



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

**FINANCIAL STATEMENTS AS OF AND FOR THE
YEARS ENDED MARCH 31, 2017 AND 2016
AND INDEPENDENT AUDITORS' REPORT**

Deloitte Anjin LLC

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INDEPENDENT AUDITORS' REPORT

English Translation of Independent Auditors' Report Originally Issued in Korean
on April 26, 2017

To the Board of Directors and the Shareholder of
Tata Daewoo Commercial Vehicle Sales & Distribution Co., Ltd.:

Report on the Financial Statements

We have audited the accompanying financial statements of Tata Daewoo Commercial Vehicle Sales & Distribution Co., Ltd. (the "Company"), which comprise the statements of financial position as of March 31, 2017 and 2016, and the statements of income, statements of changes in shareholder's equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea ("KAS – NPEs") 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.

Auditors' Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with KAS – NPEs.

April 26, 2017

Notice to Readers

This report is effective as of April 26, 2017, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the financial statements and may result in modifications to the auditors' report.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2017 AND 2016

<u>ASSETS</u>	March 31, 2017		March 31, 2016	
CURRENT ASSETS				
Cash and cash equivalents (Notes 2)	₩2,165,577,778	Rs.125,566,696	₩644,339,994	Rs.37,331,126
Short-term financial instrument	50,000,000	2,899,150	3,000,000,000	173,811,000
Accounts receivable (Notes 2 and 7)				
- Trade, net of allowance for doubtful accounts of				
₩73,969,897(Rs.4,288,997) as of March 31, 2017 and				
₩54,258,825(Rs.3,143,594) as of March 31, 2016	7,323,019,828	424,610,659	5,371,623,656	311,215,760
Other receivables	135,057,340	7,831,030	58,090,000	3,365,560
Accrued income	895,699	51,935	19,426,027	1,125,486
Prepaid expense	-	-	148,260,000	8,589,740
Deferred income tax assets (Notes 2 and 11)	140,020,934	8,118,834	47,248,846	2,737,456
Total Current Assets	9,814,571,579	569,078,304	9,288,988,523	538,176,128
NON-CURRENT ASSETS				
Property and equipment, net (Notes 2 and 3)	269,493,457	15,626,039	259,374,880	15,027,402
Intangible assets (Notes 2 and 4)	287,525,000	16,671,562	241,350,826	13,983,143
Other non-current assets (Note 2, 5 and 11)	642,638,444	37,262,105	641,688,632	37,177,514
Total Non-current Assets	1,199,656,901	69,559,706	1,142,414,338	66,188,060
Total Assets	₩11,014,228,480	Rs.638,638,010	₩10,431,402,861	Rs.604,364,188
<u>LIABILITIES AND SHAREHOLDER'S EQUITY</u>				
CURRENT LIABILITIES				
Account payable (Notes 7 and 15)	₩3,267,013,898	189,431,267	₩2,736,447,605	158,541,565
Accrued expenses (Notes 7 and 15)	681,121,663	39,493,477	260,163,687	15,073,104
Withholdings	590,680,375	34,249,420	657,846,723	38,113,666
Advanced receipts	2,820,000	163,512	1,791,100	103,771
Current portion of long-term liability (Note 15)	55,350,000	3,209,359	1,187,150,000	68,779,910
Income tax payable (Notes 2 and 11)	202,487,500	11,740,833	191,000,697	11,066,007
Total Current Liabilities	4,799,473,436	278,287,868	5,034,399,812	291,678,022
NON-CURRENT LIABILITIES				
Accrued severance indemnities (Notes 2 and 6)	1,641,980,230	95,206,940	1,392,298,720	80,665,611
Long-term other payable (Note 15)	235,030,000	13,627,744	258,750,000	14,991,199
Total Non-current Liabilities	1,877,010,230	108,834,684	1,651,048,720	95,656,810
Total Liabilities	6,676,483,666	387,122,552	6,685,448,532	387,334,832
SHAREHOLDER'S EQUITY				
Common stock (Notes 1 and 9)	1,000,000,000	57,983,000	1,000,000,000	57,937,000
Retained earnings (Note 10):				
Earned surplus reserve	70,000,000	4,058,810	70,000,000	4,055,590
Unappropriated retained earnings	3,267,744,814	189,473,648	2,675,954,329	155,036,766
Total Shareholder's Equity	4,337,744,814	251,515,458	3,745,954,329	217,029,356
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	₩11,014,228,480	Rs.638,638,010	₩10,431,402,861	Rs.604,364,188

See accompanying notes to financial statements.

Deloitte Anjin LLC
Hwang, Jae Ho
Partner

Kim, Kwan Kju
Chairman
Chung, Nak Cho
Representative Director
Dileep G Naik
Director
Abhay P Bawale
Director

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
STATEMENTS OF INCOME
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017		2016	
OPERATING REVENUE (Notes 2 and 7)				
Service fee	₩71,542,418,606	Rs. 4,148,244,058	₩54,609,329,998	Rs. 3,163,900,752
Sales incentive	(8,738,162,751)	(506,664,891)	(5,667,026,517)	(328,330,515)
Net	<u>62,804,255,855</u>	<u>3,641,579,167</u>	<u>48,942,303,481</u>	<u>2,835,570,237</u>
OPERATING EXPENSES (Notes 14)				
Salaries	(3,957,185,342)	(229,449,478)	(4,048,913,769)	(234,581,917)
Provision for severance indemnities	(320,147,685)	(18,563,123)	(316,945,701)	(18,362,883)
Other employee benefits	(910,429,154)	(52,789,414)	(848,590,348)	(49,164,779)
Utilities	(16,741,288)	(970,710)	(16,552,358)	(958,994)
Vehicle maintenance	(110,542,540)	(6,409,588)	(118,915,847)	(6,889,627)
Repairs	(5,013,362)	(290,690)	(285,000)	(16,512)
Rental	(414,843,552)	(24,053,874)	(429,228,334)	(24,868,202)
Insurance premium	(32,535,155)	(1,886,486)	(30,355,998)	(1,758,735)
Depreciation	(118,818,097)	(6,889,430)	(159,130,051)	(9,219,518)
Amortization	(52,405,826)	(3,038,647)	(27,193,983)	(1,575,538)
Supplies	(22,486,059)	(1,303,809)	(27,410,564)	(1,588,086)
Publication	(52,181,448)	(3,025,637)	(33,813,806)	(1,959,070)
Communication	(92,395,935)	(5,357,393)	(95,534,257)	(5,534,968)
Taxes and dues	(16,673,596)	(966,785)	(6,237,672)	(361,392)
Travel	(71,996,005)	(4,174,544)	(77,897,010)	(4,513,119)
Training	(70,758,842)	(4,102,810)	(42,343,401)	(2,453,250)
Sales commission	(32,095,186,951)	(1,860,975,225)	(25,034,256,045)	(1,450,409,692)
Fee and charge	(1,771,603,540)	(102,722,888)	(1,376,099,728)	(79,727,090)
Entertainment	(80,252,913)	(4,653,305)	(88,660,150)	(5,136,703)
Advertising	(47,694,400)	(2,765,464)	(60,080,840)	(3,480,904)
Outsourcing	(2,558,826,119)	(148,368,415)	(2,438,256,313)	(141,265,256)
Sales promotion	(19,243,819,602)	(1,115,814,392)	(12,700,926,785)	(735,853,595)
Expenditure for meeting	(26,040,948)	(1,509,932)	(94,275,597)	(5,462,045)
Provision for doubtful accounts	(19,711,072)	(1,142,907)	(12,934,334)	(749,377)
Freight and storage	(24,486,544)	(1,419,803)	(28,049,053)	(1,625,078)
Total	<u>(62,132,775,975)</u>	<u>(3,602,644,749)</u>	<u>(48,112,886,944)</u>	<u>(2,787,516,331)</u>
OPERATING INCOME	<u>671,479,880</u>	<u>38,934,418</u>	<u>829,416,537</u>	<u>48,053,906</u>
OTHER INCOME (EXPENSES):				
Interest income	69,935,447	4,055,067	95,322,193	5,522,682
Others, net	126,313,448	7,324,033	38,680,471	2,241,030
Other income, net	<u>196,248,895</u>	<u>11,379,100</u>	<u>134,002,664</u>	<u>7,763,712</u>
INCOME BEFORE INCOME TAX EXPENSES	867,728,775	50,313,518	963,419,201	55,817,618
INCOME TAX EXPENSES (Notes 2 and 11)	<u>(275,938,290)</u>	<u>(15,999,730)</u>	<u>(258,063,370)</u>	<u>(14,951,417)</u>
NET INCOME	<u>₩591,790,485</u>	<u>Rs. 34,313,788</u>	<u>₩705,355,831</u>	<u>Rs. 40,866,201</u>
NET INCOME PER SHARE (Note 12)	<u>₩2,959</u>	<u>Rs. 172</u>	<u>₩3,527</u>	<u>Rs. 204</u>

See accompanying notes to financial statements.

Deloitte Anjin LLC
Hwang, Jae Ho
Partner

Kim, Kwan Kju
Chairman
Chung, Nak Cho
Representative Director
Dileep G Naik
Director
Abhay P Bawale
Director

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017		2016	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	₩591,790,485	Rs. 34,313,788	₩705,355,831	Rs. 40,866,201
Expenses (income) not involving cash outflows (inflows):				
Depreciation	118,818,097	6,889,430	159,130,051	9,219,518
Amortization	52,405,826	3,038,647	27,193,983	1,575,538
Provision for severance indemnities	320,147,685	18,563,123	316,945,701	18,362,883
Allowance for doubtful accounts	19,711,072	1,142,907	12,934,334	749,377
Loss on disposition of property and equipment	1,154,235	66,926	1,556,307	90,168
Subtotal	₩512,236,915	29,701,033	₩517,760,376	29,997,483
Changes in assets and liabilities related to operating activities:				
Accounts receivable	(1,971,107,244)	(114,290,711)	(1,293,433,375)	(74,937,649)
Other receivables	(76,967,340)	(4,462,797)	(19,358,000)	(1,121,544)
Accrued income	18,530,328	1,074,444	(19,426,027)	(1,125,486)
Prepaid expense	148,260,000	8,596,560	(148,260,000)	(8,589,740)
Current deferred income tax assets	(92,772,088)	(5,379,204)	7,729,370	447,817
Non-current deferred income tax assets	(949,812)	(55,073)	(90,710,114)	(5,255,472)
Other payables	530,566,293	30,763,825	(1,400,755,308)	(81,155,560)
Advance receipts	1,028,900	59,659	1,003,100	58,117
Withholdings	(67,166,348)	(3,894,506)	381,220,567	22,086,776
Accrued expenses	420,957,976	24,408,406	48,737,983	2,823,733
Income tax payable	11,486,803	666,039	24,841,671	1,439,252
Current portion of long-term liability	(1,676,500,000)	(97,208,500)	-	-
Long-term other payable	520,980,000	30,207,983	566,700,000	32,832,898
Payment of severance indemnities	(70,466,175)	(4,085,840)	(123,841,523)	(7,175,006)
Transfer of provision for severance indemnities	-	-	(40,722,218)	(2,359,323)
Subtotal	(2,304,118,707)	(133,599,715)	(2,106,273,874)	(122,031,189)
Net cash used in operating activities	(1,200,091,307)	(69,584,894)	(883,157,667)	(51,167,506)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of short-term financial instrument	(50,000,000)	(2,899,150)	(930,000,000)	(53,881,410)
Acquisition of property and equipment	(130,090,909)	(7,543,061)	(17,972,300)	(1,041,261)
Acquisition of intangible assets	(98,580,000)	(5,715,964)	(230,020,000)	(13,326,669)
Increase in guarantee deposits	-	-	(5,000,000)	(289,685)
Disposal of short-term financial instrument	3,000,000,000	173,949,000	-	-
Net cash provided by (used in) investing activities	2,721,329,091	157,790,825	(1,182,992,300)	(68,539,025)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,521,237,784	88,205,930	(2,066,149,967)	(119,706,531)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	644,339,994	37,360,766	2,710,489,961	157,037,657
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	₩2,165,577,778	Rs. 125,566,696	₩644,339,994	Rs. 37,331,126

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, 2017 AND 2016

	Common stock	Retained earnings	Total shareholder's equity
Balance at April 1, 2015	₩1,000,000,000 Rs.57,937,000	₩2,040,598,498 Rs.118,226,155	₩3,040,598,498 Rs.176,163,155
Net income	- Rs.-	705,355,831 Rs.40,866,201	705,355,831 Rs.40,866,201
Balance at March 31, 2016	₩1,000,000,000 Rs.57,937,000	₩2,745,954,329 Rs.159,092,356	₩3,745,954,329 Rs.217,029,356
Balance at April 1, 2016	₩1,000,000,000 Rs.57,983,000	₩2,745,954,329 Rs.159,218,670	₩3,745,954,329 Rs.217,201,670
Net income	- Rs.-	591,790,485 Rs.34,313,788	591,790,485 Rs.34,313,788
Balance at March 31, 2017	₩1,000,000,000 Rs 57,983,000	₩3,337,744,814 Rs 193,532,458	₩4,337,744,814 Rs 251,515,458

See accompanying notes to financial statements.

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

1. GENERAL:

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, 2017, the Company’s capital stock amounts to ₩1,000,000,000(Rs. 57,983,000) and its common shares are wholly owned by Tata Daewoo Commercial Vehicle Co., Ltd. (“TDCV”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Company has prepared the accompanying financial statements in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea (“KAS – NPEs”).

These financial statements are prepared in the Korean language (Hangul). Accordingly, these financial statements are intended for use by those who are informed about KAS – NPEs and Korean practices. In addition, these financial statements have been condensed, restructured and translated into English, with certain expanded descriptions from the Korean language financial statements.

The financial statements will be approved at the annual shareholder’s meeting to be held on April 27, 2017.

The significant accounting policies followed by the Company in the preparation of the financial statements are as follows:

a. Cash and Cash Equivalents

Cash and cash equivalents include cash and cash equivalent securities, including checks issued by others; checking accounts; ordinary deposits; and financial instruments, with maturities (or date of redemption) of three months or less from the date of acquisition, which can be easily

converted into cash and whose value changes due to changes in interest rates are not material.

b. 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.

c. 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 the 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 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, 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 (in years)</u>
Tools	6
Furniture and fixtures	6
Computers	6

d. Intangible Assets (excluding Goodwill)

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 is amortized when the capitalized assets can be used or sold (more than six years). Amortization is included in the operating expense.

e. 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 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 a 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 proceeds 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.

f. Accrued Severance Indemnities

In accordance with the Company's policy, all employees are entitled to receive lump-sum severance payments upon termination of their employment based on their salary at the time of termination and tenure of service.

g. Income Tax Expenses

The Company recognizes deferred tax assets or liabilities for the temporary differences between the carrying amount of an asset and a 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) that 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 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 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 expenses for the current period, when recognized.

h. 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.

3. PROPERTY AND EQUIPMENT:

(a) Property and equipment and related accumulated depreciation as of March 31, 2017 and 2016, are summarized as follows (in Korean won):

	2017		2016	
Tools	₩105,914,000	Rs.6,141,211	₩105,914,000	Rs.6,136,339
Furniture and fixtures	768,939,769	44,585,435	698,048,962	40,442,863
Computers	180,359,800	10,457,802	152,959,800	8,862,032
Total cost	1,055,213,569	61,184,448	956,922,762	55,441,234
Less: Accumulated depreciation	(785,720,112)	(45,558,409)	(697,547,882)	(40,413,832)
Net	₩269,493,457	Rs.15,626,039	₩259,374,880	Rs.15,027,402

(b) Changes in property and equipment for the years ended March 31, 2017 and 2016, are as follows (in Korean won):

	2017				
	April 1, 2016	Acquisition	Disposition	Depreciation	March 31, 2017
Tools	₩40,581,533 Rs.2,353,039	₩- Rs.-	₩- Rs.-	(₩15,697,969) (Rs.910,215)	₩24,883,564 Rs.1,442,824
Furniture and fixtures	₩201,026,773 Rs.11,656,135	₩102,690,909 Rs.5,954,327	(₩1,154,235) (Rs.66,926)	(₩86,959,161) (Rs.5,042,153)	₩215,604,286 Rs.12,501,383
Computers	₩17,766,574 Rs.1,030,159	₩27,400,000 Rs.1,588,734	₩- Rs.-	(₩16,160,967) (Rs.937,061)	₩29,005,607 Rs.1,681,832
Total	₩259,374,880 Rs.15,039,334	₩130,090,909 Rs.7,543,061	(₩1,154,235) (Rs.66,926)	(₩118,818,097) (Rs.6,889,430)	₩269,493,457 Rs.15,626,039

	2016				
	April 1, 2015	Acquisition	Disposition	Depreciation	March 31, 2016
Tools	₩58,233,852 Rs.3,373,895	₩- Rs.-	₩- Rs.-	(₩17,652,319) (Rs.1,022,722)	₩40,581,533 Rs.2,351,173
Furniture and fixtures	₩300,595,214 Rs.17,415,585	₩17,972,300 Rs.1,041,261	(₩1,556,307) (Rs.90,168)	(₩115,984,434) (Rs.6,719,790)	₩201,026,773 Rs.11,646,888
Computers	₩43,259,872 Rs.2,506,347	₩- Rs.-	₩- Rs.-	(₩25,493,298) (Rs.1,477,005)	₩17,766,574 Rs.1,029,342
Total	₩402,088,938 Rs.23,295,827	₩17,972,300 Rs.1,041,261	(₩1,556,307) (Rs.90,168)	(₩159,130,051) (Rs.9,219,518)	₩259,374,880 Rs.15,027,402

4. INTANGIBLE ASSETS:

(a) Details of intangible assets as of March 31, 2017 and 2016, are as follows (in Korean won):

	2017			2016		
	Acquisition cost	Accumulated		Acquisition cost	Accumulated	
		amortization	Book value		amortization	Book value
Software	₩491,763,895	(₩204,238,895)	₩287,525,000	₩393,183,895	(₩151,833,069)	₩241,350,826
	Rs.28,513,946	(Rs.11,842,384)	Rs.16,671,562	Rs.22,779,895	(Rs.8,796,753)	Rs.13,983,143

(b) Changes in intangible assets for the years ended March 31, 2017 and 2016, are as follows (in Korean won):

	2017		2016	
	₩	Rs.	₩	Rs.
Beginning	₩241,350,826	Rs.13,994,245	₩38,524,809	Rs.2,232,012
Acquisition	98,580,000	5,715,964	230,020,000	13,326,669
Amortization	(52,405,826)	(3,038,647)	(27,193,983)	(1,575,538)
Ending	₩287,525,000	Rs.16,671,562	₩241,350,826	Rs.13,983,143

(c) Major item of intangible assets as of March 31, 2017, is as follows (in Korean won):

Description	Book value	Remaining useful life
CRM system	₩287,525,000 Rs.16,671,562	5.25 years

5. OTHER NON-CURRENT ASSETS:

Details of other non-current assets as of March 31, 2017 and 2016, are as follows (in Korean won):

	2017		2016	
	₩	Rs.	₩	Rs.
Guarantee deposits	₩235,075,000	Rs.13,630,354	₩235,075,000	Rs.13,619,540
Deferred tax assets	407,563,444	23,631,751	406,613,632	23,557,974
Total	₩642,638,444	Rs.37,262,105	₩641,688,632	Rs.37,177,514

6. ACCRUED SEVERANCE INDEMNITIES:

Changes of accrued severance indemnities for the years ended March 31, 2017 and 2016, are summarized as follows (in Korean won):

	<u>2017</u>		<u>2016</u>	
Beginning	₩1,392,298,720	Rs.80,729,657	₩1,239,916,760	Rs.71,837,057
Provision for severance indemnities	320,147,685	18,563,123	316,945,701	18,362,883
Transfer of provision for severance indemnities	-	-	(40,722,218)	(2,359,323)
Payments	<u>(70,466,175)</u>	<u>(4,085,840)</u>	<u>(123,841,523)</u>	<u>(7,175,006)</u>
Ending	<u>₩1,641,980,230</u>	<u>Rs.95,206,940</u>	<u>₩1,392,298,720</u>	<u>Rs.80,665,611</u>

7. RELATED-PARTY TRANSACTIONS:

(a) Related parties

As of March 31, 2017, the related parties of the Company are summarized as follows

Ultimate parent:	Tata Motors Limited
Parent:	Tata Daewoo Commercial Vehicle Co., Ltd. (“TDCV”)
Other:	Tata Motors Limited’s subsidiaries and associates

(b) The Company’s significant transactions with related parties for the years ended March 31, 2017 and 2016, are summarized as follows (in Korean won):

Transactions	<u>2017</u>		<u>2016</u>	
Sales agent service to:				
TDCV	<u>₩70,559,204,470</u>	<u>Rs.4,091,234,353</u>	<u>₩53,828,356,338</u>	<u>Rs.3,118,653,481</u>
Others from: TDCV	<u>₩38,797,855</u>	<u>2,249,616</u>	<u>19,643,317</u>	<u>1,138,075</u>
Others to :				
TDCV	₩248,356,000	14,400,426	261,595,298	16,246,837
Tata Sons Limited	45,669,936	2,648,080	50,706,274	2,163,821
	<u>₩294,025,936</u>	<u>Rs.17,048,506</u>	<u>₩312,301,572</u>	<u>Rs.18,410,658</u>

(c) Account balances due from or to related parties as of March 31, 2017 and 2016, are

summarized as follows (in Korean won):

Account balance	2017		2016	
Accounts receivable - trade:				
TDCV	<u>₩7,396,989,725</u>	<u>Rs.428,899,655</u>	<u>₩5,425,882,481</u>	<u>Rs.314,359,353</u>
Accounts receivable - other:				
TDCV	<u>₩7,510,640</u>	<u>Rs.435,489</u>	<u>-</u>	<u>-</u>
Accounts payable - other:				
TDCV	<u>₩12,516,240</u>	<u>Rs.725,729</u>	<u>₩553,080</u>	<u>Rs.32,044</u>
Accrued expense:				
Tata Sons Limited	<u>₩45,669,936</u>	<u>Rs.2,648,080</u>	<u>₩50,706,274</u>	<u>Rs.2,937,769</u>

8. COMMITMENTS AND CONTINGENCIES:

(a) Details of pending litigations as of March 31, 2017, are as follows (in Korean won):

District court	Plaintiff	Defendants	Description	Claim amount	Status
Seoul Nambu	Lee, Sungjin	TDCV and TDSC	Claims for loss	₩19,676,000 Rs.1,140,874	Proceeding in first trial

As of March 31, 2017, the ultimate outcome of the legal cases cannot be predicted and outflow of resources is not probable.

9. COMMON STOCK:

Common stock as of March 31, 2017 and 2016, is as follows (in Korean won, except for share data):

	2017		2016	
Number of shares:				
Authorized	800,000 shares		800,000 shares	
Issued and outstanding	200,000 shares		200,000 shares	
Par value	<u>₩5,000</u>	<u>Rs.290</u>	<u>₩5,000</u>	<u>Rs.290</u>
Common stock	<u>₩1,000,000,000</u>	<u>Rs.57,983,000</u>	<u>₩1,000,000,000</u>	<u>Rs.57,937,000</u>

10. RETAINED EARNINGS:

(a) Earned Surplus Reserve

Under the Commercial Code of Republic of Korea, the Company is required to appropriate at least 10% of the cash dividends paid each year to earned surplus reserve, until such reserve equals 50% of the capital stock. This reserve may not be utilized for cash dividends, but may be used to offset against future deficit, if any, or may be transferred to capital stock.

(b) Statements of Appropriations of Retained Earnings

	2017		2016	
RETAINED EARNINGS BEFORE APPROPRIATIONS:				
Beginning of the year	₩2,675,954,329	Rs.155,159,860	₩1,970,598,498	Rs.114,170,565
Net income	<u>591,790,485</u>	<u>34,313,788</u>	<u>705,355,831</u>	<u>40,866,201</u>
End of the year	3,267,744,814	189,473,648	2,675,954,329	155,036,766
APPROPRIATIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR	<u>₩3,267,744,814</u>	<u>Rs.189,473,648</u>	<u>₩2,675,954,329</u>	<u>Rs.155,036,766</u>

11. INCOME TAX:

(a) The components of income tax expenses for the years ended March 31, 2017 and 2016, are as follows (in Korean won):

	2017		2016	
Income tax currently payable at statutory income tax rate	₩369,660,190	Rs. 21,434,007	₩341,044,114	Rs.19,759,073
Changes in deferred tax assets related to temporary differences (Note)	<u>(93,721,900)</u>	<u>(5,434,277)</u>	<u>(82,980,744)</u>	<u>(4,807,655)</u>
Income tax expenses	<u>₩275,938,290</u>	<u>Rs.15,999,730</u>	<u>₩258,063,370</u>	<u>Rs.14,951,417</u>

(Note) Changes in deferred tax assets related to temporary differences for the years ended March 31, 2017 and 2016, are as follows (in Korean won):

	2017		2016	
Beginning of the period	₩453,862,478	Rs.26,316,308	₩370,881,734	Rs.21,487,775
End of the period	<u>547,584,378</u>	<u>31,750,585</u>	<u>453,862,478</u>	<u>26,295,430</u>
Changes in deferred tax assets	<u>(₩93,721,900)</u>	<u>(Rs.5,434,277)</u>	<u>(₩82,980,744)</u>	<u>(Rs.4,807,655)</u>

(b) A reconciliation of income tax expenses and accounting income before income tax expenses for the years ended March 31, 2017 and 2016, is as follows (in Korean won):

	2017		2016	
Income before income tax expenses	₩867,728,775	Rs.50,313,518	₩963,419,201	Rs.55,817,619
Tax rate	22%		22%	
Tax charge at the tax rate	190,900,331	11,068,974	211,952,224	12,279,876
Adjustments:				
Non-deductible expense	107,057,959	6,207,542	76,585,199	4,437,117
Others	<u>(22,000,000)</u>	<u>(1,276,786)</u>	<u>(30,474,053)</u>	<u>(1,765,575)</u>
Income tax expenses	<u>₩190,900,331</u>	<u>Rs.15,999,730</u>	<u>₩258,063,370</u>	<u>Rs.14,951,417</u>
Effective tax rate(Note)	<u>31.8%</u>		<u>26.79%</u>	

(c) Changes in cumulative temporary differences and deferred income tax assets for the years ended March 31, 2017 and 2016, are as follows (in Korean won):

Account	2017			March 31, 2017
	April 1, 2016	Decrease	Increase	
<u>Deferred tax assets (current):</u>				
Accrued expenses	₩209,457,413 Rs.12,144,969	₩209,457,413 Rs.12,144,969	₩635,451,727 Rs.36,845,397	₩635,451,727 Rs.36,845,397
Depreciation	₩24,736,098 Rs.1,434,273	₩24,736,098 Rs.1,434,273	₩1,902,762 Rs.110,328	₩1,902,762 Rs.110,328
Accrued Income	(₩19,426,027) (Rs.1,126,379)	(₩19,426,027) (Rs.1,126,379)	(₩895,699) (Rs.51,935)	(₩895,699) (Rs.51,935)
Subtotal	₩214,767,484 Rs.12,452,863	₩214,767,484 Rs.12,42,863	₩636,458,790 Rs.36,903,790	₩636,458,790 Rs.36,903,790
Tax rate (Note a)	22%			22%
Current deferred tax assets (Note b)	₩47,248,846 Rs.2,739,630			₩140,020,934 Rs.8,118,834
<u>Deferred tax assets (non-current):</u>				
Accrued severance indemnities	₩1,322,683,784 Rs.76,693,174	₩851,239 Rs.49,357	₩320,147,685 Rs.18,563,123	₩1,641,980,230 Rs.95,206,940
Long-term other payable	₩525,560,000 Rs.30,473,545	₩525,560,000 Rs.30,473,545	₩206,920,000 Rs.11,997,842	₩206,920,000 Rs.11,997,842
Depreciation	₩- -	₩- -	₩3,660,880 212,269	₩3,660,880 Rs. 212,269
Subtotal	₩1,848,243,784 Rs.107,166,719	₩526,411,239 Rs.30,522,903	₩530,728,565 Rs.30,773,234	₩1,852,561,110 Rs.107,417,051
Tax rate (Note a)	22%			22%
Non-current deferred tax assets	₩406,613,632 Rs.23,576,678			₩407,563,444 Rs.23,631,751
Deferred tax assets (Note b)	₩453,862,478 Rs.26,316,308			₩547,584,378 Rs.31,750,585

Account	2016			March 31, 2016
	April 1, 2015	Decrease	Increase	
<u>Deferred tax assets (current):</u>				
Accrued expenses	₩172,998,191 Rs.10,022,996	₩172,998,191 Rs.10,022,996	₩209,457,413 Rs.12,135,334	₩209,457,413 Rs.12,135,334
Depreciation	₩76,902,789 Rs.4,455,517	₩76,902,789 Rs.4,455,517	₩24,736,098 Rs.1,433,135	₩24,736,098 Rs.1,433,135
Accrued Income	₩- Rs.-	₩- Rs.-	(₩19,426,027) (Rs.1,125,486)	(₩19,426,027) (Rs.1,125,486)
Subtotal	₩249,900,980 Rs.14,478,513	₩249,900,980 Rs.14,478,513	₩214,767,484 Rs.12,442,984	₩214,767,484 Rs.12,442,984
Tax rate (Note a)	22%			22%
Current deferred tax assets (Note b)	₩54,978,216 Rs.3,185,273			₩47,248,846 Rs.2,737,456
<u>Deferred tax assets (non-current):</u>				
Accrued severance indemnities	₩1,115,925,084 Rs.64,653,352	₩40,572,065 Rs.2,350,624	₩247,330,765 Rs.14,329,603	₩1,322,683,784 Rs.76,632,330
Long-term other payable	₩320,000,000 Rs.18,539,840	₩320,000,000 Rs.18,539,840	₩525,560,000 Rs.30,449,370	₩525,560,000 Rs.30,449,370
Subtotal	₩1,435,925,084 Rs.83,193,192	₩360,572,065 Rs.20,890,464	₩772,890,765 Rs.44,778,972	₩1,848,243,784 Rs.107,081,700
Tax rate (Note a)	22%			22%
Non-current deferred tax assets	₩315,903,518 Rs.18,302,502			₩406,613,632 Rs.23,557,974
Deferred tax assets (Note b)	₩370,881,734 Rs.21,487,775			₩453,862,478 Rs.26,295,430

((Note a) Tax rate is the enacted tax rate that is expected to be applicable to future taxable income in the periods the deferred income tax asset is expected to be realized.

(Note b) Deductible temporary differences are recorded to the extent that the resultant deferred tax assets are certain to be realized as of March 31, 2017 and 2016.

(d) Prepaid income tax and income tax payable as of March 31, 2017 and 2016, are as follows (in

Korean won):

	2017		2016	
Current income tax asset	(₩167,172,690)	(Rs.9,693,174)	₩158,497,470	Rs.9,182,868
Current income tax liability	369,660,190	21,434,007	(349,498,167)	(20,248,875)
Current income tax asset (liability), net	₩202,487,500	Rs.11,740,833	(₩191,000,697)	(Rs.11,066,007)

12. NET INCOME PER SHARE:

The Company's earnings per share for the years ended March 31, 2017 and 2016, are as follows (in Korean won, except for the share data in share):

	2017		2016	
Net income for common shareholder	₩591,790,485	Rs.34,313,788	₩705,355,831	Rs.40,866,201
Weighted-average number of common shares outstanding (Note)	200,000		200,000	
Net income per share	₩2,959	Rs.172	₩3,527	Rs.204

(Note) Weighted-average number of shares outstanding for the years ended March 31, 2017 and 2016, are the same as the issued number of shares as there was no change in outstanding shares of common stock during the period.

13. STATEMENTS OF CASH FLOWS:

The statements of cash flows are presented using the indirect method, and significant non-cash transactions for the years ended March 31, 2017 and 2016, are as follows.

	2017	2016
Current portion of long term liability	₩544,700,000	₩1,187,150,000
	Rs.31,583,340	Rs.68,779,910

The cash and cash equivalents in the statements of cash flows are the same as the cash and cash equivalents in the statements of financial position

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 other.

15. FINANCIAL INSTRUMENT:

The maturity analysis of financial liabilities as of March 31, 2017 and 2016, is as follows (in Korean won):

Description	2017			
	Less than 3 months	Three months–one year	1 year–5 years	Total
Accounts payable	₩3,267,013,898 Rs.189,431,267	₩- Rs.-	₩- Rs.-	₩3,267,013,898 Rs.189,431,267
Accrued expenses	502,369,936 29,128,916	178,751,727 10,364,561	- -	681,121,663 39,493,477
Current portion of long-term liability	9,350,000 542,141	46,000,000 2,667,218	- -	55,350,000 3,209,359
Long-term other payable	- -	- -	235,030,000 13,627,744	235,030,000 13,627,744
	₩3,778,733,834 Rs.219,102,324	₩224,751,727 Rs.13,031,779	₩235,030,000 Rs.13,627,744	₩4,238,515,561 Rs.245,761,848
Description	2016			
	Less than 3 months	Three months–one year	1 year–5 years	Total
Accounts payable	₩2,736,447,605 Rs.158,541,565	₩- Rs.-	₩- Rs.-	₩2,736,447,605 Rs.158,541,565
Accrued expenses	₩96,956,274 Rs.5,617,356	₩163,207,413 Rs.9,455,748	₩- Rs.-	₩260,163,687 Rs.15,073,104
Current portion of long-term liability	₩- Rs.-	₩1,187,150,000 Rs.68,779,910	₩- Rs.-	₩1,187,150,000 Rs.68,779,910
Long-term other payable	₩- Rs.-	₩- Rs.-	₩258,750,000 Rs.14,991,199	₩258,750,000 Rs.14,991,199
	₩2,833,403,879 Rs.164,158,921	₩1,350,357,413 Rs.78,235,657	₩258,750,000 Rs.14,991,199	₩4,442,511,292 Rs.257,385,777

The Company has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.