

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.

Financial Statements

March 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

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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, 2023 and 2022, the statements of income, 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, 2023 and 2022, 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.

KPMG Samjong Accounting Corp.

Seoul, Korea

May 11, 2023

This report is effective as of May 11, 2023 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, 2023 and 2022

(In Korean won, except share data)

	Note	2023	2022
Assets			
Cash and cash equivalents	4,15	₩ 78,652,781,460	89,685,606,105
Short-term financial instruments	4,15	375,784,365	348,979,682
Accounts receivable – trade, less allowance for doubtful accounts of ₩ 578,693,962 as of March 31, 2023 and ₩651,275,413 as of March 31, 2022	15,16	36,366,661,621	40,327,345,186
Accounts receivable – other	15	9,327,266,469	9,730,009,810
Advance payment	16	511,829,028	478,045,329
Foreign currency forward contracts	17,18,27	45,154,988	177,356,487
Current deferred tax assets	24	9,118,965,848	9,957,331,573
Inventories, net	5,9	287,892,156,069	277,276,806,892
Other current assets	6	3,957,719,522	5,629,170,852
Total current assets		426,248,319,370	433,610,651,916
Long-term financial instruments		2,263,840,000	2,038,340,000
Equity method investment securities	7	5,636,712,361	4,381,186,138
Retirement pension fund	14	575,746,988	442,163,877
Property, plant and equipment, net	8,9	175,648,515,825	171,953,344,981
Intangible assets, net	10	13,401,718,641	11,318,161,161
Non-current deferred tax assets	24	12,678,577,672	17,071,701,251
Other non-current assets	11	4,351,762,900	4,367,430,900
Total non-current assets		214,556,874,387	211,572,328,308
Total assets		₩ 640,805,193,757	645,182,980,224

(Continued)

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
Statements of Financial Position, Continued
As of March 31, 2023 and 2022

(In Korean won, except share data)

	Note	2023	2022
Liabilities			
Short-term borrowings	5, 12, 17, 27	₩ 45,000,000,000	75,000,000,000
Accounts payable – trade	15, 16, 27	111,932,519,454	176,480,080,235
Accounts payable – other	15, 16, 27	24,277,473,074	27,214,561,698
Advance receipts	16	49,779,148,882	10,438,252,623
Accrued expenses	15, 16, 27	14,440,518,844	15,874,018,888
Withholdings		2,895,817,098	2,135,427,081
Current income tax liability	24	961,346,977	380,079,971
Current portion of provision for warranties	13	16,404,463,353	11,999,943,149
Foreign currency forward contracts	17, 18, 27	-	30,463,937
Total current liabilities		265,691,287,682	319,552,827,582
Long-term borrowings	8, 12, 15, 17, 27	36,076,000,000	-
Long-term guarantee deposits received		56,000,000	56,000,000
Accrued severance indemnities, net of transfers to the National Pension Fund of ₩69,498,700 as of March 31, 2023 and ₩ 72,403,300 as of March 31, 2022 and retirement pension fund of ₩61,125,565,388 as of March 31, 2023 and ₩53,697,995,507 as of March 31, 2022	14	-	-
Provision for warranties	13	5,771,796,728	5,770,495,353
Total non-current liabilities		41,903,796,728	5,826,495,353
Total liabilities		307,595,084,410	325,379,322,935
Shareholder's equity			
Common stock of ₩5,000 par value			
Authorized – 70,000,000 shares			
Issued and outstanding – 3,016,060 shares	1, 19	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, 21		
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		127,717,970,479	114,311,518,421
Total shareholder's equity		333,210,109,347	319,803,657,289
Total liabilities and shareholder's equity		₩ 640,805,193,757	645,182,980,224

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
Statements of Income
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(In Korean won)

	Note	2023	2022
Sales	16		
Finished goods		₩ 838,990,378,593	789,159,525,506
Others		98,899,419,924	91,581,533,532
		<u>937,889,798,517</u>	<u>880,741,059,038</u>
Cost of Sales	16,28		
Finished goods		(688,867,878,214)	(643,021,792,146)
Others		(69,650,155,981)	(61,827,450,304)
		<u>(758,518,034,195)</u>	<u>(704,849,242,450)</u>
Gross profit		179,371,764,322	175,891,816,588
Selling and Administrative expenses	23,28	(150,003,741,405)	(146,708,674,537)
Operating Income		<u>29,368,022,917</u>	<u>29,183,142,051</u>
Other income (expense)			
Interest income		3,301,010,040	775,887,615
Interest expense		(3,662,542,260)	(2,347,966,420)
Rental income		29,088,000	29,088,000
Gain on foreign currency transactions, net		283,173,746	464,526,663
Gain(loss) on foreign currency translation, net		(864,970,371)	733,494,613
Gain on disposal of property, plant and equipment, net		13,369,554	4,012,127
Reversal of other doubtful accounts		-	129,308,534
Equity income of associate	7	1,255,526,223	1,429,540,269
Loss on derivative instruments transactions, net	18	(2,195,023,055)	(832,835,425)
Gain on derivative instruments valuation, net	18	45,154,988	146,892,550
Loss on disposal of trade accounts receivable		(789,078,294)	(125,392,100)
Others	16	945,612,400	1,494,160,613
Other income (expense), net		<u>(1,638,679,029)</u>	<u>1,900,717,039</u>
Income before income tax		27,729,343,888	31,083,859,090
Income tax expense	24	(6,782,741,830)	(7,375,998,049)
Net Income		<u>₩ 20,946,602,058</u>	<u>23,707,861,041</u>
Earnings Per Share	25	₩ 6,945	7,861

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
 Statements of Changes in Equity
 FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(In Korean won)

		Common stock	Capital surplus	Retained earnings	Total shareholder's equity
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	₩	<u>15,080,300,000</u>	<u>143,403,772,201</u>	<u>161,319,585,088</u>	<u>319,803,657,289</u>
Balance at April 1, 2022	₩	15,080,300,000	143,403,772,201	161,319,585,088	319,803,657,289
Interim dividends		-	-	(7,540,150,000)	(7,540,150,000)
Net income		-	-	20,946,602,058	20,946,602,058
Balance at March 31, 2023	₩	<u>15,080,300,000</u>	<u>143,403,772,201</u>	<u>174,726,037,146</u>	<u>333,210,109,347</u>

See accompanying notes to the financial statements.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
 Statements of Cash Flows
 FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(In Korean won)

	2023	2022
Cash flows from operating activities		
Net Income	₩ 20,946,602,058	23,707,861,041
Adjustments for:		
Depreciation	17,622,832,907	17,582,704,642
Amortization	1,074,902,854	902,279,627
Provision for severance indemnities	8,524,384,089	9,977,088,917
Provision(reversal) of doubtful accounts	9,523,945	(1,759,739,489)
Reversal of doubtful other accounts	-	(129,308,534)
Gain on inventory valuation	(2,361,009,012)	(156,479,497)
Warranties	16,430,241,222	12,077,579,160
Loss(gain) on foreign currency translation, net	819,912,728	(275,182,866)
Loss on derivative instruments transactions, net	2,195,023,055	832,835,425
Gain on derivative instruments valuation, net	(45,154,988)	(146,892,550)
Equity income of associate	(1,255,526,223)	(1,429,540,269)
Gain on disposal of property, plant and equipment, net	(13,369,554)	(4,012,127)
Loss on disposal of trade accounts receivable	789,078,294	125,392,100
Changes in assets and liabilities:		
Trade accounts and notes receivable	3,021,085,334	32,799,603,527
Other receivables	402,807,833	(2,238,483,296)
Advance payments	(33,783,699)	3,147,687,689
Current deferred tax assets	838,365,725	4,027,649,503
Other current assets	1,671,451,330	(4,142,132,892)
Inventories	(8,254,340,165)	(116,494,168,884)
Non-current deferred tax assets	4,393,123,579	2,472,577,405
Trade accounts payable	(65,011,053,993)	80,032,999,566
Other payables	(339,533,696)	1,143,838,522
Advance receipts	39,340,896,259	5,741,917,864
Withholdings	760,390,017	218,670,470
Accrued expenses	(1,436,039,534)	(11,603,427,584)
Current income tax liability	581,267,006	380,079,971
Payments of warranty claims	(12,024,419,643)	(8,609,416,234)
Payments of severance indemnities	(1,233,301,919)	(1,220,788,607)
Funded deposit of retirement pension plan	(7,427,569,881)	(12,659,061,910)
Transfers from the National Pension Fund	2,904,600	-
Cash generated from operating activities	₩ 19,989,690,528	34,302,130,690

(Continued)

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD
 Statements of Cash Flows, Continued
 FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(In Korean won)

	2023	2022
Cash flows from investing activities		
Increase in short-term financial instruments	₩ -	(320,013,331)
Increase in long-term loan to employees	(225,500,000)	(230,360,000)
Acquisition of property, plant and equipment	(21,338,122,751)	(22,717,033,823)
Acquisition of intangible assets	(5,733,855,471)	(2,923,556,311)
Acquisition of other non-current assets	-	(408,391,200)
Disposal of tangible asset	13,575,554	4,675,127
Settlements of currency forward contracts	(2,048,130,505)	(1,145,071,940)
Increase in guarantee deposits	(418,000,000)	(515,668,000)
Decrease in guarantee deposits	433,668,000	28,000,000
Net cash used in investing activities	(29,316,365,173)	(28,227,419,478)
Cash flows from financing activities		
Proceeds from short-term borrowings	45,000,000,000	125,000,000,000
Proceeds from long-term borrowings	35,834,000,000	-
Repayment of short-term borrowings	(75,000,000,000)	(149,500,000,000)
Repayment of long-term borrowings	-	(2,500,000,000)
Payment of interim dividend	(7,540,150,000)	-
Net cash used in financing activities	(1,706,150,000)	(27,000,000,000)
Net decrease in cash and cash equivalents	(11,032,824,645)	(20,925,288,788)
Cash and cash equivalents at the beginning of year	89,685,606,105	110,610,894,893
Cash and cash equivalents at the end of year	₩ 78,652,781,460	89,685,606,105

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, 2023, 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 24 – 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.

3. Significant Accounting Policies, Continued

(4) Equity method investment securities, 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

(4) Equity method investment securities, 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 ₩1,303.8 and ₩1,210.8 to USD 1 at March 31, 2023 and March 31, 2022, 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, 2023 and 2022 are summarized as follows:

<i>(In Korean won)</i>	2023	2022	Description
Cash and Cash equivalents			
Bank Deposit	₩ 623,630,545	-	Long-term borrowing interest
Short-term deposits			
Bank Deposit	-	348,979,682	Performance bond guarantee
	<u>₩ 623,630,545</u>	<u>348,979,682</u>	

5. Inventories

Inventories as of March 31, 2023 and 2022 are summarized as follows:

<i>(In Korean won)</i>	2023	2022
Finished goods	₩ 93,345,786,469	71,813,449,685
Work in process	19,316,817,169	19,549,103,094
Raw materials	142,141,756,713	121,773,968,361
Materials in transit	16,616,910,658	49,577,861,066
Parts for service	30,367,455,150	30,820,003,788
Less: allowance for valuation loss	(13,896,570,090)	(16,257,579,102)
	<u>₩ 287,892,156,069</u>	<u>277,276,806,892</u>

As of March 31, 2023, 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, 2023 and 2022 are summarized as follows:

<i>(In Korean won)</i>	2023	2022
Prepaid expenses	₩ 216,812,877	184,375,588
Prepaid taxes	3,740,906,645	5,417,734,992
Accrued income	-	27,060,272
	<u>₩ 3,957,719,522</u>	<u>5,629,170,852</u>

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, 2023 and 2022 are summarized as follows:

① As of March 31, 2023

(In Korean won)

<u>Investee</u>	<u>Ownership(%)</u>	<u>Acquisition cost</u>	<u>Net asset value</u>	<u>Book value</u>
Tata Daewoo Commercial Vehicle Sales & Distribution Co., Ltd. ("TDSC")	100%	1,000,000,000	5,636,712,361	5,636,712,361

② As of March 31, 2022

(In Korean won)

<u>Investee</u>	<u>Ownership(%)</u>	<u>Acquisition cost</u>	<u>Net asset value</u>	<u>Book value</u>
TDSC	100%	1,000,000,000	4,381,186,138	4,381,186,138

(2) Changes in the balance of investment in security accounted by using the equity method for the years ended March 31, 2023 and 2022 are as follows:

① For the year ended March 31, 2023

(In Korean won)

<u>Investee</u>		<u>Balance at April 1, 2022</u>	<u>Equity income</u>	<u>Balance at March 31, 2023</u>
TDSC	₩	4,381,186,138	1,255,526,223	5,636,712,361

② For the year ended March 31, 2022

(In Korean won)

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

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, 2023 and 2022 is summarized as follows:

① As of and for the year ended March 31, 2023

(In Korean won)

<u>Investee</u>		<u>Total assets</u>	<u>Total liabilities</u>	<u>Revenue</u>	<u>Net income</u>
TDSC	₩	11,401,932,582	5,765,220,221	50,294,916,292	1,255,526,223

② As of and for the year ended March 31, 2022

(In Korean won)

<u>Investee</u>		<u>Total assets</u>	<u>Total liabilities</u>	<u>Revenue</u>	<u>Net income</u>
TDSC	₩	9,608,633,690	5,227,447,552	58,255,849,068	1,429,540,269

8. Property, Plant and Equipment

(1) Property, plant and equipment and related accumulated depreciation as of March 31, 2023 and 2022 are summarized as follows:

(In Korean won)

		<u>2023</u>	<u>2022</u>
Land(*)	₩	55,672,351,701	55,672,351,701
Buildings(*)		102,635,385,150	100,965,385,150
Structures		15,684,462,993	15,617,462,993
Machinery and equipment		110,513,417,909	107,664,876,819
Vehicles		1,073,830,529	1,059,709,717
Tools		6,082,003,329	5,646,472,329
Furniture and fixtures		10,781,963,624	10,349,102,970
Computers		11,126,385,150	10,892,046,506
Molds		188,904,684,503	176,998,848,656
Construction in progress		1,843,400,000	9,715,459
		<u>504,317,884,888</u>	<u>484,875,972,300</u>
Less: government subsidy		(141,461,223)	(38,591,223)
Less: accumulated depreciation		<u>(328,527,907,840)</u>	<u>(312,884,036,096)</u>
Property, plant and equipment, net	₩	<u>175,648,515,825</u>	<u>171,953,344,981</u>

(*) As of March 31, 2023, the Company provided land and building in the amount of KRW 46,937 million as a collateral for loan to SBI Bank Seoul and Hong Kong 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, 2023 and 2022 are as follows:

(In Korean won)

		2023					
		April 1	Acquisitions	Disposals	Transfer	Depreciation	March 31
Land	₩	55,672,351,701	-	-	-	-	55,672,351,701
Buildings		61,484,261,554	1,670,000,000	-	-	(2,676,156,506)	60,478,105,048
Structures		5,166,634,630	67,000,000	-	-	(724,762,662)	4,508,871,968
Machinery and equipment		13,905,430,795	3,363,200,000	(45,000)	-	(3,616,509,954)	13,652,075,841
Vehicles		179,311,372	28,688,722	(3,000)	-	(51,158,929)	156,838,165
Tools		791,706,838	296,477,000	(1,000)	-	(367,121,590)	721,061,248
Furniture and fixtures		1,264,090,232	596,340,997	(58,000)	-	(480,002,914)	1,380,370,315
Computers		927,496,089	671,349,644	(28,000)	-	(301,659,350)	1,297,158,383
Molds		32,552,346,311	12,781,753,388	(71,000)	9,715,459	(9,405,461,002)	35,938,283,156
Construction in progress		9,715,459	1,843,400,000	-	(9,715,459)	-	1,843,400,000
	₩	<u>171,953,344,981</u>	<u>21,318,209,751</u>	<u>(206,000)</u>	<u>-</u>	<u>(17,622,832,907)</u>	<u>175,648,515,825</u>

(In Korean won)

		2022					
		April 1	Acquisitions	Disposals	Transfer	Depreciation	March 31
Land	₩	55,672,351,701	-	-	-	-	55,672,351,701
Buildings		62,042,880,011	2,036,021,700	-	-	(2,594,640,157)	61,484,261,554
Structures		6,018,050,502	-	-	-	(851,415,872)	5,166,634,630
Machinery and equipment		13,478,076,105	3,863,977,000	(1,000)	207,000,000	(3,643,621,310)	13,905,430,795
Vehicles		191,065,848	37,092,617	(1,000)	-	(48,846,093)	179,311,372
Tools		869,242,878	192,993,259	-	-	(270,529,299)	791,706,838
Furniture and fixtures		1,393,150,647	376,713,635	(659,000)	-	(505,115,050)	1,264,090,232
Computers		750,612,404	395,498,000	(2,000)	119,800,000	(338,412,315)	927,496,089
Molds		24,531,731,177	17,117,200,153	-	233,539,527	(9,330,124,546)	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>(17,582,704,642)</u>	<u>171,953,344,981</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, 2023 and 2022, as announced by the Ministry of Land, Infrastructure and Transport, is as follows:

(In Korean won)

		Book value	Declared value	
			2023	2022
Plant site	₩	55,487,999,429	75,511,058,590	72,769,129,920
Housing		184,352,272	222,662,104	210,367,262
	₩	<u>55,672,351,701</u>	<u>75,733,720,694</u>	<u>72,979,497,182</u>

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, 2023 are summarized as follows:

(In Korean won)

Related assets		Book value	Insured amount	Insurance Company (Risk)
Inventories	₩	271,275,245,411	763,633,639,921	DB Insurance Co., Ltd and 2 others (Fire and comprehensive liability)
Property, plant and equipment		118,132,764,124		
	₩	<u>389,408,009,535</u>	<u>763,633,639,921</u>	

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, 2023 and 2022 are as follows:

(In Korean won)

		2023			2022		
		Acquisition cost	Accumulated amortization	Book value	Acquisition cost	Accumulated amortization	Book value
Development costs	₩	14,587,700,761	(1,917,320,468)	12,670,380,293	11,958,921,589	(930,317,034)	11,028,604,555
Software		846,758,312	(115,419,964)	731,338,348	782,539,085	(492,982,479)	289,556,606
	₩	<u>15,434,459,073</u>	<u>(2,032,740,432)</u>	<u>13,401,718,641</u>	<u>12,741,460,674</u>	<u>(1,423,299,513)</u>	<u>11,318,161,161</u>

(2) Changes in intangible assets for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

		April 1, 2022	Acquisition	Amortization	March 31, 2023
Development costs	₩	11,028,604,555	2,628,779,172	(987,003,434)	12,670,380,293
Software		289,556,606	529,681,162	(87,899,420)	731,338,348
	₩	<u>11,318,161,161</u>	<u>3,158,460,334</u>	<u>(1,074,902,854)</u>	<u>13,401,718,641</u>

(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		317,802,787	141,366,000	(169,612,181)	289,556,606
	₩	<u>6,714,987,840</u>	<u>5,505,452,948</u>	<u>(902,279,627)</u>	<u>11,318,161,161</u>

11. Other Non-Current Assets

Other non-current assets as of March 31, 2023 and 2022 are summarized as follows:

(In Korean won)

		2023	2022
Guarantee deposits	₩	3,406,137,500	3,421,805,500
Others		945,625,400	945,625,400
	₩	<u>4,351,762,900</u>	<u>4,367,430,900</u>

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

12. Borrowings

(1) Short-term borrowings as of March 31, 2023 and 2022 are summarized as follows:

(In Korean won)

Description	Lender	Annual interest rate at March 31, 2023	Amount	
			2023	2022
General loan	EXIM Bank and others	4.60%~5.87%	₩ 45,000,000,000	75,000,000,000

(2) Long-term borrowings as of March 31, 2023 and 2022 are summarized as follows:

(In Korean won)

Description	Lender	Annual interest rate at March 31, 2023	Amount	
			2023	2022
General loan	SBI Bank	5.45%~7.31%	₩ 36,076,000,000	-

13. Provisions

Changes in provisions for warranty claims for the years ended March 31, 2023 and 2022 are summarized as follows:

(In Korean won)

		2023	2022
Beginning of the year	₩	17,770,438,502	14,302,275,576
Provision for warranty claims, net		16,430,241,222	12,077,579,160
Payments		(12,024,419,643)	(8,609,416,234)
End of the period	₩	22,176,260,081	17,770,438,502
Thereof current	₩	16,404,463,353	11,999,943,149
Thereof non-current	₩	5,771,796,728	5,770,495,353

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, 2023 and 2022 are as follows:

(In Korean won)

	<u>2023</u>	<u>2022</u>
Provision for retirement and severance benefits at beginning of the period	₩ 53,328,234,930	44,571,934,620
Accrual for retirement and severance benefits	8,524,384,089	9,977,088,917
Payments	<u>(1,233,301,919)</u>	<u>(1,220,788,607)</u>
Provision for retirement and severance benefits at end of the period	60,619,317,100	53,328,234,930
Transfer to National Pension Fund	(69,498,700)	(72,403,300)
Retirement pension fund	<u>(61,125,565,388)</u>	<u>(53,697,995,507)</u>
Net balance at end of the period	<u>₩ (575,746,988)</u>	<u>(442,163,877)</u>

(2) Changes in retirement pension fund for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

	<u>2023</u>	<u>2022</u>
Beginning balance	₩ 53,697,995,507	41,038,933,597
Deposits	7,500,000,000	13,500,000,000
Payments	(1,098,757,051)	(978,535,515)
Interest accrued	<u>1,026,326,932</u>	<u>137,597,425</u>
Ending balance	<u>₩ 61,125,565,388</u>	<u>53,697,995,507</u>

(3) Retirement pension fund as of March 31, 2023 and 2022 are comprised of as follows:

(In Korean won)

	<u>2023</u>	<u>2022</u>
Time deposit	₩ 61,125,565,388	53,697,995,507

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, 2023 are as follows:

(In Korean won)

		2023		Translation into Korean won
		Foreign currency	Exchange rate	
Cash and cash equivalents	USD	23,972,960	₩ 1,303.80	₩ 31,255,945,861
	EUR	895,061	1,421.53	1,272,356,362
Short-term financial instruments	USD	288,222	1,303.80	375,784,365
Accounts receivable – trade	USD	10,270,434	1,303.80	13,390,591,619
	EUR	616,359	1,421.53	876,172,625
	ZAR	6,628,684	73.14	484,821,948
Accounts receivable – others	USD	392,977	1,303.80	512,362,851
	EUR	14,606	1,421.53	20,763,123
Total foreign currency denominated assets				₩ <u>48,188,798,754</u>
Accounts payable – trade	USD	1,357,486	₩ 1,303.80	₩ 1,769,889,659
	EUR	7,367,930	1,421.53	10,473,732,894
	GBP	14,170	1,614.95	22,883,842
	CNY	941,779	189.13	178,118,713
Accounts payable – others	USD	733,361	1,303.80	956,156,477
	ZAR	49,703	73.14	3,635,274
Accrued expenses	USD	812,002	1,303.80	1,058,687,791
	EUR	4,423,903	1,421.53	6,288,711,430
Long term borrowings	USD	20,000,000	1,303.80	26,076,000,000
Total foreign currency denominated liabilities				₩ <u>46,827,816,080</u>

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, 2022 are as follows:

		2022				
		Foreign currency	Exchange rate	Translation into Korean won		
<i>(In Korean won)</i>						
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					₩	<u>38,200,568,041</u>
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		1,210.80		2,132,821,366
	EUR	5,662,541		1,351.13		7,650,828,914
Total foreign currency denominated liabilities					₩	<u>66,290,249,945</u>

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, 2023 are as follows:

Relationship	Related parties
Ultimate controlling party	Tata Motors Limited
Immediate Parent	Tata Motors Limited Holdings Pte. Ltd. ("TML Holdings")
Controlled subsidiary	Tata Daewoo Commercial Vehicle Sales & Distribution ("TDSC")
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, 2023 and 2022 are as follows:

(In Korean won)

Transaction	Name		2023	2022
Sales to	Tata Motors Limited	₩	1,892,456,101	884,784,731
	TDSC		252,000,000	252,000,000
	Tata Motors Thailand Ltd		4,713,980	11,653,041
	Tata Motors (SA)(PTY) Ltd		-	4,289,408,976
		₩	<u>2,149,170,081</u>	<u>5,437,846,748</u>
Purchase from	Tata Motors Limited	₩	4,862,298,203	7,324,924,635
	Tata Technologies Pte. Ltd.		2,246,575,601	1,542,252,744
	Tata Cummins Pte. Ltd.		-	63,500,400
		₩	<u>7,108,873,804</u>	<u>8,930,677,779</u>
Fee and charge to	TDSC	₩	<u>50,294,916,292</u>	<u>58,255,849,068</u>
Others to	Tata Motors Limited	₩	920,231,953	737,697,277
	Tata Motors Thailand Ltd.		-	31,992,300
	TML Holdings Pte Limited		7,540,150,000	-
	Tata Sons Pte. Ltd.		1,405,872,964	1,976,992,367
		₩	<u>9,866,254,917</u>	<u>2,746,681,944</u>
Other from	Tata Motors Limited	₩	-	17,593,608
	TDSC		-	259,910,000
		₩	<u>-</u>	<u>277,503,608</u>

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, 2023 and 2022 are as follows:

① As of March 31, 2023

(In Korean won)

Name	Receivables		Payables			
	Accounts Receivable - trade	Advance payment	Accounts Payable - trade	Accounts Payable - other	Accrued expenses	Advance receipts
Tata Motors Limited	₩ 109,792,554	26,299,840	401,175,649	174,523,121	-	-
TDSC	23,100,000	-	-	4,994,311,161	-	-
Tata Motors (SA)(PTY) Ltd.	484,821,948	-	-	3,635,274	-	5,430,935
Tata Technologies Pte. Ltd.	-	-	-	307,463,150	-	-
Tata Sons Pte. Ltd.	-	-	-	-	1,393,358,824	-
Tata Motors Thailand Ltd.	-	-	-	-	-	1,365,274
Total	₩ 617,714,502	26,299,840	401,175,649	5,479,932,706	1,393,358,824	6,796,209

② 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	-
TDSC	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 Pte. Ltd.	-	-	-	-	1,976,992,367
Total	₩ 3,532,650,658	26,299,840	2,949,330,376	1,246,661,221	1,976,992,367

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

17. Commitments and Contingencies

(1) The Company's significant pending litigations as of March 31, 2023 are as follows:

(In Korean won)

<u>Court</u>	<u>Plaintiff</u>	<u>Defendant</u>	<u>Descriptions</u>	<u>Amount of claim</u>	<u>Progress</u>
Seoul	Lee, Sungmin	The Company	Termination of contract	623,667,563	Proceeding in second trial
Gwangju	Lee, Hakseon	The Company and others	Claim for damage	25,098,238	Proceeding in first trial
Incheon	Cho, Youngjin	The Company	Claim for damage	67,497,530	Proceeding in first trial
Jeonju	Kwak, Ilsung and others	The Company	Claim for agreement	3,692,000,000	Proceeding in first trial
Incheon	Kim, Jae-il	The Company	Claim for damage	372,399,800	Proceeding in first trial

As of March 31, 2023, Management expects that the finalizable timing, amount of expected outflow of resources and result of foregoing lawsuits and claims cannot be reliably estimated.

(2) Comprehensive bank facilities as of March 31, 2023 are provided by financial institutions for the Company as follows:

<u>Provider</u>	<u>Credit limit</u>		<u>Amount utilized</u>		<u>Period</u>	<u>Description</u>
Shinhan Bank	KRW	13,000,000,000	KRW	3,638,256,280	2022.10.08~2023.10.08	Seller's loan
	USD	3,000,000	EUR	1,531,998	2022.10.08~2023.10.08	Import finance
	KRW	10,000,000,000	KRW	10,000,000,000	2023.02.17~2024.02.17	General loan
	USD	2,115,900	USD	2,115,900	2023.02.28~2023.08.28	Export finance(*)
Kookmin Bank	KRW	15,000,000,000	KRW	15,000,000,000	2023.02.16~2024.02.16	General loan
	USD	4,500,000	EUR	350,499	2022.09.13~2023.09.13	Import finance
	USD	3,500,000	USD	-	2022.09.13~2023.09.13	Export finance(*)
	USD	1,950,000	USD	1,950,000	2022.02.28~2023.06.28	Export finance(*)
EXIM Bank	KRW	20,000,000,000	KRW	20,000,000,000	2023.01.21~2023.07.25	General loan
Jeonbuk Bank	KRW	4,000,000,000	KRW	486,382,082	2022.06.23~2023.06.23	Seller's loan
Woori Bank	KRW	3,000,000,000	KRW	296,331,577	2022.07.12~2023.07.12	Seller's loan
	USD	288,222	USD	261,858	2023.03.31~2024.04.17	Letter of guarantee
KEB HANA Bank	KRW	492,000,000	KRW	166,899,249	2017.02.17~2025.07.10	Employee welfare
ANZ Bank	KRW	20,000,000,000	KRW	-	2022.06.30~2023.06.30	Export-Import finance and working capital
			USD	2,000,000	2022.06.30~2023.06.30	Foreign exchange and derivatives
SBI Bank	USD	20,000,000	USD	20,000,000	2022.06.21~2025.06.21	General loan
	KRW	10,000,000,000	KRW	10,000,000,000	2022.07.12~2025.07.12	General loan
Total	KRW	95,492,000,000	KRW	59,587,869,188		
	USD	35,354,122	USD	26,327,758		
	EUR	-	EUR	1,882,497		

(*) As of March 31, 2023, the utilized line of credit includes accounts receivable that the Company factored at a discount or transferred with recourse.

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

17. Commitments and Contingencies, Continued

(3) Details of guarantees which the Company had provided for employee as of March 31, 2023 are as follows:

<u>Guarantee recipient</u>		<u>Credit limit</u>		<u>Executed amount</u>		<u>Description</u>
KEB HANA Bank	KRW	492,000,000	KRW	166,899,249		Joint guarantee for personnel credit loans

(4) As of March 31, 2023, in connection with the performance guarantee for the domestic and export sales contract, Seoul Guarantee Insurance Company provided the guarantee to the Company upto limit of KRW 4,226 million.

18. Derivatives

(1) The Company maintains foreign currency forward contracts with financial institutions and details of such contracts as of March 31, 2023 and 2022 are as follows:

① As of March 31, 2023.

(In Korean won
except for foreign currency)

		2023					Fair value			
		Contract amount					Fair value			
<u>Bank</u>	<u>Foreign currency</u>	<u>Rate</u>	<u>Amount</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>			
Selling	ANZ Bank	USD	2,000,000	KRW	1,325.0	KRW 2,650,000,000	₩	45,154,988	–	45,154,988

② As of March 31, 2022

(In Korean won
except for foreign currency)

		2022					Fair value			
		Contract amount					Fair value			
<u>Bank</u>	<u>Foreign currency</u>	<u>Rate</u>	<u>Amount</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>			
Buying	ANZ Bank	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	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

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

18. Derivatives, Continued

(2) Gains or losses in connection with foreign currency forward contracts for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

	<u>2023</u>	<u>2022</u>
Gain on derivative instruments transactions	₩ 81,663,937	711,595,330
Loss on derivative instruments transactions	<u>(2,276,686,992)</u>	<u>(1,544,430,755)</u>
Loss on derivative instruments transactions, net	₩ <u>(2,195,023,055)</u>	<u>(832,835,425)</u>
Gain on derivative instruments valuation	₩ 45,154,988	177,356,487
Loss on derivative instruments valuation	<u>-</u>	<u>(30,463,937)</u>
Gain on derivative instruments valuation, net	₩ <u>45,154,988</u>	<u>146,892,550</u>

19. Shareholder's Equity

Common stock and capital surplus as of March 31, 2023 and 2022 are as follows

(In Korean won except for share data)

	<u>2023</u>	<u>2022</u>
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	<u>50,650,609,388</u>	<u>50,650,609,388</u>
	₩ <u>143,403,772,201</u>	<u>143,403,772,201</u>

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

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)

	<u>2023</u>	<u>2022</u>
Retained earnings before appropriations		
Beginning of the year	₩ 114,311,518,421	90,603,657,380
Interim dividends	(7,540,150,000)	-
Net income	<u>20,946,602,058</u>	<u>23,707,861,041</u>
End of the year	127,717,970,479	114,311,518,421
Appropriations	<u>-</u>	<u>-</u>
Unappropriated retained earnings to be carried forward to subsequent year	<u>₩ 127,717,970,479</u>	<u>114,311,518,421</u>

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

21. Dividends

Details of interim dividends for common stocks included in the Company's statements of appropriations of retained earnings for the year ended March 31, 2023 are as follows.

(1) Dividends:

(In Korean won, except number of shares)

	2023
Interim dividends per share (dividend ratio)	2,500(50%)
Number of shares outstanding	3,016,060
Dividend	₩ <u>7,540,150,000</u>

(2) Dividend Payout Ratios:

(In Korean won)

	2023
Dividends	₩ 7,540,150,000
Net income	20,946,602,058
Payout ratio	36%

22. Comprehensive Income

Comprehensive income for the years ended March 31, 2023 and 2022 are same as net income.

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

23. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

		<u>2023</u>	<u>2022</u>
Salaries	₩	31,734,047,574	28,529,902,319
Provision for severance indemnities		2,827,732,959	3,376,034,394
Other employee benefits		7,115,579,132	6,059,801,512
Utilities		530,131,815	479,320,338
Vehicle maintenance		224,507,746	170,834,468
Repairs		980,594,208	844,166,347
Rental		1,345,145,849	1,390,711,165
Insurance		344,625,797	291,145,457
Depreciation		1,730,401,859	1,575,788,464
Amortization		1,074,902,854	902,279,627
Supplies		202,800,343	160,539,348
Publication		240,514,678	231,637,835
Communication		257,632,511	251,985,428
Freight and storage		12,543,491,692	12,916,444,144
Taxes and dues		637,570,178	589,401,239
Travel		430,036,028	154,887,134
Fee and charges		63,178,575,729	70,875,630,603
Entertainment		36,434,249	24,430,764
Advertising		180,157,927	390,739,045
Training		50,193,851	36,573,522
Outsourcing		2,246,437,974	2,131,344,839
Research and development		233,607,231	28,732,106
Sales promotion, net		2,381,154,378	1,488,666,382
Provision for warranty, net		16,430,241,222	12,077,579,160
Packaging		1,933,988,826	1,911,913,972
Overseas marketing		305,477,573	175,331,849
Provision (reversal) of doubtful accounts, net		9,523,945	(1,759,739,489)
Others		798,233,277	1,402,592,565
Total	₩	<u>150,003,741,405</u>	<u>146,708,674,537</u>

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

24. Income Taxes

(1) The components of income tax expense for the years ended March 31, 2023 and 2022 are as follows:

(In Korean won)

		<u>2023</u>	<u>2022</u>
Current tax expense		1,551,252,526	875,771,141
Changes in deferred tax for temporary differences	₩	<u>5,231,489,304</u>	<u>6,500,226,908</u>
Income tax expense in continuing operation	₩	<u>6,782,741,830</u>	<u>7,375,998,049</u>

(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 income for the years ended March 31, 2023 and 2022 for the following reasons:

(In Korean won)

		<u>2023</u>	<u>2022</u>
Gain before income taxes	₩	27,729,343,888	31,083,859,090
Tax rate		22%	22%
Income taxes at normal tax rates		6,100,455,655	6,838,449,000
Tax effects of permanent difference		102,747,277	1,173,483,659
Tax credit		(392,276,552)	(539,213,043)
De-recognition of deferred tax		(262,404,981)	(314,498,859)
Change of deferred tax rate		1,125,743,314	-
Others		<u>108,477,117</u>	<u>217,777,292</u>
Income tax expense	₩	<u>6,782,741,830</u>	<u>7,375,998,049</u>

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

24. Income Taxes, Continued

(3) Changes in temporary differences and deferred tax assets for the years ended March 31, 2023 and 2022 are as follows:

<i>(In Korean won)</i>		2023			
Account		April 1	Decrease	Increase	March 31
Temporary differences (current):					
Accrued expenses	₩	13,774,572,526	13,774,572,526	12,383,035,145	12,383,035,145
Allowance for doubtful accounts		139,408,656	139,408,656	111,527,144	111,527,144
Provision for warranties		11,999,943,149	11,999,943,149	16,404,463,353	16,404,463,353
Valuation of inventories		16,257,579,102	16,257,579,102	13,896,570,090	13,896,570,090
Government subsidy		38,591,223	38,591,223	137,180,668	137,180,668
Accrued interest income		(27,060,272)	(27,060,272)	-	-
	Subtotal	42,183,034,384	42,183,034,384	42,932,776,400	42,932,776,400
Tax rate (*1)		22.0%			20.9%
DTA – Temporary differences		9,280,267,564			8,972,950,268
DTA – Tax credit carry forward		677,064,009			146,015,580
Current deferred tax assets	₩	9,957,331,573			9,118,965,848
Temporary differences (non-current):					
Accrued warranties	₩	5,770,495,353	5,770,495,353	5,771,796,728	5,771,796,728
Depreciation		1,936,959,090	363,441,345	448,668,353	2,022,186,098
Loss on impairment of tangible assets		157,556,484	-	-	157,556,484
Tax loss carry forward		69,733,631,122	17,022,119,370	-	52,711,511,752
	Subtotal	77,598,642,049	23,156,056,068	6,220,465,081	60,663,051,062
Tax rate (*1)		22.0%			20.9%
Non-current deferred tax assets		17,071,701,251			12,678,577,672
Deferred tax assets (*2)	₩	27,029,032,824			21,797,543,520

(*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, 2023.

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

24. Income Taxes, Continued

<i>(In Korean won)</i>		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		<u>(180,500,308)</u>	<u>(180,500,308)</u>	<u>(27,060,272)</u>	<u>(27,060,272)</u>
Subtotal		60,466,407,397	60,466,407,397	42,183,034,384	42,183,034,384
Tax rate (*1)		<u>22.0%</u>			<u>22.0%</u>
DTA – Temporary differences		13,302,609,627			9,280,267,564
DTA – Tax credit carry forward		<u>682,371,449</u>			<u>677,064,009</u>
Current deferred tax assets	₩	<u>13,984,981,076</u>			<u>9,957,331,573</u>
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		<u>77,959,665,131</u>	<u>8,396,011,666</u>	<u>169,977,657</u>	<u>69,733,631,122</u>
Subtotal		88,837,630,253	17,470,264,821	6,231,276,617	77,598,642,049
Tax rate (*1)		<u>22.0%</u>			<u>22.0%</u>
Non-current deferred tax assets		<u>19,544,278,656</u>			<u>17,071,701,251</u>
Deferred tax assets (*2)	₩	<u>33,529,259,732</u>			<u>27,029,032,824</u>

(*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

24. Income Taxes, Continued

(4) Current income tax asset and current income tax liability as of March 31, 2023 and 2022 are as follows:

<i>(In Korean won)</i>		<u>2023</u>	<u>2022</u>
Current income tax asset	₩	556,693,190	299,861,030
Current income tax liability		<u>(1,518,040,167)</u>	<u>(679,941,001)</u>
Current income tax liability, net	₩	<u>(961,346,977)</u>	<u>(380,079,971)</u>

(5) Temporary differences which is not recognized as deferred tax assets as of March 31, 2023 and its extension date is as follows:

<i>(In Korean won)</i>		<u>Amount</u>	<u>Extension date</u>
Tax loss carry forwards	₩	54,586,034,034	March 31, 2036

(6) Temporary differences which is not recognized as deferred tax liabilities as of March 31, 2023 is as follows:

<i>(In Korean won)</i>		<u>Amount</u>
Equity method investment securities	₩	4,636,712,361

25. Earnings per Share

The Company's earnings per share for the years ended March 31, 2023 and 2022 is as follows:

(In Korean won except for share data)

		<u>2023</u>	<u>2022</u>
Net Income	₩	20,946,602,058	23,707,861,041
Weighted-average number of common shares outstanding (*)			