

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.

Financial Statements

March 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

Contents

	Page
Independent Auditors' Report	3
Statements of Financial Position	5
Statements of Operations	7
Statements of Changes in Equity	8
Statements of Cash Flows	9
Notes to the Financial Statements	11

Independent Auditors' Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholder
TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.:

Opinion

We have audited the financial statements of TATA DAEWOO COMMERCIAL VEHICLE CO., LTD. ("the Company"), which comprise the statements of financial position as of March 31, 2022 and 2021, the statements of operations, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and its operation, changes in equity and its cash flows for the years then ended in accordance with Korean Accounting Standards for Non-public Entities ("K-GAAP").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seoul, Korea

May 00, 2022

This report is effective as of May 00, 2022 the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
Statements of Financial Position
As of March 31, 2022 and 2021

(In Korean won, except share data)

	Note	2022	2021
Assets			
Cash and cash equivalents	15	₩ 89,685,606,105	110,610,894,893
Short-term financial instruments	4, 15	348,979,682	-
Accounts receivable – trade, less allowance for doubtful accounts of ₩651,275,413 as of March 31, 2022 and ₩19,381,344,739 as of March 31, 2021	15, 16,	40,327,345,186	71,286,882,563
Accounts receivable – other, less allowance for doubtful accounts of ₩75,458,583 as of March 31, 2021	15	9,730,009,810	7,414,020,972
Advance payments, less allowance for doubtful accounts of ₩53,849,951 as of March 31, 2021	16	478,045,329	3,571,883,067
Foreign currency forward contracts	18, 26	177,356,487	-
Current deferred tax assets	23	9,957,331,573	13,984,981,076
Inventories, net	5, 9	277,276,806,892	160,626,158,511
Other current assets	6	5,629,170,852	1,487,037,960
Total current assets		433,610,651,916	368,981,859,042
Long-term financial instruments		2,038,340,000	1,807,980,000
Equity method investment securities	7	4,381,186,138	2,951,645,869
Retirement pension fund	14	442,163,877	-
Property, plant and equipment, net	8, 9	171,953,344,981	165,507,500,800
Intangible assets, net	10	11,318,161,161	6,714,987,840
Non-current deferred tax assets	23	17,071,701,251	19,544,278,656
Other non-current assets	11	4,367,430,900	3,471,371,700
Total non-current assets		211,572,328,308	199,997,764,865
Total assets		₩ 645,182,980,224	568,979,623,907

(Continued)

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
Statements of Financial Position, Continued
As of March 31, 2022 and 2021

(In Korean won, except share data)

	Note	2022	2021
Liabilities			
Short-term borrowings	12,17,26	75,000,000,000	99,500,000,000
Accounts payable – trade	15,16,26 ₩	166,597,242,755	86,550,285,608
Accounts payable – other	15,16,26	27,214,561,698	22,238,498,797
Advance receipts		10,438,252,623	4,696,334,759
Accrued expenses	15,16,26	25,756,856,368	37,350,842,070
Withholdings		2,135,427,081	1,916,756,611
Current income tax liability	23	380,079,971	-
Current portion of provision for warranties	13	11,999,943,149	9,066,285,405
Current portion of long-term borrowings	12,17,26	-	2,500,000,000
Foreign currency forward contracts	18,26	30,463,937	312,236,515
Total current liabilities		319,552,827,582	264,131,239,765
Long-term guarantee deposits received		56,000,000	56,000,000
Accrued severance indemnities, net of transfers to the National Pension Fund of ₩72,403,300 as of March 31, 2022 and 2021, and retirement pension fund of ₩ 53,255,831,630 as of March 31, 2022 and ₩ 41,038,933,597 as of March 31, 2021	14	-	3,460,597,723
Provision for warranties	13	5,770,495,353	5,235,990,171
Total non-current liabilities		5,826,495,353	8,752,587,894
Total liabilities		325,379,322,935	272,883,827,659
Shareholder's equity			
Common stock of ₩5,000 par value	1,19		
Authorized – 70,000,000 shares			
Issued and outstanding – 3,016,060 shares		15,080,300,000	15,080,300,000
Capital surplus	19		
Paid-in capital in excess of par value		92,753,162,813	92,753,162,813
Gain on capital reduction		50,650,609,388	50,650,609,388
Retained earnings	20		
Earned surplus reserve		8,436,000,000	8,436,000,000
Reserve for research and human resource development		38,572,066,667	38,572,066,667
Unappropriated retained earnings		114,311,518,421	90,603,657,380
Total shareholder's equity		319,803,657,289	296,095,796,248
Total liabilities and shareholder's equity	₩	645,182,980,224	568,979,623,907

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
Statements of Operations
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

(In Korean won)

	Note	2022	2021
Sales	16		
Finished goods	₩	789,159,525,506	472,261,216,978
Others		91,581,533,532	77,073,399,083
		<u>880,741,059,038</u>	<u>549,334,616,061</u>
Cost of Sales	16,27		
Finished goods		(643,021,792,146)	(405,901,295,678)
Others		(61,827,450,304)	(53,214,757,888)
		<u>(704,849,242,450)</u>	<u>(459,116,053,566)</u>
Gross profit		175,891,816,588	90,218,562,495
Selling General and Administrative Expenses	22,27	(146,708,674,537)	(98,293,860,851)
Operating Income (loss)		<u>29,183,142,051</u>	<u>(8,075,298,356)</u>
Other income (expense)			
Interest income		775,887,615	1,107,176,776
Interest expense		(2,347,966,420)	(3,185,659,312)
Rental income		29,088,000	28,845,000
Gain(loss) on foreign currency transactions, net		464,526,663	(2,307,248,415)
Gain on foreign currency translation, net		733,494,613	376,802,716
Gain on disposal of property, plant and equipment, net		4,012,127	9,499,000
Reversal of (provision for) other doubtful accounts		129,308,534	(48,796,211)
Equity income(loss) of associate	7	1,429,540,269	(192,549,436)
Gain(loss) on derivative instruments transactions, net	18	(832,835,425)	386,899,460
Gain(loss) on derivative instruments valuation, net	18	146,892,550	(312,236,515)
Loss on disposal of trade accounts receivable		(125,392,100)	(130,477,486)
Others		1,494,160,613	624,115,732
Other income (expense), net		<u>1,900,717,039</u>	<u>(3,643,628,691)</u>
Income(loss) before income tax		31,083,859,090	(11,718,927,047)
Income tax expense	23	(7,375,998,049)	(8,718,993,757)
Net Income(loss)	₩	<u>23,707,861,041</u>	<u>(20,437,920,804)</u>
Earnings(loss) Per Share	24 ₩	<u>7,861</u>	<u>(6,776)</u>

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
Statements of Changes in Equity
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

<i>(In Korean won)</i>		Common stock	Capital surplus	Retained earnings	Total shareholder's equity
Balance at April 1, 2020	₩	15,080,300,000	143,403,772,201	158,049,644,851	316,533,717,052
Net loss		-	-	(20,437,920,804)	(20,437,920,804)
Balance at March 31, 2021	₩	15,080,300,000	143,403,772,201	137,611,724,047	296,095,796,248
Balance at April 1, 2021	₩	15,080,300,000	143,403,772,201	137,611,724,047	296,095,796,248
Net income		-	-	23,707,861,041	23,707,861,041
Balance at March 31, 2022	₩	15,080,300,000	143,403,772,201	161,319,585,088	319,803,657,289

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
Statements of CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

(In Korean won)

		2022	2021
Cash flows from operating activities			
Net Income(loss)	₩	23,707,861,041	(20,437,920,804)
Adjustments for:			
Reversal of restructuring		-	(8,316,528,753)
Depreciation		17,582,704,642	18,601,889,133
Amortization		902,279,627	456,024,284
Provision for severance indemnities		9,977,088,917	6,885,786,453
Reversal of doubtful accounts		(1,759,739,489)	(4,058,591,179)
Provision (reversal) of doubtful other accounts		(129,308,534)	48,796,211
Gain on inventory valuation		(156,479,497)	(12,197,641,423)
Warranties		12,077,579,160	5,293,123,512
Gain on foreign currency translation, net		(275,182,866)	(675,212,456)
Loss (gain) on derivative instruments transactions, net		832,835,425	(386,899,460)
Loss(gain) on derivative instruments valuation, net		(146,892,550)	312,236,515
Equity loss(income) of associate		(1,429,540,269)	192,549,436
Gain on disposal of property, plant and equipment, net		(4,012,127)	(9,499,000)
Loss on disposal of trade accounts receivable		125,392,100	130,477,486
Changes in assets and liabilities:			
Trade accounts and notes receivable		32,799,603,527	15,394,616,706
Other receivables		(2,238,483,296)	(1,184,221,952)
Advance payments		3,147,687,689	(3,221,680,921)
Current deferred tax assets		4,027,649,503	9,083,305,066
Other current assets		(4,142,132,892)	(226,454,861)
Inventories		(116,494,168,884)	33,905,185,303
Non-current deferred tax assets		2,472,577,405	(364,311,309)
Trade accounts payable		80,032,999,566	11,632,587,491
Other payables		1,143,838,522	525,420,044
Advance receipts		5,741,917,864	1,529,519,767
Withholdings		218,670,470	1,858,542
Accrued expenses		(11,603,427,584)	979,774,324
Current income tax liability		380,079,971	-
Payments of warranty claims		(8,609,416,234)	(9,573,519,084)
Payments of severance indemnities		(1,220,788,607)	(3,205,787,948)
Transfer in of severance indemnities		-	6,186,285
Funded deposit of retirement pension plan		(12,659,061,910)	(3,397,825,590)
Transfers from the National Pension Fund		-	5,659,100
Cash generated from operating activities	₩	34,302,130,690	37,728,900,918

(Continued)

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
Statements of CASH FLOWS, Continued
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

(In Korean won)

	2022	2021
Cash flows from investing activities		
Increase in short-term financial instruments	₩ (320,013,331)	(1,002,149,000)
Decrease in short-term financial instruments	-	2,081,399,000
Increase in long-term loan to employees	(230,360,000)	(129,160,000)
Acquisition of property, plant and equipment	(22,717,033,823)	(15,829,381,922)
Acquisition of intangible assets	(2,923,556,311)	(2,674,038,997)
Acquisition of other non-current assets	(408,391,200)	-
Disposal of property, plant and equipment	4,675,127	9,500,000
Settlements of currency forward contracts	(1,145,071,940)	301,455,455
Increase in guarantee deposits	(515,668,000)	(115,000,000)
Decrease in guarantee deposits	28,000,000	103,800,000
Net cash used in investing activities	(28,227,419,478)	(17,253,575,464)
Cash flows from financing activities		
Proceeds from short-term borrowings	125,000,000,000	166,000,000,000
Repayment of short-term borrowings	(149,500,000,000)	(161,500,000,000)
Repayment of long-term borrowings	(2,500,000,000)	(5,000,000,000)
Net cash provided by financing activities	(27,000,000,000)	(500,000,000)
Net increase (decrease) in cash and cash equivalents	(20,925,288,788)	19,975,325,454
Cash and cash equivalents at the beginning of year	110,610,894,893	90,635,569,439
Cash and cash equivalents at the end of year	₩ 89,685,606,105	110,610,894,893

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.

Notes to the Financial Statements

1. Reporting Entity

Tata Daewoo Commercial Vehicle Co., Ltd. (the "Company") located in Gunsan-si, Jeollabuk-do, Republic of Korea, is engaged in manufacturing and selling of commercial vehicles. The Company was spun off from Daewoo Motor Co., Ltd. on November 1, 2002. As of March 31, 2022, the Company's common stock totaled ₩15,080,300 thousand, all of which is owned by TML Holdings Pte. Ltd., a wholly owned subsidiary of Tata Motors Limited.

2. Basis of Preparation

Financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements.

(1) Statement of compliance

The Company prepared the financial statements in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea ("K-GAAP").

The accompanying financial statements are not intended to present the financial position, results of operations, changes in equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. Accordingly, the accompanying financial statements are for use by those knowledgeable about Korean accounting principles and their application in practice.

(2) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- ✓ derivative financial instruments are measured at fair value

(3) Use of estimates and judgments

The preparation of the financial statements in conformity with K-GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 5 – Allowance for valuation of Inventories

Note 13 – Provisions

Note 23 – Income Taxes

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.

Notes to the Financial Statements

3. Significant Accounting Policies

The significant accounting policies applied by the Company in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(1) Cash and cash equivalents

Cash and cash equivalents include cash, cash equivalent securities, including checks issued by others and checking accounts, ordinary deposits and financial instruments that can be easily converted into cash and whose value changes due to changes in interest rates are not material, with maturities (or date of redemption) of three months or less from acquisition.

(2) Allowance for doubtful accounts

The Company provides an allowance for doubtful accounts to cover estimated losses that may arise from non-collection of its receivables. The estimate of losses is based on the review of the aging and current status of outstanding receivables.

(3) Inventories

Inventories are stated at cost, which is determined by using the moving-average method, except for finished goods, work in process and goods in transit whose value is determined using the specific identification method. The Company maintains perpetual inventory system, which is adjusted to physical inventory counts performed at period-end. When the market value of inventories (net realizable value for finished goods, work in process and service parts and current replacement cost for raw materials) is less than the carrying value, the carrying value is stated at the lower of cost or market. The Company applies the lower of cost or market method and loss on inventory valuation is presented as a deduction from inventories and charged to cost of sales. However, when the circumstances that previously caused inventories to be written down below cost no longer exist and the new market value of inventories subsequently recovers, the valuation loss is reversed to the extent of the original valuation loss and the reversal is deducted from cost of sales.

(4) Equity method investment securities

Investments in equity securities of companies, over which the Company exercises significant influence, are reported using the equity method of accounting.

1) Accounting for changes in the equity of the investee

Under the equity method of accounting, the Company records changes in its proportionate equity of the net assets of the investee depending on the nature of the underlying changes in the investee as follows:

- (i) "equity income (loss) of associates" in the non-operating income (expense) for net income (loss) of the investee;
- (ii) "increase (decrease) in retained earnings of associates" in the retained earnings for changes in beginning retained earnings of the investee; and
- (iii) "increase (decrease) in equity of associates" in the accumulated other comprehensive income (loss) for other changes in shareholder's equity of the investee.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

3. Significant Accounting Policies, Continued

When the equity method investee's unappropriated retained earnings carried over from prior period changes due to significant error corrections, the Company records the changes in equity as "equity income (loss) of associates" included in the non-operating income (expense) if the impact of the changes on the Company's financial statements is not significant. If the changes result from the changes in accounting policies of the equity method investee, they are reflected in the unappropriated retained earnings carried over from prior period in accordance with Statements of Korea Accounting Standards on changes in accounting policy and errors corrections. When the investee declares cash dividends, the dividends to be received are deducted directly from equity method investment securities.

2) Treatment of investment difference

Difference between the acquisition cost and the Company's proportionate equity in the fair value of net assets of the investee upon acquisition ("investment difference") is considered as (negative) goodwill and accounted for in accordance with accounting standards for business combination.

When the Company's equity interest in the investee increases due to an increase (or decrease) in contributed capital with (or without) consideration, the changes in the Company's proportionate equity in the investee are accounted for as investment difference. If the Company's equity interest decreases, the changes are accounted for as "gain (loss) on disposal of the equity method investment securities." However, if the investee is the Company's subsidiary, those changes are accounted for and included in the capital surplus (capital adjustments).

3) Difference between the fair value and book value of net asset of the investee

Upon acquisition of the equity method investment securities, the Company's proportionate shares in the differences between the fair values and book values of the identifiable assets and liabilities of the investee are amortized/reversed and included in "equity income (loss) of associates" in accordance with the investee's methods of accounting for the assets and liabilities.

4) Elimination of unrealized gain or loss from intercompany transactions

The Company's proportionate share in the gain (loss) arising from transactions between the Company and the investee, which remains in the book value of assets held as of the statement of financial position date, is considered unrealized gain (loss) and adjusted to equity method investment securities. If the investee is a subsidiary of the Company, unrealized gain (loss) from sale of an asset by the Company to the investee (downstream transaction) is fully eliminated and adjusted to equity method investment securities.

5) Impairment loss on equity method investment securities

When there is objective evidence that the equity method investment securities are impaired and the recoverable amount is lower than the carrying amount of the equity method investment securities, an impairment loss is recognized as "loss on impairment of equity method investment securities" included in non-operating expense and the unamortized investment difference is first reduced. When the recoverable amount is recovered after the recognition of impairment loss, the reversal of impairment loss is recognized as income up to the previously recorded impairment loss. The book value of the equity method investment securities after the reversal of the impairment loss cannot exceed the book value calculated as if the impairment loss would not have been originally recognized. The reversal of the impairment loss recognized against the unamortized investment difference is not allowed.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

3. Significant Accounting Policies, Continued

6) Disposal of equity method investment securities

When the investor disposes of all or part of an investment in an associate, any accumulated other comprehensive income (loss) relating to the disposed investment is accounted for as gain or loss on disposal of equity method investment securities.

(5) Property, plant and equipment

Property, plant and equipment are stated at cost (acquisition cost or manufacturing cost, plus expenditures directly related to preparing the assets ready for use in time and place, net of sales discount given) and assets acquired from investment in-kind, by donation or free of charge are stated at fair value. When an asset is exchanged for a similar kind of asset, the asset received is stated at the carrying value of the asset given. When an asset is exchanged for a different kind of asset, the asset received is stated at the fair value of the asset given. When there is uncertainty as to the fair value of the asset given, the asset received is recorded at its fair value.

If the costs incurred after acquisition or completion increase the future economic benefit of an asset, such costs are capitalized if the costs can be objectively measured and incurred to replace an existing asset, the existing asset is removed from the financial statements. Costs incurred to repair and maintain assets are expensed as incurred.

In accordance with the Company's policy, borrowing costs in relation to the manufacture, purchase, construction or development of assets are charged to current operations as incurred.

Property, plant and equipment are depreciated using a straight-line method over their economic useful lives, which are determined from the time when the assets are ready for use (ready for their intended use by the management in time and place). Depreciation expense is recognized as manufacturing cost or as selling, general and administrative expense for all other cases, as incurred.

	<u>Useful lives (years)</u>
Buildings	40
Structures	20
Machinery and equipment	12
Others	3-6

(6) Intangible assets

Intangible assets are initially recognized at acquisition cost (purchase cost, plus expenditures directly related to preparing the assets ready for use) and subsequently presented at amortized cost.

Intangible assets are amortized using a straight-line method over their economic useful lives, which are determined from the time when the assets are ready for use. Amortization related to the manufacturing of other assets is included in the manufacturing cost of the asset whereas other amortization is included in selling and administrative expense.

	<u>Useful lives (years)</u>
Development costs	10
Software	6

3. Significant Accounting Policies, Continued

(7) Impairment of assets

At the end of each reporting period, the Company reviews the carrying values of assets except for financial assets, inventories, and deferred tax assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying value of the asset is reduced to its recoverable amount, and an impairment loss is immediately recorded in profit or loss. If an individual asset has impairment indication, cash flow from disposition of asset is less than its carrying amount, the carrying value of the asset is reduced to the net proceed on disposition, and an impairment loss is immediately recorded in profit or loss.

Also, regardless of impairment loss indicators, assets not in use and assets held for future use are estimated for recoverable amounts.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of goodwill is estimated to be less than its carrying amount, an impairment loss is allocated to reduce the carrying value of the goodwill, and then allocated to reduce the carrying value of individual assets. The allocated amounts to individual assets cannot be lower than the larger of estimated recovered amount, value in use amount, and zero.

(8) Government subsidy

Government subsidy for the purpose of acquisition of certain assets is recorded as a deduction from the assets granted or other assets acquired for the temporary use of the assets granted. When the related assets are acquired, they are recorded as a deduction from the acquired assets and are offset against the depreciation of the acquired assets over their useful lives.

In addition, government subsidy without any repayment obligation is offset against the related expenses, which they are intended to compensate; however, if there is no matching expense, they are recorded as operating revenue or non-operating revenue depending on whether they are directly related to the Company's principal operating activities. Government subsidy with a repayment obligation is recorded as a liability.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

3. Significant Accounting Policies, Continued

(9) Effects of foreign exchange fluctuations

1) Functional currency and reporting currency

The Company presented the accompanying financial statements in Korean won, the currency in which the Company performs business operations, such as sales and purchases.

2) Foreign currency transaction

The Company records transactions made in foreign currency converted at the transaction-date exchange rate. Non-monetary foreign exchange items, which are estimated by historical cost, are converted as of the transaction-date exchange rate. Non-monetary items, which are fair valued, are converted at the exchange rate on the date when their fair values are fixed. If the gain or loss incurred from non-monetary items is recognized as other comprehensive income, the gain or loss from the exchange rate fluctuation is also recognized as other comprehensive income. Whereas, if the related gain or loss incurred from non-monetary items is recognized in the current-period profit or loss, the related exchange rate fluctuation is also recognized in the current-period profit or loss.

In addition, monetary assets and liabilities denominated in foreign currency are translated into Korean won at the base rates announced by Seoul Money Brokerage Services, Ltd. on the dates of the statements of financial position, which were ₩1,210.8 and ₩1,133.5 to USD 1 at March 31, 2022 and 2021, respectively.

(10) Accrued severance indemnities

In accordance with the Company's policy, all employees with more than one year of service are entitled to receive lump-sum severance payments upon termination of their employment, based on their current salary and years of service. In accordance with the National Pension Act of Korea, a portion of the Company's severance indemnities was transferred, in cash, to the National Pension Fund until March 1999, and such amounts are presented as a deduction from accrued severance indemnities.

The Company maintains provident fund, a defined benefit retirement plan, with irrevocable trust for employees covered and entitled to benefit, and such amounts also are presented as a deduction from accrued severance indemnities.

(11) Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset and as a reimbursement net of the provision-related expense.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.

Notes to the Financial Statements

3. Significant Accounting Policies, Continued

(12) Financial instruments

The Company records rights and obligations arising from derivative instruments in assets and liabilities, which are stated at fair value. Gains and losses that result from the changes in the fair value of derivative instruments are recognized in current earnings. However, for derivative instruments for which cash flow hedge accounting is applied, the effective portion of the gain or loss on the derivatives instruments is recorded as gain (loss) on valuation of derivatives included in accumulated other comprehensive income (loss).

(13) Revenue recognition

The Company's revenue is composed of sale of goods and rendering of services. Revenue is measured at the fair value of the consideration received or receivable and net of any sales allowances, discounts, estimated customer returns and other allowances. Revenue from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably and the costs incurred or to be incurred in respect of the transaction can be measured reliably, and when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue from rendering of services is recognized by reference to the stage of completion of the contract. Revenue is recognized when stages of the contract can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(14) Income tax

The Company recognizes deferred tax assets or liabilities for the temporary differences between the carrying amount of an asset and liability for the financial reporting purposes and the amounts used for income tax purposes. A deferred tax liability is generally recognized for all taxable temporary differences with some exceptions and a deferred tax asset is recognized to the extent when it is probable that taxable income will be available against which the deductible temporary difference can be utilized in the future. Deferred tax asset (liability) is classified as a current or non-current asset (liability) depending on the classification of related asset (liability) in the statements of financial position. Deferred tax asset (liability), which does not relate to a specific asset (liability) account in the statement of financial position, such as a deferred tax asset recognized for tax loss carryforwards, is classified as a current or non-current asset (liability) depending on the expected reversal period. Deferred tax assets and liabilities in the same tax jurisdiction and in the same current or non-current classification are presented on a net basis. Current and deferred tax expenses are included in income tax expenses in the statements of income and additional income tax or tax refunds for the prior periods are included in income tax expenses for the current period when recognized.

(15) Critical accounting judgments and key sources of estimation uncertainty

In application of the Company's accounting policies, estimates and assumptions are applied to measure the carrying values of assets and liabilities, disclosures on provision, income and expense. The use of estimates and associated assumptions include the measurement of the carrying values of property, plant and equipment, accounts receivable, inventory, evaluation of deferred tax asset and evaluation of derivatives. Actual results may differ from these estimates.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

4. Restricted Deposits

Deposits which are restricted in use as of March 31, 2022 and 2021 are summarized as follows:

<i>(In Korean won)</i>		2022	2021	Description
Short-term deposits				
Bank Deposit	₩	348,979,682	-	Performance bond guarantee

5. Inventories

Inventories as of March 31, 2022 and 2021 are summarized as follows:

<i>(In Korean won)</i>		2022	2021
Finished goods	₩	71,813,449,685	44,928,281,641
Work in process		19,549,103,094	15,712,333,152
Raw materials		121,773,968,361	58,897,197,908
Materials in transit		49,577,861,066	31,548,701,179
Parts for service		30,820,003,788	25,953,703,230
Less: allowance for valuation loss		(16,257,579,102)	(16,414,058,599)
	₩	277,276,806,892	160,626,158,511

As of March 31, 2022, the company provided inventory in the amount of ₩39,000 million as a mean of assignment for credit limit to EXIM bank.

6. Other Current Assets

Other current assets as of March 31, 2022 and 2021 are summarized as follows:

<i>(In Korean won)</i>		2022	2021
Prepaid expenses	₩	184,375,588	183,139,565
Prepaid taxes		5,417,734,992	1,123,398,087
Accrued income		27,060,272	180,500,308
	₩	5,629,170,852	1,487,037,960

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

7. Equity Method Investment Securities

(1) Investment in security accounted by using the equity method as of March 31, 2022 and 2021 is summarized as follows:

① As of March 31, 2022

(In Korean won)

Investee	Ownership(%)	Acquisition cost	Net asset value	Book value
Tata Daewoo Commercial Vehicle Sales & Distribution Co., Ltd. ("TDSC")	100%	1,000,000,000	4,381,186,138	4,381,186,138

② As of March 31, 2021

(In Korean won)

Investee	Ownership(%)	Acquisition cost	Net asset value	Book value
TDSC	100%	1,000,000,000	2,951,645,869	2,951,645,869

(2) Changes in the balance of investment in security accounted by using the equity method for the years ended March 31, 2022 and 2021 are as follows:

① For the year ended March 31, 2022

(In Korean won)

Investee		Balance at April 1, 2021	Equity income	Balance at March 31, 2022
TDSC	₩	2,951,645,869	1,429,540,269	4,381,186,138

② For the year ended March 31, 2021

(In Korean won)

Investee		Balance at April 1, 2020	Equity loss	Balance at March 31, 2021
TDSC	₩	3,144,195,305	(192,549,436)	2,951,645,869

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

7. Equity Method Investment Securities, Continued

(3) Financial information of equity-accounted investment, which represents 100% of the entities' balances as of and for the years ended March 31, 2022 and 2021 is summarized as follows:

① As of and for the year ended March 31, 2022.

(In Korean won)

Investee		Total assets	Total liabilities	Revenue	Net income
TDSC	₩	9,608,633,690	5,227,447,552	54,546,520,259	1,429,540,269

② As of and for the year ended March 31, 2021.

(In Korean won)

Investee		Total assets	Total liabilities	Revenue	Net loss
TDSC	₩	9,415,536,292	6,463,890,423	39,429,887,854	(192,549,436)

8. Property, Plant and Equipment

(1) Property, plant and equipment and related accumulated depreciation as of March 31, 2022 and 2021 are summarized as follows:

(In Korean won)

		2022	2021
Land(*1)	₩	55,672,351,701	55,672,351,701
Buildings(*1)		100,965,385,150	98,929,363,450
Structures		15,617,462,993	15,617,462,993
Machinery and equipment(*2)		107,664,876,819	103,628,127,819
Vehicles		1,059,709,717	1,027,117,100
Tools		5,646,472,329	5,453,479,070
Furniture and fixtures		10,349,102,970	10,059,241,262
Computers		10,892,046,506	10,442,428,506
Molds(*2)		176,998,848,656	159,648,108,976
Construction in progress		9,715,459	560,339,527
Total cost		484,875,972,300	461,038,020,404
Less: government subsidy		(38,591,223)	(119,799,391)
Less: accumulated depreciation		(312,884,036,096)	(295,410,720,213)
Property, plant and equipment, net	₩	171,953,344,981	165,507,500,800

(*1) As of March 31, 2022, a substantial portion of the Company's land is pledged in the amount of ₩51,600 million as collateral for loan to Shinhan Bank and other financial institutions.

(*2) As of March 31, 2022, the Company's machinery and equipment, molds are pledged in the amount of ₩32,100 million as collateral for loan to ANZ banking group Seoul branch.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

8. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the year ended March 31, 2022 and 2021 are as follows:

(In Korean won)

		2022				
		April 1	Acquisitions	Disposals	Transfer	March 31
Land	₩	55,672,351,701	-	-	-	55,672,351,701
Buildings		62,042,880,011	2,036,021,700	-	-	61,484,261,554
Structures		6,018,050,502	-	-	-	5,166,634,630
Machinery and equipment		13,478,076,105	3,863,977,000	(1,000)	207,000,000	13,905,430,795
Vehicles		191,065,848	37,092,617	(1,000)	-	179,311,372
Tools		869,242,878	192,993,259	-	-	791,706,838
Furniture and fixtures		1,393,150,647	376,713,635	(659,000)	-	1,264,090,232
Computers		750,612,404	395,498,000	(2,000)	119,800,000	927,496,089
Molds		24,531,731,177	17,117,200,153	-	233,539,527	32,552,346,311
Construction in progress		560,339,527	9,715,459	-	(560,339,527)	9,715,459
	₩	<u>165,507,500,800</u>	<u>24,029,211,823</u>	<u>(663,000)</u>	<u>-</u>	<u>171,953,344,981</u>

(In Korean won)

		2021				
		April 1	Acquisitions	Disposals or impairment	Transfer	March 31
Land	₩	55,672,351,701	-	-	-	55,672,351,701
Buildings		62,797,878,255	1,757,775,950	-	-	62,042,880,011
Structures		6,703,222,137	160,881,500	-	-	6,018,050,502
Machinery and equipment		16,351,623,123	1,924,992,502	-	-	13,478,076,105
Vehicles		167,920,587	71,000,000	(1,000)	-	191,065,848
Tools		985,941,222	224,720,844	-	-	869,242,878
Furniture and fixtures		1,390,788,905	606,570,000	-	-	1,393,150,647
Computers		872,487,149	188,591,599	-	-	750,612,404
Molds		21,782,390,932	11,336,455,000	-	553,460,000	24,531,731,177
Construction in progress		373,500,000	740,299,527	-	(553,460,000)	560,339,527
	₩	<u>167,098,104,011</u>	<u>17,011,286,922</u>	<u>(1,000)</u>	<u>-</u>	<u>165,507,500,800</u>

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

8. Property, Plant and Equipment, Continued

(3) The officially declared value of land at March 31, 2022 and 2021, as announced by the Ministry of Land, Infrastructure and Transport, is as follows:

(In Korean won)

		Book value	Declared value	
			2022	2021
Plant site	₩	55,487,999,429	72,769,129,920	73,342,393,950
Housing		184,352,272	210,367,262	213,930,257
	₩	55,672,351,701	72,979,497,182	73,556,324,207

The officially declared value which is used for government purposes is not intended to represent fair value.

9. Insured Assets

Listing and description of insured assets as of March 31, 2022 is summarized as follows:

(In Korean won)

Related assets		Book value	Insured amount	Insurance Company (Risk)
Inventories	₩	227,698,945,826		DB Insurance Co., Ltd., and
Property, plant and equipment		116,271,277,821	643,333,430,000	3 others (Fire and comprehensive liability)
	₩	343,970,223,647	643,333,430,000	

Besides, the company also takes out an occupational health and safety insurance for employees, automobile third party liability insurance, product liability insurance by the Product Liability Law, insurance on cargo, commercial general liability insurance, etc.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

10. Intangible Assets

(1) Details of intangible assets as of March 31, 2022 and 2021 are as follows:

(In Korean won)

		2022			2021		
		Acquisition cost	Accumulated amortization	Book value	Acquisition cost	Accumulated amortization	Book value
Development costs	₩	11,958,921,589	(930,317,034)	11,028,604,555	6,594,834,641	(197,649,588)	6,397,185,053
Software		782,539,085	(492,982,479)	289,556,606	917,173,085	(599,370,298)	317,802,787
	₩	<u>12,741,460,674</u>	<u>(1,423,299,513)</u>	<u>11,318,161,161</u>	<u>7,512,007,726</u>	<u>(797,019,886)</u>	<u>6,714,987,840</u>

(2) Changes in intangible assets for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)

		April 1, 2021	Acquisition	Amortization	March 31, 2022
Development costs	₩	6,397,185,053	5,364,086,948	(732,667,446)	11,028,604,555
Software		<u>317,802,787</u>	<u>141,366,000</u>	<u>(169,612,181)</u>	<u>289,556,606</u>
	₩	<u>6,714,987,840</u>	<u>5,505,452,948</u>	<u>(902,279,627)</u>	<u>11,318,161,161</u>

(In Korean won)

		April 1, 2020	Acquisition	Amortization	March 31, 2021
Development costs	₩	4,096,506,794	2,498,327,847	(197,649,588)	6,397,185,053
Software		<u>400,466,333</u>	<u>175,711,150</u>	<u>(258,374,696)</u>	<u>317,802,787</u>
	₩	<u>4,496,973,127</u>	<u>2,674,038,997</u>	<u>(456,024,284)</u>	<u>6,714,987,840</u>

(3) Research and development costs incurred for the years ended March 31, 2022 is ₩ 28,732 thousand.

11. Other Non-Current Assets

Other non-current assets as of March 31, 2022 and 2021 are summarized as follows:

(In Korean won)

		2022	2021
Guarantee deposits	₩	3,421,805,500	2,934,137,500
Others		<u>945,625,400</u>	<u>537,234,200</u>
	₩	<u>4,367,430,900</u>	<u>3,471,371,700</u>

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

12. Borrowings

(1) Short-term borrowings as of March 31, 2022 and 2021 are summarized as follows:

(In Korean won)

Description	Lender	Annual interest rate at 31 March, 2022	Amount	
			2022	2021
General loan and others	Shin Han and others	2.55%~3.96%	₩ 75,000,000,000	99,500,000,000

(2) Long-term borrowings as of March 31, 2022 and 2021 are summarized as follows:

(In Korean won)

Description	Lender	Annual interest rate at 31 March, 2021	Amount	
			2022	2021
General loan	Shin Han	2.22%	₩ -	2,500,000,000
Loss: Current portion			-	(2,500,000,000)
			₩ -	-

13. Provisions

Changes in provisions for warranty claims for the years ended March 31, 2022 and 2021 are summarized as follows:

(In Korean won)

		2022	2021
Beginning of the year	₩	14,302,275,576	18,582,671,148
Provision for warranty claims, net		12,077,579,160	5,293,123,512
Payments		(8,609,416,234)	(9,573,519,084)
End of the year	₩	17,770,438,502	14,302,275,576
Thereof current	₩	11,999,943,149	9,066,285,405
Thereof non-current	₩	5,770,495,353	5,235,990,171

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

14. Accrued Severance Indemnities

(1) Changes in retirement and severance benefits for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)

		2022	2021
Provision for retirement and severance benefits at beginning of the year	₩	44,571,934,620	40,885,749,830
Accrual for retirement and severance benefits		9,977,088,917	6,885,786,453
Transfer of severance indemnity		-	6,186,285
Payments		(1,220,788,607)	(3,205,787,948)
Provision for retirement and severance benefits at end of the year		53,328,234,930	44,571,934,620
Transfer to National Pension Fund		(72,403,300)	(72,403,300)
Retirement pension fund		(53,697,995,507)	(41,038,933,597)
Net balance at end of the year	₩	(442,163,877)	3,460,597,723

(2) Changes in retirement pension fund for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)

		2022	2021
Beginning balance	₩	41,038,933,597	37,641,108,007
Deposits		13,500,000,000	6,000,000,000
Payments		(978,535,515)	(2,980,133,339)
Interest accrued		137,597,425	377,958,929
Ending balance	₩	53,697,995,507	41,038,933,597

(3) Retirement pension fund as of March 31, 2022 and 2021 are comprised of as follows:

(In Korean won)

		2022	2021
Time deposit	₩	53,697,995,507	41,038,933,597

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

15. Assets and Liabilities Denominated in Foreign Currencies

(1) Assets and liabilities denominated in foreign currencies as of March 31, 2022 are as follows:

(In Korean won)

		2022		
		Foreign currency	Exchange rate	Translation into Korean won
Cash and cash equivalents	USD	4,138,111	₩ 1,210.80	₩ 5,010,425,392
	EUR	6,465,301	1,351.13	8,735,461,802
Short-term financial instruments	USD	288,222	1,210.80	348,979,682
Accounts receivable – trade	USD	14,813,644	1,210.80	17,936,359,986
	EUR	1,565,118	1,351.13	2,114,677,884
	ZAR	45,758,684	83.56	3,823,595,635
Accounts receivable – others	USD	24,228	1,210.80	29,335,564
	EUR	145,526	1,351.13	196,624,358
	CNY	26,880	190.02	5,107,738
Total foreign currency denominated assets				₩ 38,200,568,041
Accounts payable – trade	USD	4,345,790	1,210.80	₩ 5,261,882,306
	EUR	32,379,904	1,351.13	43,749,459,839
	CNY	2,018,551	190.02	383,565,074
Accounts payable – others	USD	5,025,383	1,210.80	6,084,733,858
	EUR	757,000	1,351.13	1,022,805,410
	ZAR	49,703	83.56	4,153,178
Accrued expenses	USD	1,761,498	1,210.82	2,132,821,366
	EUR	5,662,541	1,351.13	7,650,828,914
Total foreign currency denominated liabilities				₩ 66,290,249,945

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

15. Assets and Liabilities Denominated in Foreign Currencies, Continued

(2) Assets and liabilities denominated in foreign currencies as of March 31, 2021 are as follows:

(In Korean won)

		2021		
		Foreign currency	Exchange rate	Translation into Korean won
Cash and cash equivalents	USD	5,339,910	₩ 1,133.50	₩ 6,052,788,371
	EUR	92,627	1,328.29	123,035,637
Accounts receivable – trade	USD	22,683,429	1,133.50	25,711,667,218
	EUR	4,772,149	1,328.29	6,338,797,889
	ZAR	178,307,296	76.01	13,553,137,593
Accounts receivable – others	EUR	144,905	1,328.29	192,475,784
Total foreign currency denominated assets			₩	₩ 51,971,902,492
Accounts payable – trade	USD	2,088,436	1,133.50	₩ 2,367,242,128
	GBP	8,815	1,557.66	13,730,773
	EUR	13,590,434	1,328.29	18,052,038,151
	CNY	967,106	172.35	166,680,660
Accounts payable – others	USD	883,481	1,133.50	1,001,425,963
	EUR	12,700	1,328.29	16,869,283
	ZAR	49,703	76.01	3,777,921
Accrued expenses	USD	1,495,279	1,133.50	1,694,899,214
	EUR	14,482,431	1,328.29	19,236,869,203
	AUD	4,600	861.35	3,962,210
	CNY	489,356	172.35	84,340,477
Total foreign currency denominated liabilities			₩	₩ 42,641,835,983

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

16. Related Party Transactions

(1) Details of parent and subsidiary relationships as of March 31, 2022 are as follows:

Relationship	Related parties
Ultimate controlling party	Tata Motors Limited
Immediate Parent	TML Holdings Pte., Ltd.
Controlled subsidiary	Tata Daewoo Commercial Vehicle Sales & Distribution
Others	Tata Motors Limited's subsidiaries and associates

(2) Significant transactions which occurred in the normal course of business with related parties for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)

Transaction	Name		2022	2021
Sales to	Tata Motors Limited	₩	884,784,731	536,513,283
	Tata Daewoo Commercial Vehicle Sales & Distribution		252,000,000	214,964,000
	Tata Motors Thailand Ltd		11,653,041	15,024,425
	Tata Motors (SA)(PTY) Ltd		4,289,408,976	8,858,063,467
	Total	₩	5,437,846,748	9,624,565,175
Purchase from	Tata Motors Limited	₩	7,324,924,635	2,632,536,925
	Tata Technologies Pte., Ltd.		1,542,252,744	1,585,166,007
	Tata Cummins Ltd.		63,500,400	71,914,654
	Total	₩	8,930,677,779	4,289,617,586
Fee and charge to	Tata Daewoo Commercial Vehicle Sales & Distribution	₩	58,255,849,068	43,279,934,218
Others to	Tata Motors Limited	₩	737,697,277	684,343,990
	Tata Motors Thailand Ltd.		31,992,300	270,043,200
	Tata Sons Limited		1,976,992,367	791,490
	Tata Motors (SA)(PTY) Ltd.		-	8,081,626
	Total	₩	2,746,681,944	963,260,306
Others from	Tata Motors Limited		17,593,608	-
	Tata Daewoo Commercial Vehicle Sales & Distribution	₩	259,910,000	6,186,285
	Total	₩	277,503,608	6,186,285

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

16. Related Party Transactions, Continued

(3) Account balances with related parties as of March 31, 2022 and 2021 are as follows:

① As of March 31, 2022

(In Korean won)

Name	Receivables		Payables		
	Accounts Receivable - trade	Advance payment	Accounts Payable - trade	Accounts Payable - other	Accrued expenses
Tata Motors Limited	₩ 153,955,823	26,299,840	2,949,330,376	106,573,999	-
Tata Daewoo Commercial Vehicle Sales & Distribution	71,500,000	-	-	998,622,513	-
Tata Motors (SA)(PTY) Ltd.	3,307,194,835	-	-	4,153,179	-
Tata Technologies Pte., Ltd.	-	-	-	137,311,530	-
Tata Sons Limited	-	-	-	-	1,976,992,367
Total	₩ 3,532,650,658	26,299,840	2,949,330,376	1,246,661,221	1,976,992,367

② As of March 31, 2021

(In Korean won)

Name	Receivables		Payables	
	Accounts receivable - trade	Advance Payment	Accounts payables - trade	Accounts Payable - other
Tata Motors Limited	₩ 114,367,180	26,299,840	416,866,218	92,941,083
Tata Daewoo Commercial Vehicle Sales & Distribution	18,700,000	-	-	6,048,720,888
Tata Motors (SA) (PTY) Ltd.	11,655,927,993	-	-	3,777,921
Tata Motors Thailand Ltd.	-	-	-	91,813,500
Tata Technologies Pte., Ltd.	-	-	-	104,247,655
Total	₩ 11,788,995,173	26,299,840	416,866,218	6,341,501,047

17. Commitments and Contingencies

(1) The Company's significant pending litigations as of March 31, 2022 are as follows:

(In Korean won)

Court	Plaintiff	Defendant	Descriptions	Amount of claim	Progress
Gwangju	Korea freight forwarders association	The Company and others	Claim for damage	82,124,000	Proceeding in first trial
Seoul	Lee, Sungmin	The Company	Termination of contract	77,974,473	Proceeding in first trial

As of March 31, 2022, the ultimate outcome of the legal cases cannot presently be predicted, and outflow of resources is not probable.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

17. Commitments and Contingencies, Continued

(2) Comprehensive bank facilities as of March 31, 2022 are provided by financial institutions for the Company as follows:

(In Korean won and in each foreign currency)

Provider		Credit limit		Amount utilized	Period	Description
HANA Bank	KRW	3,000,000,000	KRW	2,996,619,712	2021.06.30~2022.06.30	Seller's loan
	KRW	990,000,000	KRW	448,810,279	2015.01.12~2023.02.16	Employee welfare
Exim Bank	KRW	20,000,000,000	KRW	20,000,000,000	2021.12.21~2022.06.21	General loan
Shinhan Bank	KRW	10,000,000,000	KRW	6,802,908,712	2021.10.08~2022.10.08	Seller's loan
	USD	3,000,000	EUR	2,126,356.65	2021.10.08~2022.10.08	Import finance
	KRW	10,000,000,000	KRW	10,000,000,000	2022.02.17~2023.02.17	General loan
	KRW	10,000,000,000	KRW	10,000,000,000	2022.02.17~2023.02.17	General loan
ANZ Bank	KRW	20,000,000,000	KRW	20,000,000,000		Export-Import finance and working capital
	USD	18,000,000	EUR	8,000,000	2021.06.30~2022.06.30	Foreign exchange and derivatives
Kookmin	KRW	15,000,000,000	KRW	15,000,000,000	2021.12.15~2022.12.15	General loan
	USD	4,500,000	USD	93,912.00		
			EUR	3,237,395.05	2021.09.13~2022.09.13	Import finance
HSBC	USD	4,178,800	USD	678,800	2021.09.13~2022.09.13	Export finance
						Foreign exchange and derivatives
	USD	10,000,000	EUR	5,000,000	2020.09.25~2023.09.25	
Total	KRW	88,999,000,000	KRW	85,248,338,703		
	USD	39,678,800	USD	772,712		
		-	EUR	18,363,751.7		

(3) Details of guarantees which the Company had provided for employee as of March 31, 2022 are as follows:

Guarantee recipient	Credit limit		Executed amount		Description
HANA Bank	KRW	999,000,000	KRW	448,810,279	Joint guarantee for personnel credit loans

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

18. Derivatives

(1) The Company maintains foreign currency forward contracts with financial institutions and details of such contracts as of March 31, 2022 and 2021 are as follows:

① As of March 31, 2022

(In Korean won
except for foreign currency)

March 31, 2022

		Contract amount				Fair value		
	Bank	Foreign currency	Rate	Amount		Assets	Liabilities	Net
Buying	ANZ	EUR	8,000,000	USD 1.1061	USD 8,848,800	₩ 132,014,448	(22,637,326)	109,377,122
	HSBC		5,000,000	USD 1.1107	USD 5,553,700	45,342,039	(7,826,611)	37,515,428
		EUR	13,000,000	USD 1.1079	USD 14,402,500	₩ 177,356,487	(30,463,937)	146,892,550

② As of March 31, 2021

(In Korean won
except for foreign
currency)

March 31, 2021

		Contract amount				Fair value	
	Bank	Foreign currency	Rate	Amount		Liabilities	Net
Buying	HSBC	EUR	4,000,000	USD 1.1897	USD 4,758,600	(75,361,881)	(75,361,881)
	ANZ		6,000,000	1.1984	7,190,100	(171,692,510)	(171,692,510)
			1,000,000	KRW 1,351.40	KRW 1,351,400,000	(21,953,512)	(21,953,512)
		EUR	1,000,000		KRW 1,351,400,000	(21,953,512)	(21,953,512)
			10,000,000		USD 11,948,700	₩ (247,054,391)	(247,054,391)
Selling	ANZ	USD	4,000,000	KRW 1,122.84	KRW 4,491,350,000	₩ (43,228,612)	(43,228,612)

(2) Gains or losses in connection with foreign currency forward contracts for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)

		2022	2021
Gain on derivative instruments transactions	₩	711,595,330	788,405,403
Loss on derivative instruments transactions		(1,544,430,755)	(401,505,943)
Gain(loss) on derivative instruments transactions, net	₩	(832,835,425)	386,899,460
Gain on derivative instruments valuation	₩	177,356,487	-
Loss on derivative instruments valuation		(30,463,937)	(312,236,515)
Gain(loss) on derivative instruments valuation, net	₩	146,892,550	(312,236,515)

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.

Notes to the Financial Statements

19. Shareholder's Equity

Common stock and capital surplus as of March 31, 2022 and 2021 are as follows:

(In Korean won except for share data)

		2022	2021
Number of shares:			
Authorized		70,000,000 shares	70,000,000 shares
Issued and outstanding		3,016,060 shares	3,016,060 shares
Par value		5,000	5,000
Common stock	₩	15,080,300,000	15,080,300,000
Capital surplus:			
Paid-in capital in excess of par value		92,753,162,813	92,753,162,813
Gain from capital reduction		50,650,609,388	50,650,609,388
Total	₩	143,403,772,201	158,484,072,201

20. Retained Earnings

(1) Earned surplus reserve

The Korean Commercial Code requires the Company to appropriate a legal reserve in an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of stated capital. The legal reserve may be used to reduce a deficit or may be transferred to common stock in connection with a free issue of shares.

(2) Reserve for research and human resources development

Under the Special Tax Treatment Control Law, the Company appropriated retained earnings for research and human resources development. The reserve used for its original purpose and the remaining balance after use are restored to retained earnings and can be used for dividends.

(3) Statements of Appropriations of Retained Earnings

(In Korean won)

		2022	2021
Retained earnings before appropriations			
Beginning of the year	₩	90,603,657,380	111,041,578,184
Net Income(loss)		23,707,861,041	(20,437,920,804)
End of the year		114,311,518,421	90,603,657,380
Unappropriated retained earnings to be carried forward to subsequent year	₩	114,311,518,421	90,603,657,380

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

21. Comprehensive Income

Comprehensive income for the years ended March 31, 2022 and 2021 are same as net income.

22. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)

		2022	2021
Salaries	₩	28,529,902,319	24,284,286,006
Provision for severance indemnities		3,376,034,394	2,226,263,992
Other employee benefits		6,059,801,512	6,126,609,431
Utilities		479,320,338	393,908,105
Vehicle maintenance		170,834,468	139,835,024
Repairs		844,166,347	417,580,860
Rental		1,390,711,165	1,618,501,726
Insurance		291,145,457	263,464,345
Depreciation		1,575,788,464	1,793,674,308
Amortization		902,279,627	456,024,284
Supplies		160,539,348	109,869,758
Publication		231,637,835	136,173,049
Communication		251,985,428	260,695,827
Freight and storage		12,916,444,144	6,182,359,782
Taxes and dues		589,401,239	447,310,301
Travel		154,887,134	114,829,375
Fee and charges		70,875,630,603	50,430,465,951
Entertainment		24,430,764	14,437,752
Advertising		390,739,045	156,632,500
Training		36,573,522	10,172,622
Outsourcing		2,131,344,839	2,551,836,723
Research and development		28,732,106	(2,252,591,064)
Sales promotion, net		1,488,666,382	8,741,444,363
Provision for warranty, net		12,077,579,160	5,293,123,512
Provision for restructuring		-	(8,316,528,753)
Packaging		1,911,913,972	579,271,988
Overseas marketing		175,331,849	62,259,269
Provision (reversal) of doubtful accounts, net		(1,759,739,489)	(4,058,591,179)
Technical service fee		890,379,462	31,859,943
Experiment and analysis expense		493,764,425	74,982,005
Others		18,448,678	3,699,046
Total	₩	146,708,674,537	98,293,860,851

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

23. Income Taxes

- (1) The components of income tax expense for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)

		2022	2021
Current tax expense		875,771,141	-
Changes in deferred tax for temporary differences	₩	6,500,226,908	8,718,993,757
Income tax expense in continuing operation	₩	7,375,998,049	8,718,993,757

- (2) The income tax expense calculated by applying statutory tax rates to the Company's income before income taxes for the years differs from the actual tax expense in the statements of loss for the years ended March 31, 2022 and 2021 for the following reasons:

(In Korean won)

		2022	2021
Gain(loss) before income taxes	₩	31,083,859,090	(11,718,927,047)
Tax rate		22%	22%
Income taxes at normal tax rates		6,838,449,000	(2,578,163,950)
Tax effects of permanent difference		1,173,483,659	132,140,765
Tax credit		(539,213,043)	(365,250,289)
De-recognition of deferred tax		(314,498,859)	11,530,267,231
Others		217,777,292	-
Income tax expense	₩	7,375,998,049	8,718,993,757

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

23. Income Taxes, Continued

(3) Changes in temporary differences and deferred tax assets (liabilities) for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)		2022			
Account		April 1	Decrease	Increase	March 31
Temporary differences (current):					
Accrued expenses	₩	16,246,414,621	16,246,414,621	13,774,572,526	13,774,572,526
Allowance for doubtful accounts		18,488,113,174	18,488,113,174	139,408,656	139,408,656
Provision for warranties		9,066,285,405	9,066,285,405	11,999,943,149	11,999,943,149
Valuation of inventories		16,414,058,599	16,414,058,599	16,257,579,102	16,257,579,102
Loss on currency forward valuation		312,236,515	312,236,515	-	-
Government subsidy		119,799,391	119,799,391	38,591,223	38,591,223
Accrued interest income		(180,500,308)	(180,500,308)	(27,060,272)	(27,060,272)
Subtotal		60,466,407,397	60,466,407,397	42,183,034,384	42,183,034,384
Tax rate (*1)		22.0%			22.0%
DTA – Temporary differences		13,302,609,627			9,280,267,564
DTA – Tax credit carry forward		682,371,449	544,520,483	539,213,043	677,064,009
Current deferred tax assets	₩	13,984,981,076			9,957,331,573
Temporary differences (non-current):					
Accrued severance indemnities	₩	3,454,411,438	3,454,411,438	-	-
Accrued warranties		5,235,990,171	5,235,990,171	5,770,495,353	5,770,495,353
Depreciation		2,030,007,029	383,851,546	290,803,607	1,936,959,090
Loss on impairment of tangible assets		157,556,484	-	-	157,556,484
Tax loss carry forward		77,959,665,131	8,396,011,666	169,977,657	69,733,631,122
Subtotal		88,837,630,253	17,470,264,821	6,231,276,617	77,598,642,049
Tax rate (*1)		22.0%			22.0%
Non-current deferred tax assets		19,544,278,656			17,071,701,251
Deferred tax assets (*2)	₩	33,529,259,732			27,029,032,824

(*1) Tax rate is the enacted tax rate that is expected to be applicable to future taxable income in the periods in which the deferred tax liability and asset are expected to be settled or realized.

(*2) Deductible temporary differences are recorded to the extent that the resulting deferred tax assets are certain to be realized as of March 31, 2022.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

23. Income Taxes, Continued

(In Korean won)

(In Korean won)		2021			
Account		April 1	Decrease	Increase	March 31
Temporary differences (current):					
Accrued expenses	₩	12,207,451,702	12,207,451,702	16,246,414,621	16,246,414,621
Provision for warranties		12,483,589,775	12,483,589,775	9,066,285,405	9,066,285,405
Allowance for doubtful accounts		22,395,806,265	22,395,806,265	18,488,113,174	18,488,113,174
Valuation of inventories		28,712,156,453	28,712,156,453	16,414,058,599	16,414,058,599
Loss on currency forward valuation		152,166,551	152,166,551	312,236,515	312,236,515
Government subsidy		2,674,955,715	2,555,156,324	-	119,799,391
Gain on currency forward valuation		(66,722,546)	(66,722,546)	-	-
Accrued interest income		(145,017,631)	(145,017,631)	(180,500,308)	(180,500,308)
Provision for restructuring		25,000,000,000	25,000,000,000	-	-
Subtotal		103,414,386,284	103,294,586,893	60,346,608,006	60,466,407,397
Tax rate (*1)		22.0%			22.0%
DTA – Temporary differences		22,751,164,982			13,302,609,627
DTA – Tax credit carry forward		317,121,160			682,371,449
Current deferred tax assets	₩	23,068,286,142			13,984,981,076
Temporary differences (non-current):					
Accrued severance indemnities	₩	3,166,579,423	-	287,832,015	3,454,411,438
Accrued warranties		6,099,081,373	6,099,081,373	5,235,990,171	5,235,990,171
Depreciation		1,878,360,981	284,404,201	436,050,248	2,030,007,028
Loss on impairment of tangible assets		222,178,153	64,621,669	-	157,556,484
Equity method investment securities		(2,144,195,305)	(2,144,195,305)	-	-
Tax loss carry forward		77,959,665,132	-	-	77,959,665,132
Subtotal		87,181,669,757	4,303,911,938	5,959,872,434	88,837,630,253
Tax rate (*1)		22.0%			22.0%
Non-current deferred tax assets		19,179,967,347			19,544,278,656
Deferred tax assets (*2)	₩	42,248,253,489			33,529,259,732

(*1) Tax rate is the enacted tax rate that is expected to be applicable to future taxable income in the periods in which the deferred tax liability and asset are expected to be settled or realized.

(*2) Deductible temporary differences are recorded to the extent that the resulting deferred tax assets are certain to be realized as of March 31, 2021.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

23. Income Taxes, Continued

(4) Current income tax asset and current income tax liability as of March 31, 2022 and 2021 are as follows:

(In Korean won)

		<u>March 31, 2022</u>	<u>March 31, 2021</u>
Current income tax asset	₩	299,861,030	86,902,730
Current income tax liability		<u>(679,941,001)</u>	<u>-</u>
Current income tax asset(liability), net	₩	<u>(380,079,971)</u>	<u>86,902,730</u>

(5) Temporary differences which is not recognized as deferred tax assets as of March 31, 2022 and its extension date is as follows:

(In Korean won)

		<u>Amount</u>	<u>Extension date</u>
Tax loss carry forwards	₩	54,586,034,034	March 31, 2036

24. Earnings(loss) per Share

The Company's earnings(loss) per share for the years ended March 31, 2022 and 2021 is as follows:

(In Korean won except for share data)

		<u>2022</u>	<u>2021</u>
Net Income(loss)	₩	23,707,861,041	(20,437,920,804)
Weighted-average number of common shares outstanding (*)		<u>3,016,060</u>	<u>3,016,060</u>
Earnings(loss) per share	₩	<u>7,861</u>	<u>(6,776)</u>

(*) Weighted-average number of shares outstanding for the years ended March 31, 2022 and 2021, was the same as the issued number of shares, as there was no change in outstanding shares of common stock for the years ended March 31, 2022 and 2021.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

25. Non-cash Investing and Financing Activities

Significant non-cash investing and financing activities for the years ended March 31, 2022 and 2021 are as follows :

(In Korean won)		2022	2021
Transfer from construction in progress to computeres	₩	119,800,000	-
Transfer from construction in progress to machinery		207,000,000	-
Transfer from construction in progress to molds		233,539,527	553,460,000
Reclassification of current portion of long-term borrowings		-	2,500,000,000
Increase of other payables due to acquisition of Property, Plant and Equipment		1,312,178,000	1,181,905,000
Increase of other payables due to acquisition of Intangible Assets		2,581,896,637	-

26. Financial Instruments

(1) Financial instruments that are measured subsequent to initial recognition at fair value as of March 31, 2022 and 2021 are as follows:

(In Korean won)		2022	2021
Financial instrument assets			
Foreign currency forward contracts (*)	₩	177,356,487	-
Financial instrument liabilities			
Foreign currency forward contracts (*)	₩	(30,463,937)	(312,236,515)

(*) Foreign currency forward contracts are stated at the market value as fair value.

(2) The maturity analysis of financial liabilities as of March 31, 2022 and 2021 is as follows:

(In Korean won)		2022			
Account		3 months or less	3-12 months	1 - 3 years	Total
Short-term borrowings	₩	40,000,000,000	35,000,000,000	-	75,000,000,000
Accounts payable - trade		166,597,242,755	-	-	166,597,242,755
Accounts payable - other		27,214,561,698	-	-	27,214,561,698
Accrued expenses		13,818,811,123	11,938,045,245	-	25,756,856,368
Foreign currency forward contracts		30,463,937	-	-	30,463,937
Total	₩	247,661,079,513	46,938,045,245	-	294,599,124,758

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
Notes to the Financial Statements

26. Financial Instruments, Continued

(In Korean won)		2021			
Account		3 months or less	3-12 months	1 – 3 years	Total
Short-term borrowings	₩	44,500,000,000	55,000,000,000	-	99,500,000,000
Accounts payable - trade		86,550,285,608	-	-	86,550,285,608
Accounts payable - other		22,238,498,797	-	-	22,238,498,797
Accrued expenses		21,457,497,153	15,893,344,917	-	37,350,842,070
Long-term borrowings		-	2,500,000,000	-	2,500,000,000
Foreign currency forward contracts		312,236,515	-	-	312,236,515
Total	₩	175,058,518,073	73,393,344,917	-	248,451,862,990

(3) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

27. Value Added Information

Details of value-added information included in cost of goods manufactured and selling and administrative expenses for the years ended March 31, 2022 and 2021 are as follows:

(In Korean won)		2022	2021
Wages and salaries	₩	92,098,110,808	76,244,505,431
Provision for severance indemnities		9,977,088,917	6,885,786,453
Employee welfare		19,142,703,040	17,372,873,565
Rent		2,570,962,626	2,834,213,060
Depreciation		17,582,704,642	18,601,889,133
Amortization		902,279,627	456,024,284
Taxes and dues		1,268,636,676	1,074,477,694

28. Date of Authorization for Issue

The financial statements were authorized for issue on May 03, 2022, at the board of directors and will be approved at the annual shareholder's meeting to be held on May 00, 2022.