

TATA DAEWOO COMMERCIAL VEHICLE
SALES & DISTRIBUTION CO., LTD.

Financial Statements

March 31, 2019 and 2018

(With Independent Auditors' Report Thereon)

Identified by KPMG
K.JH

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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 SALES & DISTRIBUTION CO., LTD.:

Opinion

We have audited the financial statements of TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD. ("the Company"), which comprise the statements of financial position as of March 31, 2019 and 2018, the statements of profit or loss and other comprehensive 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, 2019 and 2018, and its financial performance 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.

GAAS legend

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 02, 2019

This report is effective as of May 02, 2019, 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 SALES & DISTRIBUTION CO., LTD.
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2019 AND 2018

<u>ASSETS</u>	2019	2018
	(In Korean won)	
CURRENT ASSETS		
Cash and cash equivalents	₩ 3,624,016,384	4,380,234,969
Accounts receivable (Note 9)		
- Trade, net of allowance for doubtful accounts of ₩48,399,910 as of March 31, 2019 and ₩43,219,704 as of March 31, 2018	4,791,591,058	4,278,750,701
Other receivables	95,089,200	156,544,580
Current deferred tax assets (Note 12)	360,262,215	146,468,999
Other current assets (Note 4)	8,248,454	172,157,884
Total Current Assets	8,879,207,311	9,134,157,133
NON-CURRENT ASSETS		
Property and equipment, net (Note 5)	206,627,476	281,019,720
Intangible assets, net (Note 6)	177,991,666	232,758,333
Non-current deferred tax assets (Note 12)	236,856,640	467,511,942
Other non-current assets (Note 7)	245,075,000	243,075,000
Total Non-current Assets	866,550,782	1,224,364,995
Total Assets	₩ 9,745,758,093	10,358,522,128
<u>LIABILITIES AND SHAREHOLDER'S EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable (Notes 9 and 16)	₩ 3,165,718,989	3,649,304,455
Accrued expenses (Note 16)	957,373,891	492,725,975
Withholdings	1,028,568,702	427,807,248
Current portion of long-term liability (Notes 15 and 16)	4,250,000	33,950,000
Advanced receipts	10,483,360	10,483,360
Total Current Liabilities	5,166,394,942	4,614,271,038
NON-CURRENT LIABILITIES		
Accrued severance indemnities (Note 8)	576,851,750	1,722,775,040
Long-term other payable (Note 16)	496,500,000	387,740,000
Long-term guarantee deposits received	20,000,000	-
Total Non-current Liabilities	1,093,351,750	2,110,515,040
Total Liabilities	6,259,746,692	6,724,786,078
SHAREHOLDER'S EQUITY		
Common stock (Notes 1 and 10)	1,000,000,000	1,000,000,000
Retained earnings (Note 11):		
Earned surplus reserve	70,000,000	70,000,000
Unappropriated retained earnings	2,416,011,401	2,563,736,050
Total Shareholder's Equity	3,486,011,401	3,633,736,050
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	₩ 9,745,758,093	10,358,522,128

See accompanying notes to financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	2019	2018
	(In Korean won)	
OPERATING REVENUE (Note 9)		
Service fee	₩ 43,902,241,786	55,070,778,773
Sales incentive	(3,604,243,474)	(6,078,510,196)
Net	40,297,998,312	48,992,268,577
OPERATING EXPENSES		
Salaries	(3,686,195,360)	(4,286,012,946)
Provision for severance indemnities	(279,608,659)	(327,476,897)
Other employee benefits	(788,345,580)	(891,382,759)
Utilities	(16,764,340)	(17,352,606)
Vehicle maintenance	(86,973,663)	(91,661,235)
Rental	(427,130,751)	(428,888,605)
Insurance	(17,142,231)	(37,610,899)
Depreciation	(87,701,827)	(92,461,070)
Amortization	(54,766,667)	(54,766,667)
Supplies	(15,300,843)	(20,284,139)
Publication	(40,312,840)	(40,974,841)
Communication	(89,977,343)	(89,084,395)
Taxes and dues	(14,236,089)	(21,687,821)
Travel	(82,129,836)	(76,571,327)
Training	(22,639,478)	(91,051,425)
Sales commission	(14,862,186,141)	(25,176,254,767)
Fee and charge	(564,071,808)	(1,117,328,241)
Entertainment	(36,871,000)	(59,167,640)
Advertising	(255,291,180)	(71,282,500)
Outsourcing	(2,439,721,670)	(2,531,463,607)
Sales promotion	(16,690,783,761)	(14,389,879,080)
Expenditure for meeting	(21,758,857)	(75,346,635)
Provision(Reversal) for doubtful accounts	(5,180,206)	30,750,193
Others	(25,557,755)	(26,605,002)
Total	(40,610,647,885)	(49,983,844,911)
OPERATING LOSS	(312,649,573)	(991,576,334)
OTHER INCOME		
Interest income	46,571,331	62,029,187
Others, net	135,215,679	159,141,820
Other income, net	181,787,010	221,171,007
LOSS BEFORE INCOME TAX EXPENSES	(130,862,563)	(770,405,327)
INCOME TAX BENEFIT (EXPENSES) (Note 12)	(16,862,086)	66,396,563
NET LOSS	₩ (147,724,649)	(704,008,764)
LOSS PER SHARE (Note 13)	₩ (739)	(3,520)

See accompanying notes to financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

		Common stock	Retained earnings	Total shareholder's equity
			(In Korean won)	
Balance at April 1, 2017	₩	1,000,000,000	3,337,744,814	4,337,744,814
Net loss		-	(704,008,764)	(704,008,764)
Balance at March 31, 2018	₩	<u>1,000,000,000</u>	<u>2,633,736,050</u>	<u>3,633,736,050</u>
Balance at April 1, 2018	₩	1,000,000,000	2,633,736,050	3,633,736,050
Net loss		-	(147,724,649)	(147,724,649)
Balance at March 31, 2019	₩	<u>1,000,000,000</u>	<u>2,486,011,401</u>	<u>3,486,011,401</u>

See accompanying notes to financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	2019	2018
	(In Korean won)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	₩ (147,724,649)	(704,008,764)
Expenses (income) not involving cash outflows (inflows):		
Depreciation	87,701,827	92,461,070
Amortization	54,766,667	54,766,667
Provision for severance indemnities	279,608,659	327,476,897
Provision (reversal of) for doubtful accounts	5,180,206	(30,750,193)
Loss on disposal of property and equipment	9,998,598	560,667
Subtotal	437,255,957	444,515,108
Changes in assets and liabilities related to operating activities:		
Accounts receivable	(518,020,563)	3,075,019,320
Other receivables	61,455,380	(21,487,240)
Accrued income	(387,110)	146,565
Prepaid income tax	164,296,540	(171,408,750)
Current deferred tax assets	(213,793,216)	(6,448,065)
Non-current deferred tax assets	230,655,302	(59,948,498)
Other payables	(483,585,466)	382,290,557
Accrued expenses	464,647,916	(188,395,688)
Current portion of long-term liability	(29,700,000)	(21,400,000)
Withholdings	600,761,454	(162,873,127)
Advanced receipts	-	7,663,360
Income tax payable	-	(202,487,500)
Payment of severance indemnities	(1,425,531,949)	(246,682,087)
Long-term other payable	108,760,000	152,710,000
Long-term guarantee received	20,000,000	-
Subtotal	(1,020,441,712)	2,536,698,847
Net cash provided by (used in) operating activities	(730,910,404)	2,277,205,191
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in short-term financial instrument	-	50,000,000
Acquisition of property and equipment	(23,308,181)	(104,548,000)
Increase in guarantee deposits	(2,000,000)	(8,000,000)
Net cash used in investing activities	(25,308,181)	(62,548,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(756,218,585)	2,214,657,191
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,380,234,969	2,165,577,778
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	₩ 3,624,016,384	4,380,234,969

See accompanying notes to financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements
March 31, 2019 and 2018

1. Reporting Entity

Tata Daewoo Commercial Vehicle Sales & Distribution Co., Ltd. (the "Company"), located in Seoul, Republic of Korea, is engaged in sales agent service of commercial vehicles. The Company was incorporated on April 9, 2010.

As of March 31, 2019, the Company's capital stock totals ₩1,000,000,000 and its common shares are wholly owned by Tata Daewoo Commercial Vehicle Co., Ltd.

2. Basis of Preparation

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

The accompanying financial statements will be approved at the annual shareholder's meeting to be held on May 02, 2019.

(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 for Non-Public Entities").

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.

(3) Use of estimates and judgments

The preparation of the financial statements in conformity with K-GAAP for Non-Public Entities 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 11 – Income Taxes

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 deposit 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.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements
March 31, 2019 and 2018

3. Significant Accounting Policies, Continued

(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) Property and equipment

Property and equipment are stated at cost (acquisition cost or manufacturing cost, plus expenditures directly related to preparing the asset ready for use in time and bringing asset to the required place, net of sales discount given). 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 exchange 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 increases 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; such existing asset is removed from the financial statements. Costs incurred to repair and to 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 and equipment are depreciated using the 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 operating expense.

Depreciation is computed using the straight-line method over the following economic useful lives:

	<u>Useful lives (years)</u>
Tools	6
Furniture and fixtures	6
Computers	6

(4) Intangible assets

Intangible assets are initially recognized at acquisition cost (purchase cost, plus expenditures directly related to preparing the asset ready for use) and subsequently presented at amortized cost. Software are amortized when the capitalized assets can be used or sold (over six years). Amortization is included in the operating expense.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements
March 31, 2019 and 2018

3. Significant Accounting Policies, Continued

(5) Impairment of assets

At the end of each reporting period, the Company reviews the carrying values of assets, except for financial assets 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 a tangible asset (an individual asset or cash-generating unit) has an indication of impairment and 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, in regard to impairment loss indicators, assets not in use and assets held for future use are estimated for recoverable amounts.

(6) 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.

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.

(7) Income taxes

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 statements of financial position, such as a deferred tax asset recognized for tax loss carry forwards, 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 income tax expenses are included in income tax expense in the statements of income, and additional income tax or tax refunds for the prior periods are included in income tax expense for the current period, when recognized.

(8) Revenues

Revenues for the sales agent service of commercial vehicles are recognized when related revenue activities are completed, revenues are measurable and economic benefits are highly expected.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements
March 31, 2019 and 2018

4. Other current assets

Other current assets as of March 31, 2019 and March 31, 2018 are summarized as follows:

<i>(In Korean won)</i>		<u>2019</u>	<u>2018</u>
Accrued income	₩	1,136,244	749,134
Prepaid tax		<u>7,112,210</u>	<u>171,408,750</u>
	₩	<u>8,248,454</u>	<u>172,157,884</u>

5. Property and Equipment

(1) Property and equipment and related accumulated depreciation as of March 31, 2019 and 2018 are summarized as follows:

<i>(In Korean won)</i>		<u>2019</u>	<u>2018</u>
Tools	₩	105,914,000	105,914,000
Furniture and fixtures		827,235,365	840,461,471
Computers		<u>180,359,800</u>	<u>180,359,800</u>
Total cost		<u>1,113,509,165</u>	<u>1,126,735,271</u>
Less: accumulated depreciation		<u>(906,881,689)</u>	<u>(845,715,551)</u>
Property and equipment, net	₩	<u>206,627,476</u>	<u>281,019,720</u>

(2) Changes in property and equipment for the years ended March 31, 2019 and 2018 are as follows:

<i>(In Korean won)</i>		<u>2019</u>				
		<u>April 1</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>March 31</u>
Tools	₩	18,550,237	-	-	(6,333,346)	12,216,891
Furniture and fixtures		242,315,882	23,308,181	(9,998,598)	(75,532,490)	180,092,975
Computers		<u>20,153,601</u>	-	-	(5,835,991)	<u>14,317,610</u>
	₩	<u>281,019,720</u>	<u>23,308,181</u>	<u>(9,998,598)</u>	<u>(87,701,827)</u>	<u>206,627,476</u>
<i>(In Korean won)</i>		<u>2018</u>				
		<u>April 1</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>March 31</u>
Tools	₩	24,883,564	-	-	(6,333,327)	18,550,237
Furniture and fixtures		215,604,286	104,548,000	(560,667)	(77,275,737)	242,315,882
Computers		<u>29,005,607</u>	-	-	(8,852,006)	<u>20,153,601</u>
	₩	<u>269,493,457</u>	<u>104,548,000</u>	<u>(560,667)</u>	<u>(92,461,070)</u>	<u>281,019,720</u>

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements
March 31, 2019 and 2018

6. Intangible Assets

(1) Details of intangible assets as of March 31, 2019 and 2018 are as follows:

(In Korean won)	2019			2018		
	Acquisition cost	Accumulated amortization	Book value	Acquisition cost	Accumulated amortization	Book value
Software	₩ 491,763,895	(313,772,229)	177,991,666	491,763,895	(259,005,562)	232,758,333

(2) Changes in intangible assets for the years ended March 31, 2019 and 2018 are as follows:

(In Korean won)	2019			
	April 1	Acquisition	Amortization	March 31
Software	₩ 232,758,333	-	(54,766,667)	177,991,666

(In Korean won)	2018			
	April 1	Acquisition	Amortization	March 31
Software	₩ 287,525,000	-	(54,766,667)	232,758,333

(3) Major item of intangible assets as of March 31, 2019 is as follows:

(In Korean won)	Description	Book value	Remaining useful lives
	CRM System	₩ 177,991,666	3.25 years

7. Other Non-Current Assets

Other non-current assets as of March 31, 2019 and 2018 are summarized as follows:

(In Korean won)	2019	2018
Guarantee deposits	₩ 245,075,000	243,075,000

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements
March 31, 2019 and 2018

8. **Accrued Severance Indemnities**

Changes in retirement and severance benefits for the years ended March 31, 2019 and 2018 are as follows:

<i>(In Korean won)</i>	<u>2019</u>	<u>2018</u>
Provision for retirement and severance benefits at beginning of the year	₩ 1,722,775,040	1,641,980,230
Accrual for retirement and severance benefits	279,608,659	327,476,897
Payments	<u>(1,425,531,949)</u>	<u>(246,682,087)</u>
Provision for retirement and severance benefits at end of the year	₩ <u>576,851,750</u>	<u>1,722,775,040</u>

9. **Related Party Transactions**

(1) Details of parent and subsidiary relationships as of March 31, 2019 are as follows:

<u>Relationship</u>	<u>Related parties</u>
Ultimate controlling party	Tata Motors Limited
Immediate Parent	Tata Daewoo Commercial Vehicle Co., Ltd. ("TDCV")
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, 2019 and 2018 are as follows:

<i>(In Korean won)</i>		<u>2019</u>	<u>2018</u>
<u>Transaction</u>	<u>Name</u>		
Sales agent service	TDCV	₩ 43,902,241,786	54,622,008,497
Other	TDCV	₩ 213,034,460	226,062,707

(3) Account balances with related parties as of March 31, 2019 and 2018 are as follows:

① As of March 31, 2019

<i>(In Korean won)</i>		<u>Receivables</u>	<u>Payables</u>
<u>Name</u>		<u>Accounts receivable - trade</u>	<u>Accounts payable - other</u>
TDCV	₩	4,839,990,968	18,700,000

② As of March 31, 2018

<i>(In Korean won)</i>		<u>Receivables</u>	<u>Payables</u>
<u>Name</u>		<u>Accounts receivable - trade</u>	<u>Accounts payable - other</u>
TDCV	₩	4,321,970,405	18,700,000

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
Notes to the Financial Statements
March 31, 2019 and 2018

10. Shareholder's Equity

Common stock as of March 31, 2019 and 2018 are as follows:

<i>(In Korean won except for share data)</i>	<u>2019</u>	<u>2018</u>
Number of shares:		
Authorized	800,000 shares	800,000 shares
Issued and outstanding	200,000 shares	200,000 shares
Par value	₩ 5,000	5,000
Common stock	₩ <u>1,000,000,000</u>	<u>1,000,000,000</u>

11. 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) Statements of Appropriations of Retained Earnings

<i>(In Korean won)</i>	<u>2019</u>	<u>2018</u>
RETAINED EARNINGS BEFORE		
APPROPRIATIONS:		
Beginning of the year	₩ 2,563,736,050	3,267,744,814
Net loss	<u>(147,724,649)</u>	<u>(704,008,764)</u>
End of the year	2,416,011,401	2,563,736,050
APPROPRIATIONS;		-
UNAPPROPRIATED RETAINED EARNINGS		
TO BE CARRIED FORWARD TO		
SUBSEQUENT YEAR	₩ <u>2,416,011,401</u>	<u>2,563,736,050</u>

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12. Income Taxes

(1) The components of income tax expense for the years ended March 31, 2019 and 2018 are as follows:

<i>(In Korean won)</i>	<u>2019</u>	<u>2018</u>
Changes in deferred tax for temporary differences	16,862,086	(66,396,563)
Income tax recognized in continuing operation	₩ 16,862,086	(66,396,563)

(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, 2019 and 2018 for the following reasons:

<i>(In Korean won)</i>	<u>2019</u>	<u>2018</u>
Loss before income taxes	₩ (130,862,563)	(770,405,327)
Income taxes at normal tax rates	(28,789,764)	(169,489,172)
Tax effects of permanent differences	45,651,850	103,092,609
Income tax expense (benefit)	₩ 16,862,086	(66,396,563)
Effective tax rate	-	-

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12. Income Taxes, Continued

(3) Changes in temporary differences and deferred tax assets (liabilities) for the years ended March 31, 2019 and 2018 are as follows:

<i>(In Korean won)</i>		2019			
Account		April 1	Decrease	Increase	March 31
Temporary differences (current):					
Accrued expenses	₩	492,725,975	492,725,975	957,373,891	957,373,891
Accrued income		(749,134)	(749,134)	(1,136,244)	(1,136,244)
Loss carry forward		173,791,338	-	507,526,536	681,317,874
Subtotal		<u>665,768,179</u>	<u>491,976,841</u>	<u>1,463,764,183</u>	<u>1,637,555,521</u>
Tax rate		<u>22%</u>			<u>22%</u>
Current deferred tax assets		<u>146,468,999</u>			<u>360,262,215</u>
Temporary differences (non-current):					
Accrued severance indemnities	₩	1,722,775,040	1,425,531,949	279,608,659	576,851,750
Long-term other payable		395,870,000	395,870,000	498,090,000	498,090,000
Depreciation vehicle for business use		6,409,240	6,000,000	1,270,103	1,679,343
Subtotal		<u>2,125,054,280</u>	<u>1,827,401,949</u>	<u>778,968,762</u>	<u>1,076,621,093</u>
Tax rate		<u>22%</u>			<u>22%</u>
Non-current deferred tax assets		<u>467,511,942</u>			<u>236,856,640</u>
Deferred tax assets	₩	<u>613,980,941</u>			<u>597,118,855</u>

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12. Income Taxes, Continued

<i>(In Korean won)</i>		2018			
Account		April 1	Decrease	Increase	March 31
Temporary differences (current):					
Accrued expenses	₩	635,451,727	635,451,727	492,725,975	492,725,975
Depreciation		1,902,762	1,902,762	-	-
Accrued income		(895,699)	(895,699)	(749,134)	(749,134)
Loss carry forward		-	-	173,791,338	173,791,338
Subtotal		<u>636,458,790</u>	<u>636,458,790</u>	<u>665,768,179</u>	<u>665,768,179</u>
Tax rate		<u>22%</u>			<u>22%</u>
Current deferred tax assets		<u>140,020,934</u>			<u>146,468,999</u>
Temporary differences (non-current):					
Accrued severance indemnities	₩	1,641,980,230	246,682,087	327,476,897	1,722,775,040
Long-term other payable		206,920,000	206,920,000	395,870,000	395,870,000
Depreciatoin		3,660,880	-	2,748,360	6,409,240
Subtotal		<u>1,852,561,110</u>	<u>453,602,087</u>	<u>726,095,257</u>	<u>2,125,054,280</u>
Tax rate		<u>22%</u>			<u>22%</u>
Non-current deferred tax assets		<u>407,563,444</u>			<u>467,511,942</u>
Deferred tax assets	₩	<u>547,584,378</u>			<u>613,980,941</u>

(4) Deferred tax assets have been recognized as the Company has determined it is probable that future profits will be available against which the Company can utilize the related benefit.

(5) Current income tax asset as of March 31, 2019 and 2018 are as follows:

<i>(In Korean won)</i>		2019	2018
Current income tax asset	₩	7,112,210	171,408,750

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13. Loss per Share

The Company's loss per share for the year ended March 31, 2019 and 2018 is as follows:

<i>(In Korean won except for share data)</i>	<u>2019</u>	<u>2018</u>
Net loss	₩ (147,724,649)	(704,008,764)
Weighted-average number of common shares outstanding (*)	<u>200,000</u>	<u>200,000</u>
Loss per share	₩ <u>(739)</u>	<u>(3,520)</u>

(*) Weighted-average number of shares outstanding for the years ended March 31, 2019 and 2018, is 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, 2019 and 2018.

14. Employee Welfare

In connection with the employee welfare, the Company maintains various employee welfare programs, including scholarship, medical insurance, workers' compensation, paid absence, subsidies to pension contributions and others.

15. Non-cash Investing and Financing Activities

Significant non-cash investing and financing activities for the years ended March 31, 2019 and 2018 are as follows:

<i>(In Korean won)</i>	<u>2019</u>	<u>2018</u>
Current portion of long-term liability	₩ 4,250,000	33,950,000

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16. Financial Instruments

(1) The maturity analysis of financial liabilities as of March 31, 2019 and 2018 is as follows:

<i>(In Korean won)</i>		2019			
Account		3 months or less	3-12 months	1-5 years	Total
Accounts payable	₩	3,165,718,989	-	-	3,165,718,989
Accrued expenses		774,600,000	182,773,891	-	957,373,891
Current portion of long-term liability		3,900,000	350,000	-	4,250,000
Long-term other payable		-	-	496,500,000	496,500,000
Total	₩	<u>3,944,218,989</u>	<u>183,123,891</u>	<u>496,500,000</u>	<u>4,623,842,880</u>

<i>(In Korean won)</i>		2018			
Account		3 months or less	3-12 months	1-5 years	Total
Accounts payable	₩	3,649,304,455	-	-	3,649,304,455
Accrued expenses		316,000,000	176,725,975	-	492,725,975
Current portion of long-term liability		6,300,000	27,650,000	-	33,950,000
Long-term other payable		-	-	387,740,000	387,740,000
Total	₩	<u>3,971,604,455</u>	<u>204,375,975</u>	<u>387,740,000</u>	<u>4,563,720,430</u>

(2) 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.