



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

**FINANCIAL STATEMENTS AS OF AND FOR THE
YEARS ENDED MARCH 31, 2016 AND 2015
AND INDEPENDENT AUDITORS' REPORT**

Deloitte Anjin LLC

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DIRECTORS' REPORT

TO THE MEMBERS OF TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO. LTD

The Directors present their Sixth Annual Report and Audited Statement of Accounts for the year ended March 31, 2016.

1. Financial Results

	<u>April 2015 – March 2016</u>		<u>April 2014 – March 2015</u>	
	KRW Million	Rs. in Crores	KRW Million	Rs. in Crores
Operating Revenue	48,942	283.56	36,887	207.71
Operating Expenses	(48,113)	(278.75)	(36,266)	(204.21)
Operating Income	829	4.81	621	3.50
Net Other Income/ (Expense)	134	0.78	109	0.61
Income Before Income Tax	963	5.58	730	4.11
Income Tax	(258)	(1.50)	(236)	(1.33)
Net Income for year	705	4.09	494	2.78
Un-appropriated retained Earnings from previous year	1,971	11.42	1,477	8.64 ²
Un-appropriated retained earnings	2,676	15.50	1,971	11.42 ²

- 1) The closing exchange rate KRW / INR of 17.26 and 17.76 has been used for converting the results from KRW to Rupees for FY15-16 and FY14-15 respectively
- 2) Adjusted to Foreign Exchange Rate Fluctuation

2. Operating Results and Profits

The Company continued the strong performance, in-spite of increased competition by selling 7,036 vehicles, highest in its history, registering a growth of 3.3% compared to sales of 6,808 vehicles in previous year. The newly introduced Euro 6 models were well accepted in the market resulting in the market share for both HCV and MCV Segments put together increasing to 31% as compared to 28.7% in the previous year.

For the year under review, Company registered revenue of KRW 48,942 Billion (Rs. 283.56 crore), higher by 32.7% as compared to KRW 36,887 Billion (Rs. 207.71 crore) of previous year due to increase in sales.

Company reported a Profit before tax of KRW 0.96 Billion (Rs. 5.58 crore) as against of KRW 0.73 Billion (Rs. 4.11 crore) of previous year. After providing for tax, the profit for the year stood at KRW 0.71 Billion (Rs. 4.09 crore) as against of KRW 0.49 Billion (Rs. 2.78 crore) of previous year.

3. Vehicle Sales

It is estimated that, total market for Heavy Commercial Vehicles in Korea de-grew by 0.2% during FY 2015-16 as compared to the previous year; whereas the Company achieved a growth rate of 11.0% with sales of 3,562 units as compared to 3,208 units in the previous year. As a result Company's market share in HCV grew to 28.7% as compared with 25.8% in the previous year.

It is estimated that in Medium Duty Trucks segment Industry witnessed 9.1% de-growth in FY15-16; whereas, Company's MCV sales de-grew by only 3.5% with sales of 3,474 units as compared to 3,600 units in the previous year. As a result Company's market share in MCV grew from 31.8% in FY14-15 to 33.8% in FY15-16. Europeans manufactures have entered into the MCV market with Volvo & Benz launching models in 2015 and MAN & Iveco planning to launch their new models in 2016. In spite of increased competition from Europeans, Company was able to improve its market share in this segment.

4. Finance

During the current year, the Company's liquidity position was adequate from its operations and hence your company had not resorted to any borrowings.

5. Corporate Governance

As a member of the Tata Group, the Company continues to follow and strengthen its business processes in keeping with Tata Code of Conduct and best practices in Corporate Governance.

6. Audit

Under the Korean commercial law, the Company's External Auditors, Deloitte Anjin LLC, Seoul would hold office until the arrangement is changed. However, for the sake of good order, the shareholders' approval would be sought for their re-appointment for the financial year 2016-17.

7. Acknowledgements

The Directors wish to convey their appreciation to all of the Company's employees, Dealers & Sales Representatives for their personal efforts as well as collective contribution to the Company's performance. The Directors acknowledge with gratitude the managerial and operational support extended by Tata Daewoo Commercial Vehicle Co. Ltd. They are also grateful to the Customers, Capital Companies, Bankers and all other business associates for their valuable contribution.

On behalf of the Board of Directors

Kwan Kju Kim
Chairman

May 16, 2016.

INDEPENDENT AUDITORS' REPORT

English Translation of Independent Auditors' Report Originally Issued in Korean on xxx

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, 2016 and 2015, and the statements of income, statements of changes in shareholder's equity and statements of cash flows, all expressed in Korean won, 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. Those standards require that we comply with ethical requirements and plan and perform the audit 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, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with KAS – NPEs.

May 10, 2016

Notice to Readers

This report is effective as of May 10, 2016, 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, 2016 AND 2015

<u>ASSETS</u>	<u>March 31, 2016</u>		<u>March 31, 2015</u>	
CURRENT ASSETS				
Cash and cash equivalents (Note 2)	₩ 644,339,994	Rs. 37,331,126	₩ 2,710,489,961	Rs. 152,625,412
Short-term financial instrument	3,000,000,000	173,811,000	2,070,000,000	Rs. 116,559,961
Accounts receivable (Note 2)				
- Trade, net of allowance for doubtful accounts of ₩ 54,258,825 (Rs. 3,143,594) as of March 31, 2016 and ₩ 41,324,491 (Rs. 2,326,947) as of March 31, 2015	5,371,623,656	311,215,760	4,091,124,615	230,367,790
Other receivables	58,090,000	3,365,560	38,732,000	2,180,966
Prepaid expense	19,426,027	1,125,486	-	0
Prepaid taxes	148,260,000	8,589,740	-	0
Deferred income tax assets (Notes 2 and 10)	47,248,846	2,737,456	54,978,216	3,095,777
Total Current Assets	9,288,988,523	538,176,128	8,965,324,792	504,829,906
NON-CURRENT ASSETS				
Property and equipment, net (Notes 2 and 3)	259,374,880	15,027,402	402,088,938	22,641,290
Intangible assets (Notes 2 and 4)	241,350,826	13,983,143	38,524,809	2,169,300
Other non-current assets (Notes 2 and 5)	641,688,632	37,177,514	545,978,518	30,743,592
Total Non-Current Assets	1,142,414,338	66,188,059	986,592,265	55,554,182
Total Assets	₩ 10,431,402,861	Rs. 604,364,187	₩ 9,951,917,057	Rs. 560,384,088
LIABILITIES AND SHAREHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	₩ 2,736,447,605	Rs. 158,541,565	₩ 4,137,202,913	Rs. 232,962,420
Advanced receipts	1,791,100	103,771	788,000	44,372
Withholdings	657,846,723	38,113,666	276,626,156	15,576,586
Current portion of long-term liability (Notes 14)	1,187,150,000	68,779,910	-	-
Accrued expenses (Notes 7 and 14)	260,163,687	15,073,104	211,425,704	11,905,204
Income tax payable (Notes 10)	191,000,697	11,066,007	166,159,026	9,356,275
Total Current Liabilities	5,034,399,812	291,678,023	4,792,201,799	269,844,857
NON-CURRENT LIABILITIES				
Accrued severance indemnities (Notes 2 and 6)	1,392,298,720	80,665,611	1,239,916,760	69,818,671
Long-term other payable (Note 14)	258,750,000	14,991,199	879,200,000	49,507,013
Total Non-Current Liabilities	1,651,048,720	95,656,810	2,119,116,760	119,325,684
Total Liabilities	6,685,448,532	387,334,833	6,911,318,559	389,170,541
SHAREHOLDER'S EQUITY				
Common stock (Notes 1 and 8)	1,000,000,000	57,937,000	1,000,000,000	56,309,160
Retained earnings (Note 9):				
Earned surplus reserve	70,000,000	4,055,590	70,000,000	3,941,641
Unappropriated retained earnings	2,675,954,329	155,036,766	1,970,598,498	110,962,746
Total Shareholder's Equity	3,745,954,329	217,029,356	3,040,598,498	171,213,547
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	₩ 10,431,402,861	Rs. 604,364,187	₩ 9,951,917,057	Rs. 560,384,088

See accompanying notes to financial statements.

Deloitte Anjin LLC
Lee, Joo Hyun
Partner

Kim, Kwan Kju
Chairman

Chung, Nak Cho
Representative Director

Abhay Bawale
Director

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD.
STATEMENTS OF INCOME
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

	2016		2015	
	(In Korean won)			
OPERATING REVENUE (Notes 2 and 7)				
Service fee	₩ 54,609,329,998	Rs. 3,163,900,752	₩ 41,095,142,128	Rs. 2,314,032,926
Sales incentive	(5,667,026,517)	(328,330,515)	(4,208,069,422)	(236,952,854)
Net	<u>48,942,303,481</u>	<u>2,835,570,237</u>	<u>36,887,072,706</u>	<u>2,077,080,072</u>
OPERATING EXPENSES (Notes 13 and 14)				
Salaries	(4,048,913,769)	(234,581,917)	(4,038,564,972)	(227,408,200)
Provision for severance indemnities	(316,945,701)	(18,362,883)	(396,902,510)	(22,349,247)
Other employee benefits	(848,590,348)	(49,164,779)	(841,360,494)	(47,376,303)
Utilities	(16,552,358)	(958,994)	(18,897,493)	(1,064,102)
Vehicle maintenance	(118,915,847)	(6,889,627)	(133,579,228)	(7,521,734)
Repairs	(285,000)	(16,512)	(2,410,345)	(135,725)
Rental	(429,228,334)	(24,868,202)	(405,925,937)	(22,857,348)
Insurance premium	(30,355,998)	(1,758,735)	(30,551,671)	(1,720,339)
Depreciation	(159,130,051)	(9,219,518)	(144,090,585)	(8,113,620)
Amortization	(27,193,983)	(1,575,538)	(27,193,982)	(1,531,270)
Supplies	(27,410,564)	(1,588,086)	(17,989,010)	(1,012,946)
Publication	(33,813,806)	(1,959,070)	(38,295,183)	(2,156,370)
Communication	(95,534,257)	(5,534,968)	(99,801,990)	(5,619,766)
Taxes and dues	(6,237,672)	(361,392)	(2,445,239)	(137,689)
Travel	(77,897,010)	(4,513,119)	(134,751,095)	(7,587,721)
Training	(42,343,401)	(2,453,250)	(70,660,576)	(3,978,838)
Sales commission	(25,034,256,045)	(1,450,409,692)	(21,238,042,501)	(1,195,896,329)
Fee and charges	(1,376,099,728)	(79,727,090)	(1,268,513,147)	(71,428,910)
Entertainment	(88,660,150)	(5,136,703)	(70,072,201)	(3,945,707)
Advertising	(60,080,840)	(3,480,904)	(78,735,000)	(4,433,502)
Outsourcing	(2,438,256,313)	(141,265,256)	(2,171,270,231)	(122,262,402)
Sales promotion	(12,700,926,785)	(735,853,595)	(4,994,617,742)	(281,242,729)
Expenditure for meeting	(94,275,597)	(5,462,045)	(21,611,153)	(1,216,906)
Provision for doubtful accounts	(12,934,334)	(749,377)	4,566,428	257,132
Freight and storage	(28,049,053)	(1,625,078)	(24,117,000)	(1,358,008)
Total	<u>(48,112,886,944)</u>	<u>(2,787,516,330)</u>	<u>(36,265,832,857)</u>	<u>(2,042,098,579)</u>
OPERATING INCOME	<u>829,416,537</u>	<u>48,053,907</u>	<u>621,239,849</u>	<u>34,981,493</u>
OTHER INCOME (EXPENSES):				
Interest income	95,322,193	5,522,682	75,777,067	4,266,943
Others	38,680,471	2,241,030	33,105,826	1,864,161
Other income, net	<u>134,002,664</u>	<u>7,763,712</u>	<u>108,882,893</u>	<u>6,131,104</u>
INCOME BEFORE INCOME TAX EXPENSE	963,419,201	55,817,619	730,122,742	41,112,597
INCOME TAX EXPENSE (Notes 2 and 10)	(258,063,370)	(14,951,417)	(236,249,299)	(13,303,000)
NET INCOME	<u>₩ 705,355,831</u>	<u>Rs. 40,866,202</u>	<u>₩ 493,873,443</u>	<u>Rs. 27,809,597</u>
NET INCOME PER SHARE (Note 11)	<u>₩ 3,527</u>	<u>Rs. 204</u>	<u>₩ 2,469</u>	<u>Rs. 139</u>

See accompanying notes to financial statements.

Deloitte Anjin LLC
Lee, Joo Hyun
Partner

Kim, Kwan Kju
Chairman

Chung, Nak Cho
Representative Director

Abhay Bawale
Director

TATA DAEWOO COMMERCIAL VEHICLE SALES & DISTRIBUTION CO., LTD
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

	2016		2015	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	₩705,355,831	Rs.40,866,201	₩493,873,443	Rs.27,809,599
Expenses (income) not involving cash outflows (inflows):				
Depreciation	159,130,051	9,219,518	144,090,585	8,113,620
Amortization	27,193,983	1,575,538	27,193,982	1,531,270
Provision for severance indemnities	316,945,701	18,362,883	396,902,510	22,349,247
Allowance (reversal) for doubtful accounts	12,934,334	749,377	(4,566,428)	(257,132)
Loss on disposition of tangible assets	1,556,307	90,168	4,412,380	248,457
Subtotal	517,760,376	29,997,484	568,033,029	31,985,462
Changes in assets and liabilities related to operating activities:				
Accounts receivable	(1,293,433,375)	(74,937,649)	456,642,775	25,713,173
Other receivables	(19,358,000)	(1,121,544)	3,100,570	174,590
Accrued Income	(19,426,027)	(1,125,486)	-	-
Prepaid expense	(148,260,000)	(8,589,740)	-	-
Current deferred income tax assets	7,729,370	447,817	9,659,258	543,905
Non-current deferred income tax assets	(90,710,114)	(5,255,472)	(116,514,665)	(6,560,843)
Other payables	(1,400,755,308)	(81,155,560)	(179,880,510)	(10,128,920)
Advanced receipts	1,003,100	58,117	788,000	44,372
Withholdings	381,220,567	22,086,776	(24,199,140)	(1,362,633)
Accrued expenses	48,737,983	2,823,733	46,688,458	2,628,988
Income tax payable	24,841,671	1,439,252	(46,383,868)	(2,611,837)
Long-term other payable	566,700,000	32,832,898	538,850,000	30,342,191
Payment of severance indemnities	(123,841,523)	(7,175,006)	(213,186,580)	(12,004,357)
Transfer of severance indemnities	(40,722,218)	(2,359,323)	(2,000,000)	(112,618)
Subtotal	(2,106,273,874)	(122,031,187)	473,564,298	26,666,011
Net cash provided by operating activities	(883,157,667)	(51,167,502)	1,535,470,770	86,461,072
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of short-term financial instrument	(930,000,000)	(53,881,410)	(2,070,000,000)	(116,559,961)
Acquisition of property and equipment	(17,972,300)	(1,041,261)	(154,739,363)	(8,713,244)
Acquisition of software	(230,020,000)	(13,326,669)	-	-
Increase in Guarantee deposits	(5,000,000)	(289,685)	(9,500,000)	(534,937)
Net cash used in investing activities	(1,182,992,300)	(68,539,025)	(2,234,239,363)	(125,808,142)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(2,066,149,967)	(119,706,531)	(698,768,593)	(39,347,073)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,710,489,961	157,037,657	3,409,258,554	191,972,485
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	₩644,339,994	Rs.37,331,126	₩2,710,489,961	Rs.152,625,412

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, 2016 AND 2015

	Common stock	Retained earnings	Total shareholder's equity
		(In Korean won)	
Balance at April 1, 2014	₩1,000,000,000 Rs.56,309,160	₩1,546,725,055 Rs.87,094,788	₩2,546,725,055 Rs.143,403,948
Net income	- Rs.-	493,873,443 Rs.27,809,599	493,873,443 Rs.27,809,599
Balance at March 31, 2015	₩1,000,000,000 <u>Rs.56,309,160</u>	₩2,040,598,498 <u>Rs.114,904,387</u>	₩3,040,598,498 <u>Rs.171,213,547</u>
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 <u>Rs.57,937,000</u>	₩2,745,954,329 <u>Rs.159,092,356</u>	₩3,745,954,329 <u>Rs.217,029,356</u>

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, 2016 AND 2015

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, 2016, the Company’s capital stock amounts to ₩1,000,000,000(Rs.57,937,000), and its common shares are wholly owned by Tata Daewoo Commercial Vehicle Co., Ltd.

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 May 16, 2016.

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, Plant 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 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 incurred can be objectively measured to replace an existing asset, then 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 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 are amortized when the capitalized assets can be used or sold (over 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, deferred tax assets and non-current assets of discontinued operations 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.

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 (or cash-generating unit(s)). The allocated amounts to individual assets cannot be lower than the larger of estimated recovered amount, value in use amount or zero.

An impairment loss recognized for goodwill cannot be reversed subsequently; impairment loss recognized for assets other than goodwill is subjected to revaluation for a reversal of impairment loss that was recognized in prior years. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of impairment loss is recognized immediately in profit or loss.

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 rate of pay at the time of termination and tenure of service.

g. Income Tax Expense

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.

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, 2016 and 2015, are summarized as follows (in Korean won):

	2016		2015	
Tools	₩105,914,000	Rs 6,136,339	₩105,914,000	Rs 5,963,928
Furniture and fixtures	698,048,962	40,442,863	692,527,117	38,995,620
Computers	<u>152,959,800</u>	<u>8,862,032</u>	<u>152,959,800</u>	<u>8,613,038</u>
Total cost	956,922,762	55,441,234	951,400,917	53,572,586
Less: Accumulated depreciation	<u>(697,547,882)</u>	<u>(40,413,832)</u>	<u>(549,311,979)</u>	<u>(30,931,296)</u>
Net	<u>₩259,374,880</u>	<u>Rs 15,027,402</u>	<u>₩402,088,938</u>	<u>Rs 22,641,290</u>

(b) Changes in property and equipment for the years ended March 31, 2016 and 2015, are as follows (in Korean won):

	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	<u>₩402,088,938</u> <u>Rs.23,295,827</u>	<u>₩17,972,300</u> <u>Rs. 1,041,261</u>	<u>(₩1,556,307)</u> <u>(Rs.90,168)</u>	<u>(₩159,130,051)</u> <u>(Rs.9,219,517)</u>	<u>₩259,374,880</u> <u>Rs.15,027,402</u>
	2015				
	April 1, 2014	Acquisition	Disposition	Depreciation	March 31, 2015
Tools	₩32,080,638 Rs.1,806,434	₩38,000,000 Rs.2,139,748	₩- Rs.-	(₩11,846,786) (Rs.667,083)	₩58,233,852 Rs.3,279,099
Furniture and fixtures	₩297,733,173 Rs.16,765,105	₩114,206,363 Rs.6,430,864	(₩4,412,380) (Rs.248,457)	(₩106,931,942) (Rs.6,021,248)	₩300,595,214 Rs.16,926,264
Computers	₩66,038,729 Rs.3,718,585	₩2,533,000 Rs.142,631	₩- Rs.-	(₩25,311,857) (Rs.1,425,289)	₩43,259,872 Rs.2,435,927
Total	<u>₩395,852,540</u> <u>Rs.22,290,124</u>	<u>₩154,739,363</u> <u>Rs.8,713,244</u>	<u>(₩4,412,380)</u> <u>(Rs.248,457)</u>	<u>(₩144,090,585)</u> <u>(Rs.8,113,620)</u>	<u>₩402,088,938</u> <u>Rs.22,641,290</u>

4. INTANGIBLE ASSETS:

(a) Details of intangible assets as of March 31, 2016 and 2015, are as follows (in Korean won):

	2016			2015		
	Acquisition cost	Accumulated amortization	Book value	Acquisition cost	Accumulated amortization	Book value
Software	₩393,183,895	(₩151,833,069)	₩241,350,826	₩163,163,895	(₩124,639,086)	₩38,524,809
	Rs.22,779,895	(Rs.8,796,753)	Rs.13,983,143	Rs.9,187,622	(Rs.7,018,322)	Rs.2,169,300

(b) Changes in intangible assets for the years ended March 31, 2016 and 2015, are as follows (in Korean won):

	2016		2015	
Beginning	₩38,524,809	2,232,012	₩65,718,791	Rs.3,700,570
Acquisition	230,020,000	13,326,669	-	
Amortization	(27,193,983)	(1,575,538)	(27,193,982)	(1,531,270)
Ending	241,350,826	13,983,143	38,524,809	2,169,300

(c) Major item of intangible asset as of March 31, 2016, is as follows (in Korean won):

Description	Book value	Remaining useful life
Enterprise resource planning system	₩11,330,826 Rs.656,747	0.4 years

5. OTHER NON-CURRENT ASSETS:

Details of other non-current assets as of March 31, 2016 and 2015, are as follows (in Korean won):

	2016		2015	
Guarantee deposits	₩235,075,000	Rs.13,619,540	₩230,075,000	Rs.12,955,330
Deferred tax assets	406,613,632	23,557,974	315,903,518	17,788,262
Total	₩641,688,632	Rs.37,177,514	₩545,978,518	Rs.30,743,592

6. ACCRUED SEVERANCE INDEMNITIES:

Changes of accrued severance indemnities for the years ended March 31, 2016 and 2015, are summarized as follows (in Korean won):

	2016		2015	
Beginning	₩1,239,916,760	Rs.71,837,057	₩1,058,200,830	Rs.59,586,400
Provision for severance indemnities	316,945,701	18,362,883	396,902,510	22,349,247
Transfer of provision for severance indemnities	(40,722,218)	(2,359,323)	(2,000,000)	(112,618)
Payments	(123,841,523)	(7,175,006)	(213,186,580)	(12,004,357)
Ending	₩1,392,298,720	Rs.80,665,611	₩1,239,916,760	Rs.69,818,671

7. RELATED-PARTY TRANSACTIONS:**(a) Related parties**

As of March 31, 2016, 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, 2015 and 2014, are summarized as follows (in Korean won):

Transactions	2016		2015	
Sales agent service to:				
TDCV	₩53,828,356,338	Rs.3,118,653,481	40,401,175,798	2,274,956,265
Others to: TDCV	19,643,317	1,138,075	-	-
Others from :				
TDCV	261,595,298	16,246,837	288,529,211	16,246,837
Tata Sons Limited	50,706,274	2,163,821	38,427,513	2,163,821
	312,301,572	18,410,658	326,956,724	18,410,658

(c) Account balances due from or to related parties as of March 31, 2016 and 2015, are summarized as follows (in Korean won):

Account balance	2016		2015	
Accounts receivable - trade:				
TDCV	<u>₩5,425,882,481</u>	<u>Rs.314,359,353</u>	<u>₩4,132,449,106</u>	<u>Rs.232,694,737</u>
Accounts payable - other:				
TDCV	<u>₩553,080</u>	<u>Rs.32,044</u>	<u>₩20,117,739</u>	<u>Rs.1,132,813</u>
Accrued expense:				
Tata Sons Limited	<u>₩50,706,274</u>	<u>Rs.2,937,769</u>	<u>₩38,427,513</u>	<u>Rs.2,163,821</u>

8. COMMON STOCK:

Common stock as of March 31, 2016 and 2015, is as follows (in Korean won, except for share data):

	2016		2015	
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.282</u>
Common stock	<u>₩1,000,000,000</u>	<u>Rs.57,937,000</u>	<u>₩1,000,000,000</u>	<u>Rs.56,309,160</u>

9. 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

	2016		2015	
RETAINED EARNINGS BEFORE APPROPRIATIONS:				
Beginning of the year	₩1,970,598,498	Rs. 114,170,565	₩1,476,725,055	Rs.83,153,147
Net income	<u>705,355,831</u>	<u>40,866,202</u>	<u>493,873,443</u>	<u>27,809,597</u>
End of the year	<u>2,675,954,329</u>	<u>155,036,766</u>	<u>1,970,598,498</u>	<u>110,962,746</u>
UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR	<u>₩2,675,954,329</u>	<u>Rs. 155,036,766</u>	<u>₩1,970,598,498</u>	<u>Rs.110,962,746</u>

10. INCOME TAX:

(a) The components of income tax expenses for the years ended March 31, 2016 and 2015, are as follows (in Korean won):

	<u>2016</u>		<u>2015</u>	
Income tax currently payable at statutory income tax rate	₩341,044,114	Rs.19,759,073	₩343,104,706	Rs.19,319,938
Changes in deferred tax assets related to temporary differences (Note)	<u>(82,980,744)</u>	<u>(4,807,655)</u>	<u>(106,855,407)</u>	<u>(6,016,938)</u>
	<u>₩258,063,370</u>	<u>Rs.14,951,417</u>	<u>₩236,249,299</u>	<u>Rs.13,303,000</u>

(Note) Changes in deferred tax assets related to temporary differences for the years ended March 31, 2016 and 2015, are as follows (in Korean won):

	<u>2016</u>		<u>2015</u>	
Beginning of the period	₩370,881,734	Rs.21,487,775	₩264,026,327	Rs.14,867,101
End of the period	<u>(453,862,478)</u>	<u>(26,295,430)</u>	<u>(370,881,734)</u>	<u>(20,884,039)</u>
Changes in deferred tax assets	<u>(₩82,980,744)</u>	<u>(Rs.4,807,655)</u>	<u>(₩106,855,407)</u>	<u>(Rs.6,016,938)</u>

(b) A reconciliation of income tax expenses and accounting income before income tax expenses for the years ended March 31, 2016 and 2015, is as follows (in Korean won):

	<u>2016</u>		<u>2015</u>	
Income before income tax expenses	₩963,419,201	Rs.55,817,619	₩730,122,742	Rs.41,112,597
Tax rate	22%		22%	
Tax charge at the tax rate	211,952,224	12,279,876	160,627,003	9,044,772
Adjustments:				
Non-deductible expense	76,585,199	4,437,117	97,622,296	5,497,029
Others	<u>(30,474,053)</u>	<u>(1,765,575)</u>	<u>(22,000,000)</u>	<u>(1,238,802)</u>
Income tax expenses	<u>₩258,063,370</u>	<u>Rs.14,951,417</u>	<u>₩236,249,299</u>	<u>Rs.13,303,000</u>
Effective tax rate(Note)	<u>26.79%</u>		<u>32.36%</u>	

(c) Changes in cumulative temporary differences and deferred income tax assets for the years ended March 31, 2016 and 2015, are as follows (in Korean won):

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

Account	2015			March 31, 2015
	April 1, 2014	Decrease	Increase	
Deferred tax assets (current):				
	₩164,737,246	₩164,737,246	₩172,998,191	₩172,998,191
Accrued expenses	Rs.9,276,216	Rs.9,276,216	Rs.9,741,383	Rs.9,741,383
	₩129,069,453	₩129,069,453	₩76,902,789	₩76,902,789
Depreciation	Rs.7,267,792	Rs.7,267,792	Rs.4,330,331	Rs.4,330,331
	₩293,806,699	₩293,806,699	₩249,900,980	₩249,900,980
Subtotal	Rs.16,544,008	<u>Rs.16,544,008</u>	<u>Rs.14,071,714</u>	Rs.14,071,714
Tax rate (Note a)	22%			22%
Current deferred tax assets	₩64,637,474			₩54,978,216
(Note b)	<u>Rs.3,639,682</u>			<u>Rs.3,095,777</u>
Deferred tax assets (non-current):				
Accrued severance	₩782,322,966	₩-	₩333,602,118	₩1,115,925,084
indemnities	Rs.44,051,949	Rs. -	Rs.18,784,855	Rs.62,836,804
	₩123,990,000	₩123,990,000	₩320,000,000	₩320,000,000
Long-term other payable	Rs.6,981,773	Rs.6,981,773	Rs.18,018,931	Rs.18,018,931
	₩906,312,966	₩123,990,000	₩653,602,118	₩1,435,925,084
Subtotal	Rs.51,033,722	<u>Rs.6,981,773</u>	<u>Rs.36,803,786</u>	Rs.80,855,735
Tax rate (Note a)	22%			22%
Non-current deferred tax	₩199,388,853			₩315,903,518
assets	<u>Rs.11,227,419</u>			<u>Rs.17,788,262</u>
Deferred tax assets	₩264,026,327			₩370,881,734
(Note b)	<u>Rs.14,867,101</u>			<u>Rs.20,884,039</u>

(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, 2016 and 2015.

(d) Prepaid income tax and income tax payable as of March 31, 2016 and 2015, are as follows (in Korean won):

	<u>2016</u>		<u>2015</u>	
Current income tax asset	₩158,497,470	Rs.9,182,868	₩176,945,680	Rs.9,963,663
Current income tax liability	<u>(349,498,167)</u>	<u>(20,248,875)</u>	<u>(343,104,706)</u>	<u>(19,319,938)</u>
Current income tax (liability), net	<u><u>(₩191,000,697)</u></u>	<u><u>(Rs.11,066,007)</u></u>	<u><u>(₩166,159,026)</u></u>	<u><u>(Rs.9,356,275)</u></u>

11. NET INCOME PER SHARE:

The Company's earnings per share for the years ended March 31, 2016 and 2015, are as follows (in Korean won, except for the share data in share):

	<u>2016</u>		<u>2015</u>	
Net income for common shareholder	₩705,355,831	Rs.40,866,202	₩493,873,443	Rs.27,809,597
Weighted-average number of common shares outstanding (Note)	<u>200,000</u>		<u>200,000</u>	
Net income per share	<u><u>₩3,527</u></u>	<u><u>Rs.204</u></u>	<u><u>₩2,469</u></u>	<u><u>Rs.139</u></u>

(Note) Weighted-average number of shares outstanding for the years ended March 31, 2016 and 2015, are the same as the issued number of shares, as there was no change in outstanding shares of common stock during the period.

12. STATEMENTS OF CASH FLOWS:

The statements of cash flows are presented using the indirect method, and significant non-cash transactions cash for the years ended March 31, 2016 and 2015, are as follows .

	<u>2016</u>	<u>2015</u>
Current portion of long term liability	₩1,187,150,000	₩-
	Rs. 68,779,910	Rs.-

13. 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.

14. FINANCIAL INSTRUMENT:

The maturity analysis of financial liabilities as of March 31, 2016 and 2015, is as follows (in Korean won):

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 Rs9,455,748	₩- 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 Rs78,235,657	₩258,750,000 Rs.14,991,199	₩4,442,511,292 Rs.257,385,777
Description	2015			
	Less than 3 months	Three months–one year	1 year–5 years	Total
Accounts payable	₩4,137,202,913 Rs.232,962,420	₩- Rs.-	₩- Rs.-	₩4,137,202,913 Rs.232,962,420
Accrued expenses	₩53,927,513 Rs.3,036,613	₩157,498,191 Rs.8,868,591	₩- Rs.-	₩211,425,704 11,905,204
Long-term other payable	₩- Rs.-	₩- Rs.-	₩879,200,000 Rs.49,507,013	₩879,200,000 Rs.49,507,013
	₩4,191,130,426 Rs.235,999,033	₩157,498,191 Rs.8,868,591	₩879,200,000 Rs.49,507,013	₩5,227,828,617 Rs.294,374,637

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.