

# **Tata Marcopolo Motors Limited**

Ind AS Financial Statements for the year ended 31 March 2018  
together with the Independent Auditors' Report

# Tata Marcopolo Motors Limited

## **Ind AS Financial Statements together with the Independent Auditors' Report** *for the year ended 31 March 2018*

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# B S R & Co. LLP

Chartered Accountants

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## Independent Auditors' Report

To the Members of  
Tata Marcopolo Motors Limited

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Tata Marcopolo Motors Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, and the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and 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.



## Tata Marcopolo Motors Limited

### Independent Auditors' Report – 31 March 2018 (*continued*)

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit, changes in equity and its cash flows for the year ended on that date.



## Tata Marcopolo Motors Limited

### Independent Auditors' Report – 31 March 2018 (continued)

#### Other Matter

The statutory financial statements of the Company for the year ended 31 March 2017 were audited by predecessor auditor who vide their report dated 4 May 2017 expressed an unmodified opinion on those financial statements.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



## Tata Marcopolo Motors Limited

### Independent Auditors' Report – 31 March 2018 (*continued*)

#### Report on Other Legal and Regulatory Requirements (*continued*)

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 24 (c) to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No. 101248W/W-100022

**Siddhartha Guha**

*Partner*

Membership No. 124042

Place: Pune

Date: 30 April 2018

## Tata Marcopolo Motors Limited

### Annexure "A" to the Independent Auditors' Report – 31 March 2018

With reference to the Annexure "A" referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. Accordingly, the management has conducted physical verification of certain fixed assets as per programme during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land. Factory buildings have been built on the land taken on sub-lease basis from the holding company, after obtaining the necessary permissions from the office of Factories Inspectorate and are not required to be registered with the office of the Sub-Registrar of Land and Revenue. Therefore, factory buildings do not have any title deeds.
- (ii) The inventories except for good-in-transit, have been physically verified by the Management at reasonable intervals during the year. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of account.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable.
- (v) The Company has not accepted any deposits from the public in terms of the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and rules made there under. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any products sold or services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.



## Tata Marcopolo Motors Limited

## Annexure "A" to the Independent Auditors' Report – 31 March 2018 (continued)

- (vii) (a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As informed to us, the Company did not have any dues on account of Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax, Goods and Services Tax which have not been deposited with the appropriate authorities on account of any disputes except for the following:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount unpaid (Rs in Lakhs)
Central Excise Laws	Excise duty and penalty	CESTAT	2008-09 to 2012-13 2013-14 upto August 2013	2,037.14
Central Excise Laws	Excise duty and penalty	Commissioner (Appeals)	2013-14 2014-15	92.50
Central Excise Laws	Excise duty and penalty	Commissioner (Appeals)	April 2009 to March 2016	221.19
Service Tax Act 1994	Service tax - CENVAT	CESTAT	December 2008 to October 2012	128.17
Uttar Pradesh Value Added Tax, 2007	Sales Tax on motor parts	Commercial Taxes Tribunal Uttar Pradesh	2008-09	6.45
Uttar Pradesh Value Added Tax, 2007	Sales Tax on motor parts	Commissioner of Commercial Tax (Appeals)	2009-10	36.88
Uttar Pradesh Value Added Tax, 2007	Value Added Tax	Joint Commissioner (Appeals)	2010-11 2011-12 2012-13	27.41

## Tata Marcopolo Motors Limited

### Annexure “A” to the Independent Auditors’ Report – 31 March 2018 *(continued)*

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company does not have any dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with Section 188 and 177 of the Act and the details, as required by the applicable accounting standards have been disclosed in the Ind AS financial statements.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For B S R & Co. LLP**  
*Chartered Accountants*  
Firm’s Registration No. 101248W/W-100022

**Siddhartha Guha**  
*Partner*  
Membership No. 124042

Place: Pune  
Date: 30 April 2018

## Tata Marcopolo Motors Limited

### **Annexure “B” to the Independent Auditors’ Report on the Ind AS Financial Statements of Tata Marcopolo Motors Limited – 31 March 2018**

Referred to in paragraph 2 (f) in Report on Other Legal and Regulatory Requirements in the Independent Auditors’ Report of even date

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Tata Marcopolo Motors Limited (“the Company”) as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



## Tata Marcopolo Motors Limited

### Annexure “B” to the Independent Auditors’ Report on the Ind AS Financial Statements of Tata Marcopolo Motors Limited – 31 March 2018 (*continued*)

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No. 101248W/W-100022

**Siddhartha Guha**

*Partner*

Membership No. 124042

Place: Pune

Date: 30 April 2018

**Tata Marcopolo Motors Limited**  
**Balance sheet as at March 31, 2018**

		(₹ in Lakhs)	
		As at March 31,	As at March 31,
		2018	2017
I.	<b>ASSETS</b>	Note No.	
	<b>(1) Non-current assets</b>		
	(a) Property, plant and equipment	2	16,177.29
	(b) Capital work-in-progress		790.07
	(c) Intangible assets	3	403.61
	(d) Intangible assets under development		812.35
	(e) Financial assets:		
	(i) Other financial assets	4	92.42
	(f) Advance income tax asset (net)	5a	1,163.29
	(g) Deferred tax assets (net)	5b	-
	(h) Other non-current assets	6	185.70
			<b>19,624.73</b>
	<b>(2) Current assets</b>		
	(a) Inventories	7	3,663.70
	(b) Financial assets:		
	(i) Trade receivables	8	15,977.28
	(ii) Cash and cash equivalents	9	41.06
	(iii) Loans	10	2,532.85
	(c) Other current assets	11	141.96
			<b>22,356.85</b>
	<b>TOTAL</b>		<b>41,981.58</b>
			22,065.85
			19,973.22
			42,039.07
II.	<b>EQUITY AND LIABILITIES</b>		
	<b>(1) Equity</b>		
	(a) Equity share capital	12	17,000.00
	(b) Other equity		(5,970.02)
			<b>11,029.98</b>
	<b>(2) Non-current liabilities</b>		
	(a) Financial liabilities:		
	(i) Borrowings	13	6,703.00
	(b) Provisions	16	467.97
			<b>7,170.97</b>
	<b>(3) Current liabilities</b>		
	(a) Financial liabilities:		
	(i) Borrowings	14	11,725.73
	(ii) Trade payables		9,610.19
	(iii) Other financial liabilities	15	1,620.92
	(b) Provisions	16	58.26
	(c) Other current liabilities	17	765.53
			<b>23,780.63</b>
	<b>TOTAL</b>		<b>41,981.58</b>
			29,687.77
			42,039.07

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Tata Marcopolo Motors Limited**

CIN : U34101MH2006PLC164771

**Siddhartha Guha**

Partner

Membership Number: 124042

Place: Pune

Date : 30 April 2018

Girish Arun Wagh

**Chairman**

DIN: 03119361

Vaijyanthi Ajit Pandit  
DIN: 06742237

Abhay Padmakar Bawale  
DIN: 07859752

Asim Kumar Mukhopadhyay  
DIN: 06520288

Rohit Srivastava  
DIN: 07910693

Rakesh Radhakishen Makhija  
DIN: 00117692

Shriram Jayanthi  
**Alternate Director - Lusuir Grochot**  
DIN: 01625463

**Directors**

**Directors**

**Directors**

Laxmiprasad Jahagirdar  
**Manager & Chief Executive Officer**

Sandeep Gupta  
**Chief Financial Officer**

A B Koyari  
**Company Secretary**

Place: Pune

Date : 30 April 2018

**Tata Marcopolo Motors Limited**  
**Statement of Profit and Loss for the year ended March 31, 2018**

(₹ in Lakhs)

Particulars	Note No.	For the year ended	
		2018	2017
I. Revenue from operations	18	<b>57,230.87</b>	57,224.99
II. Other income	19	<b>84.10</b>	24.45
III. <b>Total income (I+II)</b>		<b>57,314.97</b>	57,249.44
IV. <b>Expenses:</b>			
(a) Cost of materials consumed		<b>33,116.90</b>	28,918.88
(b) Changes in inventories of finished goods and work-in-progress	20	<b>(86.72)</b>	264.26
(c) Excise duty on sale of products		<b>1,616.35</b>	5,612.67
(d) Employee benefits expense	21	<b>7,259.23</b>	7,364.06
(e) Finance costs	22	<b>697.86</b>	881.84
(f) Depreciation and amortisation expense	2 & 3	<b>2,210.36</b>	2,558.53
(g) Other expenses	23	<b>11,371.75</b>	10,234.75
<b>Total expenses (IV)</b>		<b>56,185.73</b>	55,834.99
V. <b>Profit before tax (III-IV)</b>		<b>1,129.24</b>	1,414.45
VI. <b>Tax expense :</b>		<b>149.19</b>	(0.01)
(a) Current tax	5b	-	(0.01)
(b) Deferred tax		<b>149.19</b>	-
VII. <b>Profit for the year (V-VI)</b>		<b>980.05</b>	1,414.46
VIII. <b>Other comprehensive income/ (loss) :</b>			
(i) Items that will not be reclassified to profit and loss: Remeasurement gains/ (losses) on defined benefit obligations (net)		<b>34.10</b>	(23.48)
(ii) Income tax relating to items that will not be reclassified to Statement of Profit and Loss		<b>(11.80)</b>	-
<b>Other comprehensive income/ (loss)</b>		<b>22.30</b>	(23.48)
IX. <b>Total comprehensive income for the year (VII+VIII)</b>		<b>1,002.35</b>	1,390.98
X. <b>Earnings per equity share (face value of ₹ 10 per share):</b>			
Weighted average number of equity shares		<b>17,00,00,000</b>	17,00,00,000
<b>Earnings per equity share</b>			
(i) Basic		<b>0.58</b>	0.83
(ii) Diluted		<b>0.58</b>	0.83

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Tata Marcopolo Motors Limited**

CIN : U34101MH2006PLC164771

**Siddhartha Guha**

Partner

Membership Number: 124042

Place: Pune

Date : 30 April 2018

Girish Arun Wagh

**Chairman**

DIN: 03119361

Vaijyanthi Ajit Pandit  
DIN: 06742237

Abhay Padmakar Bawale  
DIN: 07859752

Asim Kumar Mukhopadhyay  
DIN: 06520288

Rakesh Radhakishen Makhija  
DIN: 00117692

Rohit Srivastava  
DIN: 07910693

Shriram Jayanthi  
**Alternate Director - Lusuir Grochot**  
DIN: 01625463

**Directors**

**Directors**

**Directors**

Laxmiprasad Jahagirdar  
**Manager & Chief Executive Officer**

Sandeep Gupta  
**Chief Financial Officer**

A B Koyari  
**Company Secretary**

Place: Pune  
Date : 30 April 2018

**Tata Marcopolo Motors Limited**  
**Cash Flow Statement for the year ended March 31, 2018**

(₹ in Lakhs)

	For the year ended March 31,	
	2018	2017
<b>Cash flows from operating activities:</b>		
Profit before tax	1,129.24	1,414.45
Adjustments for:		
Depreciation and amortisation expense	2,210.36	2,558.53
Assets written off	-	22.05
Profit on sale of assets	(4.09)	-
Finance costs	697.86	881.84
Interest income	(84.10)	(24.45)
<b>Cash flows from operating activities before changes in working capital</b>	<b>3,949.27</b>	<b>4,852.42</b>
(Increase)/decrease in inventories	(329.70)	1,669.86
(Increase) in trade receivables	(658.00)	(7,420.97)
(Increase)/decrease in Loans and advances	(0.18)	1.04
Decrease in other current assets	1,165.61	137.13
Decrease/ (increase) in other non-current assets	403.30	(97.76)
(Decrease) in trade payables	(3,756.77)	(318.83)
Increase/ (decrease) in other financial liabilities	22.60	(1,493.49)
Increase in provisions	(1.97)	7.58
Increase in other current liabilities	106.48	359.26
<b>Cash generated from operations</b>	<b>900.64</b>	<b>(2,303.76)</b>
Income tax paid (net)	(8.78)	(37.07)
<b>Net cash generated from/ (used in) operating activities</b>	<b>891.86</b>	<b>(2,340.83)</b>
<b>Cash flows from investing activities:</b>		
Inter-corporate deposits given	(16,330.00)	-
Inter-corporate deposits repaid	13,805.00	-
Interest received	84.10	24.45
Payments for property, plant and equipment (including capital work-in-progress)	(158.25)	(375.86)
Proceeds from sale of property, plant and equipment	6.24	-
Payments for Intangible assets	(158.85)	(6.31)
<b>Net cash used in investing activities</b>	<b>(2,751.76)</b>	<b>(357.72)</b>
<b>Cash flows from financing activities:</b>		
Interest paid	(666.52)	(930.93)
(Decrease)/increase in current borrowings (net)	(1,821.14)	7,187.35
Inter-corporate deposits repaid (net)	(1,000.00)	(1,500.00)
Repayments of finance lease obligations	(16.08)	(15.01)
Receipts /(repayments) of non-current borrowings	5,400.00	(2,066.67)
<b>Net cash generated from financing activities</b>	<b>1,896.26</b>	<b>2,674.74</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>36.36</b>	<b>(23.81)</b>
Cash and cash equivalents at the beginning of the year	4.70	28.51
<b>Cash and cash equivalents at the end of the year</b>	<b>41.06</b>	<b>4.70</b>

In terms of our report attached

For **B S R & Co. LLP**

**Chartered Accountants**

Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors of

**Tata Marcopolo Motors Limited**

CIN : U34101MH2006PLC164771

**Siddhartha Guha**

*Partner*

Membership Number: 124042

Place: Pune

Date : 30 April 2018

Girish Arun Wagh

**Chairman**

DIN: 03119361

Rohit Srivastava  
DIN: 07910693

Abhay Padmakar Bawale  
DIN: 07859752

Asim Kumar Mukhopadhyay  
DIN: 06520288

Vaijyanthi Ajit Pandit  
DIN: 06742237

Rakesh Radhakishen Makhija  
DIN: 00117692

Shriram Jayanthi  
**Alternate Director - Lusuir Grochot**  
DIN: 01625463

**Directors**

**Directors**

**Directors**

Laxmiprasad Jahagirdar  
**Manager & Chief Executive Officer**

Sandeep Gupta  
**Chief Financial Officer**

A B Koyari  
**Company Secretary**

Place: Pune  
Date : 30 April 2018

**Tata Marcopolo Motors Limited**  
**Statement of Changes in Equity for the year ended March 31, 2018**

**A. Equity share capital**

(₹ in Lakhs)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
17,000.00	-	17,000.00
<hr/>		
Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
17,000.00	-	17,000.00

**B. Other equity**

(₹ in Lakhs)

	Reserves and surplus	Other comprehensive income / (loss)	Total comprehensive income/ (loss)
	Retained earnings	Remeasurement (losses) and gains on defined benefit obligations (net)	
Balance as at April 1, 2016 (A)	(8,392.61)	29.26	(8,363.35)
Profit for the year (net of Tax)	1,414.46	-	1,414.46
Other comprehensive loss for the year	-	(23.48)	(23.48)
Total comprehensive income for the year (B)	1,414.46	(23.48)	1,390.98
Balance as at March 31, 2017 (A+B)	(6,978.15)	5.78	(6,972.37)
<hr/>			
Balance as at April 1, 2017 (C)	(6,978.15)	5.78	(6,972.37)
Profit for the year (net of tax)	980.05	-	980.05
Other comprehensive income for the year	-	22.30	22.30
Total comprehensive income for the year (D)	980.05	22.30	1,002.35
<b>Balance as at March 31, 2018 (C+D)</b>	<b>(5,998.10)</b>	<b>28.08</b>	<b>(5,970.02)</b>

In terms of our report attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Tata Marcopolo Motors Limited**

CIN : U34101MH2006PLC164771

**Siddhartha Guha**

Partner

Membership Number: 124042

Place: Pune

Date : 30 April 2018

Girish Arun Wagh

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**Directors**

**Directors**

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Laxmiprasad Jahagirdar  
**Manager & Chief Executive Officer**

Sandeep Gupta  
**Chief Financial Officer**

A B Koyari  
**Company Secretary**

Place: Pune

Date : 30 April 2018

## Background and Operations

Tata Marcopolo Motors Limited is a joint venture Company of Tata Motors Limited and Marcopolo S.A. Brazil, Tata Motors Limited holds 51% and Marcopolo S.A. 49% of Share capital.

The Company manufactures bus bodies and spare parts. The bus bodies are built on the chassis received mainly from Tata Motors Limited. The bus body built on the chassis are sold mainly to Tata Motors Limited as motor vehicle.

Tata Marcopolo Motors Limited is a public limited company incorporated and domiciled in India and has its registered office at 24 Homi Mody street, Mumbai, Maharashtra, India.

The financials statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on April 30, 2018.

### 1 Significant accounting policies

#### a. *Statement of compliance*

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, ("the Act") and other relevant provisions of the Act.

#### b. *Basis of preparation and presentation*

These financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial statements are presented in Indian Rupees(INR) and all values are rounded to the nearest lakhs (INR 00,000) except when otherwise indicated.

#### c. *Use of estimates and judgments*

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

#### *Useful lives of property, plant and equipment and intangible assets*

The Company reviews the useful life of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation / amortisation expense in future periods.

#### *Valuation of deferred tax assets*

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2(g).

#### *Provisions and contingent liabilities*

A provision is recognized where the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements

#### d. *Revenue recognition*

The Company recognises revenues on the sale of products, net of discounts and sales incentives, when the products are delivered to the customer, which is when risks and rewards of ownership pass to the customer and no significant uncertainty as to measurability or collectability exists. The Company recognises revenues on sale of services upon completion of jobs executed for the customer at contracted rates. Sale of products and services is presented gross of excise duty which is shown under expenditure and net of other indirect taxes. Revenues are recognised when collectability of the resulting receivables is reasonably assured.

**e. Provisions and contingencies**

A provision is recognised if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably, and it is probable that cash out flows will be required to settle the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it.

**i) Product warranty expenses**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The timing of outflows will vary as and when warranty claim will arise, being typically one to two years.

**f. Foreign currency**

The functional currency of the Company is Indian Rupee. Income and expenses in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency denominated assets and liabilities are translated at the exchange rates prevailing on the Balance Sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

**g. Income taxes**

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the income statement except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside Statement of Profit and Loss

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Current tax is net of credit for entitlement for Minimum Alternative Tax (MAT). Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets - unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

**h. Inventories**

Inventories are valued at lower of cost or net realisable value.

Cost of raw materials and consumables are ascertained on a moving weighted average basis. Costs, including variable and fixed overheads, are allocated to work-in-progress and finished goods determined on full absorption cost basis.

Net realisable value is estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

**i. Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition or construction less depreciation. All cost relating to the acquisition and installation of Property, plant and equipment are capitalised and include financing cost relating to borrowed funds attributable to construction or acquisition of fixed assets, upto the date the asset is ready for intended use and further adjusted for exchange differences relating to long-term foreign currency borrowings, where applicable, attributable to depreciable capital asset.

Depreciation is provided on the Straight Line Method (SLM) over the estimated useful lives of the assets considering the nature, estimated usage, operating conditions, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support. Taking into account these factors, the Company has decided to retain the useful life hitherto adopted for various categories of fixed assets, which are different from those prescribed in Schedule II of the Act is as under :

<b>Type of Asset</b>	<b>Estimated useful life</b>
Buildings	28 years
Plant, machinery and equipment	20 years
Computers and other IT assets	6 years
Vehicles	4 years
Furniture and fixtures	15 years
Office equipment	5 years
Water system and sanitation	20 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

**j. Intangible assets**

The product development cost incurred on new products will be recognised as an intangible asset, when feasibility has been established, the company has committed technical, financial and other resources to complete the development, and it is probable that asset will generate probable future benefits.

Product development costs are amortised over a period of 36 months to 120 months or on the basis of actual production to planned production volume whichever is higher over such period.

**k. Impairment of tangible and intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

**l. Leases**

**i) Finance lease**

Assets acquired under finance leases are recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the assets and the present value of minimum lease payments. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**ii) Operating lease**

Leases other than finance lease, are operating leases, and the leased assets are not recognised on the Company's Balance Sheet. Payments under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

**m. Financial instruments**

**Classification, initial recognition and measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets other than equity instruments are classified into categories: financial assets at fair value through profit or loss and held at amortised cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial instruments are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

**Financial assets held at amortised cost**

Financial assets that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses.

These include trade receivables, balances with banks, short-term deposits with banks and other financial assets with fixed or determinable payments.

**Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

**Derecognition of financial assets and financial liabilities**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities are derecognized when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

**n. Impairment of financial assets held at amortised cost**

Loss allowance in respect of financial assets is measured at an amount equal to life time expected credit losses and is calculated as the difference between their carrying amount and the present value of the expected future cash flows discounted at the original effective interest rate.

**o. Employee benefits**

**1) Defined benefit plans**

**i) Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company make annual contributions to gratuity funds established as trust and account for the liability of gratuity benefits payable in the future based on an independent actuarial valuation.

**ii) Bhavishya Kalyan Yojana (BKY)**

Bhavishya Kalyan Yojana is an unfunded defined benefit plan for employees of the Company. The benefits of the plan include pension in certain cases, payable up to the date of normal superannuation had the employee been in service, to an eligible employee at the time of death or permanent disablement, while in service, either as a result of an injury or as certified by the appropriate authority. The monthly payment to dependents of the deceased/disabled employee under the plan equals 50% of the salary drawn at the time of death or accident or a specified amount, whichever is higher. The Company account for the liability for BKY benefits payable in the future based on an independent actuarial valuation.

**iii) Remeasurement gains and losses**

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on assets (excluding interest) relating to retirement benefit plans, are recognised directly in other comprehensive income in the period in which they arise. Remeasurement recorded in other comprehensive income is not reclassified to Statement of Profit and Loss.

**iv) Measurement date**

The measurement date of retirement plans is March 31.

**2) Defined contribution plans**

**i) Provident fund**

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, as specified under the law, are made to the Tata Motors Limited Provident fund. The pension contribution as specified under the law are made to the Regional Provident Fund Commissioner, Hubli and Lucknow. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognizes such contributions and shortfall, if any, as expenses in the year incurred.

**3) Other long - term employee benefits**

**i) Post-retirement Medicare scheme**

Under this unfunded scheme, employees of the Company receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company as part of an Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The Company account for the liability for post-retirement medical scheme based on an independent actuarial valuation.

**ii) Compensated absences**

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilized leave at each Balance Sheet date on the basis of an independent actuarial valuation. Actuarial Valuation is carried out using the projected unit credit method (PUCM) and the actuarial gain/(loss) on such valuation is accounted in the Statement of Profit and Loss.

**P. Earnings per share**

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

**q. Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expenses in the period in which they are incurred.

**r. Standards issued but not yet effective**

The Company is not yet required to adopt the following standards which are issued but not yet effective.

Ind AS 115 Revenue from contracts with customers : IND AS 115 is effective for annual period beginning on or after 1 April 2018.

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard establishes a five step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry.

The Company is still in the process of assessing the impact of the application of IND AS 115 on the Company's financial statements, including on additional disclosures required.

**Tata Marcopolo Motors Limited**  
Notes forming part of the financial statements for the year ended March 31, 2018 (continued)

**2 Property, plant and equipment**

(₹ in Lakhs)

Property, plant and equipment	Owned assets							Taken on finance lease	Total
	Buildings	Plant and equipment	Water system and sanitations	Office equipments	Furniture and fixtures	Vehicles	Computers	Plant and equipments	
Cost as at April 1, 2016	14,308.26	15,629.71	18.09	34.73	197.32	34.79	773.41	218.99	31,215.30
Additions	34.61	345.00	-	2.65	-	-	52.08	-	434.34
Write off	-	39.05	-	-	-	4.27	73.85	-	117.17
Cost as at March 31, 2017	14,342.87	15,935.66	18.09	37.38	197.32	30.52	751.64	218.99	31,532.47
Accumulated depreciation as at April 1, 2016	2,634.81	8,587.39	1.14	11.57	77.07	32.52	609.15	153.30	12,106.95
Depreciation for the year	442.29	1,215.29	0.86	6.74	11.96	0.53	56.58	21.90	1,756.15
Write off	-	23.76	-	-	-	4.05	67.31	-	95.12
Accumulated depreciation as at March 31, 2017	3,077.10	9,778.92	2.00	18.31	89.03	29.00	598.42	175.20	13,767.98
Net carrying amount as at March 31, 2017	11,265.77	6,156.74	16.09	19.07	108.29	1.52	153.22	43.79	17,764.49
<b>Cost as at April 1, 2017</b>	<b>14,342.87</b>	<b>15,935.66</b>	<b>18.09</b>	<b>37.38</b>	<b>197.32</b>	<b>30.52</b>	<b>751.64</b>	<b>218.99</b>	<b>31,532.47</b>
<b>Additions</b>	<b>48.11</b>	<b>78.17</b>	<b>17.00</b>	<b>1.13</b>	<b>-</b>	<b>-</b>	<b>30.27</b>	<b>-</b>	<b>174.68</b>
<b>Deletions</b>	<b>-</b>	<b>34.63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34.63</b>
<b>Cost as at March 31, 2018</b>	<b>14,390.98</b>	<b>15,979.20</b>	<b>35.09</b>	<b>38.51</b>	<b>197.32</b>	<b>30.52</b>	<b>781.91</b>	<b>218.99</b>	<b>31,672.52</b>
<b>Accumulated depreciation as at April 1, 2017</b>	<b>3,077.10</b>	<b>9,778.92</b>	<b>2.00</b>	<b>18.31</b>	<b>89.03</b>	<b>29.00</b>	<b>598.42</b>	<b>175.20</b>	<b>13,767.98</b>
<b>Depreciation for the period</b>	<b>444.05</b>	<b>1,221.42</b>	<b>1.67</b>	<b>7.03</b>	<b>11.96</b>	<b>-</b>	<b>51.70</b>	<b>21.90</b>	<b>1,759.73</b>
<b>Deletions</b>	<b>-</b>	<b>32.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32.48</b>
<b>Accumulated depreciation as at March 31, 2018</b>	<b>3,521.15</b>	<b>10,967.86</b>	<b>3.67</b>	<b>25.34</b>	<b>100.99</b>	<b>29.00</b>	<b>650.12</b>	<b>197.10</b>	<b>15,495.23</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>10,869.83</b>	<b>5,011.34</b>	<b>31.42</b>	<b>13.17</b>	<b>96.33</b>	<b>1.52</b>	<b>131.79</b>	<b>21.89</b>	<b>16,177.29</b>

**Tata Marcopolo Motors Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2018 (continued)**

**3 Intangible assets**

(₹ in Lakhs)

Intangible assets	Computer software	Product development cost	Total
Cost as at April 1, 2016	1,101.32	5,210.39	6,311.71
Additions	6.45	222.39	228.84
Cost as at March 31, 2017	1,107.77	5,432.78	6,540.55
Accumulated amortisation as at April 1, 2016	979.55	3,904.39	4,883.94
Amortisation for the year	60.99	741.38	802.37
Accumulated amortisation as at March 31, 2017	1,040.54	4,645.77	5,686.31
Net carrying amount as at March 31, 2017	67.23	787.01	854.24
<b>Cost as at April 1, 2017</b>	<b>1,107.77</b>	<b>5,432.78</b>	<b>6,540.55</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cost as at March 31, 2018</b>	<b>1,107.77</b>	<b>5,432.78</b>	<b>6,540.55</b>
<b>Accumulated amortisation as at April 1, 2017</b>	<b>1,040.54</b>	<b>4,645.77</b>	<b>5,686.31</b>
<b>Amortisation for the year</b>	<b>42.82</b>	<b>407.81</b>	<b>450.63</b>
<b>Accumulated amortisation as at March 31, 2018</b>	<b>1,083.36</b>	<b>5,053.58</b>	<b>6,136.94</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>24.41</b>	<b>379.20</b>	<b>403.61</b>

**Tata Marcopolo Motors Limited**  
Notes forming part of the financial statements for the year ended March 31, 2018 (continued)

(₹ in Lakhs)

4 Other financial assets	As at March 31,	As at March 31,
	2018	2017
<b>Non-current:</b>		
(a) Security deposit	92.42	92.42
<b>Total</b>	<b>92.42</b>	<b>92.42</b>

(₹ in Lakhs)

5a Advance income tax assets (net)	As at March 31,	As at March 31,
	2018	2017
<b>Non current tax assets:</b>		
(a) Advance income tax	1,163.29	872.33
<b>Total</b>	<b>1,163.29</b>	<b>872.33</b>

(₹ in Lakhs)

5b Deferred tax assets (net)	As at March 31,	As at March 31,
	2018	2017
<b>(a) Liabilities:</b>		
Depreciation and amortisation	(2,047.00)	(2,248.62)
Product development cost	(283.87)	(226.16)
<b>Total deferred tax liabilities</b>	<b>(2,330.87)</b>	<b>(2,474.78)</b>
<b>(b) Assets:</b>		
Employee benefits expense	86.67	66.59
Unabsorbed depreciation and business loss	2,238.18	2,396.66
Others	6.02	11.53
MAT credit entitlement	-	431.37
<b>Total deferred tax assets</b>	<b>2,330.87</b>	<b>2,906.15</b>
<b>Deferred tax assets (net)</b>	<b>-</b>	<b>431.37</b>

i) Income taxes	For the year ended	
	2018	2017
Current tax expense		
i. For the year	-	-
ii. Relating to a prior year	-	(0.01)
(b) Deferred tax	149.19	-
<b>Total</b>	<b>149.19</b>	<b>(0.01)</b>

ii) The reconciliation of estimated income tax to income tax expense is as follows:

	For the year ended	
	2018	2017
Profit before tax	1,129.24	1,414.45
Income tax expense at tax rates applicable to the entity	390.81	489.51
Items (net) not deductible for tax/not liable to tax		-
Deferred tax assets not recognised because realisation is not probable		-
Set off of brought forward loss/depreciation net of OCI charge	(391.71)	(509.01)
Previously recognized deferred tax assets written down	160.99	
Impact of change in statutory tax rates		-
Others	(10.90)	19.50
Current tax expense relating to a prior year	-	(0.01)
<b>Income tax expense reported in statement of Profit and Loss</b>	<b>149.19</b>	<b>(0.01)</b>

iii) Significant components of deferred tax assets and liabilities for the year ended March 31, 2018 and March 31, 2017 are as follows:

(₹ in Lakhs)

	Opening balance as at April 1, 2017	Reclassified during the year	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as at March 31, 2018
Depreciation and amortisation	(2,248.62)	-	201.62	-	(2,047.00)
Product development expenses	(226.16)	-	(57.71)	-	(283.87)
Depreciation carried forward	2,396.66		(158.49)		2,238.17
Employee benefits expense	66.59	-	31.89	(11.80)	86.68
Minimum alternate tax carry-forward	431.37	(270.38)	(160.99)	-	-
Others	11.53	-	(5.51)	-	6.02
<b>Net assets/(liabilities)</b>	<b>431.37</b>	<b>(270.38)</b>	<b>(149.19)</b>	<b>(11.80)</b>	<b>-</b>

(₹ in Lakhs)

	Opening balance as at April 1, 2016	Reclassified during the year	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as at March 31, 2017
Depreciation and amortisation	(2,438.54)	-	189.92	-	(2,248.62)
Product development expenses	(303.18)	-	77.02	-	(226.16)
Depreciation carried forward	2,107.79		288.87		2,396.66
Business loss carried forward	518.13		(518.13)		-
Employee benefits expense	91.84	-	(25.25)	-	66.59
Minimum alternate tax carry-forward	431.37	-	-	-	431.37
Others	23.96	-	(12.43)	-	11.53
<b>Net assets/(liabilities)</b>	<b>431.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>431.37</b>

iv) Unrecognized deductible temporary differences, unused tax losses and unused tax credits

Particulars	As at	
	March 31, 2018	March 31, 2017
Unabsorbed depreciation	4,997.27	6,096.47

Tata Marcopolo Motors Limited

Notes forming part of the financial statements for the year ended March 31, 2018 (continued)

(₹ in Lakhs)

6 Other non-current assets	As at March 31,	As at March 31,
	2018	2017
(a) Deposits (paid under protest)	176.65	579.08
(b) Prepaid expenses	9.05	9.92
<b>Total</b>	<b>185.70</b>	<b>589.00</b>

(₹ in Lakhs)

7 Inventories (at lower of cost and net realisable value)	As at March 31,	As at March 31,
	2018	2017
(a) Raw materials	2,155.97	1,828.24
(b) Work-in-progress	992.49	912.06
(c) Finished goods	15.23	8.94
(d) Stores and spare parts	441.16	510.61
(e) Consumable tools	39.95	72.67
(f) Goods-in-transit - Raw materials	18.90	1.48
<b>Total</b>	<b>3,663.70</b>	<b>3,334.00</b>

**Note:**

1 During the year ended March 31, 2018 and year ended March 31, 2017, the Company recorded inventory write-down expenses of **Rs. 393.41 Lakhs** and Rs. 343.59 Lakhs respectively.

(₹ in Lakhs)

8 Trade receivables	As at March 31,	As at March 31,
	2018	2017
<b>Trade receivables (unsecured) :</b>		
(a) Considered good	15,977.28	15,319.28
<b>Total</b>	<b>15,977.28</b>	<b>15,319.28</b>

**Note : Movement in allowance for doubtful debts**

(₹ in Lakhs)

	As at March 31,	As at March 31,
	2018	2017
Balance at the beginning of the Year	-	1.45
Provision reversed during the Year	-	1.45
Balance at end of the Year	-	-

(₹ in Lakhs)

9 Cash and cash equivalents	As at March 31,	As at March 31,
	2018	2017
(a) Bank balances		
(i) in current accounts	0.48	4.16
(b) Cash on hand	0.58	0.54
(c) Bank deposits	40.00	-
<b>Total</b>	<b>41.06</b>	<b>4.70</b>

**Tata Marcopolo Motors Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2018**

(₹ in Lakhs)

<b>10 Loans</b>	As at March 31,	As at March 31,
	<b>2018</b>	<b>2017</b>
<b>Current</b>		
<b>Unsecured, considered good:</b>		
(a) Loans to related parties:		
(i) Inter corporate deposits to Holding company	<b>2,525.00</b>	-
(b) Advances to employees and others	<b>7.85</b>	7.67
<b>Total</b>	<b>2,532.85</b>	7.67

(₹ in Lakhs)

<b>11 Other current assets</b>	As at March 31,	As at March 31,
	<b>2018</b>	<b>2017</b>
(a) Advances to suppliers and contractors	<b>77.61</b>	70.41
(b) Other taxes recoverable, statutory deposits and dues from government	<b>5.47</b>	1,158.98
(c) Prepaid expenses	<b>58.88</b>	78.18
<b>Total</b>	<b>141.96</b>	1,307.57

**Tata Marcopolo Motors Limited**  
Notes forming part of the financial statements for the year ended March 31, 2018 (continued)

(₹ in Lakhs)

12 Equity share capital	As at March 31,	As at March 31,
	2018	2017
<b>Authorised:</b>		
(i) 17,00,00,000 Equity shares of ₹10 each (as at March 31, 2017: 17,00,00,000 Equity shares of ₹10 each)	<b>17,000.00</b>	17,000.00
<b>Issued, subscribed and fully paid share capital</b>		
(i) 17,00,00,000 Equity shares of ₹10 each (as at March 31, 2017: 17,00,00,000 Equity shares of ₹10 each)	<b>17,000.00</b>	17,000.00

**Notes**

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 10/- each fully paid Balance as at the beginning of the year	17,00,00,000	17,000.00	17,00,00,000	17,000.00
<b>Balance as at the end of the year</b>	<b>17,00,00,000</b>	<b>17,000.00</b>	17,00,00,000	17,000.00

(ii) Number of shares held by each shareholder holding more than 5 percent of the issued share capital :	As at March 31,		As at March 31,	
	2018		2017	
	% of Issued share capital	No. of shares	% of Issued share capital	No. of shares
<b>Equity Shares of ₹ 10/- each fully paid</b>				
a) Tata Motors Limited (Holding company)	51.00	8,67,00,000	51.00	8,67,00,000
b) Marcopolo S. A., Brazil (Non-resident shareholder)	49.00	8,33,00,000	49.00	8,33,00,000
<b>Total</b>	<b>100.00</b>	<b>17,00,00,000</b>	100.00	17,00,00,000

**(iii) Details of the rights, preferences and restrictions attached to each class of shares**

- a) The Company has issued only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. Distribution will be in proportion of equity shares held by the shareholders.
- b) There was a restriction on transfer of shares to parties other than Affiliates of Tata Motors Limited and Marcopolo S.A., Brazil for a period of 10 years from May 05, 2006 (date of joint venture agreement) in accordance with joint venture agreement between Tata Motors Limited and Marcopolo S.A., Brazil.

**Tata Marcopolo Motors Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2018 (continued)**

(₹ in Lakhs)

13 Non-current borrowings	As at March 31,	As at March 31,
	2018	2017
<b>Secured - at amortised cost:</b>		
(a) Term loan from Bajaj Finance Limited [refer note(i) below]	4,905.00	-
(b) Karnataka VAT loan [refer note (ii) below]	1,798.00	1,798.00
(c) Long term maturities of finance lease obligations [refer note (iii) below]	-	17.24
<b>Total</b>	<b>6,703.00</b>	<b>1,815.24</b>

**Notes to Non-current Borrowings**

(i) <b>Details of security provided in respect of secured long term borrowings:</b> Term loan from Bajaj Finance Limited amounting to Rs. 5,400 lakhs is repayable in 20 equal quarterly installments over a period of 6 years with one year moratorium period. The loan is at an interest rate of HDFC Bank's six month marginal cost of funds based lending rate (MCLR) plus 15 bps. The term loan is secured by pari passu first charge on fixed assets.
(ii) <b>Details of terms of repayment for Karnataka VAT loan:</b> Based on the Incentive scheme 2008, declared by the Government of Karnataka, the government in January 2011, disbursed an adhoc amount of Rs. 1,798 Lakhs as soft loan towards Value Added Tax (VAT) paid by the Company, from October 2008 to August 2010. The said loan was disbursed as the Company, in compliance with the requirements of the incentive scheme, had set up a manufacturing facility and generated employment at Belur industrial area, Dharwad, in the state of Karnataka. The said loan is for a period of 18 years from the date of starting production with a moratorium of 10 years.  Further the Government of Karnataka, vide an order dated June 5, 2012 (Government Order 2012), amended the existing incentive scheme 2008 with a revised incentive scheme 2012. As per the revised incentive scheme the Company, on compliance of certain conditions, would be eligible for a soft loan on gross VAT at 0.1% rate of interest in lump sum and terms of repayment of the soft loan have been revised. The VAT loan is for the period of 18 years to be repaid with a moratorium period of 15 years. The Company had submitted its claim under the new scheme from the date of commencement of commercial production till June 4, 2012.  On March 24, 2014, Government notified the procedures and formats for incentive application and informed to re-submit the claims from inception. In line with the notified procedures and formats, the Company has got its books assessed by the Local VAT officer (LVO) and re-submitted its claim for the period October 2008 to May 2012 to the Joint Director, Department of Industries and Commerce, District Industrial Centre. Further, the Company has also got its books assessed by the LVO for the period June 2012 to December 2013 and the claim has been re-submitted by Tata Motors Limited with reference to the Government Order 2012. The Company has also got its books assessed by the LVO for the period January 2014 to March 2015 and claim has been submitted by Tata Motors Limited. The claims submitted are under process by the Government of Karnataka.  The VAT loan is secured by a bank guarantee of an equal amount.
(iii) <b>Finance lease:</b> Finance lease obligation is secured against plant and machinery taken on lease.

(₹ in Lakhs)

14 Current borrowings	As at March 31,	As at March 31,
	2018	2017
<b>Secured - at amortised cost</b>		
Loans repayable on demand from banks		
(a) Cash credit account [refer note (i) below]	-	1,202.94
<b>Unsecured - at amortised cost</b>		
(a) Credit facility from SIDBI	-	1,601.75
(b) Bills discounting facility from HDFC bank	11,725.73	10,742.18
(c) Loans and advances from related parties:		
(i) Inter-corporate deposits from Holding company	-	1,000.00
<b>Total</b>	<b>11,725.73</b>	<b>14,546.87</b>

**Notes to current borrowings**

**Details of security for cash credit**

- i) The cash credit facility is secured by hypothecation of book debts, inventories and stores and spares, both present and future.

**Tata Marcopolo Motors Limited**

**Notes forming part of the financial statements for the year ended March 31, 2018 (continued)**

(₹ in Lakhs)

<b>15 Other financial liabilities</b>	<b>As at March 31,</b>	<b>As at March 31,</b>
	<b>2018</b>	<b>2017</b>
<b>Current:</b>		
(a) Current maturities of long-term borrowings	<b>495.00</b>	-
(b) Current maturities of finance lease obligations	<b>17.24</b>	16.08
(c) Interest accrued but not due on borrowings	<b>72.11</b>	-
(d) Liability for capital expenditure	<b>24.41</b>	26.40
(e) Deposits and retention money	<b>41.79</b>	19.19
(f) Interest payable	<b>170.37</b>	211.14
(g) Advance from Tata Motors Limited	<b>800.00</b>	800.00
<b>Total</b>	<b>1,620.92</b>	1,072.81

(₹ in Lakhs)

<b>16 Provisions</b>	<b>As at March 31,</b>	<b>As at March 31,</b>
	<b>2018</b>	<b>2017</b>
<b>Non-current:</b>		
(a) Provision for employee benefits		
(i) Provision for compensated absences	<b>170.66</b>	174.70
(ii) Provision for post retirement medicare scheme	<b>123.88</b>	136.82
(iii) Provision for Bhavishya Kalyan Yojana	<b>173.43</b>	167.55
(b) Provision for product warranty (refer note below)	-	29.36
<b>Total</b>	<b>467.97</b>	508.43
<b>Current:</b>		
(a) Provision for employee benefits		
(i) Provision for compensated absences	<b>22.12</b>	17.65
(ii) Provision for Bhavishya Kalyan Yojana	<b>4.71</b>	4.67
(b) Provision for product warranty (refer note below)	<b>31.43</b>	19.75
<b>Total</b>	<b>58.26</b>	42.07

**Note: Movement of provision for product warranty**

(₹ in Lakhs)

	<b>As at March 31,</b>	<b>As at March 31,</b>
	<b>2018</b>	<b>2017</b>
Balance at the beginning of the Year	<b>49.11</b>	93.55
Provision made during the Year	<b>95.24</b>	41.38
Provision used during the Year	<b>(112.92)</b>	(65.89)
Provision reversed during the Year	-	(19.94)
<b>Balance at the end of the Year:</b>	<b>31.43</b>	49.11
Non-current	-	29.36
Current	<b>31.43</b>	19.75

(₹ in Lakhs)

<b>17 Other current liabilities</b>	<b>As at March 31,</b>	<b>As at March 31,</b>
	<b>2018</b>	<b>2017</b>
(a) Advances received from customers	<b>98.90</b>	41.51
(b) Statutory dues	<b>614.75</b>	559.32
(c) Employee benefits obligations	<b>51.88</b>	58.22
<b>Total</b>	<b>765.53</b>	659.05

Tata Marcopolo Motors Limited

Notes forming part of the financial statements for the year ended March 31, 2018 (continued)

(₹ in Lakhs)

18 Revenue from operations	Year ended March 31,	
	2018	2017
(a) Sale of products	51,059.82	50,060.65
(b) Sale of services	4,882.90	5,022.81
(c) Sale of spare parts	806.01	1,702.80
(d) Other operating revenues		
i) Sale of scrap	383.43	315.04
ii) Other	98.71	123.69
<b>Total</b>	<b>57,230.87</b>	<b>57,224.99</b>

(₹ in Lakhs)

19 Other income	Year ended March 31,	
	2018	2017
(a) Interest income on security deposit	6.34	7.38
(b) Interest income on income tax refund	10.21	17.07
(c) Interest income on fixed deposit	15.51	-
(d) Interest income on inter corporate deposit	52.04	-
<b>Total</b>	<b>84.10</b>	<b>24.45</b>

(₹ in Lakhs)

20 Changes in inventories of finished goods and work-in-progress	Year ended March 31,	
	2018	2017
<b>Inventories at the end of the year</b>		
Finished goods	15.23	8.94
Work-in-progress	992.49	912.06
	<b>1,007.72</b>	<b>921.00</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	8.94	24.42
Work-in-progress	912.06	1,160.84
	<b>921.00</b>	<b>1,185.26</b>
	<b>(86.72)</b>	<b>264.26</b>

**Tata Marcopolo Motors Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2018 (continued)**

		(₹ in Lakhs)	
21 Employee benefits expense	Year ended March 31,		
	2018	2017	
(a) Salaries, wages and bonus	5,959.00	6,045.45	
(b) Contribution to provident fund and other funds (refer Note 29)	339.35	348.19	
(c) Staff welfare expenses	960.88	970.42	
<b>Total</b>	<b>7,259.23</b>	<b>7,364.06</b>	

		(₹ in Lakhs)	
22 Finance costs	Year ended March 31,		
	2018	2017	
(a) Interest expenses			
(i) On term loan	256.25	74.49	
(ii) Others	2.09	332.48	
	<b>258.34</b>	<b>406.97</b>	
(b) Discounting charges	439.52	474.87	
<b>Total</b>	<b>697.86</b>	<b>881.84</b>	

		(₹ in Lakhs)	
23 Other expenses	Year ended March 31,		
	2018	2017	
(a) Consumption of stores and spare parts	2,181.27	1,991.75	
(b) Power and fuel	841.78	755.99	
(c) Rent including lease rentals (refer note 25)	398.46	472.34	
(d) Repairs to buildings	45.31	45.50	
(e) Repairs to plant, machinery etc.	39.95	14.21	
(f) Insurance	27.73	24.54	
(g) Rates and taxes	0.87	0.66	
(h) Technical know how	863.19	826.72	
(i) Contract labour charges	3,281.41	2,200.71	
(j) Warranty and product liability (net)	95.24	21.44	
(k) Auditors remuneration (Refer note below)			
- Audit fees	30.80	45.15	
- Tax audit fees	1.39	1.52	
- Other services	2.35	5.40	
- Out of pocket expenses	5.26	7.48	
(l) Cost auditors remuneration			
- Cost audit fees	1.98	2.04	
- Out of pocket expenses	0.04	0.03	
(m) Freight, transportation, port charges, etc.	94.80	56.28	
(n) Consulting engineers service fee	401.82	602.45	
(o) Cost of deputed employees	711.35	795.50	
(p) Travelling and conveyance	358.57	341.28	
(q) Gain on exchange rate fluctuation (net)	(19.39)	(42.35)	
(r) IT services	513.48	499.03	
(s) Corporate social responsibility expenses	9.05	6.60	
(t) Works operation and other expenses	1,485.04	1,560.48	
<b>Total</b>	<b>11,371.75</b>	<b>10,234.75</b>	

**Note:**

1 Payment to statutory auditor include an amount of Rs.5.75 Lakhs paid to predecessor auditor.

**Tata Marcopolo Motors Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2018 (continued)**

**24 Commitments and contingencies**

a) Estimated amount of contracts remaining to be executed on capital account (tangible) and not provided for (net of advances) is ₹ **344.07 Lakhs** (March 31, 2017: ₹ 14.78 Lakhs).

b) Lease rental payable for balance period of operating lease arrangement for use of land at Lucknow plant, taken for a total period of 15 years, is ₹ **224.14 Lakhs** (March 31, 2017: ₹ 289.74 Lakhs) and at Dharwad plant, taken for a total period of 21 years, is ₹ **1,074.38 Lakhs** (March 31, 2017: ₹ 1,175.89 Lakhs).

c) Claims against the Company not acknowledged as debts: (₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
a) Works contract tax on indirect materials	34.43	34.43
b) Sales tax on local/ interstate/ import of motor parts	108.07	132.58
c) Central Excise/ Service Tax	2,558.66	2,340.75
d) Bonus pertaining to retrospective period as per notification dated January 1, 2016	28.44	28.44
<b>Total</b>	<b>2,729.60</b>	2,536.20

d) Future cash outflows in respect of above matters are determinable only on receipt of judgments/decisions pending at various forums/authorities.

e) Non-fund based facilities availed of Letter of Credit ₹ **179.17 Lakhs** (March 31, 2017: ₹ Nil) and Bank guarantees outstanding ₹ **71.74 Lakhs** (March 31, 2017: ₹ 71.74 Lakhs) from banks are secured by a first charge by way of hypothecation of current assets including book debts and inventories, both present and future, in respect of cash credit.

**Tata Marcopolo Motors Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2018 (continued)**

**25 Leases**

The Company has taken land, buildings and plant and equipment, under operating and finance leases.

The following is the summary of future minimum lease rental payments under finance lease and non-cancellable operating leases entered into by the Company:

**a) Finance lease**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Not later than one year	18.00	17.24	18.00	16.08
Later than one year but not later than five years	-	-	18.00	17.24
<b>Total minimum lease commitments</b>	<b>18.00</b>	<b>17.24</b>	36.00	33.32
<b>Present value of minimum lease payments included in the financial statements as:</b>				
Other financial liabilities - current (refer note 15)		17.24		16.08
Non-current borrowings (refer note 13)		-		17.24

**Note:**

The Company has acquired plant and machinery from a vendor on finance lease.

**b) Operating leases**

Particulars	As at March 31, 2018	As at March 31, 2017
	Minimum lease payments	Minimum lease payments
Not later than one year	354.04	354.04
Later than one year but not later than five years	1,278.45	1,416.16
Later than five years	-	216.33
<b>Total minimum lease commitments</b>	<b>1,632.49</b>	1,986.53

**Notes:**

a) Operating lease payments recognised in the Statement of Profit and Loss for the period is ₹ 398.46 lakhs (March 31, 2017: ₹ 472.34 Lakhs) based on utilisation of assets.

b) The Company has entered into operating lease arrangement for use of building and plant and machinery at its Holding company's Lucknow plant.

**Tata Marcopolo Motors Limited**  
Notes forming part of the financial statements for the year ended March 31, 2018 (continued)

**26 Related party disclosures**

**A) Related party and their relationship**

- 1 **Holding company** : Tata Motors Limited ('TML')  
2 **Investor exercising significant influence over the Company** : Marcopolo S.A. Brazil (MP S.A.)

3 **Fellow subsidiaries-(with whom the Company has transactions during the period)**

- a) Tata Technologies Limited ('TTL')  
b) TAL Manufacturing Solutions Limited ('TAL')  
c) TML Distribution Company Limited ('TMLDCL')

4 **Fellow associates-(with whom the Company has transactions during the period)**

- a) Automobile Corporation of Goa Limited ('ACGL')

5 **Subsidiary of Investor exercising significant influence-(with whom the Company has transactions during the period)**

- a) Marcopolo(Changzhou) Auto Components CO. ('MAC')

6 **Key management personnel (KMP)**

- a) Rohit Srivastava - Manager and chief executive officer (upto January 30, 2018)  
b) Sandeep Gupta - Chief financial officer (with effect from April 24, 2017)  
c) S L Gangopadhyay - Chief financial officer (upto November 30, 2016)  
d) Laxmiprasad Jahagirdar - Manager and chief executive officer (with effect from January 31, 2018)  
e) A B Koyari - Company Secretary

**B) Transactions with the related parties**

(Previous year figures are in brackets)

(₹ in Lakhs)

Particulars	Holding Company	Fellow Subsidiaries			Investor exercising significant influence	Fellow Associates	Subsidiary of Investor exercising significant influence	Key Management personnel	Total
		TML	TTL	TAL					
<b>Transactions during the year ended March 31, 2018</b> (Year ended March 31, 2017 are shown in brackets)									
Interest paid on inter-corporate deposit	14.55 (115.32)	-	-	-	-	-	-	-	14.55 (115.32)
Interest received on inter-corporate deposit	52.04 -	-	-	-	-	-	-	-	52.04 -
Inter-corporate deposit given	16,330.00 -	-	-	-	-	-	-	-	16,330.00 -
Inter-corporate deposit received back	13,805.00 -	-	-	-	-	-	-	-	13,805.00 -
Inter-corporate deposits received	(1,000.00) 1,000.00	-	-	-	-	-	-	-	(1,000.00) 1,000.00
Inter-corporate deposit returned	(2,500.00) -	-	-	-	-	-	-	-	(2,500.00) -
Advance received	(1,300.00) -	-	-	-	-	-	-	-	(1,300.00) -
Advance returned (net)	(2,800.00) -	-	-	-	-	-	-	-	(2,800.00) -
Sale of goods/services (inclusive of taxes and net of discounting charges)	67,642.00 (62,178.66)	-	-	(5.32)	-	(0.11)	-	-	67,642.00 (62,184.09)
Purchase of goods/services (inclusive of taxes)	247.29 (311.54)	591.87 (577.11)	-	-	1,478.72 (1,447.69)	101.01 (168.20)	0.09 (0.65)	-	2,418.98 (2,505.19)
Purchase of fixed assets	- -	(7.63)	(282.13)	-	-	-	-	-	(289.76)
Reimbursement of cost	1,526.09 (1,304.29)	-	-	-	-	-	-	-	1,526.09 (1,304.29)
Recovery of expenses	203.19 (270.71)	-	-	-	15.33 (15.24)	-	-	-	218.52 (285.95)
Services received	242.44 (213.41)	-	-	-	-	-	-	-	242.44 (213.41)
Remuneration paid to KMPs	35.45 (106.68)	-	-	-	-	-	44.52	-	79.97 (106.68)
Rent of plant and machinery (including taxes)	210.34 (213.08)	-	-	-	-	-	-	-	210.34 (213.08)
Common services by TML (including taxes)	91.45 (104.83)	-	-	-	-	-	-	-	91.45 (104.83)
Rent of land and building (including taxes)	218.76 (313.84)	-	-	-	-	-	-	-	218.76 (313.84)
<b>Balance as at March 31, 2018</b> (Balance as at March 31, 2017 is shown in brackets)									
Inter-corporate deposits payable	(1,000.00)	-	-	-	-	-	-	-	(1,000.00)
Inter-corporate deposits receivable	2,525.00 -	-	-	-	-	-	-	-	2,525.00 -
Amount receivable	15,332.07 (14,778.56)	-	-	-	-	-	-	-	15,332.07 (14,778.56)
Amount payable (including advance)	1,267.74 (3,436.04)	71.75 (149.75)	-	(30.36)	986.97 (3,223.45)	13.23 (0.37)	-	-	2,339.69 (6,839.97)

**Tata Marcopolo Motors Limited**

**Notes forming part of the financial statements for the year ended March 31, 2018 (continued)**

**27 Segment Reporting**

The Company is engaged in the business of manufacture of Bus Bodies (including job work). These in the context of Indian Accounting Standard 108 (Ind As 108) on segment reporting is considered to constitute single operating segment.

The Company has its entire operations in India and hence entire revenue is generated in India, all the services are rendered to the customers in India and there are no assets which are situated outside India.

**Information about major customers:**

The majority of the sale of products of the Company is to single customer.

**28 Earnings per share**

Particulars	For the year ended	
	2018	2017
Profit after tax (₹ in lakhs)	968.25	1,414.46
The weighted average number of Equity shares	17,00,00,000	17,00,00,000
Earnings per share (₹) - Basic and Diluted	0.57	0.83
Face value per equity share (₹)	10.00	10.00

**29 Employee benefits**

a) Defined Contribution plans:

The Company has recognised ₹ 267.39 Lakhs (March 31, 2017: ₹ 285.26 Lakhs) in the Statement of Profit and Loss under Note 21 in the Contribution to provident fund and other funds, which is maintained with the Office of Regional Provident Fund Commissioner/TML PF trust.

b) The Company operates post retirement defined benefit plans for Gratuity, Post Retirement Medicare schemes and Bhavishya Kalyan Yojana (BKY).

c) Refer Annexure 1 for additional details

**30 The foreign currency exposures that have not been hedged by derivative instruments or otherwise are given below:**

Nature of Payables	March 31, 2018		March 31, 2017	
	Foreign Currency in Lakhs	INR Value in Lakhs	Foreign Currency in Lakhs	INR Value in Lakhs
<b>Import of goods and Services</b>				
US Dollar	3.91	254.85	39.55	2,565.24
Euro	0.16	12.93	-	-
Japanese Yen	121.25	75.18	-	-

The above disclosures have been made consequent to an announcement by the Institute of Chartered Accountants of India.

**31 Micro, Small and Medium Enterprise Development Act, 2006**

The Information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of Principal and outstanding are given below:

Particulars		₹ in Lakhs	
		2018	2017
Amounts outstanding but not due as at March 31	Principal	1,013.48	1,161.27
Amounts due but unpaid beyond the appointed date as at March 31	Principal	148.46	4.65
Amounts paid after appointed date during the year	Principal	2,003.58	2,239.43
Amounts of Interest accrued and unpaid as at March 31	Interest	170.37	211.14

**Tata Marcopolo Motors Limited**

Notes forming part of the financial statements for the year ended March 31, 2018 (continued)

**32 Financial instruments**

(i) **Capital management**

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity, operating cash flows generated and borrowings – long-term and short-term.

(ii) **Categories of financial instruments**

Financial assets	As at March 31, 2018	As at March 31, 2017
<b>Measured at amortised cost</b>		
Cash and cash equivalents	41.06	4.70
Trade receivables	15,977.28	15,319.28
Other financial assets:		
- current	2,532.85	7.67
- non-current	92.42	92.42
<b>Total</b>	<b>18,643.61</b>	<b>15,424.07</b>

Financial liabilities	As at March 31, 2018	As at March 31, 2017
<b>Measured at amortised cost</b>		
Trade payable	9,610.19	13,366.97
Current borrowings (excluding current portion of long-term debt)	11,725.73	14,546.87
Non-current borrowings (including current portion of long-term debt)	7,198.00	1,815.24
Other financial liabilities:		
- current	1,125.92	1,072.81
<b>Total</b>	<b>29,659.84</b>	<b>30,801.89</b>

(iii) **Market risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(iv) **Foreign currency exchange rate risk:**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are not hedged considering the small quantum and short period of such exposure.

The carrying amounts of the Company's foreign currency denominated monetary liabilities at the end of the reporting period, which are not hedged:

(Foreign currency in Lakhs)

Currency	As at March 31, 2018	As at March 31, 2017
USD	3.91	39.55
EURO	0.16	-
JPY	121.25	-

**Foreign currency sensitivity analysis**

10% appreciation/depreciation of USD, EURO and JPY currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net income before tax by approximately ₹ 25.49 lakhs, ₹ 1.29 lakhs and ₹ 7.52 lakhs respectively for financial liabilities for the financial year ended March 31, 2018 and ₹ 256.50 lakhs for the year ended March 31, 2017.

Tata Marcopolo Motors Limited

Notes forming part of the financial statements for the year ended March 31, 2018 (continued)

(v) **Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from banks.

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2018:

(₹ in Lakhs)

Financial liabilities	Carrying amount	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total contractual cash flows
Accounts payable and acceptances	9,610.19	9,610.19	-	-	-	9,610.19
Borrowings and accrued interest thereon	18,995.84	12,292.84	1,080.00	3,240.00	2,383.00	18,995.84
Finance lease obligations	17.24	17.24	-	-	-	17.24
Other financial liabilities	1,036.57	1,036.57	-	-	-	1,036.57
<b>Total</b>	<b>29,659.84</b>	<b>22,956.84</b>	<b>1,080.00</b>	<b>3,240.00</b>	<b>2,383.00</b>	<b>29,659.84</b>

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2017:

(₹ in Lakhs)

Financial liabilities	Carrying amount	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total contractual cash flows
Accounts payable and acceptances	13,366.97	13,366.97	-	-	-	13,366.97
Borrowings and interest thereon	16,344.87	14,546.87	-	-	1,798.00	16,344.87
Finance lease obligations	33.32	16.08	17.24	-	-	33.32
Other financial liabilities	1,056.73	1,056.73	-	-	-	1,056.73
<b>Total</b>	<b>30,801.89</b>	<b>28,986.65</b>	<b>17.24</b>	<b>-</b>	<b>1,798.00</b>	<b>30,801.89</b>

(vi) **Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk, principally consist of investments classified as loans and advances and trade receivables. The company is exposed to concentration of credit risks since its sales of products are to a single customer.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 18,643.61 lakhs as of March 31, 2018, ₹ 15,424.07 lakhs as of March 31, 2017, being the total of the carrying amount of balances with banks, trade receivables and other financial assets.

**Tata Marcopolo Motors Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2018 (continued)**

(vii) **Fair value of financial assets and financial liabilities that are measured at amortised cost**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2018:

(₹ in Lakhs)

Financial assets	Carrying value	Fair value
Cash and cash equivalents	41.06	41.06
Trade receivables	15,977.28	15,977.28
Other financial assets:		
- current	2,532.85	2,532.85
- non-current	92.42	92.42
<b>Total</b>	<b>18,643.61</b>	<b>18,643.61</b>

(₹ in Lakhs)

Financial liabilities	Carrying value	Fair value
Accounts payable	9,610.19	9,610.19
Current borrowings (excluding current portion of long-term debt)	11,725.73	11,725.73
Non-current borrowings (including current portion of long-term debt)	7,198.00	7,198.00
Other financial liabilities:		
- current	1,125.92	1,125.92
<b>Total</b>	<b>29,659.84</b>	<b>29,659.84</b>

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2017:

(₹ in Lakhs)

Financial assets	Carrying value	Fair value
Cash and cash equivalents	4.70	4.70
Trade receivables	15,319.28	15,319.28
Other financial assets:		
- current	7.67	7.67
- non-current	92.42	92.42
<b>Total</b>	<b>15,424.07</b>	<b>15,424.07</b>

(₹ in Lakhs)

Financial liabilities	Carrying value	Fair value
Accounts payable	13,366.97	13,366.97
Short-term debt (excluding current portion of long-term debt)	14,546.87	14,546.87
Long-term debt (including current portion of long-term debt)	1,815.24	1,815.24
Other financial liabilities:		
- current	1,072.81	1,072.81
<b>Total</b>	<b>30,801.89</b>	<b>30,801.89</b>

(viii) **Transfer of financial assets**

The Company transfers certain trade receivables under the bill discounting arrangements. These do not qualify for derecognition, due to the recourse arrangement in place. Consequently the proceeds received from transfer are recorded as loans from banks and classified under current borrowings.

The carrying amount of trade receivables and along with the associated liabilities is as follows:

(₹ in Lakhs)

Name of the asset	As at March 31, 2018		As at March 31, 2017	
	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities
Trade receivables	11,725.73	11,725.73	10,742.18	10,742.18

**33** Previous year's figures have been regrouped /reclassified wherever necessary to correspond with current year's classification/disclosure.

**34** The prior period financial statements have been audited by a firm of Chartered Accountants other than B S R & Co. LLP.

Annexure 1

Employee benefits

A The disclosure as required under Ind AS-19 regarding the Company's defined benefit plans is as follows :

- i) **Investment risk:**  
The present value of the defined benefit plans liability is calculated using the discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently, the fund comprises of investment in other quoted securities.
- ii) **Interest risk:**  
A decrease in the bond interest rate will increase the plan's liability.
- iii) **Longevity risk:**  
The present value of the defined benefit plan liability is calculated by the reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- iv) **Salary risk:**  
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

B	Actuarial Disclosure	Gratuity (Funded)			Compensated Absences			Post Retirement Medicare Schemes			Bhavishya Kalyan Yojana		
		2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
I	<b>Total cost recognised in Comprehensive Income</b>												
A	<b>Cost recognised in Statement of Profit and Loss</b>												
1	Current service cost	73.93	66.01	64.58	64.44	57.38	55.73	22.40	17.5	11.88	21.78	21.02	22.49
2	Past Service Cost-Plant Amendment	2.59	-	-	-	-	-	-	-	-	-	-	-
3	Net interest expense	(4.42)	(3.08)	1.56	12.87	12.81	12.26	9.99	7.25	6.25	12.76	11.81	10.48
4	Recognition of net gain	-	-	-	(49.07)	(35.60)	(36.07)	-	-	-	-	-	-
	<b>Cost recognised in Statement of Profit and Loss</b>	<b>72.10</b>	<b>62.93</b>	<b>66.14</b>	<b>28.24</b>	<b>34.59</b>	<b>31.92</b>	<b>32.39</b>	<b>24.75</b>	<b>18.13</b>	<b>34.54</b>	<b>32.83</b>	<b>32.97</b>
B	<b>Remeasurement effects recognised in Other Comprehensive Income (OCI)</b>												
1	Return on plan assets (excluding amounts included in net interest expense)	(5.31)	(18.76)	(8.20)	-	-	-	-	-	-	-	-	-
2	Actuarial gains arising from changes in demographic assumptions	(4.86)	-	-	-	-	-	(11.77)	-	-	(9.41)	-	-
3	Actuarial (gains)/losses arising from changes in financial assumptions	60.19	27.76	1.37	-	-	-	(29.81)	21.71	(2.89)	5.71	8.85	0.29
4	Actuarial gains arising from experience adjustments	(14.44)	(0.86)	(4.71)	-	-	-	(3.75)	(0.32)	(2.63)	(20.65)	(14.90)	(12.49)
	<b>Remeasurement effects recognised in Other Comprehensive Income (OCI)</b>	<b>35.58</b>	<b>8.14</b>	<b>(11.54)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45.33)</b>	<b>21.39</b>	<b>(5.52)</b>	<b>(24.35)</b>	<b>(6.05)</b>	<b>(12.20)</b>
	<b>Total cost recognised in Comprehensive Income</b>	<b>107.68</b>	<b>71.07</b>	<b>54.60</b>	<b>28.24</b>	<b>34.59</b>	<b>31.92</b>	<b>(12.94)</b>	<b>46.14</b>	<b>12.61</b>	<b>10.19</b>	<b>26.78</b>	<b>20.77</b>
II	<b>Actual contribution and benefit payments for year ended March 31,</b>												
	Actual benefits payments	13.4	17.43	17.32	20.84	25.38	24.72	-	-	-	-	-	-
	Actual contributions	135.53	47.26	177.86	20.84	25.38	24.72	-	-	-	-	-	-
III	<b>Net assets/ (liability) recognised in the Balance Sheet as at March 31,</b>												
1	Present value of defined benefit Obligation	568.09	432.17	330.91	(189.43)	182.03	172.82	(123.88)	(136.82)	90.68	(178.14)	(172.22)	(149.71)
2	Fair value of plan assets	587.04	423.27	345.82	N/A	N/A	N/A	N/A	-	N/A	N/A	N/A	N/A
3	Funded status (surplus /deficit)	18.95	(8.90)	14.91	(189.43)	(182.03)	(172.82)	(123.88)	(136.82)	(90.68)	(178.14)	(172.22)	(149.71)
4	Net assets/ (liability) as at March 31,	18.95	(8.90)	14.91	(189.43)	(182.03)	(172.82)	(123.88)	(136.82)	(90.68)	(178.14)	(172.22)	(149.71)
5	(Current liability)/ net assets	18.95	(8.90)	14.91	(18.90)	(11.17)	(9.71)	-	-	-	(4.71)	(4.67)	(4.57)
6	Non-current liability	-	-	-	(170.53)	(170.86)	(163.11)	(123.88)	(136.82)	90.68	(173.43)	(167.55)	(145.14)
IV	<b>Change in Defined Benefit Obligation (DBO) during the year March 31,</b>												
1	Present value of defined benefit obligation (DBO) at the beginning of the year	432.17	330.91	266.37	182.03	172.82	165.62	136.82	90.68	78.07	172.22	149.71	133.04
2	Current service cost	73.93	66.01	64.58	64.44	57.38	55.73	22.4	17.5	11.88	21.78	21.02	22.49
3	Past service cost	2.59	-	-	-	-	-	-	-	-	-	-	-
4	Interest cost	31.91	25.78	20.62	12.87	12.81	12.26	9.99	7.25	6.25	12.76	11.81	10.48
5	Remeasurements gains				(49.07)	(35.60)	(36.07)						
	- Actuarial gains arising from changes in demographic assumptions	(4.86)	-	-	-	-	-	(11.77)	-	-	(9.41)	-	-
	- Actuarial (gains)/losses arising from changes in financial assumptions	60.19	27.76	1.37	-	-	-	(29.81)	21.71	(2.89)	5.71	8.85	0.29
	- Actuarial gains arising from changes in experience	(14.44)	(0.86)	(4.71)	-	-	-	(3.75)	(0.32)	(2.63)	(20.65)	(14.90)	(12.49)
6	Benefit payments	(13.40)	(17.43)	(17.32)	(20.84)	(25.38)	(24.72)	-	-	-	(4.27)	(4.27)	(4.10)
7	Present value of defined benefit obligation (DBO) at the end of year	568.09	432.17	330.91	189.43	182.03	172.82	123.88	136.82	90.68	178.14	172.22	149.71
V	<b>Change in fair value of assets during the year ended March 31,</b>												
1	Plan assets at the beginning of the year	423.27	345.82	168.79	NA	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Expected return on plan assets	5.31	18.76	8.29	NA	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	Actual return on plan assets	36.33	28.86	-	NA	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	Actual Company contributions	135.53	47.26	177.86	20.84	25.38	24.72	N/A	N/A	N/A	N/A	N/A	N/A
5	Actuarial gain	-	-	8.20	NA	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Benefits paid	(13.40)	(17.43)	(17.32)	(20.84)	(25.38)	(24.72)	N/A	N/A	N/A	N/A	N/A	N/A
7	Plan assets at the end of the year	587.04	423.27	345.82	NA	NA	NA	N/A	N/A	N/A	N/A	N/A	N/A
VI	<b>Actuarial assumptions</b>												
1	Discount rate	7.70%	7.50%	8.00%	7.70%	7.50%	8.00%	7.70%	7.30%	8.00%	7.70%	7.50%	8.00%
2	Expected return on plan assets (funded)	7.50%	8.00%	8.00%	NA	NA	NA	NA	NA	NA	N/A	NA	NA
3	Salary escalation	6%-8%	5%-8%	5%-10%	6%-8%	5%-8%	5%-10%	NA	NA	NA	6%-8%	5%-8%	5%-10%
4	Medical cost inflation	NA	NA	NA	NA	NA	NA	6%	6.0%	6.0%	N/A	NA	NA
	The Employees are assumed to retire at the age of 60 years												
	The mortality rates considered are as per Indian Assured Lives Mortality (2006-08) (Modified) Ultimate tables												
VII	<b>Expected contribution is Rs. 27.81 Lacs to the gratuity scheme for the next year.</b>												
VIII	<b>Sensitivity analysis (Medicare)</b>												
	A one percentage point change is assumed healthcare cost trend rate would have following effects on the aggregate of the service cost and defined benefit obligations.												
		Gratuity (Funded)						Medicare					
		One percentage point increase in discount rate			One percentage point decrease in discount rate			One percentage point increase in medical inflation rate			One percentage point decrease in medical inflation rate		
		2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
1	Change in DBO (Defined benefit obligation)	(89.46)	(21.19)	(21.07)	113.80	24.54	24.42	43.50	48.71	32.54	(31.95)	(35.59)	(23.70)
2	Change in service cost	(12.29)	(1.49)	(1.52)	15.63	1.76	1.81	5.82	7.53	5.90	(4.26)	(5.49)	(4.29)
3	Change in interest cost	(20.70)	(3.52)	(3.35)	23.86	3.55	3.42	9.61	11.64	8.98	(7.05)	(8.49)	(6.53)

Note on Provision for compensated absences :

The Company has made additional provision of Rs 3.35 lakhs (March 31, 2017: Rs 10.32 lakhs) for trainee employees based on arithmetical calculation.