

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
AND ITS SUBSIDIARY

Consolidated Financial Statements

March 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

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

Opinion

We have audited the consolidated financial statements of TATA DAEWOO COMMERCIAL VEHICLE CO., LTD. And its subsidiary("the Group"), which comprise the consolidated statements of financial position as of March 31, 2024 and 2023, the consolidated statements of Income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated operation, consolidated changes in equity and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG Samjory Accounting Corp.

Seoul, Korea

May 9, 2024

This report is effective as of May 9, 2024 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 consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD.
AND ITS SUBSIDIARY

Consolidated Financial Statements

March 31, 2024 and 2023

The accompanying consolidated financial statements, including all notes, have been prepared by, and are the responsibility of the Company.

Kim, Bang Shin
Chief Executive Officer
Tata Daewoo Commercial Vehicle Co., Ltd

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD AND ITS SUBSIDIARY

Consolidated Statements of Income

For the years ended March 31, 2024 and 2023

(In Korean won, except share data)

	Note	2024	2023
Assets			
Cash and cash equivalents	4,15	₩ 65,784,202,327	83,887,607,792
Short-term financial instruments	4,15	-	375,784,365
Accounts receivable – trade, less allowance for doubtful accounts of ₩ 601,241,330 as of March 31, 2024 and ₩ 578,693,962 as of March 31, 2023	15,16	70,015,077,319	36,013,683,721
Accounts receivable – other, less allowance for doubtful accounts of ₩ 7,518,840 as of March 31, 2024	15	11,669,631,350	9,334,362,189
Advance payments	16	1,396,592,074	511,829,028
Foreign currency forward contracts	17,18,27	2,347,813	45,154,988
Current deferred tax assets	24	9,972,121,056	9,252,129,472
Inventories, net	5,8	273,371,063,858	287,892,156,069
Other current assets	6	2,979,582,672	3,970,694,863
Total current assets		435,190,618,469	431,283,402,487
Long-term financial instruments		2,488,400,000	2,263,840,000
Property, plant and equipment, net	7,8,10	181,952,549,070	176,043,446,018
Intangible assets, net	9	12,011,883,548	13,401,718,641
Non-current deferred tax assets	24	6,874,704,633	12,913,934,883
Other non-current assets	11	5,160,911,500	4,741,035,900
Total non-current assets		208,488,448,751	209,363,975,442
Total assets		₩ 643,679,067,220	640,977,255,829

(Continued)

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD AND ITS SUBSIDIARY

Consolidated Statements of Income

For the years ended March 31, 2024 and 2023

(In Korean won, except share data)

	Note	2024	2023
Liabilities			
Short-term borrowings	12,17,27	₩ 45,000,000,000	45,000,000,000
Accounts payable – trade	15,16,27	149,537,997,386	111,932,519,454
Accounts payable – other	15,16,27	27,066,718,286	22,370,006,683
Advance receipts	16	22,873,782,153	49,789,632,242
Accrued expenses	15,16,27	15,046,852,492	14,838,184,941
Withholdings		2,936,100,199	3,294,027,413
Current income tax liability	24	635,546,009	1,345,231,866
Current portion of provision for warranties	13	17,265,844,746	16,404,463,353
Foreign currency forward contracts	17,18,27	141,149,889	-
Total current liabilities		280,503,991,160	264,974,065,952
Long-term borrowings	12,15,27	-	36,076,000,000
Long-term guarantee deposits received		76,000,000	76,000,000
Accrued severance indemnities, net of transfers to the National Pension Fund of ₩ 69,498,700 as of March 31, 2024 and March 31, 2023 and retirement pension fund of ₩ 67,323,412,360 as of March 31, 2024 and ₩ 61,125,565,388 as of March 31, 2023	14	2,817,137,720	539,405,902
Provision for warranties	13	6,673,189,724	5,771,796,728
Total non-current liabilities		9,566,327,444	42,463,202,630
Total liabilities		290,070,318,604	307,437,268,582
Shareholder's equity			
Common stock of ₩ 5,000 par value			
Authorized – 70,000,000 shares			
Issued and outstanding – 3,016,060 shares	1,19	15,080,300,000	15,080,300,000
Capital surplus	19		
Paid-in capital in excess of par value		92,753,162,813	92,753,162,813
Gain on capital reduction		50,650,609,388	50,650,609,388
Retained earnings	20,21		
Earned surplus reserve		8,436,000,000	8,436,000,000
Reserve for research and human resource development		38,572,066,667	38,572,066,667
Unappropriated retained earnings		148,116,609,748	127,717,970,479
Total shareholder's equity		353,608,748,616	333,210,109,347
Total liabilities and shareholder's equity		₩ 643,679,067,220	640,647,377,929

See accompanying notes to the consolidated financial statements.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD AND ITS SUBSIDIARY

Consolidated Statements of Income

For the years ended March 31, 2024 and 2023

(In Korean won)

	Note	2024	2023
Sales	16		
Finished goods		₩ 895,135,825,162	829,034,532,693
Others		104,889,300,621	98,647,419,924
		<u>1,000,025,125,783</u>	<u>927,681,952,617</u>
Cost of Sales	16,28		
Finished goods		(740,190,589,816)	(688,867,878,214)
Others		(72,526,944,844)	(69,650,155,981)
		<u>(812,717,534,660)</u>	<u>(758,518,034,195)</u>
Gross profit		187,307,591,123	169,163,918,422
Selling and Administrative expenses	23,28	<u>(153,439,225,965)</u>	<u>(138,752,944,172)</u>
Operating Income		33,868,365,158	30,410,974,250
Other income (expense)			
Interest income		5,036,064,020	3,460,557,871
Interest expense		(3,321,899,065)	(3,662,542,260)
Rental income		29,088,000	29,088,000
Gain(loss) on foreign currency transactions, net		(932,412,804)	283,173,746
Gain(loss) on foreign currency translation, net		1,039,450,805	(864,970,371)
Gain on disposal of property, plant and equipment, net		33,415,283	13,339,554
Reversal of other doubtful accounts		(7,518,840)	-
Gain(loss) on derivative instruments transactions, net	18	322,545,012	(2,195,023,055)
Gain(loss) on derivative instruments valuation, net	18	(138,802,076)	45,154,988
Loss on disposal of trade accounts receivable		(1,551,185,076)	(789,078,294)
Others		611,009,357	1,445,350,048
Other income (expense), net		<u>1,119,754,616</u>	<u>(2,234,949,773)</u>
Income before income tax		34,988,119,774	28,176,024,477
Income tax expense	24	<u>(7,049,330,505)</u>	<u>(7,229,422,419)</u>
Net Income		₩ 27,938,789,269	20,946,602,058
Earnings Per Share	25	₩ 9,263	6,945

See accompanying notes to the consolidated financial statements

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD AND ITS SUBSIDIARY

Consolidated Statements of Changes in Equity

For the years ended March 31, 2024 and 2023

<i>(In Korean won)</i>		Common stock	Capital surplus	Retained earnings	Total shareholder's equity
Balance at April 1, 2022	₩	15,080,300,000	143,403,772,201	161,319,585,088	319,803,657,289
Interim dividends		-	-	(7,540,150,000)	(7,540,150,000)
Net income		-	-	20,946,602,058	20,946,602,058
Balance at March 31, 2023	₩	<u>15,080,300,000</u>	<u>143,403,772,201</u>	<u>174,726,037,146</u>	<u>333,210,109,347</u>
Balance at April 1, 2023	₩	15,080,300,000	143,403,772,201	174,726,037,146	333,210,109,347
Interim dividends		-	-	(7,540,150,000)	(7,540,150,000)
Net income		-	-	27,938,789,269	27,938,789,269
Balance at March 31, 2024	₩	<u>15,080,300,000</u>	<u>143,403,772,201</u>	<u>195,124,676,415</u>	<u>353,608,748,616</u>

See accompanying notes to the consolidated financial statements.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD AND ITS SUBSIDIARY

Consolidated Statements of Cash Flows

For the years ended March 31, 2024 and 2023

(In Korean won)

		2024	2023
Cash flows from operating activities			
Net Income	₩	27,938,789,269	20,946,602,058
Adjustments for:			
Depreciation		19,105,272,893	17,728,018,305
Amortization		1,227,778,982	1,111,884,821
Provision for severance indemnities		10,330,083,085	8,822,825,913
Provision of doubtful accounts		22,547,368	9,523,945
Provision of doubtful other accounts		7,518,840	-
Loss(gain) on inventory valuation		1,104,131,844	(2,361,009,012)
Warranties		14,736,099,460	16,430,241,222
Loss on foreign currency translation, net		78,816,238	819,912,728
Loss(gain) on derivative instruments valuation, net		138,802,076	(45,154,988)
Gain on disposal of property, plant and equipment, net		(33,415,283)	(13,339,554)
Loss on disposal of trade accounts receivable		1,551,185,076	789,078,294
Changes in assets and liabilities:			
Trade accounts and notes receivable		(35,589,393,321)	2,972,685,334
Other receivables		(2,339,862,752)	399,804,113
Advance payments		(884,763,046)	(33,783,699)
Current deferred tax assets		(719,991,584)	840,535,657
Other current assets		991,112,191	2,654,019,498
Inventories		13,416,960,367	(8,254,340,165)
Non-current deferred tax assets		6,039,230,250	4,353,602,367
Trade accounts payable		37,356,879,961	(65,011,053,993)
Other payables		3,685,759,065	(4,721,373,830)
Advance receipts		(26,915,850,089)	39,340,896,259
Withholdings		(357,927,214)	1,097,921,802
Accrued expenses		659,827,765	(1,426,030,853)
Current income tax liability		(709,685,857)	965,151,895
Payments of warranty claims		(12,973,325,071)	(12,024,419,643)
Payments of severance indemnities		(1,854,504,295)	(1,298,759,943)
Funded deposit of retirement pension plan		(6,197,846,972)	(7,427,569,881)
Transfers from the National Pension Fund		-	2,904,600
Settlements of currency forward contracts		45,154,988	146,892,550
Cash generated from operating activities	₩	49,859,384,234	16,815,665,800

(Continued)

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD AND ITS SUBSIDIARY
Consolidated Statements of Cash Flows
For the years ended March 31, 2024 and 2023

(In Korean won)

	2024	2023
Cash flows from investing activities		
Decrease in short-term financial instruments	₩ 375,784,365	-
Increase in long-term loan to employees	(224,560,000)	(225,500,000)
Acquisition of property, plant and equipment	(23,304,272,944)	(21,540,845,924)
Acquisition of intangible assets	(807,822,720)	(5,733,855,471)
Acquisition of other non-current assets	(142,875,600)	-
Disposal of tangible asset	34,107,200	13,575,554
Increase in guarantee deposits	(297,000,000)	(418,000,000)
Decrease in guarantee deposits	20,000,000	433,668,000
Net cash used in investing activities	(24,346,639,699)	(27,470,957,841)
Cash flows from financing activities		
Proceeds from short-term borrowings	35,000,000,000	45,000,000,000
Proceeds from long-term borrowings	-	35,834,000,000
Repayment of short-term borrowings	(35,000,000,000)	(75,000,000,000)
Repayment of long-term borrowings	(36,076,000,000)	-
Payment of interim dividend	(7,540,150,000)	(7,540,150,000)
Net cash used in financing activities	(43,616,150,000)	(1,706,150,000)
Net decrease in cash and cash equivalents	(18,103,405,465)	(12,361,442,041)
Changes in the scope of consolidation	-	6,563,443,728
Cash and cash equivalents at the beginning of year	83,887,607,792	89,685,606,105
Cash and cash equivalents at the end of year	₩ 65,784,202,327	83,887,607,792

See accompanying notes to the consolidated financial statements.

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements

1. General

(1) Parent Company

Tata Daewoo Commercial Vehicle Co., Ltd.(the “Parent Company”) was spun off from Daewoo Motor Co., Ltd. on November 1, 2002 and located in Gunsan-si, Jeollabuk-do, Republic of Korea. The Parent Company and its subsidiary (the “Group”) manufacture and sell commercial vehicles. As of March 31, 2024, the Parent Company’s common stock totaled ₩15,080,300 thousand, all of which is owned by TML Holdings Pte. Ltd., a wholly owned subsidiary of Tata Motors Limited.

(2) Subsidiary

1) The Group’s consolidated subsidiary as of March 31, 2024 is as follow.

Name of Subsidiary	Location	Closing month	Nature of Business	Ownership(%)	
				2024	2023
Tata Daewoo Commercial Vehicle Sales & Distribution Co., Ltd.	Seoul	March	Sales agent service of commercial vehicle	100%	100%

2) Summarized financial position and results of operations of consolidated subsidiary as of and for the year ended March 31, 2024 and 2023 is as follow.

① As of and for the year ended March 31, 2024.

(In Korean won)

Name of subsidiary	Total assets	Total liabilities	Revenue	Net income
TDSC	₩ 10,893,477,012	7,283,882,788	49,876,207,212	1,472,881,863

② As of and for the year ended March 31, 2023.

(In Korean won)

Name of subsidiary	Total assets	Total liabilities	Revenue	Net income
TDSC	₩ 11,401,932,582	5,765,220,221	50,294,916,292	1,255,526,223

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements

2. Basis of Consolidated Financial Statements Preparation

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

(1) Statement of compliance

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

The accompanying consolidated 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 consolidated financial statements are for use by those knowledgeable about Korean accounting principles and their application in practice.

(2) Basis of measurement

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

- ✓ derivative financial instruments are measured at fair value

(3) Basis of Consolidations

The consolidated financial statements are prepared by incorporating the assets, liabilities, equity, revenues, expenses, and cash flows of the Parent Company and its subsidiary on the same line items, offsetting(eliminating) the carrying amounts of the Parent Company's investment in subsidiary with the Parent Company's share of the subsidiary equity, and eliminating all intragroup transactions, balances, income, and expenses in full on consolidation. The revenue and expense of the subsidiary are included in the consolidated financial statements from the time the Group obtains control of a subsidiary until it loses control.

The financial statements of the Parent Company and its subsidiary used in the preparation of the consolidated financial statements are prepared at the same reporting periods.

(4) Use of estimates and judgments

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

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

Note 5 – Allowance for valuation of Inventories

Note 13 – Provisions

Note 24 – Income Taxes

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements

3. Significant Accounting Policies

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

(1) Cash and cash equivalents

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

(2) Allowance for doubtful accounts

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

(3) Inventories

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

(4) Property, plant and equipment

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

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

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

TATA DAEWOO COMMERCIAL VEHICLE CO., LTD AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements

3. Significant Accounting Policies, Continued

(4) Property, plant and equipment, Continued

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

	Useful lives (years)
Buildings	40
Structures	20
Machinery and equipment	12
Others	3~6

(5) Intangible assets

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

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

	Useful lives (years)
Development costs	10
Software	6

(6) Impairment of assets

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

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

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

3. Significant Accounting Policies, Continued

(7) Government subsidy

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

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

(8) Lease

The Group classifies a lease as either an operating or a finance lease based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the Group. The Group recognizes a lease agreement as a finance lease if:

- 1) the ownership of the leased asset is transferred to the Group at the end of the lease term or earlier;
- 2) the Group has the option to purchase the asset at a price that is expected to sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- 3) the lease term is for the major part of the economic life of the asset even if title is not transferred;
- 4) at the inception of the lease the present value of the minimum lease payments amounts discounted by the interest rate implicit in the lease should be at least substantially all of the fair value of the leased asset; and
- 5) the leased assets are of such a specialized nature that only the Group can use them without major modification.

All other leases are classified as operating lease.

(9) Effects of foreign exchange fluctuations

1) Functional currency and reporting currency

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

2) Foreign currency transaction

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

3. Significant Accounting Policies, Continued

(9) Effects of foreign exchange fluctuations, Continued

In addition, monetary assets and liabilities denominated in foreign currency are translated into Korean won at the base rates announced by Seoul Money Brokerage Services, Ltd. on the dates of the statements of financial position, which were ₩1,346.8 and ₩1,303.8 to USD 1 at March 31, 2024 and March 31, 2023, respectively.

(10) Accrued severance indemnities

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

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

(11) Provisions

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

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

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

(12) Financial instruments

Financial assets and financial liabilities are recognized only when the Group becomes a party to the financial instrument. At the date of initial recognition, financial assets and financial liabilities are measured at fair value minus transaction costs that are directly attributable to the acquisition.

Subsequent to initial recognition, financial assets and financial liabilities are measured at amortized cost except to securities, derivative, and designation as at fair value through profit or loss.

The carrying amounts of the Group's non-financial assets measured at amortized cost are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the recognition, measurement, and reversal of impairment losses on the relevant financial asset are accounted for in accordance with the accounting policy for the damage to the securities below.

In the case of the transfer of financial assets except to securities, financial assets are derecognized only when the Group cannot exercise its rights to the transferred assets after the transfer, cannot exercise effective control after the transfer, and the transferee has the freedom to dispose of the transferred financial assets, and in other cases, it is accounted for as a borrowing transaction with financial assets as collateral.

3. Significant Accounting Policies, Continued

(12) Financial instruments, Continued

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

(13) Revenue recognition

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

(14) Income tax

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

(15) Basic earnings per share

The Group calculates the basic earnings per share by dividing the number of common shares outstanding during the period by the weighted average number of shares for the accounting period attributable to the common stock and presents it in the consolidated statement of income.

4. Restricted Deposits

Deposits which are restricted in use as of March 31, 2024 and 2023 are summarized as follows:

<i>(In Korean won)</i>		2024	2023	Description
Cash and Cash equivalents				
Bank Deposit	₩	-	623,630,545	Long-term borrowing interest
	₩	-	623,630,545	

5. Inventories

Inventories as of March 31, 2024 and 2023 are summarized as follows:

<i>(In Korean won)</i>		2024	2023
Finished goods	₩	79,016,695,268	93,345,786,469
Work in process		20,819,783,983	19,316,817,169
Raw materials		112,199,982,168	142,141,756,713
Materials in transit		43,726,703,875	16,616,910,658
Parts for service		32,608,600,498	30,367,455,150
Less: allowance for valuation loss		(15,000,701,934)	(13,896,570,090)
	₩	273,371,063,858	287,892,156,069

6. Other Current Assets

Other current assets as of March 31, 2024 and 2023 are summarized as follows:

<i>(In Korean won)</i>		2024	2023
Prepaid expenses	₩	309,233,909	216,812,877
Prepaid taxes		2,580,744,691	3,740,906,645
Accrued income		89,604,072	12,975,341
	₩	2,979,582,672	3,970,694,863

7. Property, Plant and Equipment

(1) Property, plant and equipment and related accumulated depreciation as of March 31, 2024 and 2023 are summarized as follows:

(In Korean won)

		2024	2023
Land	₩	55,672,351,701	55,672,351,701
Buildings		107,308,116,650	102,635,385,150
Structures		17,252,988,893	15,684,462,993
Machinery and equipment		114,169,832,909	110,513,417,909
Vehicles		1,028,705,713	1,073,830,529
Tools		6,752,107,329	6,193,917,329
Furniture and fixtures		12,257,019,738	11,826,983,339
Computers		11,621,591,850	11,195,079,850
Molds		199,582,153,181	188,904,684,503
Construction in progress		4,189,420,000	1,843,400,000
		<u>529,834,287,964</u>	<u>505,543,513,303</u>
Less: government subsidy		(239,071,000)	(141,461,223)
Less: accumulated depreciation		<u>(347,642,667,894)</u>	<u>(329,358,606,062)</u>
Property, plant and equipment, net	₩	<u>181,952,549,070</u>	<u>176,043,446,018</u>

7. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the year ended March 31, 2024 and 2023 are as follows:

(In Korean won)

		2024					
		April 1	Acquisitions	Disposals	Transfer(*)	Depreciation	March 31
Land	₩	55,672,351,701	-	-	-	-	55,672,351,701
Buildings		60,478,105,048	4,651,731,500	-	21,000,000	(2,768,796,500)	62,382,040,048
Structures		4,508,871,968	1,568,525,900	-	-	(525,876,587)	5,551,521,281
Machinery and equipment		13,652,075,841	4,215,290,000	(1,000)	79,000,000	(3,919,343,574)	14,027,021,267
Vehicles		156,838,165	101,030,238	(5,000)	-	(57,241,148)	200,622,255
Tools		726,491,581	549,133,000	(78,000)	-	(387,771,463)	887,775,118
Furniture and fixtures		1,751,168,448	520,191,546	(607,917)	-	(575,354,144)	1,695,397,933
Computers		1,315,860,110	360,677,000	-	-	(349,608,297)	1,326,928,813
Molds		35,938,283,156	7,134,068,678	-	3,468,400,000	(10,521,281,180)	36,019,470,654
Construction in progress		1,843,400,000	4,189,420,000	-	(1,843,400,000)	-	4,189,420,000
	₩	<u>176,043,446,018</u>	<u>23,290,067,862</u>	<u>(691,917)</u>	<u>1,725,000,000</u>	<u>(19,105,272,893)</u>	<u>181,952,549,070</u>

(*) ₩ 1,725,000 thousand of Molds are transferred from Intangible Asset.

(In Korean won)

		2023					
		April 1	Acquisitions	Disposals	Transfer	Depreciation	March 31
Land	₩	55,672,351,701	-	-	-	-	55,672,351,701
Buildings		61,484,261,554	1,670,000,000	-	-	(2,676,156,506)	60,478,105,048
Structures		5,166,634,630	67,000,000	-	-	(724,762,662)	4,508,871,968
Machinery and equipment		13,905,430,795	3,363,200,000	(45,000)	-	(3,616,509,954)	13,652,075,841
Vehicles		179,311,372	28,688,722	(3,000)	-	(51,158,929)	156,838,165
Tools		791,803,838	302,477,000	(1,000)	-	(367,788,257)	726,491,581
Furniture and fixtures		1,549,616,879	783,190,997	(88,000)	-	(581,551,428)	1,751,168,448
Computers		931,379,860	689,137,817	(28,000)	-	(304,629,567)	1,315,860,110
Molds		32,552,346,311	12,781,753,388	(71,000)	9,715,459	(9,405,461,002)	35,938,283,156
Construction in progress		9,715,459	1,843,400,000	-	(9,715,459)	-	1,843,400,000
	₩	<u>172,242,852,399</u>	<u>21,528,847,924</u>	<u>(236,000)</u>	<u>-</u>	<u>(17,728,018,305)</u>	<u>176,043,446,018</u>

7. Property, Plant and Equipment, Continued

(3) The officially declared value of land at March 31, 2024 and 2023, as announced by the Ministry of Land, Infrastructure and Transport, is as follows:

(In Korean won)

		Book value	Declared value	
			2024	2023
Plant site	₩	55,487,999,429	70,750,720,000	75,511,058,590
Housing		184,352,272	204,646,396	222,662,104
	₩	<u>55,672,351,701</u>	<u>70,955,366,396</u>	<u>75,733,720,694</u>

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

8. Insured Assets

Listing and description of insured assets as of March 31, 2024 is summarized as follows:

(In Korean won)

Related assets		Book value	Insured amount	Insurance Company (Risk)
Inventories	₩	229,644,359,983		DB Insurance Co., Ltd and
Property, plant and equipment		121,700,054,043	842,251,449,196	1 other (Fire and comprehensive liability)
	₩	<u>351,344,414,026</u>	<u>842,251,449,196</u>	

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

9. Intangible Assets

(1) Details of intangible assets as of March 31, 2024 and 2023 are as follows:

(In Korean won)

		2024			2023		
		Acquisition cost	Accumulated amortization	Book value	Acquisition cost	Accumulated amortization	Book value
Development costs	₩	13,560,483,430	(2,905,649,476)	10,654,833,954	14,587,700,761	(1,917,320,468)	12,670,380,293
Software		1,636,919,532	(279,869,938)	1,357,049,594	846,758,312	(115,419,964)	731,338,348
	₩	<u>15,197,402,962</u>	<u>(3,185,519,414)</u>	<u>12,011,883,548</u>	<u>15,434,459,073</u>	<u>(2,032,740,432)</u>	<u>13,401,718,641</u>

(2) Changes in intangible assets for the years ended March 31, 2024 and 2023 are as follows:

(In Korean won)

		April 1, 2023	Acquisition	Transfer(*)	Amortization	March 31, 2024
Development costs	₩	12,670,380,293	772,782,669	(1,725,000,000)	(1,063,329,008)	10,654,833,954
Software		731,338,348	790,161,220	-	(164,449,974)	1,357,049,594
	₩	<u>13,401,718,641</u>	<u>1,562,943,889</u>	<u>(1,725,000,000)</u>	<u>(1,227,778,982)</u>	<u>12,011,883,548</u>

(*) ₩ 1,725,000 thousand of Development costs are transferred to property, plant and equipment.

(In Korean won)

		April 1, 2022	Acquisition	Amortization	March 31, 2023
Development costs	₩	11,028,604,555	2,628,779,172	(987,003,434)	12,670,380,293
Software		326,538,573	529,681,162	(124,881,387)	731,338,348
	₩	<u>11,355,143,128</u>	<u>3,158,460,334</u>	<u>(1,111,884,821)</u>	<u>13,401,718,641</u>

(3) Ordinary research and development cost for the year ended March 31, 2024 is ₩ 966,000 thousand.

10. Finance Lease

(1) The Group participated as a private investor in the "Public-Private Partnership Auto Parts Development Short-Term Project" conducted by the Jeonbuk Institute of Automotive Convergence Technology. The Group contributed the necessary funds for the project. The auto parts molds developed through this initiative will be used exclusively by the Group for a substantial portion of their useful lives.

(2) Finance lease assets as of March 31, 2024 and 2023 are as follows:

(In Korean won)

		2024	2023
Acquisition cost	₩	1,800,000,000	1,800,000,000
Accumulated depreciation		<u>(400,000,000)</u>	<u>(75,000,000)</u>
	₩	<u>1,400,000,000</u>	<u>1,725,000,000</u>

(3) The Group has no obligations to pay future lease payments as obligation to contribute the necessary funding has been completed.

11. Other Non-Current Assets

Other non-current assets as of March 31, 2024 and 2023 are summarized as follows:

(In Korean won)

		2024	2023
Guarantee deposits	₩	4,072,410,500	3,795,410,500
Others		1,088,501,000	945,625,400
	₩	<u>5,160,911,500</u>	<u>4,741,035,900</u>

12. Borrowings

(1) Short-term borrowings as of March 31, 2024 and 2023 are summarized as follows:

(In Korean won)

Description	Lender	Annual interest rate at March 31, 2024	Amount	
			2024	2023
General loan	EXIM Bank and others	4.27%~5.74%	₩ 45,000,000,000	45,000,000,000

(2) Long-term borrowings as of March 31, 2024 and 2023 are summarized as follows:

(In Korean won)

Description	Lender	Annual interest rate at March 31, 2024	Amount	
			2024	2023
General loan	SBI Bank	-	₩ -	36,076,000,000

13. Provisions

Changes in provisions for warranty claims for the years ended March 31, 2024 and 2023 are summarized as follows:

(In Korean won)

		2024	2023
Beginning of the year	₩	22,176,260,081	17,770,438,502
Provision for warranty claims, net		14,736,099,460	16,430,241,222
Payments		<u>(12,973,325,071)</u>	<u>(12,024,419,643)</u>
End of the period	₩	<u>23,939,034,470</u>	<u>22,176,260,081</u>
Thereof current	₩	17,265,844,746	16,404,463,353
Thereof non-current	₩	6,673,189,724	5,771,796,728

14. Accrued Severance Indemnities

(1) Changes in retirement and severance benefits for the years ended March 31, 2024 and 2023 are as follows:

(In Korean won)

		2024	2023
Provision for retirement and severance benefits at beginning of the year	₩	61,734,469,990	54,210,404,020
Accrual for retirement and severance benefits		10,330,083,085	8,822,825,913
Payments		(1,854,504,295)	(1,298,759,943)
Provision for retirement and severance benefits at end of the year		70,210,048,780	61,734,469,990
Transfer to National Pension Fund		(69,498,700)	(69,498,700)
Retirement pension fund		(67,323,412,360)	(61,125,565,388)
Net balance at end of the year	₩	2,817,137,720	539,405,902

(2) Changes in retirement pension fund for the years ended March 31, 2024 and 2023 are as follows:

(In Korean won)

		2024	2023
Beginning balance	₩	61,125,565,388	53,697,995,507
Deposits		6,000,000,000	7,500,000,000
Payments		(1,671,921,479)	(1,098,757,051)
Interest accrued		1,869,768,451	1,026,326,932
Ending balance	₩	67,323,412,360	61,125,565,388

(3) Retirement pension fund as of March 31, 2024 and 2023 are comprised of as follows:

(In Korean won)

		2024	2023
Time deposit	₩	67,323,412,360	61,125,565,388

15. Assets and Liabilities Denominated in Foreign Currencies

(1) Assets and liabilities denominated in foreign currencies as of March 31, 2024 are as follows:

(In Korean won and foreign currencies)

		2024		
		Foreign currency	Exchange rate	Translation into Korean won
Cash and cash equivalents	USD	6,663,749 ₩	1,346.80 ₩	8,974,737,126
	EUR	1,145,772	1,452.93	1,664,726,890
Accounts receivable – trade	USD	23,332,472	1,346.80	31,424,173,060
	EUR	1,157,400	1,452.93	1,681,621,183
	ZAR	92,623,500	71.15	6,590,162,025
Accounts receivable – others	USD	573	1,346.80	771,555
	EUR	353,260	1,452.93	513,262,197
Total foreign currency denominated assets			₩	50,849,454,036
Accounts payable – trade	USD	3,882,574 ₩	1,346.80 ₩	5,229,050,085
	GBP	14,170	1,700.34	24,093,818
	EUR	25,775,297	1,452.93	37,449,701,853
	CNY	1,622,633	185.75	301,404,043
Accounts payable – others	USD	3,450,967	1,346.80	4,647,761,924
	EUR	117,609	1,452.93	170,876,991
	ZAR	49,703	71.15	3,536,365
Accrued expenses	USD	334,670	1,346.80	450,733,659
Total foreign currency denominated liabilities			₩	48,277,158,738

15. Assets and Liabilities Denominated in Foreign Currencies, Continued

(2) Assets and liabilities denominated in foreign currencies as of March 31, 2023 are as follows:

(In Korean won and foreign currencies)

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

16. Related Party Transactions

(1) Details of parent and subsidiary relationships as of March 31, 2024 are as follows:

Relationship	Related parties
Ultimate Parent	Tata Motors Limited
Immediate Parent	Tata Motors Limited Holdings Pte. Ltd. ("TML Holdings")
Others	Subsidiaries, associates, and joint ventures of immediate or ultimate parent
Entity with significant influence and its subsidiaries	Tata Sons Private Limited its subsidiaries

(2) Significant transactions which occurred in the normal course of business with related parties for the years ended March 31, 2024 and 2023 are as follows:

(In Korean won)

Transactions		2024	2023
Sales to			
Tata Motors Limited	₩	1,527,318,520	1,892,456,101
Tata Motors Thailand Ltd.		5,514,347	4,713,980
Tata Motors (SA)(PTY) Ltd. (*1)		282,665,601	-
Tata Sons Private Limited its subsidiaries		13,699,617,308	9,258,561,329
	₩	<u>15,515,115,776</u>	<u>11,155,731,410</u>
Purchase from			
Tata Motors Limited		3,573,428,735	4,862,298,203
Tata Cummins Pte. Ltd.		983,100,592	-
Tata Autocomp Systems Ltd.		8,005,902	-
	₩	<u>4,564,535,229</u>	<u>4,862,298,203</u>
Others to			
Tata Motors Limited		830,800,172	920,231,953
TML Holdings Pte. Ltd. (*2)		7,540,150,000	7,540,150,000
Tata Technologies Pte. Ltd.		2,408,694,736	2,246,575,601
Tata Sons Private Limited its subsidiaries		1,548,824,399	1,630,372,649
	₩	<u>12,328,469,307</u>	<u>12,337,330,203</u>

(*1) During the current period, it has been reclassified as the subsidiary of entity with significant influence.

(*2) The payment of cash dividends are included.

16. Related Party Transactions, Continued

(3) Account balances with related parties as of March 31, 2024 and 2023 are as follows:

(In Korean won)

Account balances		2024	2023
Accounts receivable-trade			
Tata Motors Limited	₩	35,484,139	109,792,554
Tata Motors (SA)(PTY) Ltd. (*)		-	484,821,948
Tata Sons Private Limited its subsidiaries		11,535,218,710	2,352,237,693
	₩	<u>11,570,702,849</u>	<u>2,946,852,195</u>
Advances payment			
Tata Motors Limited	₩	<u>26,299,840</u>	<u>26,299,840</u>
Accounts payable-trade			
Tata Motors Limited		846,865,120	401,175,649
Tata Cummins Pte. Ltd.		231,110,880	-
	₩	<u>1,077,976,000</u>	<u>401,175,649</u>
Accounts payable-other			
Tata Motors Limited		179,483,941	174,523,121
Tata Technologies Pte. Ltd.		310,023,433	307,463,150
Tata Sons Private Limited its subsidiaries		24,436,918	44,143,518
	₩	<u>513,944,292</u>	<u>526,129,789</u>
Advance receipts			
Tata Motors Thailand Ltd.		-	1,365,274
Tata Sons Private Limited its subsidiaries		24,958,308	108,868,758
	₩	<u>24,958,308</u>	<u>110,234,032</u>
Accrued expense			
Tata Sons Private Limited its subsidiaries	₩	<u>1,451,614,420</u>	<u>1,483,756,295</u>

(*) During the current period, it has been reclassified as the subsidiary of entity with significant influence.

17. Commitments and Contingencies

(1) The Group's significant pending litigations as of March 31, 2024 are as follows:

(In Korean won)

Court	Plaintiff	Defendant	Descriptions	Amount of claim	Progress
Seoul	Lee, Sungmin	The Company	Termination of contract	1,998,988,745	Proceeding in retriall
Jeonju	Kwak, Ilsung and others	The Company	Claim for agreement	3,692,000,000	Proceeding in first trial
Seoul	Kim, Jae-il	The Company	Claim for damage	156,947,530	Proceeding in second trial
Jeonju	Namwon RMC	The Company	Claim for damage	230,441,340	Proceeding in first trial
Suwon	Park, Seonkyong	The Company	Claim for damage	67,199,557	Proceeding in first trial
Cheongju	Park, Jongcheol	The Company	Claim for damage	20,423,628	Proceeding in first trial
Kwangju	DB Insurance	The Company	Claim for damage	18,000,000	Proceeding in first trial

As of March 31, 2024, Management expects that the finalizable timing, amount of expected outflow of resources and result of foregoing lawsuits and claims cannot be reliably estimated.

17. Commitments and Contingencies, Continued

(2) Comprehensive bank facilities as of March 31, 2024 are provided by financial institutions for the Group as follows:

Provider	Credit limit		Amount utilized		Period	Description
Shinhan Bank	KRW	13,000,000,000	KRW	4,420,538,453	2023.10.08~2024.10.08	Seller's loan
	USD	3,000,000	EUR	2,070,362	2023.10.08~2024.10.08	Import finance
	KRW	5,000,000,000	KRW	5,000,000,000	2024.02.19~2025.02.17	General loan
Kookmin Bank	KRW	5,000,000,000	KRW	5,000,000,000	2023.12.22~2024.12.22	General loan
	USD	4,500,000	EUR	4,104,203	2023.09.13~2024.09.13	Import finance
	USD	3,500,000	USD	-	2023.09.13~2024.09.13	Export finance
EXIM Bank	KRW	20,000,000,000	KRW	20,000,000,000	2023.07.25~2024.08.26	General loan
	KRW	10,000,000,000	KRW	10,000,000,000	2024.01.18~2025.01.17	General loan
Jeonbuk Bank	KRW	4,000,000,000	KRW	493,001,345	2023.06.23~2024.06.23	Seller's loan
Woori Bank	KRW	3,000,000,000	KRW	727,537,704	2023.07.12~2024.07.12	Seller's loan
	USD	288,222	USD	-	2023.03.31~2024.04.29	Letter of guarantee
KEB HANA Bank	KRW	100,000,000	KRW	21,797,585	2017.02.17~2025.07.10	Employee welfare
ANZ Bank	KRW	20,000,000,000	KRW	5,000,000,000	2023.06.30~2024.06.30	Export-Import finance and working capital
Nonghyup Bank	-	-	USD	9,000,000	2023.06.30~2024.06.30	Foreign exchange and derivatives
	KRW	15,000,000,000	KRW	-	2023.10.16~2024.10.16	Overdraft loan
Total	KRW	95,100,000,000	KRW	50,662,875,087		
	USD	11,288,222	USD	9,000,000		
	EUR	-	EUR	6,174,565		

(3) Details of guarantees which the Group had provided for employee as of March 31, 2024 are as follows:

Guarantee recipient	Credit limit		Executed amount		Description
KEB HANA Bank	KRW	100,000,000	KRW	21,797,585	Joint guarantee for personnel credit loans

(4) As of March 31, 2024, in connection with the performance guarantee for the domestic sales contract, Seoul Guarantee Insurance Group provided the guarantee to the Group up to limit of KRW 8,868 million.

18. Derivatives

(1) The Group maintains foreign currency forward contracts with financial institutions and details of such contracts as of March 31, 2024 and 2023 are as follows:

① As of March 31, 2024

(In Korean won
except for foreign currency)

(In Korean won except for foreign currency)		2024										
		Contract amount				Fair value						
		Foreign currency		Rate		Amount		Assets		Liabilities		Net
Selling	ANZ	USD	2,000,000	KRW	1,309.00	KRW	2,618,000,000	₩	-	74,188,615		(74,188,615)
			2,000,000		1,326.90		2,653,800,000		-	36,396,922		(36,396,922)
			2,000,000		1,346.20		2,692,400,000		2,347,813	-		2,347,813
			2,000,000		1,333.80		2,667,600,000		-	21,909,568		(21,909,568)
			1,000,000		1,336.10		1,336,100,000		-	8,654,784		(8,654,784)
	Total	USD	9,000,000			KRW	11,967,900,000	₩	2,347,813	141,149,889		(138,802,076)

② As of March 31, 2023

(In Korean won
except for foreign currency)

2023									
	Bank	Foreign currency	Contract amount			Fair value			
			Rate	Amount		Assets	Liabilities	Net	
Selling	ANZ Bank	USD	2,000,000	KRW 1,325.00	KRW 2,650,000,000	₩ 45,154,988	-	45,154,988	

(2) Gains or losses in connection with foreign currency forward contracts for the years ended March 31, 2024 and 2023 are as follows:

(In Korean won)

		2024	2023
Gain on derivative instruments transactions	₩	403,055,012	81,663,937
Loss on derivative instruments transactions		(80,510,000)	(2,276,686,992)
Gain(loss) on derivative instruments transactions, net	₩	322,545,012	(2,195,023,055)
Gain on derivative instruments valuation	₩	2,347,813	45,154,988
Loss on derivative instruments valuation		(141,149,889)	-
Gain(loss) on derivative instruments valuation, net	₩	(138,802,076)	45,154,988

19. Shareholder's Equity

Common stock and capital surplus as of March 31, 2024 and 2023 are as follows:

<i>(In Korean won except for share data)</i>	2024	2023
Number of shares:		
Authorized	70,000,000 shares	70,000,000 shares
Issued and outstanding	3,016,060 shares	3,016,060 shares
Par value	5,000	5,000
Common stock	₩ 15,080,300,000	15,080,300,000
Capital surplus:		
Paid-in capital in excess of par value	92,753,162,813	92,753,162,813
Gain from capital reduction	50,650,609,388	50,650,609,388
	₩ 143,403,772,201	143,403,772,201

20. Retained Earnings

(1) Earned surplus reserve

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

(2) Reserve for research and human resources development

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

21. Dividends

Details of interim dividends for common stocks included in the Group's statements of appropriations of retained earnings for the year ended March 31, 2024 and 2023 are as follows.

(1) Dividends:

(In Korean won, except number of shares)

	2024	2023
Interim dividends per share (dividend ratio)	2,500(50%)	2,500(50%)
Number of shares outstanding	3,016,060	3,016,060
Dividend	₩ 7,540,150,000	7,540,150,000

(2) Dividend Payout Ratios:

(In Korean won)

	2024	2023
Dividends	₩ 7,540,150,000	7,540,150,000
Net income	27,938,789,269	20,946,602,058
Payout ratio	27%	36%

22. Comprehensive Income

Comprehensive income for the years ended March 31, 2024 and 2023 are same as net income.

23. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses for the years ended March 31, 2024 and 2023 are as follows:

(In Korean won)

		2024	2023
Salaries	₩	38,218,369,326	35,342,755,940
Provision for severance indemnities		3,499,485,631	3,126,174,783
Other employee benefits		8,686,483,867	7,946,942,056
Utilities		603,817,934	536,457,110
Vehicle maintenance		332,696,034	329,175,978
Repairs		1,237,100,102	982,694,208
Rental		1,777,463,267	1,906,480,480
Insurance		498,096,309	345,190,900
Depreciation		2,162,308,372	1,835,587,257
Amortization		1,227,778,982	1,111,884,821
Supplies		228,162,172	225,092,031
Publication		246,789,377	266,965,928
Communication		355,564,768	332,424,562
Freight and storage		20,371,827,546	12,570,819,328
Taxes and dues		675,797,117	653,470,997
Travel		607,165,198	562,686,017
Fee and charges		39,009,382,259	37,360,689,368
Entertainment		98,076,599	84,816,959
Advertising		511,992,360	384,327,927
Training		153,496,158	117,446,029
Outsourcing		4,976,961,757	4,914,816,655
Research and development		966,284,626	233,607,231
Sales promotion, net		8,228,013,723	8,000,785,581
Provision for warranty, net		14,736,099,460	16,430,241,222
Packaging		2,692,287,580	1,933,988,826
Overseas marketing		248,976,019	305,477,573
Provision of doubtful accounts, net		22,547,368	9,523,945
Others		1,066,202,054	902,420,460
Total	₩	153,439,225,965	138,752,944,172

24. Income Taxes

(1) The components of income tax expense for the years ended March 31, 2024 and 2023 are as follows:

(In Korean won)

		2024	2023
Current tax expense	₩	1,730,091,839	2,035,284,395
Changes in deferred tax for temporary differences		5,319,238,666	5,194,138,024
Income tax expense in continuing operation	₩	<u>7,049,330,505</u>	<u>7,229,422,419</u>

(2) The income tax expense calculated by applying statutory tax rates to the group'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, 2024 and 2023 for the following reasons:

(In Korean won)

		2024	2023
Gain before income taxes	₩	34,988,119,774	28,176,024,477
Tax rate		20.9%	22%
Income taxes at normal tax rates		7,312,517,034	6,198,725,385
Tax effects of permanent difference		(580,744,643)	177,546,534
Tax credit		(369,722,199)	(392,276,552)
De-recognition of deferred tax		731,500,000	(262,404,981)
Change of deferred tax rate		-	1,145,139,147
Others		<u>(44,219,687)</u>	<u>362,692,886</u>
Income tax expense	₩	<u>7,049,330,505</u>	<u>7,229,422,419</u>

24. Income Taxes, Continued

(3) Changes in temporary differences and deferred tax assets for the years ended March 31, 2024 and 2023 are as follows:

(In Korean won)		2024			
Account		April 1	Decrease	Increase	March 31
Temporary differences (current):					
Accrued expenses	₩	13,020,181,671	13,020,181,671	15,297,484,267	15,297,484,267
Allowance for doubtful accounts		111,527,144	111,527,144	-	-
Provision for warranties		16,404,463,353	16,404,463,353	17,265,844,746	17,265,844,746
Valuation of inventories		13,896,570,090	13,896,570,090	15,000,701,934	15,000,701,934
Government subsidy		137,180,668	137,180,668	239,071,000	239,071,000
Accrued interest income		-	-	(89,604,072)	(89,604,072)
Subtotal		43,569,922,926	43,569,922,926	47,713,497,875	47,713,497,875
Tax rate (*1)		20.9%			20.9%
DTA – Temporary differences		9,106,113,892			9,972,121,056
DTA – Tax credit carry forward		146,015,580			-
Current deferred tax assets	₩	9,252,129,472			9,972,121,056
Temporary differences (non-current):					
Accrued warranties	₩	5,771,796,728	5,771,796,728	6,673,189,724	6,673,189,724
Accrued severance indemnities		1,115,152,890	1,115,152,890	2,817,137,720	2,817,137,720
Depreciation		2,033,144,265	493,403,250	524,618,616	2,064,359,631
Loss on impairment of tangible assets		157,556,484	86,139,674	-	71,416,810
Tax loss carry forward		52,711,511,752	31,444,292,032	-	21,267,219,720
Subtotal		61,789,162,119	38,910,784,574	10,014,946,060	32,893,323,605
Tax rate (*1)		20.9%			20.9%
Non-current deferred tax assets		12,913,934,883			6,874,704,633
Deferred tax assets (*2)	₩	22,166,064,355			16,846,825,689

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

(*2) Deductible temporary differences are recorded to the extent that the resulting deferred tax assets are certain to be realized as of March 31, 2024.

24. Income Taxes, Continued

(In Korean won)

(In Korean won)		2023			
Account		April 1	Decrease	Increase	March 31
Temporary differences (current):					
Accrued expenses	₩	14,389,725,052	14,389,725,052	13,020,181,671	13,020,181,671
Allowance for doubtful accounts		139,408,656	139,408,656	111,527,144	111,527,144
Provision for warranties		11,999,943,149	11,999,943,149	16,404,463,353	16,404,463,353
Valuation of inventories		16,257,579,102	16,257,579,102	13,896,570,090	13,896,570,090
Government subsidy		38,591,223	38,591,223	137,180,668	137,180,668
Accrued interest income		(27,060,272)	(27,060,272)	-	-
Subtotal		42,798,186,910	42,798,186,910	43,569,922,926	43,569,922,926
Tax rate (*1)		22.0%			20.9%
DTA – Temporary differences		9,415,601,120			9,106,113,892
DTA – Tax credit carry forward		677,064,009			146,015,580
Current deferred tax assets	₩	10,092,665,129			9,252,129,472
Temporary differences (non-current):					
Accrued warranties	₩	5,770,495,353	5,770,495,353	5,771,796,728	5,771,796,728
Accrued severance indemnities		882,169,090	882,169,090	1,115,152,890	1,115,152,890
Depreciation		1,944,953,630	368,689,718	456,880,353	2,033,144,265
Loss on impairment of tangible assets		157,556,484	-	-	157,556,484
Tax loss carry forward		69,733,631,122	17,022,119,370	-	52,711,511,752
Subtotal		78,488,805,679	24,043,473,531	7,343,829,971	61,789,162,119
Tax rate (*1)		22.0%			20.9%
Non-current deferred tax assets		17,267,537,250			12,913,934,883
Deferred tax assets (*2)	₩	27,360,202,379			22,166,064,355

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

(*2) Deductible temporary differences are recorded to the extent that the resulting deferred tax assets are certain to be realized as of March 31, 2023.

24. Income Taxes, Continued

(4) Current income tax asset and current income tax liability as of March 31, 2024 and 2023 are as follows:

(In Korean won)

		<u>March 31, 2024</u>	<u>March 31, 2023</u>
Current income tax asset	₩	1,096,548,410	656,840,170
Current income tax liability		<u>(1,732,094,419)</u>	<u>(2,002,072,036)</u>
Current income tax liability, net	₩	<u>(635,546,009)</u>	<u>(1,345,231,866)</u>

(5) Temporary differences which is not recognized as deferred tax assets as of March 31, 2024 and its extension date is as follows:

(In Korean won)

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

25. Earnings per Share

The Group's earnings per share for the years ended March 31, 2024 and 2023 is as follows:

(In Korean won except for share data)

		<u>2024</u>	<u>2023</u>
Net Income	₩	27,938,789,269	20,946,602,058
Weighted-average number of common shares outstanding		<u>3,016,060</u>	<u>3,016,060</u>
Earnings per share	₩	<u>9,263</u>	<u>6,945</u>

(*) Weighted-average number of shares outstanding for the years ended March 31, 2024 and 2023, was the same as the issued number of shares, as there was no change in outstanding shares of common stock for the years ended March 31, 2024 and 2023.

26. Non-cash Investing and Financing Activities

Significant non-cash investing and financing activities for the years ended March 31, 2024 and 2023 are as follows :

(In Korean won)		2024	2023
Transfer from construction in progress to buildings	₩	21,000,000	-
Transfer from construction in progress to machinery		79,000,000	-
Transfer from construction in progress to molds		1,743,400,000	9,715,459
Decrease of other payables due to acquisition of Property, Plant and Equipment		(14,205,082)	(11,998,000)
Increase(decrease) of other payables due to acquisition of Intangible Assets		755,121,169	(2,575,395,137)

27. Financial Instruments

(1) Financial instruments that are measured subsequent to initial recognition at fair value as of March 31, 2024 and 2023 are as follows:

(In Korean won)		2024	2023
Financial instrument assets			
Foreign currency forward contracts (*)	₩	2,347,813	45,154,988
Financial instrument liabilities			
Foreign currency forward contracts (*)	₩	141,149,889	-

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

(2) The maturity analysis of financial liabilities as of March 31, 2024 and 2023 is as follows:

(In Korean won)		2024			
Account		3 months or less	3-12 months	1 – 3 years	Total
Short-term borrowings	₩	5,473,196,986	40,650,293,150	-	46,123,490,136
Accounts payable - trade		149,537,997,386	-	-	149,537,997,386
Accounts payable - other		22,961,164,822	-	-	22,961,164,822
Accrued expenses		2,899,964,822	5,696,578,773	-	8,596,543,595
Foreign currency forward contracts		141,149,889	-	-	141,149,889
	₩	181,013,473,905	46,346,871,923	-	227,360,345,828

27. Financial Instruments, Continued

(In Korean won)		2023			
Account		3 months or less	3-12 months	1 – 3 years	Total
Short-term borrowings	₩	582,275,343	45,950,234,247	-	46,532,509,590
Long-term borrowings		611,355,769	1,847,503,698	38,121,471,105	40,580,330,572
Accounts payable - trade		111,932,519,454	-	-	111,932,519,454
Accounts payable - other		18,258,841,480	-	-	18,258,841,480
Accrued expenses		3,611,125,819	4,937,449,363	-	8,548,575,182
	₩	<u>134,996,117,865</u>	<u>52,735,187,308</u>	<u>38,121,471,105</u>	<u>225,852,776,278</u>

The maturity analysis is based on the undiscounted cash flows of financial liabilities and the earliest maturity date at which payments, i.e. both principal and interest, should be made.

(3) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

28. Value Added Information

Details of value-added information included in cost of goods manufactured and selling and administrative expenses for the years ended March 31, 2024 and 2023 are as follows:

(In Korean won)		2024	2023
Wages and salaries	₩	106,290,182,018	102,869,596,592
Provision for severance indemnities		10,330,083,085	8,822,825,913
Employee welfare		23,339,728,699	22,565,279,982
Rent		3,436,756,965	3,346,299,649
Depreciation		19,105,272,893	17,728,018,305
Amortization		1,227,778,982	1,111,884,821
Taxes and dues		1,383,030,018	1,377,224,130

29. Date of Authorization for Issue

The consolidated financial statements were authorized for issue on May 9, 2024, at the board of directors and will be approved at the annual shareholder's meeting to be held on June 25, 2024.