>

	Nine months ended September 30, 2015		
	Present value of DBO	Fair value of scheme assets	Total
Beginning balance	₩ 248,189,001	₩ (1,440,612)	₩ 246,748,389
Net current service cost	28,230,813	-	28,230,813
Interest cost (income) on DBO	6,300,733	(36,486)	6,264,247
Subtotal	<u>282,720,547</u>	<u>(1,477,098)</u>	<u>281,243,449</u>
Remeasurements:			
Asset loss	-	15,635	15,635
Payments:			
Benefit payment from plan assets	(87,993)	87,993	-
Benefit payment from Company	(9,832,988)	-	(9,832,988)
Ending balance	<u>₩ 272,799,566</u>	<u>₩ (1,373,470)</u>	<u>₩ 271,426,096</u>

(Unit: Indian rupee in thousands)

	Nine months ended September 30, 2016		
	Present value of DBO	Fair value of scheme assets	Total
Beginning balance	Rs. 17,805,925	Rs. (81,178)	Rs. 17,724,747
Net current service cost	1,859,399	-	1,859,399
Interest cost (income) on DBO	387,879	(1,765)	386,114
Subtotal	<u>20,053,203</u>	<u>(82,943)</u>	<u>19,970,260</u>
Remeasurements:			
Asset loss	-	635	635
Payments:			
Benefit payment from plan assets	(9,133)	9,133	-
Benefit payment from Company	(1,133,079)	-	(1,133,079)
Ending balance	<u>Rs. 18,910,991</u>	<u>Rs. (73,175)</u>	<u>Rs. 18,837,816</u>

	Nine months ended September 30, 2015		
	Present value of DBO	Fair value of scheme assets	Total
Beginning balance	Rs. 15,065,072	Rs. (87,445)	Rs. 14,977,627
Net current service cost	1,713,610	-	1,713,610
Interest cost (income) on DBO	382,454	(2,215)	380,239
Subtotal	<u>17,161,136</u>	<u>(89,660)</u>	<u>17,071,476</u>

	Nine months ended September 30, 2015		
	Present value of	Fair value of scheme	Total
	DBO	assets	
Remeasurements:			
Asset loss	Rs. -	Rs. 949	Rs. 949
Payments:			
Benefit payment from plan assets	(5,341)	5,341	-
Benefit payment from Company	(596,862)	-	(596,862)
Ending balance	<u>Rs. 16,558,933</u>	<u>Rs. (83,370)</u>	<u>Rs. 16,475,563</u>

(3) Actuarial assumptions used as of September 30, 2016, and December 31, 2015, are as follows:

	September 30, 2016	December 31, 2015
Discount rate (%)	2.92	2.92
Expected rate of salary increase (%)	4.92	4.92

18. CONTINGENCIES AND COMMITMENTS:

The major commitments and contingent liabilities as of September 30, 2016, are as follows:

- (1) The Group carries product liability insurance for all products that it sells.
- (2) As of September 30, 2016, the Group has been providing guarantees from KDB, etc., amounting to USD 232 million (execution amount USD 186 million) related to import letter of credit ("L/C").
- (3) The following are the major loan arrangements with the financial institutions as of September 30, 2016:

(Unit: Korean won in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	₩ 30,000,000	₩ 30,000,000
Woori Bank	Operating purpose loans	17,500,000	17,500,000
Woori Bank	Operating purpose loans	25,000,000	25,000,000
JP Morgan	Limit purpose loans	50,000,000	-
BNP Paribas	Limit purpose loans	30,000,000	-
Deutsche Bank	Limit purpose loans	17,000,000	-
BOA	Limit purpose loans	15,000,000	-
Total		<u>₩ 184,500,000</u>	<u>₩ 72,500,000</u>

(Unit: Indian rupee in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	Rs. 1,821,000	Rs. 1,821,000
Woori Bank	Operating purpose loans	1,062,250	1,062,250
Woori Bank	Operating purpose loans	1,517,500	1,517,500
JP Morgan	Limit purpose loans	3,035,000	-
BNP Paribas	Limit purpose loans	1,821,000	-
Deutsche Bank	Limit purpose loans	1,031,900	-
BOA	Limit purpose loans	910,500	-
Total		<u>Rs. 11,199,150</u>	<u>Rs. 4,400,750</u>

- (4) As of September 30, 2016, the Group has provided payment guarantee of USD 23,445,779 from Standard Chartered Bank Korea Limited in connection with advance refund guarantee and performance bond.

(5) Pending litigations

As of September 30, 2016, the Group has three pending litigations as a plaintiff, with claims amounting to ₩2,435 million (Rs. 148 million), and 20 pending litigations as a defendant, with claims amounting to ₩5,809 million (Rs. 353 million). The Group recognized other payables amounting to ₩11,678 million (Rs. 709 million) that are expected to be a probable loss and can be reasonably estimated as of September 30, 2016.

19. CAPITAL STOCK:

As of September 30, 2016, and December 31, 2015, the number of authorized shares is 3 billion shares. Details of capital stock are as follows:

(Unit: Korean won in thousands, except par value)

Classification	Number of shares		Par value	Capital stock
	authorized	Shares outstanding		
September 30, 2016	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480
December 31, 2015	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480

(Unit: Indian rupee in thousands, except par value)

Classification	Number of shares		Par value	Capital stock
	authorized	Shares outstanding		
September 30, 2016	3,000,000,000	137,220,096	Rs. 303.5	Rs. 41,646,299
December 31, 2015	3,000,000,000	137,220,096	Rs. 303.5	Rs. 41,646,299

20. OTHER CAPITAL SURPLUS:

Details of other capital surplus and retained earnings as of September 30, 2016, and December 31, 2015, are as follows:

	September 30, 2016		December 31, 2015	
	(Korean won in thousands)		(Indian rupee in thousands)	
Other capital surplus				
Paid-up capital in excess of par value	₩ 11,452,713	₩ 11,452,713	Rs. 695,180	Rs. 695,180
Gain on capital reduction	118,189,001	118,189,001	7,174,072	7,174,072
Debt to be swapped for equity	931,508	931,508	56,543	56,543
Gain on disposal of treasury stocks	1,105,138	1,105,138	67,082	67,082
	<u>₩ 131,678,360</u>	<u>₩ 131,678,360</u>	<u>Rs. 7,992,877</u>	<u>Rs. 7,992,877</u>

21. OTHER CAPITAL ADJUSTMENTS:

(1) Details of the Group's other capital adjustments as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Classification	September 30, 2016		December 31, 2015	
	Other capital adjustments			
Gain on valuation of derivatives	₩ 742,834	₩ 227,340		
Gain on overseas operation translation	1,192,937	1,343,590		
	<u>₩ 1,935,771</u>	<u>₩ 1,570,930</u>		

(Unit: Indian rupee in thousands)

Classification	September 30, 2016	December 31, 2015
Other capital adjustments		
Gain on valuation of derivatives	Rs. 45,090	Rs. 13,800
Gain on overseas operation translation	72,411	81,555
	<u>Rs. 117,501</u>	<u>Rs. 95,355</u>

(2) Changes in the Group's gain (loss) on valuation of derivatives for the nine months ended September 30, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Beginning balance	₩ 227,340	₩ (14,167,300)	Rs. 13,800	Rs. (859,955)
Gain (loss) on valuation of derivatives	742,834	(17,783,260)	45,090	(1,079,444)
Reclassified to net income	(227,340)	13,055,550	(13,800)	792,472
Ending balance	<u>₩ 742,834</u>	<u>₩ (18,895,010)</u>	<u>Rs. 45,090</u>	<u>Rs. (1,146,927)</u>

(3) Changes in the Group's gain (loss) on overseas operation translation credit for the nine months ended September 30, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Beginning balance	₩ 1,343,590	₩ 1,102,069	Rs. 81,555	Rs. 66,896
Cumulative effect of foreign currency translation	(150,653)	343,760	(9,144)	20,866
Ending balance	<u>₩ 1,192,937</u>	<u>₩ 1,445,829</u>	<u>Rs. 72,411</u>	<u>Rs. 87,762</u>

22. ACCUMULATED DEFICIT:

(1) Details of deficit as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	September 30, 2016	December 31, 2015
Deficit	₩ (63,634,115)	₩ (102,294,593)

(Unit: Indian rupee in thousands)

	September 30, 2016	December 31, 2015
Deficit	Rs. (3,862,591)	Rs. (6,209,282)

(2) Changes in deficit (retained earnings) for the nine months ended September 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Beginning balance	₩ (102,294,593)	₩ (25,034,685)
Net income (loss)	38,670,946	(81,074,151)
Actuarial loss	(10,468)	(15,635)
Ending balance	<u>₩ (63,634,115)</u>	<u>₩ (106,124,471)</u>

(Unit: Indian rupee in thousands)

	Nine months ended September 30, 2016		Nine months ended September 30, 2015	
Beginning balance	Rs.	(6,209,282)	Rs.	(1,519,605)
Net income (loss)		2,347,326		(4,921,201)
Actuarial loss		(635)		(949)
Ending balance	Rs.	<u>(3,862,591)</u>	Rs.	<u>(6,441,755)</u>

23. INCOME TAX:

Composition of income tax expense for the nine months ended September 30, 2016 and 2015, is as follows:

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Income tax expense of parent company	₩ -	₩ -	Rs. -	Rs. -
Income tax expense of subsidiary company	26	10,418	2	632
Income tax expense of consolidated company	<u>₩ 26</u>	<u>₩ 10,418</u>	<u>Rs. 2</u>	<u>Rs. 632</u>

24. EXPENSES BY CATEGORY:

Details of expenses classified by category for the nine months ended September 30, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Changes in inventories	₩ 3,077,639	₩ (14,361,767)	Rs. 186,813	Rs. (871,759)
Raw materials and merchandise goods used	1,763,384,982	1,652,624,178	107,037,468	100,314,288
Salaries	389,500,923	362,044,270	23,642,706	21,976,087
Depreciation	91,328,430	88,239,987	5,543,635	5,356,167
Amortization	28,037,046	23,877,970	1,701,849	1,449,393
Other	332,577,642	360,566,992	20,187,464	21,886,416
Total (*)	<u>₩ 2,607,906,662</u>	<u>₩ 2,472,991,630</u>	<u>Rs. 158,299,935</u>	<u>Rs. 150,110,592</u>

(*) The sum of total selling and administrative expenses and cost of sales.

25. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company has a derivative contract with financial institutions, such as KDB, to minimize the risks of exchange rate fluctuations by fitting the amount and period of expected foreign currency transactions (hedged items). Of foreign currency forward contracts applied to cash flow risk aversion accounting treatment, gain of ₩742,834 thousand (Rs. 45,090 thousand), which is an efficient part, is recognized as other capital component and gain of ₩19,370 thousand (Rs. 1,176 thousand), which is an inefficient part, is recognized as current income for the nine months ended September 30, 2016. Of financial assets at fair value through profit or loss ("FVTPL"), gain on valuation of foreign currency forward contracts of ₩1,645,657 thousand (Rs. 99,891 thousand) and loss on valuation of foreign currency forward contracts of ₩79,548 thousand (Rs. 4,829 thousand) are recognized as current income for the nine months ended September 30, 2016.

26. SELLING AND ADMINISTRATIVE EXPENSES:

- (1) Details of the Group's selling expenses for the three and nine months ended September 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2015
Warranty expenses	₩ 13,011,791	₩ 46,166,011	₩ 18,266,087	₩ 61,952,049
Sales commission	50,738,664	160,364,218	48,939,368	142,387,254
Advertising expenses	5,197,922	15,752,119	5,972,655	14,538,567
Export expenses	9,905,826	29,689,603	10,709,559	34,223,209
Others	8,694,090	26,729,369	8,902,524	30,066,993
	<u>₩ 87,548,293</u>	<u>₩ 278,701,320</u>	<u>₩ 92,790,193</u>	<u>₩ 283,168,072</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2015
Warranty expenses	Rs. 789,816	Rs. 2,802,277	Rs. 1,108,751	Rs. 3,760,489
Sales commission	3,079,837	9,734,108	2,970,620	8,642,906
Advertising expenses	315,514	956,154	362,540	882,491
Export expenses	601,284	1,802,159	650,070	2,077,349
Others	527,731	1,622,473	540,383	1,825,066
	<u>Rs. 5,314,182</u>	<u>Rs. 16,917,171</u>	<u>Rs. 5,632,364</u>	<u>Rs. 17,188,301</u>

- (2) Details of the administrative expenses for the three and nine months ended September 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2015
Salaries	₩ 13,219,379	₩ 39,665,339	₩ 12,487,323	₩ 37,872,559
Postemployment benefits	1,828,091	6,147,553	1,831,392	5,884,553
Employee benefits	3,452,818	9,461,123	3,397,144	8,869,308
Rent expense	2,621,677	7,657,017	2,864,707	8,499,062
Service fees	5,771,644	18,641,776	6,486,609	19,623,845
Depreciation	2,835,262	8,553,531	2,929,232	8,697,787
Research and development ("R&D") expenses	3,666,064	11,319,313	4,074,674	11,042,660
Amortization	1,408,953	5,178,213	1,824,925	5,315,924
Bad debt expense	27,891	54,173	103,789	77,875
Other administrative expenses	8,814,468	26,080,276	7,742,493	24,494,618
	<u>₩ 43,646,247</u>	<u>₩ 132,758,314</u>	<u>₩ 43,742,288</u>	<u>₩ 130,378,191</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2015
Salaries	Rs. 802,416	Rs. 2,407,686	Rs. 757,981	Rs. 2,298,864
Postemployment benefits	110,965	373,156	111,165	357,192
Employee benefits	209,586	574,290	206,207	538,367
Rent expense	159,136	464,781	173,888	515,893
Service fees	350,339	1,131,556	393,737	1,191,167
Depreciation	172,100	519,199	177,804	527,956
R&D expenses	222,530	687,082	247,333	670,289

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended September 30, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
Amortization	Rs. 85,523	Rs. 314,318	Rs. 110,773	Rs. 322,677
Bad debt expense	1,693	3,288	6,300	4,727
Other administrative expenses	535,038	1,583,073	469,970	1,486,825
	<u>Rs. 2,649,326</u>	<u>Rs. 8,058,429</u>	<u>Rs. 2,655,158</u>	<u>Rs. 7,913,957</u>

27. NON-OPERATING INCOME (EXPENSES):

(1) Details of the Group's non-operating income for the three and nine months ended September 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended September 30, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
Gain on foreign currency transactions	₩ 4,880,824	₩ 11,419,215	₩ 1,882,040	₩ 7,290,592
Gain on foreign currency translation	382,944	559,671	671,519	1,071,900
Gain on disposal of property, plant and equipment	135,880	157,248	99,626	690,365
Others	21,283,781	28,824,218	4,009,612	14,427,714
	<u>₩ 26,683,429</u>	<u>₩ 40,960,352</u>	<u>₩ 6,662,797</u>	<u>₩ 23,480,571</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended September 30, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
Gain on foreign currency transactions	Rs. 296,266	Rs. 693,146	Rs. 114,240	Rs. 442,539
Gain on foreign currency translation	23,245	33,972	40,761	65,064
Gain on disposal of property, plant and equipment	8,248	9,545	6,047	41,905
Others	1,291,925	1,749,631	243,384	875,763
	<u>Rs. 1,619,684</u>	<u>Rs. 2,486,294</u>	<u>Rs. 404,432</u>	<u>Rs. 1,425,271</u>

(2) Details of the Group's other non-operating expenses for the three and nine months ended September 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended September 30, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
Loss on foreign currency transactions	₩ 5,058,493	₩ 11,462,687	₩ 3,571,189	₩ 7,659,189
Loss on foreign currency translation	350,527	1,505,105	(197,946)	649,009
Loss on disposal of property, plant and equipment	30,207	95,320	6,478	11,896
Loss on disposal of trade receivables	4,029,869	15,433,171	2,096,277	6,686,131
Others	251,860	1,269,372	377,236	4,135,398
	<u>₩ 9,720,956</u>	<u>₩ 29,765,655</u>	<u>₩ 5,853,234</u>	<u>₩ 19,141,623</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2015
Loss on foreign currency transactions	Rs. 307,051	Rs. 695,785	Rs. 216,771	Rs. 464,913
Loss on foreign currency translation	21,277	91,360	(12,015)	39,395
Loss on disposal of property, plant and equipment	1,834	5,786	393	722
Loss on disposal of trade receivables	244,613	936,794	127,244	405,848
Others	15,287	77,050	22,898	251,019
	<u>Rs. 590,062</u>	<u>Rs. 1,806,775</u>	<u>Rs. 355,291</u>	<u>Rs. 1,161,897</u>

28. FINANCIAL INCOME AND COST:

- (1) Details of the Group's financial income for the three and nine months ended September 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2015
Interest income	₩ 601,715	₩ 1,919,816	₩ 833,077	₩ 2,562,298
Dividend income	-	11,000	-	11,000
Gain on foreign currency transactions	1,804,041	4,023,465	1,369,217	7,218,009
Gain on foreign currency translation	1,983,936	2,785,437	(364,526)	30,713
Gain on disposal of derivatives	4,485,682	7,794,538	236,003	1,157,153
Gain on valuation of derivatives	(1,331,607)	1,665,027	(1,034,550)	1,286,278
	<u>₩ 7,543,767</u>	<u>₩ 18,199,283</u>	<u>₩ 1,039,221</u>	<u>₩ 12,265,451</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2016	September 30, 2016	September 30, 2015	September 30, 2015
Interest income	Rs. 36,524	Rs. 116,533	Rs. 50,568	Rs. 155,531
Dividend income	-	668	-	668
Gain on foreign currency transactions	109,506	244,225	83,112	438,134
Gain on foreign currency translation	120,425	169,076	(22,127)	1,864
Gain on disposal of derivatives	272,281	473,128	14,325	70,239
Gain on valuation of derivatives	(80,829)	101,067	(62,797)	78,077
	<u>Rs. 457,907</u>	<u>Rs. 1,104,697</u>	<u>Rs. 63,081</u>	<u>Rs. 744,513</u>

- (2) Details of the Group's financial cost for the three and nine months ended September 30, 2016 and 2015, are as follows:

	<u>Korean won in thousands</u>		<u>Korean won in thousands</u>	
	Three months ended September 30, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
Interest expense	₩ 214,817	₩ 593,623	₩ 401,817	₩ 966,740
Loss on foreign currency transactions	3,016,917	10,934,419	4,262,557	7,352,949
Loss on foreign currency translation	(3,647,559)	470,975	6,167,737	8,971,111
Loss on disposition of marketable securities	-	-	10,089	10,089
Loss on disposal of derivatives	598,484	2,035,777	14,523,700	22,656,600
Loss on valuation of derivatives	(242,597)	79,548	42,450	53,250
	<u>₩ (59,938)</u>	<u>₩ 14,114,342</u>	<u>₩ 25,408,350</u>	<u>₩ 40,010,739</u>

	<u>Indian rupee in thousands</u>		<u>Indian rupee in thousands</u>	
	Three months ended September 30, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
Interest expense	Rs. 13,039	Rs. 36,033	Rs. 24,390	Rs. 58,681
Loss on foreign currency transactions	183,128	663,719	258,737	446,325
Loss on foreign currency translation	(221,407)	28,588	374,382	544,546
Loss on disposition of marketable securities	-	-	612	612
Loss on disposal of derivatives	36,328	123,572	881,589	1,375,256
Loss on valuation of derivatives	(14,726)	4,829	2,577	3,232
	<u>Rs. (3,638)</u>	<u>Rs. 856,741</u>	<u>Rs. 1,542,287</u>	<u>Rs. 2,428,652</u>

- (3) Details of the Group's financial net profit for the three and nine months ended September 30, 2016 and 2015, are as follows:

	<u>Korean won in thousands</u>		<u>Korean won in thousands</u>	
	Three months ended September 30, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
Loan and receivables	₩ 4,805,517	₩ (3,270,299)	₩ (8,994,343)	₩ (7,479,780)
AFS financial assets	-	11,000	(10,089)	911
Derivative assets/liabilities	2,798,188	7,344,240	(15,364,697)	(20,266,419)
	<u>₩ 7,603,705</u>	<u>₩ 4,084,941</u>	<u>₩ (24,369,129)</u>	<u>₩ (27,745,288)</u>

	<u>Indian rupee in thousands</u>		<u>Indian rupee in thousands</u>	
	Three months ended September 30, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
Loan and receivables	Rs. 291,695	Rs. (198,506)	Rs. (545,956)	Rs. (454,022)
AFS financial assets	-	668	(612)	55
Derivative assets/liabilities	169,850	445,794	(932,638)	(1,230,172)
	<u>Rs. 461,545</u>	<u>Rs. 247,956</u>	<u>Rs. (1,479,206)</u>	<u>Rs. (1,684,139)</u>

29. INCOME (LOSS) PER SHARE:

(1) Basic income (loss) per share for the three and nine months ended September 30, 2016 and 2015, is calculated as follows:

(Unit: Korean won and Indian rupee in thousands, except for earnings per share):

	<u>Korean won in thousands</u>		<u>Korean won in thousands</u>	
	Three months ended September 30, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
Net income (loss)	₩ 18,314,337	₩ 38,670,946	₩ (27,126,358)	₩ (81,074,151)
Income (loss) contributed to common stocks	18,314,337	38,670,946	(27,126,358)	(81,074,151)
Number of common stocks outstanding	<u>137,220,096</u>	<u>137,220,096</u>	<u>137,220,096</u>	<u>137,169,279</u>
Basic and diluted income (loss) per share (*)	<u>₩ 133</u>	<u>₩ 282</u>	<u>₩ (198)</u>	<u>₩ (591)</u>

	<u>Indian rupee in thousands</u>		<u>Indian rupee in thousands</u>	
	Three months ended September 30, 2016	Nine months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
Net income (loss)	Rs. 1,111,681	Rs. 2,347,326	Rs. (1,646,570)	Rs. (4,921,201)
Income (loss) contributed to common stocks	1,111,681	2,347,326	(1,646,570)	(4,921,201)
Number of common stocks outstanding	<u>137,220,096</u>	<u>137,220,096</u>	<u>137,220,096</u>	<u>137,169,279</u>
Basic and diluted income (loss) per share (*)	<u>Rs. 8</u>	<u>Rs. 17</u>	<u>Rs. (12)</u>	<u>Rs. (36)</u>

(*) Basic and diluted income (losses) per share for the three and nine months ended September 30, 2016 and 2015, are identical as there are no dilutive potential common shares.

(2) The number of shares outstanding for the nine months ended September 30, 2016 and 2015, is calculated as follows:

	<u>Nine months ended September 30, 2016</u>				
	<u>Time interval</u>	<u>Outstanding</u>	<u>Weighted-average impact</u>	<u>Outstanding</u>	
Common stock	2016-01-01	2016-09-30	137,220,096	274/274	<u>137,220,096</u>
Total					<u>137,220,096</u>

	<u>Nine months ended September 30, 2015</u>				
	<u>Time interval</u>	<u>Outstanding</u>	<u>Weighted-average impact</u>	<u>Outstanding</u>	
Common stock	2015-01-01	2015-09-30	137,220,096	273/273	137,220,096
Treasury stock	2015-01-01	2015-02-22	(237,964)	53/273	(46,198)
Treasury stock	2015-02-23	2015-02-23	(221,997)	1/273	(813)
Treasury stock	2015-02-24	2015-02-24	(191,997)	1/273	(703)
Treasury stock	2015-02-25	2015-02-25	(161,997)	1/273	(593)
Treasury stock	2015-02-26	2015-02-26	(121,997)	1/273	(447)
Treasury stock	2015-02-27	2015-03-01	(71,997)	3/273	(791)
Treasury stock	2015-03-02	2015-03-17	(21,706)	16/273	(1,272)
Total					<u>137,169,279</u>

30. CASH FLOWS FROM OPERATING ACTIVITIES:

Details of cash flows from operating activities for the nine months ended September 30, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
1. Net income (loss)	₩ 38,670,946	₩ (81,074,151)	Rs. 2,347,326	Rs. (4,921,201)
2. Adjustments	164,199,543	161,914,017	9,966,912	9,828,181
Retirement benefits	36,993,631	34,495,060	2,245,513	2,093,850
Depreciation	91,317,073	88,225,771	5,542,946	5,355,304
Amortization	28,037,046	23,877,970	1,701,849	1,449,393
Loss on disposal of trade receivables	15,433,171	6,686,131	936,794	405,848
Loss/gain on foreign currency translation	(1,369,028)	8,517,507	(83,100)	517,013
Loss/gain on disposal of property, plant and equipment	(61,928)	(678,469)	(3,759)	(41,183)
Net interest income/expense	(1,326,193)	(1,595,558)	(80,500)	(96,850)
Gain on dividends	(11,000)	(11,000)	(668)	(668)
Loss/gain on valuation of inventories	29,841	3,625,534	1,811	220,070
Equity income on investments	(3,352,525)	-	(203,498)	-
Others	(1,490,545)	(1,228,929)	(90,476)	(74,596)
3. Changes in working capital	(160,799,800)	(83,570,921)	(9,760,547)	(5,072,755)
Decrease (increase) in trade receivables	(44,467,446)	7,241,788	(2,699,174)	439,577
Decrease (increase) in non-trade receivables	(5,550,538)	11,014,471	(336,918)	668,578
Decrease (increase) in inventories	20,625,048	(18,427,277)	1,251,940	(1,118,536)
Increase in other assets	(10,025,510)	(7,099,961)	(608,548)	(430,968)
Decrease in trade payables	(58,914,967)	(6,081,001)	(3,576,138)	(369,117)
Decrease in other payables	(36,287,613)	(86,251,218)	(2,202,658)	(5,235,449)
Increase in accrued charges	2,804,652	4,927,553	170,242	299,102
Increase (decrease) in provision of product warranties	(4,360,015)	7,979,356	(264,653)	484,347
Payment of severance indemnities	(18,666,870)	(9,832,988)	(1,133,079)	(596,862)
Increase (decrease) in other liabilities	(5,956,541)	12,958,356	(361,561)	786,573
Net cash provided by (used in) operating activities	₩ 42,070,689	₩ (2,731,055)	Rs. 2,553,691	Rs. (165,775)

31. SEGMENT INFORMATION:

(1) The Group determined itself as a single reportable segment in light of nature of goods or service creating operating income and trait of assets providing service. Therefore, writing disclosure according to reportable segment's operating income, income before income tax and its assets and liabilities is omitted.

(2) Information of each sales region for the nine months ended September 30, 2016 and 2015, is as follows:

(Unit: Korean won and Indian rupee in thousands)

Sales region	Nine months ended September 30, 2016	
Republic of Korea	₩ 1,829,339,605	Rs. 111,040,914
Europe	422,059,619	25,619,019
Asia Pacific	212,964,006	12,926,915
Others	173,222,531	10,514,608
Consolidation adjustment	(9,640,290)	(585,166)
	₩ 2,627,945,471	Rs. 159,516,290

Sales region	Nine months ended September 30, 2015			
Republic of Korea	₩	1,741,922,874	Rs.	105,734,718
Europe		347,386,356		21,086,352
Asia Pacific		131,537,232		7,984,310
Others		202,041,277		12,263,906
Consolidation adjustment		(7,553,502)		(458,498)
	₩	2,415,334,237	Rs.	146,610,788

Non-current assets are not separately disclosed as all are located in Korea, and main customer information is not disclosed as most of the Group sales are generated through contracting with individuals and foreign authorized agencies.

- (3) Information of each sales product and other parts, etc., for the nine months ended September 30, 2016 and 2015, is as follows:

(Unit: Korean won and Indian rupee in thousands)

Sales	Nine months ended September 30, 2016			
Automobile	₩	2,306,586,136	Rs.	140,009,778
Goods, etc.		254,560,313		15,451,811
Other parts, etc.		66,799,022		4,054,701
	₩	2,627,945,471	Rs.	159,516,290

Sales	Nine months ended September 30, 2015			
Automobile	₩	2,143,524,828	Rs.	130,111,957
Goods, etc.		253,671,926		15,397,886
Other parts, etc.		18,137,483		1,100,945
	₩	2,415,334,237	Rs.	146,610,788

32. RELATED-PARTY TRANSACTIONS:

- (1) Details of related parties as of September 30, 2016, are as follows:

	Related parties
Controlling company	Mahindra & Mahindra Ltd.
Joint ventures	SY Auto Capital Co., Ltd.
Other affiliated companies	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.

The transactions between the Company and its subsidiaries are eliminated in the consolidated financial statements and not separately disclosed in the notes related to receivables and payables.

- (2) Major transactions with related parties for the nine months ended September 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Company	Description	Nine months ended September 30, 2016		Nine months ended September 30, 2015	
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩	43,504,834	₩	1,583,765
		Other income		248,341		52,025
		Purchases		406,278		1,589,465
		Other expenses		91,747		151,410
Transactions with joint ventures	SY Auto Capital Co., Ltd.	Other expenses	₩	15,113,931	₩	-
Transactions with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Sales	₩	189,502	₩	5,628,707
		Other income		26,442		9,937
		Other expenses		60,334		208,891

(Unit: Indian rupee in thousands)

	Company	Description	Nine months ended	
			September 30, 2016	September 30, 2015
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs. 2,640,743	Rs. 96,135
		Other income	15,074	3,158
		Purchases	24,661	96,481
		Other expenses	5,569	9,191
Transactions with joint ventures	SY Auto Capital Co., Ltd.	Other expenses	Rs. 917,416	Rs. -
Transactions with other affiliates	Mahindra Vehicle Manufacturing Ltd.	Sales	Rs. 11,503	Rs. 341,663
		Other income	1,605	603
	Mahindra & Mahindra South Africa Ltd.	Other expenses	3,662	12,680

The bad debt expense recognized for the nine months ended September 30, 2016 and 2015, does not exist.

(3) Outstanding receivables and payables from transactions with related parties as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	September 30, 2016		December 31, 2015	
Receivables from and payables to controlling company:				
Trade receivables	₩	81,525	₩	89,823
Non-trade receivables		69,048		54,959
Trade payables		-		207,149
Non-trade payables		65,221		2,808
Receivables from and payables to joint ventures:				
Non-trade receivables	₩	-	₩	96,000
Non-trade payables		208,250		-
Receivables from and payables to affiliates:				
Trade receivables	₩	1,146	₩	20,769
Non-trade payables		30,727		89,314

(Unit: Indian rupee in thousands)

	September 30, 2016		December 31, 2015	
Receivables from and payables to controlling company:				
Trade receivables	Rs.	4,948	Rs.	5,452
Non-trade receivables		4,191		3,336
Trade payables		-		12,574
Non-trade payables		3,959		170
Receivables from and payables to joint ventures:				
Non-trade receivables	Rs.	-	Rs.	5,827
Non-trade payables		12,641		-
Receivables from and payables to affiliates:				
Trade receivables	Rs.	70	Rs.	1,261
Non-trade payables		1,865		5,421

The Group did not recognize allowance for the above-mentioned receivables, and no bad debt expense was recognized for the nine months ended September 30, 2016.

(4) Loan and borrowing transactions with related parties for the nine months ended September 30, 2016 and 2015, do not exist.

- (5) Details of compensation for key executives for the nine months ended September 30, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Short-term employee benefits	₩ 443,881	₩ 551,718	Rs. 26,944	Rs. 33,489
Retirement benefits	17,691	22,897	1,074	1,390

33. FINANCIAL INSTRUMENTS:

- (1) Capital risk management

The Group manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio, on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Group compared to the last year.

The Group uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Group is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of September 30, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

	September 30, 2016	December 31, 2015
Debt (A)	₩ 1,225,719,859	₩ 1,322,142,536
Equity (B)	756,080,496	717,055,177
Debt ratio (A/B)	162.11%	184.39%

(Unit: Indian rupee in thousands)

	September 30, 2016	December 31, 2015
Debt (A)	Rs. 74,401,196	Rs. 80,254,052
Equity (B)	45,894,086	43,525,249
Debt ratio (A/B)	162.11%	184.39%

- (2) Details of financial assets and liabilities by category as of September 30, 2016, and December 31, 2015, are as follows:

- 1) Financial assets

(Unit: Korean won in thousands)

Financial assets	September 30, 2016					
	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 82,869,779	₩ -	₩ -	₩ -	₩ 82,869,779	₩ 82,869,779
Non-current financial instruments	6,000	-	-	-	6,000	6,000
Trade and other receivables	235,742,741	-	-	-	235,742,741	235,742,741
AFS financial assets	-	560,000	-	-	560,000	560,000
Derivative assets	-	-	1,690,390	762,205	2,452,595	2,452,595
	₩ 318,618,520	₩ 560,000	₩ 1,690,390	₩ 762,205	₩ 321,631,115	₩ 321,631,115

December 31, 2015						
Financial assets	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 197,881,904	₩ -	₩ -	₩ -	₩ 197,881,904	₩ 197,881,904
Non-current financial instruments	6,000	-	-	-	6,000	6,000
Trade and other receivables	199,790,476	-	-	-	199,790,476	199,790,476
AFS financial assets	-	560,000	-	-	560,000	560,000
Derivative assets	-	-	1,429,088	278,607	1,707,695	1,707,695
	<u>₩ 397,678,380</u>	<u>₩ 560,000</u>	<u>₩ 1,429,088</u>	<u>₩ 278,607</u>	<u>₩ 399,946,075</u>	<u>₩ 399,946,075</u>

(Unit: Indian rupee in thousands)

September 30, 2016						
Financial assets	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 5,030,196	Rs. -	Rs. -	Rs. -	Rs. 5,030,196	Rs. 5,030,196
Non-current financial instruments	364	-	-	-	364	364
Trade and other receivables	14,309,585	-	-	-	14,309,585	14,309,585
AFS financial assets	-	33,992	-	-	33,992	33,992
Derivative assets	-	-	102,607	46,266	148,873	148,873
	<u>Rs. 19,340,145</u>	<u>Rs. 33,992</u>	<u>Rs. 102,607</u>	<u>Rs. 46,266</u>	<u>Rs. 19,523,010</u>	<u>Rs. 19,523,010</u>

December 31, 2015						
Financial assets	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 12,011,432	Rs. -	Rs. -	Rs. -	Rs. 12,011,432	Rs. 12,011,432
Non-current financial instruments	364	-	-	-	364	364
Trade and other receivables	12,127,282	-	-	-	12,127,282	12,127,282
AFS financial assets	-	33,992	-	-	33,992	33,992
Derivative assets	-	-	86,746	16,911	103,657	103,657
	<u>Rs. 24,139,078</u>	<u>Rs. 33,992</u>	<u>Rs. 86,746</u>	<u>Rs. 16,911</u>	<u>Rs. 24,276,727</u>	<u>Rs. 24,276,727</u>

2) Financial liabilities

(Unit: Korean won in thousands)

September 30, 2016				
Financial liabilities	Financial liability measured at amortized cost	Financial liability at FVTPL	Total	Fair value
Trade payables and other payables	₩ 542,266,882	₩ -	₩ 542,266,882	₩ 542,266,882
Debt	188,862,384	-	188,862,384	188,862,384
Derivative liabilities	-	29,941	29,941	29,941
	<u>₩ 731,129,266</u>	<u>₩ 29,941</u>	<u>₩ 731,159,207</u>	<u>₩ 731,159,207</u>

December 31, 2015				
Financial liabilities	Financial liability measured at amortized cost	Financial liability at FVTPL	Total	Fair value
Trade payables and other payables	₩ 650,426,883	₩ -	₩ 650,426,883	₩ 650,426,883
Debt	190,724,546	-	190,724,546	190,724,546
Derivative liabilities	-	24,074	24,074	24,074
	<u>₩ 841,151,429</u>	<u>₩ 24,074</u>	<u>₩ 841,175,503</u>	<u>₩ 841,175,503</u>

(Unit: Indian rupee in thousands)

September 30, 2016				
Financial liabilities	Financial liability measured at amortized cost	Financial liability at FVTPL	Total	Fair value
Trade payables and other payables	Rs. 32,915,600	Rs. -	Rs. 32,915,600	Rs. 32,915,600
Debt	11,463,947	-	11,463,947	11,463,947
Derivative liabilities	-	1,817	1,817	1,817
	<u>Rs. 44,379,547</u>	<u>Rs. 1,817</u>	<u>Rs. 44,381,364</u>	<u>Rs. 44,381,364</u>

December 31, 2015				
Financial liabilities	Financial liability measured at amortized cost	Financial liability at FVTPL	Total	Fair value
Trade payables and other payables	Rs. 39,480,912	Rs. -	Rs. 39,480,912	Rs. 39,480,912
Debt	11,576,980	-	11,576,980	11,576,980
Derivative liabilities	-	1,461	1,461	1,461
	<u>Rs. 51,057,892</u>	<u>Rs. 1,461</u>	<u>Rs. 51,059,353</u>	<u>Rs. 51,059,353</u>

(3) Financial risk management

The Group is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Group operates a risk management policy and a program that performs close monitoring of, and responding to, each risk factors.

Financial assets that are subject to the financial risk management consist of cash and cash equivalents, AFS financial assets, trade receivables, other receivables and others; financial liabilities subject to the financial risk management consist of trade payables, other payables, borrowings, bonds and others.

1) Market risk

a. Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group assesses, manages and reports, on a regular basis, the foreign currency risk for its receivables and payables denominated in foreign currency.

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% for the nine months ended September 30, 2016.

Current income will increase when the floating exchange ("FX") rate increases (weaker Korean won); likewise, current loss will increase when FX rate decreases (stronger Korean won) with respect to the relevant currency as per the following table:

(Unit: Korean won and Indian rupee in thousands)

Currency	Korean won in thousands		Indian rupee in thousands	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 5,037,585	₩ (5,037,585)	Rs. 305,781	Rs. (305,781)
EUR	(1,911,068)	1,911,068	(116,002)	116,002
JPY	(9,455,878)	9,455,878	(573,972)	573,972
Others	343,017	(343,017)	20,821	(20,821)
	<u>₩ (5,986,344)</u>	<u>₩ 5,986,344</u>	<u>Rs. (363,372)</u>	<u>Rs. 363,372</u>

In order to minimize the risk of foreign exchange fluctuation, the Group has a policy of entering into foreign exchange forward agreement, which is accounted for as hedge accounting for future expected transactions.

The cumulative benefits of cash flow hedging related to forward contracts deferred to equity amount to ₩742,834 thousand (Rs. 45,090 thousand), and this amount will be reclassified as current income or loss when the contracts are settled. Future transactions related to forward transactions will occur within a year, at the latest, starting from the end of current period.

b. Interest rate risk

Sensitivity analysis was conducted assuming floating-rate debt's current balance is the same during the whole reporting period. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably possible fluctuations of interest rates.

When other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Group's current income will decrease/increase by ₩272,713 thousand (Rs. 16,521 thousand) for the nine months ended September 30, 2016, due to floating-rate debt's interest rate risk.

2) Credit risk

Credit risk arises from transactions in the ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the Group regularly assesses credit ratings of its customers and transacting parties based on their financial status and past experiences and establishes credit limit for each customer or transacting party.

As of September 30, 2016, and December 31, 2015, the maximum exposed amounts of credit risk for financial assets maintained by the Group are as follows.

	September 30, 2016 (Korean won in thousands)		December 31, 2015 (Indian rupee in thousands)	
Trade and other receivables	₩	235,742,741	₩	199,790,478
			Rs.	14,309,585
			Rs.	12,127,282

3) Liquidity risk

The Group makes short-term and long-term fund management plans in order to control the liquidity risk. The Group analyzes and reviews actual cash outflows and its budget to correspond the maturities of financial liabilities to those of financial assets. Management of the Group believes that the financial liabilities may be redeemed by cash flows arising from operating activities and financial assets. To manage risks arising from installment sales receivable, the Group has entered into a factoring agreement with capital financial institutions.

Maturity analysis of non-derivative financial liabilities according to their remaining maturities as of September 30, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

	September 30, 2016		
	Within 1 year	More than 1 year	Total
Trade payables	₩ 372,293,037	₩ -	₩ 372,293,037
Non-trade payables	127,612,534	-	127,612,534
Short-term borrowings (*)	167,001,001	-	167,001,001
Derivative liabilities	29,941	-	29,941
Other payables	35,254,563	-	35,254,563
Long-term borrowings (*)	-	23,675,014	23,675,014
Other non-current payables	-	7,106,748	7,106,748
	₩ 702,191,076	₩ 30,781,762	₩ 732,972,838

	December 31, 2015		
	Within 1 year	More than 1 year	Total
Trade payables	₩ 432,432,182	₩ -	₩ 432,432,182
Non-trade payables	172,897,876	-	172,897,876
Short-term borrowings (*)	154,713,544	-	154,713,544
Derivative liabilities	24,074	-	24,074

	December 31, 2015		
	Within 1 year	More than 1 year	Total
Other payables	₹ 32,484,211	₹ -	₹ 32,484,211
Long-term borrowings (*)	-	40,037,205	40,037,205
Other non-current payables	-	12,612,614	12,612,614
	<u>₹ 792,551,887</u>	<u>₹ 52,649,819</u>	<u>₹ 845,201,706</u>

(*) Including expected interest expenses.

(Unit: Indian rupee in thousands)

	September 30, 2016		
	Within 1 year	More than 1 year	Total
Trade payables	Rs. 22,598,188	Rs. -	Rs. 22,598,188
Non-trade payables	7,746,081	-	7,746,081
Short-term borrowings (*)	10,136,961	-	10,136,961
Derivative liabilities	1,817	-	1,817
Other payables	2,139,951	-	2,139,951
Long-term borrowings (*)	-	1,437,073	1,437,073
Other non-current payables	-	431,380	431,380
	<u>Rs. 42,622,998</u>	<u>Rs. 1,868,453</u>	<u>Rs. 44,491,451</u>

	December 31, 2015		
	Within 1 year	More than 1 year	Total
Trade payables	Rs. 26,248,632	Rs. -	Rs. 26,248,632
Non-trade payables	10,494,901	-	10,494,901
Short-term borrowings (*)	9,391,112	-	9,391,112
Derivative liabilities	1,461	-	1,461
Other payables	1,971,793	-	1,971,793
Long-term borrowings (*)	-	2,430,258	2,430,258
Other non-current payables	-	765,586	765,586
	<u>Rs. 48,107,899</u>	<u>Rs. 3,195,844</u>	<u>Rs. 51,303,743</u>

(*) Including expected interest expenses.

Funding arrangements as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

		September 30, 2016		December 31, 2015	
		₹	₹	₹	₹
Borrowing limit commitments:	Used	72,500,000		85,000,000	
	Unused		112,000,000		112,000,000
	Total	<u>₹ 184,500,000</u>		<u>₹ 197,000,000</u>	

(Unit: Indian rupee in thousands)

		September 30, 2016		December 31, 2015	
		Rs.	Rs.	Rs.	Rs.
Borrowing limit commitments:	Used	4,400,750		5,159,500	
	Unused		6,798,400		6,798,400
	Total	<u>Rs. 11,199,150</u>		<u>Rs. 11,957,900</u>	

(4) Fair value of financial instruments

- 1) The Group's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost in consolidated financial statements are not significant.
- 2) Valuation methods and assumptions applied in fair value measurement.

The fair values of financial instruments (i.e., government bonds and unsecured corporate bonds) traded on active markets are determined with reference to quoted market prices. The Group uses the closing price as the quoted market price for its financial assets.

The fair values of derivatives where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Non-option derivatives are evaluated by discounted cash flow method using the yield curve available. Options are evaluated by option-pricing models. Foreign exchange forward contracts are determined using the yield curve derived from market interest rates with the same maturity of forward contracts. To measure interest rate swaps, the cash flows are estimated by the yield curve derived from market interest rate and discounted to calculate the present value of swaps.

Fair values of other financial assets and liabilities (except those stated above) are calculated by generally accepted valuation models based on discounted cash flow analysis.

- 3) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

Level 3 Inputs that are not based on observable market data

Fair values of financial instruments by heirarchy level as of September 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Type	September 30, 2016			Fair value
	Level 1	Level 2	Level 3	
Derivative assets	₩ -	₩ 2,452,595	₩ -	₩ 2,452,595
Derivative liabilities	₩ -	₩ 29,941	₩ -	₩ 29,941

Type	December 31, 2015			Fair value
	Level 1	Level 2	Level 3	
Derivative assets	₩ -	₩ 1,707,695	₩ -	₩ 1,707,695
Derivative liabilities	₩ -	₩ 24,074	₩ -	₩ 24,074

(Unit: Indian rupee in thousands)

Type	September 30, 2016			Fair value
	Level 1	Level 2	Level 3	
Derivative assets	Rs. -	Rs. 148,873	Rs. -	Rs. 148,873
Derivative liabilities	Rs. -	Rs. 1,817	Rs. -	Rs. 1,817

Type	December 31, 2015			Fair value
	Level 1	Level 2	Level 3	
Derivative assets	Rs. -	Rs. 103,657	Rs. -	Rs. 103,657
Derivative liabilities	Rs. -	Rs. 1,461	Rs. -	Rs. 1,461

- 4) The Group measures the foreign exchange forward-contract (derivative assets: ₩2,452,595 thousand (Rs. 148,873 thousand) derivative liabilities: ₩29,941 thousand (Rs. 1,817 thousand) based on the forward rate announced officially in the market as of September 30, 2016. In the event that no corresponding forward rate with residual period of the foreign exchange forward contract in the market exists, the Group measures the market value through interpolation method.

As input factors used in measuring market value of foreign exchange forward are from observable exchange forward rate, the Group classified the fair value of the foreign exchange forward as Level 2.