

Tata Motors (Thailand) Ltd.

Financial statements for the year ended
31 March 2023
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of Tata Motors (Thailand) Ltd.

Opinion

I have audited the financial statements of Tata Motors (Thailand) Ltd. (the “Company”), which comprise the statement of financial position as at 31 March 2023, the statements of income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (“TFRS for NPAEs”).

Basis for Opinion

I conducted my audit in accordance with Thai Standard on Auditing (“TSAs”). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

(Veerachai Ratanajaratkul)
Certified Public Accountant
Registration No. 4323

KPMG Phoomchai Audit Ltd.
Bangkok
15 May 2023

Tata Motors (Thailand) Ltd.

Statement of financial position

Assets	Note	31 March	
		2023	2022
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents		9,095,407	8,708,069
Short-term deposits at financial institution		90,000,000	90,000,000
Trade and other accounts receivables	4	37,081,076	52,897,314
Inventories	5	56,797,769	60,076,339
Other current assets		1,760,568	19,329,535
Total current assets		194,734,820	231,011,257
<i>Non-current assets</i>			
Fixed deposits pledged as collateral		700,000	1,100,000
Equipment	6	352,999	561,582
Other non-current assets		14,045,259	43,864,365
Total non-current assets		15,098,258	45,525,947
Total assets		209,833,078	276,537,204

The accompanying notes are an integral part of these financial statements.

Tata Motors (Thailand) Ltd.

Statement of financial position

Liabilities and equity	Note	31 March	
		2023	2022
		<i>(in Baht)</i>	
Current liabilities			
Bank overdrafts		591,931	426,234
Trade and other accounts payables		806,772,910	772,716,195
Borrowings from parent company	7	2,255,000,000	2,255,000,000
Other current liabilities		35,923	37,807
Total current liabilities		3,062,400,764	3,028,180,236
Non-current liabilities			
Provision for retirement benefits	8	1,489,800	1,289,010
Total non-current liabilities		1,489,800	1,289,010
Total liabilities		3,063,890,564	3,029,469,246
Capital deficiency			
Share capital			
Authorised share capital (53,800,900 ordinary shares, par value at Baht 100 per share)		5,380,090,000	5,380,090,000
Issued and paid-up share capital (53,800,900 ordinary shares, par value at Baht 100 per share)		5,380,090,000	5,380,090,000
Deficit		(8,234,147,486)	(8,133,022,042)
Total capital deficiency		(2,854,057,486)	(2,752,932,042)
Total liabilities and equity		209,833,078	276,537,204

The accompanying notes are an integral part of these financial statements.

Tata Motors (Thailand) Ltd.

Statement of income

		For the year ended	
		31 March	
	<i>Note</i>	2023	2022
		<i>(in Baht)</i>	
<i>Income</i>			
Revenue from sale of goods and rendering of services		39,731,441	47,356,617
Reversal of restructuring cost		35,373,347	14,690,070
Other income		512,152	265,453
Gain from exchange rate		132,126	1,294,309
Total income		75,749,066	63,606,449
<i>Expenses</i>			
Cost of sale of goods and rendering of services	5	25,965,220	37,573,136
Selling expenses		607,857	3,187,861
Administrative expenses		84,742,511	37,148,774
Total expenses		111,315,588	77,909,771
Loss before finance costs		(35,566,522)	(14,303,322)
Finance costs		65,558,922	66,398,400
Loss for the year		(101,125,444)	(80,701,722)

The accompanying notes are an integral part of these financial statements.

Tata Motors (Thailand) Ltd.

Statement of changes in equity

	Issued and paid-up share capital	Deficit <i>(in Baht)</i>	Total capital deficiency
<i>Year ended 31 March 2022</i>			
Balance as at 1 April 2021	5,380,090,000	(8,052,320,320)	(2,672,230,320)
Changes in equity			
Loss for the year	-	(80,701,722)	(80,701,722)
Balance as at 31 March 2022	<u>5,380,090,000</u>	<u>(8,133,022,042)</u>	<u>(2,752,932,042)</u>
<i>Year ended 31 March 2023</i>			
Balance as at 1 April 2022	5,380,090,000	(8,133,022,042)	(2,752,932,042)
Changes in equity			
Loss for the year	-	(101,125,444)	(101,125,444)
Balance as at 31 March 2023	<u>5,380,090,000</u>	<u>(8,234,147,486)</u>	<u>(2,854,057,486)</u>

The accompanying notes are an integral part of these financial statements.

Tata Motors (Thailand) Ltd.

Statement of cash flows

	For the period ended	
	31 March	
	2023	2022
	<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>		
Loss for the year	(101,125,444)	(80,701,722)
<i>Adjustments for</i>		
Depreciation and amortisation	208,583	693,154
Reversal of restructuring cost	(35,373,347)	(14,690,070)
Finance costs	65,558,922	66,398,400
Unrealised gain on exchange	(150,954)	(368,658)
Loss on allowance for doubtful accounts	-	11,842,828
Reversal of allowance for decline in value of inventories	-	(11,850,190)
Write-off withholding tax receivable	17,716,018	-
Write-off value added tax receivable	17,657,329	-
Provision for employee benefits	200,790	729,656
	<u>(35,308,103)</u>	<u>(27,946,602)</u>
<i>Changes in operating assets and liabilities</i>		
Trade and others accounts receivable	15,967,192	(3,163,705)
Inventories	3,278,570	16,839,793
Other current assets	(147,050)	(768,753)
Other non-current assets	12,561,778	(366,659)
Trade and others accounts payable	4,039,407	(9,681,802)
Employee benefits paid	-	(5,150,280)
Other current liabilities	(1,884)	(143,937)
Net cash used in operating activities	<u>389,910</u>	<u>(30,381,945)</u>

The accompanying notes are an integral part of these financial statements.

Tata Motors (Thailand) Ltd.

Statement of cash flows

	For the period ended	
	31 March	
	2023	2022
	<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>		
Cash payment on short-term deposits at financial institution	-	(90,000,000)
Net cash used in investing activities	-	(90,000,000)
<i>Cash flows from financing activities</i>		
Interest paid	(168,269)	(1,007,746)
Net cash used in financing activities	(168,269)	(1,007,746)
Net decrease in cash and cash equivalents	221,641	(121,389,691)
Cash and cash equivalents as at 1 April	8,281,835	129,671,526
Cash and cash equivalents as at 31 March	8,503,476	8,281,835
Cash and cash equivalents	9,095,407	8,708,069
Bank overdrafts	(591,931)	(426,234)
	8,503,476	8,281,835

The accompanying notes are an integral part of these financial statements.

Tata Motors (Thailand) Ltd.
Notes to the financial statements
For the year ended 31 March 2023

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Tata Motors (Thailand) Ltd.
Notes to the financial statements
For the year ended 31 March 2023

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorized for issue by the directors on 15 May 2023.

1 General information

Tata Motors (Thailand) Ltd., the “Company”, is incorporated in Thailand and has its registered office at 488/20 Moo 1 Poochaosamingphrai Road, T.Samrong Tai, A.Phrapradaeng, Samutprakarn. The principal activities of the Company are sales and servicing of Tata branded commercial vehicles across its dealership.

TML Holdings Pte. Ltd., incorporated in Singapore, is the major shareholder of the Company held 97.21% of the Company’s shares as at 31 March 2023 and 2022.

The Company has extensive and significant relationship with related parties. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred had the Company operated without such affiliation.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities (TFRS for NPAEs) and guidelines promulgated by the Federation of Accounting Professions (TFAC).

In addition, the Company has complied with Thai Financial Reporting Standards for Publicly Accountable Entities for TAS 7 statement of cash flows.

The financial statements are prepared and presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgements, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The Company incurred a net loss for the year ended 31 March 2023 in the statement of income of Baht 101.1 million (2022: Baht 80.7 million) and as of that date, the Company’s current liabilities exceeding current assets by Baht 2,867.7 million (2022: Baht 2,797.2 million) and the Company incurred capital deficiency of Baht 2,854.1 million (2022: Baht 2,752.9 million). The Company's management believes that it is appropriate for the Company to prepare its financial statements on the going concern basis since the Company’s major shareholder, TMT Holdings Pte. Ltd., accepts responsibility of providing financial assistance to the Company.

Tata Motors (Thailand) Ltd.
Notes to the financial statements
For the year ended 31 March 2023

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the exchange rates at that date. Gains or losses arising on translation are recognized in the statement of income.

Non-monetary assets and liabilities arising from foreign currency transactions that are measured at cost are translated to Thai Baht at the exchange rates at the dates of the transactions.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

(c) Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories. Bad debts are written off when incurred. Bad debts recovered are recognized in other income in the statement of income.

(d) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Tata Motors (Thailand) Ltd.
Notes to the financial statements
For the year ended 31 March 2023

(e) Equipment

Owned assets

Equipment is stated at cost less accumulated depreciation and losses on decline in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised net in the statement of income.

Subsequent costs

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in the statement of income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each component of an item of equipment. The estimated useful lives are as follows:

Machinery	20 years
Factory equipment	5 years
Furniture, fixtures and office equipment	5 years
Vehicle	5 years

(f) Losses on decline in value

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised in the statement of income.

(g) Trade and other accounts payable and loan

Trade and other accounts payable and loan are stated at cost.

Tata Motors (Thailand) Ltd.
Notes to the financial statements
For the year ended 31 March 2023

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate method.

Employee benefits

Obligations for retired benefits are recognised using the best estimate method at the reporting date.

(i) Revenue

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Other income

Other income is recognised in the statement of income as it accrues.

(j) Operating leases

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

(k) Finance costs

Interest expenses and similar costs are recognised on accrual basis and will be capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(l) Income tax

Income tax is calculated on the taxable income or loss for the year, using tax rates enacted of the report date.

Tata Motors (Thailand) Ltd.
Notes to the financial statements
For the year ended 31 March 2023

4 Trade and other accounts receivables

	2023	2022
	<i>(in thousand Baht)</i>	
Trade accounts receivable - other parties	36,758	37,185
Other receivables - related parties	-	15,681
Other receivables - other parties	22,532	34,437
Less allowance for doubtful accounts	<u>(22,397)</u>	<u>(34,627)</u>
Trade and other accounts receivable - net	<u>36,893</u>	<u>52,676</u>
Prepaid expenses	<u>188</u>	<u>221</u>
Total	<u>37,081</u>	<u>52,897</u>
Reversal of bad and doubtful debts expense for the period	<u>-</u>	<u>11,843</u>
Write-off allowance for doubtful accounts	<u>12,230</u>	<u>-</u>

5 Inventories

	2023	2022
	<i>(in thousand Baht)</i>	
Finished goods	5,093	5,093
Work in progress	6,795	6,795
Raw materials	48,739	51,394
Goods in transit	<u>1,978</u>	<u>2,601</u>
Total	<u>62,605</u>	<u>65,883</u>
Less allowance for decline in value	<u>(5,807)</u>	<u>(5,807)</u>
Net	<u>56,798</u>	<u>60,076</u>
Inventories recognised in 'cost of sales of goods':		
- Cost	25,965	49,423
- Reversal of write-down	<u>-</u>	<u>(11,850)</u>
Total	<u>25,965</u>	<u>37,573</u>

Tata Motors (Thailand) Ltd.
Notes to the financial statements
For the year ended 31 March 2023

6 Equipment

	Machinery	Factory equipment	Furniture and fixtures	Office equipment (in thousand Baht)	Vehicle	Asset under construction	Total
Cost							
At 1 April 2021	202,405	39,524	41,208	18,922	45,156	-	347,215
At 31 March 2022 and 1 April 2022	202,405	39,524	41,208	18,922	45,156	-	347,215
At 31 March 2023	202,405	39,524	41,208	18,922	45,156	-	347,215
Depreciation							
At 1 April 2021	201,999	39,508	40,528	18,769	45,156	-	345,960
Depreciation charge for the year	26	12	536	119	-	-	693
At 31 March 2022 and 1 April 2022	202,025	39,520	41,064	18,888	45,156	-	346,653
Depreciation charge for the year	27	4	144	34	-	-	209
At 31 March 2023	202,052	39,524	41,208	18,922	45,156	-	346,862
Net book value							
At 31 March 2022	380	4	144	34	-	-	562
At 31 March 2023	353	-	-	-	-	-	353

Tata Motors (Thailand) Ltd.
Notes to the financial statements
For the year ended 31 March 2023

7 Borrowings

At 31 March 2023, the Company has unsecured loan from the parent company, amounting to Baht 2,255.0 million (2022: Baht 2,255.0 million) at an interest rate of chargeable shall be on the basis of 12 months BIBOR plus a spread of 50 bps. The loan is repayable on demand.

8 Provision for retirement benefits

	2023	2022
	<i>(in thousand Baht)</i>	
At 1 April	1,289	5,710
Additions	201	729
Paid	-	(5,150)
At 31 March	<u>1,490</u>	<u>1,289</u>

9 Commitments

	2023	2022
	<i>(in thousand Baht)</i>	
<i>Non-cancellable operating lease commitments</i>		
Within 1 year	<u>3,482</u>	<u>3,482</u>
Total	<u>3,482</u>	<u>3,482</u>