

TATA MARCOPOLO MOTORS LIMITED

Annual Financial Statements

For the year ended March 31, 2017

**INDEPENDENT AUDITOR'S 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 March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), 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 Ind AS 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 financial position, financial performance including other comprehensive income, cash flows and changes in equity 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.

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.

Auditor's Responsibility

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

In conducting 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 believe that the audit evidence obtained by us 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 March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable 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 relevant 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 March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- 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, as amended, 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;
 - 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 Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Mohammed Bengali
(Partner)
(Membership No. 105828)

Place: Dharwad
Date: May 4, 2017



Report on Internal Financial Controls Over Financial Reporting

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2017 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. 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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, to the best of our information and according to the explanations given to us, 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 March 31, 2017, 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.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Mohammed Bengali
(Partner)
(Membership No. 105828)

Place: Dharwad
Date: May 4, 2017



**ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, 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) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and hence reporting under clause 3(v) of the Order is also not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.



- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) There are no disputed amounts payable in respect of Wealth tax, Customs duty and Cess in arrears as at March 31, 2017. Details of dues of Income-tax, Service Tax and Excise Duty as on March 31, 2017 on account of disputes as given below:

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	Commissioner (Appeals)	2013-14 2014-15 2015-16	97.80
Central Excise Laws	Excise duty and penalty	CESTAT	2008-09 to 2012-13 2013-14 upto August 2013	1,656.30
Service Tax Act 1994	Service tax - CENVAT	CESTAT	December 2008 to October 2012	128.17
Karnataka Value Added Tax, 2003	Value Added Tax	Joint Commissioner of Commercial Tax (Appeals)	2009-10	0.64
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

- (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 has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

**Deloitte
Haskins & Sells LLP**

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and 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) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Mohammed Bengali
(Partner)
(Membership No. 105828)

Place: Dharwad
Date: May 4, 2017



Tata Marcopolo Motors Limited
Balance sheet as at March 31, 2017

		(₹ in Lakhs)		
		As at March 31,	As at March 31,	As at April 1,
		2017	2016	2015
I.	<u>ASSETS</u>	Note No.		
	(1) Non-current assets			
	(a) Property, Plant and Equipment	2	17,764.49	19,108.35
	(b) Capital work-in-progress		808.50	787.96
	(c) Intangible assets	3	854.24	1,427.77
	(d) Intangible assets under development		653.50	876.03
	(e) Financial assets:			
	(i) Other financial assets	4	92.42	88.54
	(f) Advance income tax asset (net)	5a	872.33	835.26
	(g) Deferred tax assets (net)	5b	431.37	431.37
	(h) Other non-current assets	6	589.00	562.37
			22,065.85	24,117.65
	(2) Current assets			
	(a) Inventories	7	3,334.00	5,003.86
	(b) Financial assets:			
	(i) Trade receivables	8	15,319.28	7,898.31
	(ii) Cash and cash equivalents	9	4.70	28.51
	(iii) Loans and advances	10	7.67	8.71
	(c) Other current assets	11	1,307.57	1,444.70
			19,973.22	14,384.09
	TOTAL		42,039.07	38,501.74
				56,081.58
II.	<u>EQUITY AND LIABILITIES</u>			
	(1) Equity			
	(a) Equity Share capital	12	17,000.00	17,000.00
	(b) Other Equity		(6,972.37)	(8,363.35)
			10,027.63	8,636.65
	(2) Non-current liabilities			
	(a) Financial liabilities:			
	(i) Borrowings	13	1,815.24	1,831.32
	(ii) Other financial liabilities	15	-	9.33
	(b) Provisions	16	508.43	439.93
			2,323.67	2,280.58
	(3) Current liabilities			
	(a) Financial liabilities:			
	(i) Borrowings	14	14,546.87	8,859.52
	(ii) Trade payables [Includes dues to Micro, Small and Medium Enterprises ₹ 1,165.92 lakhs (as at March 31, 2016 ₹ 975.26 lakhs and April 1, 2015 ₹ 2,573.55 lakhs)]	17	13,366.97	13,685.80
	(iii) Other financial liabilities	15	1,072.81	4,659.89
	(b) Provisions	16	42.07	79.51
	(c) Other current liabilities	18	659.05	299.79
			29,687.77	27,584.51
	TOTAL		42,039.07	38,501.74
				56,081.58

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Mohammed Bengali
Partner
Dharwad
May 4, 2017

Ravindra Pisharody
Chairman

Falguni Nayar

Asimkumar Mukhopadhyay

Vaijyanthi Ajit Pandit

Rakesh Makhija

Timothy Andrew Leverton
Directors

Francisco Gomes Neto
Directors

Shriram Jayanthi
Alternate Director -
Lusuir Grochot

Rohit Srivastava
Manager & Chief Executive Officer

Sandeep Gupta
Chief Financial Officer

A B Koyari
Company Secretary

Dharwad, May 4, 2017

Tata Marcopolo Motors Limited
Statement of Profit and Loss for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Note No.	For the year ended	
		2017	2016
I. Revenue From Operations	19	57,224.99	54,289.60
II. Other Income	20	24.45	7.56
III. Total Income (I+II)		57,249.44	54,297.16
IV. Expenses:			
(a) Cost of materials consumed		28,958.74	28,671.91
(b) Changes in inventories of finished goods and work-in-progress	21	264.26	757.85
(c) Excise duty on sale of products		5,612.67	5,446.32
(d) Employee benefits expense	22	7,364.06	6,706.01
(e) Finance costs	23	881.84	1,337.33
(f) Depreciation and amortisation expense	2 & 3	2,558.53	2,569.35
(g) Other expenses	24	10,234.75	9,707.77
(h) Expenditure transferred to capital and other accounts		(39.86)	(38.22)
Total Expenses (IV)		55,834.99	55,158.32
V. Profit / (Loss) before tax (III-IV)		1,414.45	(861.16)
VI. Tax expense:			
Current tax	5b	(0.01)	-
VII. Profit / (Loss) for the year (V-VI)		1,414.46	(861.16)
VIII. Other Comprehensive Income / (Loss) :			
(A) (i) Items that will not be reclassified to profit and loss:			
(a) Remeasurement (losses) and gains on defined benefit obligations (net)		(23.48)	29.26
Other Comprehensive (Loss) / Income		(23.48)	29.26
IX. Total Comprehensive Income / (Loss) for the year (VII+VIII)		1,390.98	(831.90)
X. Earnings per equity share (face value of ₹ 10 per share):			
Weighted average number of equity shares		17,00,00,000	17,00,00,000
Earnings per equity share			
(i) Basic		0.83	(0.51)
(ii) Diluted		0.83	(0.51)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Mohammed Bengali
Partner
Dharwad
May 4, 2017

For and on behalf of the Board of Directors

Ravindra Pisharody
Chairman

Falguni Nayar

Asimkumar Mukhopadhyay

Vaijyanthi Ajit Pandit

Rakesh Makhija

Timothy Andrew Leverton
Directors

Francisco Gomes Neto
Directors

Shriram Jayanthi
Alternate Director - Lusuir
Grochot

Rohit Srivastava
Manager & Chief Executive Officer

Sandeep Gupta
Chief Financial Officer

A B Koyari
Company Secretary

Dharwad, May 4, 2017

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

Statement of Changes in Equity

A. Equity Share Capital

(₹ in Lakhs)

Balance as at April 1, 2015	Changes in Equity Share Capital during the year	Balance as at March 31, 2016
17,000.00	-	17,000.00

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

B. Other Equity

(₹ in Lakhs)

	Reserves and Surplus
	Retained earnings
Balance as at April 1, 2015 (A)	(7,531.45)
Loss for the year (net of Tax)	(861.16)
Other Comprehensive Income for the year	29.26
Total Comprehensive Loss for the year (B)	(831.90)
Balance as at March 31, 2016 (A+B)	(8,363.35)
Balance as at April 1, 2016 (C)	(8,363.35)
Profit for the year (net of tax)	1,414.46
Other Comprehensive Loss for the year	(23.48)
Total Comprehensive Income for the year (D)	1,390.98
Balance as at March 31, 2017 (C+D)	(6,972.37)

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Mohammed Bengali
Partner
Dharwad
May 4, 2017

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Rohit Srivastava
Manager & Chief Executive Officer

Sandeep Gupta
Chief Financial Officer

A B Koyari
Company Secretary

Dharwad, May 4, 2017

Tata Marcopolo Motors Limited
Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakhs)

	For the year ended March 31,	
	2017	2016
Cash flows from operating activities:		
Profit / (Loss) before tax	1,414.45	(861.16)
Adjustments for:		
Depreciation and amortisation expense	2,558.53	2,569.35
Provision for doubtful receivables	-	20.90
Loss on sale of assets/assets written off(net)	22.05	66.97
Foreign exchange(gain)/loss (unrealised)(net)	(174.82)	68.46
Finance costs	881.84	1,337.33
Interest income	(24.45)	(7.56)
Cash flows from operating activities before changes in working capital	4,677.60	3,194.29
Inventories	1,669.86	1,976.21
Trade receivables	(7,420.97)	10,570.94
Loans and advances	1.04	23.76
Other current assets	137.13	2,599.27
Other non-current assets	(97.76)	(5.22)
Trade payables	(144.01)	(6,727.58)
Other financial liabilities	(1,493.49)	2,256.72
Provisions	7.58	(155.25)
Other current liabilities	359.26	(702.22)
Cash generated from operations	(2,303.76)	13,030.92
Income tax paid (net)	(37.07)	(135.06)
Net cash provided by operating activities	(2,340.83)	12,895.86
Cash flows from investing activities:		
Interest received	24.45	7.56
Payments for property, plant and equipment	(375.86)	(125.03)
Payments for Intangible assets	(6.31)	(31.77)
Net cash used in investing activities	(357.72)	(149.24)
Cash flows from financing activities:		
Interest paid	(930.93)	(1,314.12)
Increase/(decrease) in current borrowings (net)	7,187.35	(9,079.46)
(Decrease)/increase in Inter-corporate deposits (net)	(1,500.00)	800.00
Repayments of finance lease obligations	(15.01)	(31.24)
Repayments of non-current borrowings	(2,066.67)	(3,100.00)
Net cash used in financing activities	2,674.74	(12,724.82)
Net (decrease) / increase in cash and cash equivalents	(23.81)	21.80
Cash and cash equivalents at the beginning of the year	28.51	6.71
Cash and cash equivalents at the end of the year	4.70	28.51

Note : The above cash flow statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (IND AS 7) "Statement of Cash flows" prescribed under section 133 of the Companies Act, 2013.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Mohammed Bengali
Partner
Dharwad
May 4, 2017

Ravindra Pisharody
Chairman

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Grochot

Rohit Srivastava
Manager & Chief Executive Officer

Sandeep Gupta
Chief Financial Officer

A B Koyari
Company Secretary

Dharwad, May 4, 2017

Tata Marcopolo Motors Limited

Notes to Financial Statements

1 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 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, 2017 were approved by the Board of Directors and authorised for issue on May 4, 2017.

2 Significant accounting policies

a. *Statement of compliance*

In accordance with the notification issued by the Ministry of Corporate Affairs(MCA), the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 - First time Adoption of Indian Accounting Standard, the Company has presented a reconciliation of shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net loss for the year ended March 31, 2016 from the financial statements notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS.

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

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 up to 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 profit and loss Account

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 liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date

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 :

<u>Type of Asset</u>	<u>Estimated useful life</u>
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 have 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.

3 **Transition to Ind AS**

The transition as of April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemption and exceptions applied by the company in accordance with Ind AS 101 First Time adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Exception to the retrospective applications

Government Loans

The Company has elected to recognise and measure government loans using its previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance sheet.

Reconciliation between Previous GAAP and Ind AS

Equity Reconciliation

There is no change in the equity of the company from previous GAAP to Ind AS as at March 31, 2016 and April 1, 2015.

Comprehensive Loss Reconciliation

(₹ in Lakhs)

	Notes	For the year ended March 31, 2016
Loss under Previous GAAP		(831.90)
Employee Benefits adjustment	(i)	(29.26)
Loss under Ind AS		(861.16)
Other Comprehensive Income		29.26
Comprehensive Loss under Ind AS		(831.90)

Notes to reconciliations between Previous GAAP and Ind AS

(i) Employee benefits

Under Previous GAAP, actuarial gains and losses were recognised in the Statement of Profit and Loss. Whereas, under Ind AS, the actuarial gains and losses form part of re-measurement of net defined liability/asset which is recognised in Other Comprehensive Income in the respective periods.

This has resulted in increase in loss under Ind AS by ₹ 29.26 Lakhs for the year ended March 31, 2016. However, the same does not result in difference in equity or total comprehensive loss.

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

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 Equipment	Furniture and Fixtures	Vehicles	Computers	Plant and Equipment	
Cost as at April 1, 2015	14,295.80	15,763.51	18.09	34.73	197.32	34.79	761.02	218.99	31,324.25
Accumulated depreciation as at April 1, 2015	2,192.94	7,460.36	0.28	5.25	65.11	29.35	504.97	131.40	10,389.66
Net carrying amount as at April 1, 2015	12,102.86	8,303.15	17.81	29.48	132.21	5.44	256.05	87.59	20,934.59
Cost as at April 1, 2015	14,295.80	15,763.51	18.09	34.73	197.32	34.79	761.02	218.99	31,324.25
Additions	12.46	62.46	-	-	-	-	12.39	-	87.31
Write off	-	196.26	-	-	-	-	-	-	196.26
Cost as at March 31, 2016	14,308.26	15,629.71	18.09	34.73	197.32	34.79	773.41	218.99	31,215.30
Accumulated depreciation as at April 1, 2015	2,192.94	7,460.36	0.28	5.25	65.11	29.35	504.97	131.40	10,389.66
Depreciation for the year	441.87	1,247.31	0.86	6.32	11.96	3.17	104.18	21.90	1,837.57
Write off	-	120.28	-	-	-	-	-	-	120.28
Accumulated depreciation as at March 31, 2016	2,634.81	8,587.39	1.14	11.57	77.07	32.52	609.15	153.30	12,106.95
Net carrying amount as at March 31, 2016	11,673.45	7,042.32	16.95	23.16	120.25	2.27	164.26	65.69	19,108.35
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

Note : During the year ended March 31, 2015, in terms of proviso to clause 3(i) of Part A of Schedule II to the Companies Act, 2013 (the Act), the Company has decided to retain the useful life hitherto adopted for various categories of fixed assets, which are in certain cases, different from those prescribed in Schedule II to the Act. This is supported by a technical assessment carried out by an independent third party consultant. Refer Note 2(i).

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

3 Intangible Assets

(₹ in Lakhs)

Intangible Assets	Computer Software	Product Development Cost	Total
Cost as at April 1, 2015	1,047.77	5,210.39	6,258.16
Accumulated amortisation as at April 1, 2015	912.15	3,240.01	4,152.16
Net carrying amount as at April 1, 2015	135.62	1,970.38	2,106.00

Cost as at April 1, 2015	1,047.77	5,210.39	6,258.16
Additions	53.55	-	53.55
Cost as at March 31, 2016	1,101.32	5,210.39	6,311.71
Accumulated amortisation as at April 1, 2015	912.15	3,240.01	4,152.16
Amortisation for the year	67.40	664.38	731.78
Accumulated amortisation as at March 31, 2016	979.55	3,904.39	4,883.94
Net carrying amount as at March 31, 2016	121.77	1,306.00	1,427.77

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

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

(₹ in Lakhs)

4 Other financial assets	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Non-current			
(a) Security Deposit	92.42	88.54	109.85
Total	92.42	88.54	109.85

(₹ in Lakhs)

5a Advance Income tax assets (Net)	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Current tax assets			
Advance Income tax	872.33	835.26	700.20
Total	872.33	835.26	700.20

(₹ in Lakhs)

5b Deferred tax assets (net)	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Liabilities:			
Depreciation and Amortisation	(2,248.62)	(2,438.54)	(2,616.03)
Product Development cost	(226.16)	(303.18)	(296.19)
Total Deferred tax liabilities	(2,474.78)	(2,741.72)	(2,912.22)
Assets:			
Employee benefits expense	66.59	91.84	91.26
Unabsorbed depreciation and business loss	2,396.66	2,625.92	2,793.92
Others	11.53	23.96	27.04
MAT credit entitlement	431.37	431.37	431.37
Total Deferred tax assets	2,906.15	3,173.09	3,343.59
Deferred tax assets (net)	431.37	431.37	431.37

(₹ in Lakhs)

i) Income taxes	For the year ended	
	2017	2016
Current tax expense		
i. For the year	-	-
ii. Relating to a prior year	(0.01)	-
Total	(0.01)	-

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

(₹ in Lakhs)

	For the year ended	
	2017	2016
Profit / (Loss) before tax	1,414.45	(861.16)
Income tax expense at tax rates applicable to the entity	489.51	(298.03)
Items (net) not deductible for tax/not liable to tax		
Deferred tax assets not recognised because realisation is not probable	-	336.13
Set off of brought forward loss/depreciation (net)	(509.01)	-
Impact of change in statutory tax rates	-	(45.73)
Others	19.50	7.63
Current tax expense relating to a prior year	(0.01)	-
Income tax expense reported in statement of Profit and Loss	(0.01)	-

iii) Significant components of deferred tax assets and liabilities for the year ended March 31, 2017 and March 31, 2016 are as follows:

(₹ in Lakhs)

	Opening balance as at April 1, 2016	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	173.34	-	2,281.13
Business loss carried forward	518.13	(402.60)	-	115.53
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
Net assets/(liabilities)	431.37	-	-	431.37

(₹ in Lakhs)

	Opening balance as at April 1, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as at March 31, 2016
Depreciation and amortisation	(2,616.03)	177.49	-	(2,438.54)
Product development expenses	(296.19)	(6.99)	-	(303.18)
Depreciation carry forwards	2,276.44	(168.65)	-	2,107.79
Business loss carry forwards	517.48	0.65	-	518.13
Employee benefits expense	91.26	0.58	-	91.84
Minimum alternate tax carry-forward	431.37	-	-	431.37
Others	27.04	(3.08)	-	23.96
Net assets/(liabilities)	431.37	-	-	431.37

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

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following -			
Unabsorbed depreciation	6,096.47	7,497.46	6,674.69

The unabsorbed depreciation can be utilised for an unlimited period.

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

(₹ in Lakhs)

6 Other non-current assets	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
(a) Capital advances	-	67.25	-
(b) Deposits (paid under protest)	579.08	495.12	468.59
(c) Prepaid expenses	9.92	-	-
Total	589.00	562.37	468.59

(₹ in Lakhs)

7 Inventories (at lower of cost and net realisable value)	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
(a) Raw materials	1,828.24	3,100.51	4,301.65
(b) Work-in-progress	912.06	1,160.84	1,875.62
(c) Finished goods	8.94	24.42	67.49
(d) Stores and spare parts	510.61	586.46	580.41
(e) Consumable tools	72.67	128.84	139.60
(f) Goods-in-transit - Raw materials	1.48	2.79	15.30
Total	3,334.00	5,003.86	6,980.07

Notes:

- 1 During the year ended March 31, 2017 and March 31, 2016, the Company recorded inventory write-down expenses of Rs. 343.59 Lakhs and Rs. 256.27 Lakhs respectively.
- 2 Cost of inventories (including cost of purchase products) recognised as expenses during the year ended March 31, 2017 and March 31, 2016 amounted to Rs. 29,223.00 Lakhs and Rs. 29,429.76 Lakhs respectively.

(₹ in Lakhs)

8 Trade receivables	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Trade receivables (unsecured) :			
(a) Considered good	15,319.28	7,898.31	18,470.69
(b) Considered doubtful	-	1.45	-
	15,319.28	7,899.76	18,470.69
Less: Provision for doubtful receivables	-	(1.45)	-
Total	15,319.28	7,898.31	18,470.69

Note : Movement in provision for doubtful receivables

(₹ in Lakhs)

	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Balance at the beginning of the year	1.45	-	-
Provision made during the year	-	1.45	-
Provision reversed during the year	1.45	-	-
Balance at end of the year	-	1.45	-

(₹ in Lakhs)

9 Cash and cash equivalents	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
(a) Cash on hand	0.54	1.38	0.33
(b) Bank balances			
(i) in current accounts	4.16	27.13	6.38
Total	4.70	28.51	6.71

A. Specified Bank Notes disclosures (SBNs)

During the year, the Company had specified bank notes and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on November 08, 2016	27,500	10,915	38,415
Add : Permitted Receipts	-	1,30,881	1,30,881
Less : Permitted Payments	-	81,238	81,238
Less : Amount Deposited in Banks	27,500	-	27,500
Closing Cash in hand as on December 30, 2016	-	60,558	60,558

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

(₹ in Lakhs)

10 Other Loans and advances	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Current			
Unsecured, considered good:			
(a) Advances to employees and others	7.67	8.71	32.47
Total	7.67	8.71	32.47

(₹ in Lakhs)

11 Other current assets	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
(a) Advances to suppliers and contractors (Refer note below)	70.41	87.26	75.32
(b) Other taxes recoverable, statutory deposits and dues from government	1,158.98	1,270.71	3,936.76
(c) Prepaid expenses	78.18	86.73	51.34
Total	1,307.57	1,444.70	4,063.42

Note:

Advances to suppliers and contractors (Gross)	70.41	106.71	75.32
Less: Provision for doubtful advances	-	(19.45)	-
Total	70.41	87.26	75.32

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

(₹ in Lakhs)

12 Equity Share Capital	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Authorised:			
(i) 17,00,00,000 Equity shares of ₹10 each (as at March 31, 2016: 17,00,00,000 Equity shares of ₹10 each)	17,000.00	17,000.00	17,000.00
Issued ,Subscribed and Fully Paid Share Capital			
(i) 17,00,00,000 Equity shares of ₹10 each (as at March 31, 2016: 17,00,00,000 Equity shares of ₹10 each)	17,000.00	17,000.00	17,000.00

Notes

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	₹ in Lakhs	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	17,00,00,000	17,000.00
Balance as at the end of the year	17,00,00,000	17,000.00	17,00,00,000	17,000.00	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,		As at April 1,	
	2017		2016		2015	
	% of Issued share capital	No. of shares	% of Issued share capital	No. of shares	% of Issued share capital	No. of shares
Equity Shares of ₹ 10/- each fully paid						
a) Tata Motors Limited (Holding company)	51.00	8,67,00,000	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	49.00	8,33,00,000
Total	100.00	17,00,00,000	100.00	17,00,00,000	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

(₹ in Lakhs)

13 Non-Current Borrowings	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Secured - at amortised cost:			
(a) Term loan from HDFC Bank [Refer note(i) below]	-	-	2,066.67
(b) Karnataka VAT Loan [Refer note (ii) below]	1,798.00	1,798.00	1,798.00
(c) Long term maturities of finance lease obligations [Refer note (iii) below]	17.24	33.32	48.33
Total	1,815.24	1,831.32	3,913.00

Notes to Non-Current Borrowings

<p>(i) Details of security provided in respect of secured long term borrowings: Repayment terms - Term Loan of Rs. 9,300 lakhs was for a total tenure of 3.5 years with 0.5 year moratorium period and was repayable in 36 equal monthly instalments with rate of interest being lending bank Base rate + 100 Basis points. The term loan was secured as Pari Passu first charge on fixed assets upto asset cover of 1.25 times. This term loan was repaid in full and the first charge on fixed assets has been satisfied in full on March 17, 2017.</p> <p>(ii) Details of terms of repayment for Karnataka VAT Loan: 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.</p> <p>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.</p> <p>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, 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. The VAT loan is recognised and measured using Previous GAAP carrying value as explained in Note 3 to the financial statements</p> <p>(iii) Finance Lease: Finance lease obligation is secured against plant and machinery taken on lease.</p>

(₹ in Lakhs)

14 Current Borrowings	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Secured - at amortised cost			
Loans repayable on demand from banks			
(a) Cash Credit account [Refer note (i) below]	1,202.94	1,388.79	196.98
Unsecured - at amortised cost			
(a) Credit facility from SIDBI	1,601.75	1,377.79	1,987.69
(b) Bill discounting facility from HDFC bank	10,742.18	3,592.94	13,254.31
(c) Loans and advances from related parties:			
(i) Inter-corporate deposits from Holding Company	1,000.00	2,500.00	-
(ii) Inter-corporate deposits from fellow subsidiaries	-	-	1,700.00
Total	14,546.87	8,859.52	17,138.98

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

(₹ in Lakhs)

15 Other financial liabilities	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Non Current :			
(a) Interest accrued but not due on borrowings	-	9.33	7.53
Total	-	9.33	7.53
Current :			
(a) Current maturities of long-term borrowings	-	2,066.67	3,100.00
(b) Current maturities of finance lease obligations	16.08	15.01	31.24
(c) Interest accrued but not due on borrowings	-	19.61	49.90
(d) Liability for capital expenditure	26.40	14.63	85.95
(e) Deposits and retention money	19.19	12.68	55.96
(f) Interest payable	211.14	231.29	179.59
(g) Advance from Tata Motors Limited	800.00	2,300.00	-
Total	1,072.81	4,659.89	3,502.64

(₹ in Lakhs)

16 Provisions	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Non-current:			
(a) Provision for employee benefits			
(i) Provision for compensated absences	174.70	168.23	159.60
(ii) Provision for post retirement medicare scheme	136.82	90.68	78.07
(iii) Provision for Bhavishya Kalyan Yojana	167.55	145.14	128.84
(b) Provision for product warranty (Refer note below)	29.36	35.88	154.31
Total	508.43	439.93	520.82
Current :			
(a) Provision for employee benefits			
(i) Provision for compensated absences	17.65	17.27	24.50
(ii) Provision for Bhavishya Kalyan Yojana	4.67	4.57	4.20
(b) Provision for product warranty (Refer note below)	19.75	57.67	154.43
Total	42.07	79.51	183.13

Note: Movement of provision for product warranty

(₹ in Lakhs)

	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
Balance at the beginning of the year	93.55	308.74	331.71
Provision made during the year	41.38	120.01	186.87
Provision used during the year	(65.89)	(27.72)	(36.08)
Provision reversed during the year	(19.94)	(307.48)	(173.76)
Balance at the end of the year:	49.11	93.55	308.74
Non-current	29.36	35.88	154.31
Current	19.75	57.67	154.43

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

(₹ in Lakhs)

17 Trade payables	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
(a) Other than acceptances			
i) Total outstanding dues of micro enterprises and small enterprises (Refer Note 32)	1,165.92	975.26	2,573.55
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	12,201.05	12,710.54	17,771.37
Total	13,366.97	13,685.80	20,344.92

(₹ in Lakhs)

18 Other current liabilities	As at March 31,	As at March 31,	As at April 1,
	2017	2016	2015
(a) Advances received from customers	41.51	32.91	44.85
(b) Statutory dues	559.32	223.54	805.46
(c) Employee benefits obligations	58.22	43.34	151.70
Total	659.05	299.79	1,002.01

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

(₹ in Lakhs)

19 Revenue from operations	For the year ended	
	2017	2016
(a) Sale of products	50,060.65	48,122.51
(b) Sale of services	5,022.81	4,047.20
(c) Sale of spare parts	1,702.80	1,705.42
(d) Other operating revenues		
i). Sale of scrap	315.04	311.43
ii). Other	123.69	103.04
Total	57,224.99	54,289.60

(₹ in Lakhs)

20 Other Income	For the year ended	
	2017	2016
(a) Interest income on security deposit	7.38	7.56
(b) Interest income on income tax refund	17.07	-
Total	24.45	7.56

(₹ in Lakhs)

21 Changes in Inventories of finished goods and work-in-progress	For the year ended	
	2017	2016
Inventories at the end of the year		
Finished goods	8.94	24.42
Work-in-progress	912.06	1,160.84
	921.00	1,185.26
Inventories at the beginning of the year		
Finished goods	24.42	67.49
Work-in-progress	1,160.84	1,875.62
	1,185.26	1,943.11
	264.26	757.85

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

(₹ in Lakhs)

22 Employee benefits expense	For the year ended	
	2017	2016
(a) Salaries, wages and bonus	6,045.45	5,396.91
(b) Contribution to provident fund and other funds (Refer Note 30)	348.19	371.12
(c) Staff welfare expenses	970.42	937.98
Total	7,364.06	6,706.01

(₹ in Lakhs)

23 Finance costs	For the year ended	
	2017	2016
(a) Interest expenses		
(i) On loans	74.49	388.61
(ii) Others	332.48	487.48
	406.97	876.09
(b) Discounting charges	474.87	461.24
Total	881.84	1,337.33

(₹ in Lakhs)

24 Other expenses	For the year ended	
	2017	2016
(a) Consumption of stores and spare parts	1,991.75	1,696.88
(b) Power and fuel	755.99	710.28
(c) Rent including lease rentals (Refer Note 26)	472.34	471.33
(d) Repairs to buildings	45.50	54.74
(e) Repairs to plant, machinery etc.	14.21	15.69
(f) Insurance	24.54	24.83
(g) Rates and taxes	0.66	3.98
(h) Technical know how	826.72	755.76
(i) Contract labour charges	2,252.89	2,009.60
(j) Warranty and product liability (net)	21.44	(184.32)
(k) Auditors remuneration		
- Audit fees	45.15	20.05
- Tax audit fees	1.52	1.52
- Other services	5.40	2.02
- Out of pocket expenses	7.48	3.65
(l) Cost Auditors remuneration		
- Cost Audit fees	2.04	2.00
- Out of pocket expenses	0.03	0.10
(m) Freight, transportation, port charges, etc.	4.10	48.48
(n) Consulting engineers service fee	602.45	452.52
(o) Cost of deputed employees	795.50	844.03
(p) Travelling and conveyance	341.28	371.34
(q) (Gain)/Loss on exchange rate fluctuation (net)	(42.35)	156.64
(r) IT Services	499.03	529.85
(s) Corporate Social Responsibility expenses	6.60	-
(t) Works operation and other expenses	1,560.48	1,716.80
Total	10,234.75	9,707.77

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

25 Commitments and contingencies

a) Estimated amount of contracts remaining to be executed on capital account (tangible) and not provided for (net of advances) is ₹ 14.78 lakhs (March 31, 2016: ₹ 258.80 Lakhs).

b) Lease rental payable for balance period of operating lease arrangement for use of land at Lucknow plant for a period of 15 years amounting to ₹ 289.74 Lakhs (March 31, 2016: ₹ 338.70 Lakhs) and Dharwad plant for a period of 21 years amounting to ₹ 1,175.89 Lakhs (March 31, 2016: ₹ 1,277.41 Lakhs).

c) Claims against the Company not acknowledged as debts:

(₹ in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
a) Works contract tax on indirect materials	34.43	34.43
b) Income tax/ Tax deduction at source	-	16.15
c) Sales tax on Local/ interstate/ import of motor parts	132.58	113.15
d) Central Excise/ Service Tax	2,340.75	2,262.65
e) Bonus pertaining to retrospective period as per notification dated January 1, 2016	28.44	148.94
f) Labour related	-	293.73
Total	2,536.20	2,869.05

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

e) Bank guarantees outstanding are ₹ 1,869.74 Lakhs (March 31, 2016: ₹ 1,857.95 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

26 Leases

The Company has taken land, buildings, 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) Financial lease

	(₹ in Lakhs)					
	As at March 31,		As at March 31,		As at April 1,	
	2017		2016		2015	
	Minimum Lease Payments	Present value of minimum lease payments	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	16.08	18.00	15.01	36.00	31.24
Later than one year but not later than five years	18.00	17.24	36.00	33.32	54.00	48.33
Total minimum lease commitments	36.00	33.32	54.00	48.33	90.00	79.57
Present value of minimum lease payments included in the financial statements as:						
Other financial liabilities - current (Refer note15)		16.08		15.01		31.24
Other financial liabilities - non-current (Refer note 13)		17.24		33.32		48.33

Note:

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

b) Operating leases

	As at March 31,	As at March 31,	As at March 31,
	2017	2016	2015
	Operating lease	Operating lease	Operating lease
	Minimum Lease Payments	Minimum Lease Payments	Minimum Lease Payments
Not later than one year	354.04	385.49	385.49
Later than one year but not later than five years	1,416.16	1,541.97	1,541.97
Later than five years	216.33	723.21	1,108.71
Total minimum lease commitments	1,986.53	2,650.67	3,036.17

Notes:

a) Operating lease payments recognised in the Statement of Profit and Loss for the year is ₹ 472.34 lakhs (March 31, 2016: ₹ 471.33 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.

27 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 Drivelines Limited ('TMLD')
 d) Sheba Properties Limited ('SHEBA')
 e) 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
 b) S L Gangopadhyay - Chief Financial Officer (upto November 30, 2016)
 c) 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	TOTAL	
		TML	TTL	TAL	TMLD	SHEBA					TMLDCL
Transactions during the year ended March 31, 2017											
Interest paid on inter-corporate deposits	115.32 (20.55)	-	-	-	-	(43.14)	(84.29)	-	-	-	115.32 (147.98)
Inter-corporate deposits received	1,000.00 (2,500.00)	-	-	-	-	-	-	-	-	-	1,000.00 (2,500.00)
Inter-corporate deposits returned	2,500.00 -	-	-	-	-	-	-	-	-	-	2,500.00 (1,700.00)
Advance received	1,300.00 (3,000.00)	-	-	-	-	-	-	-	-	-	1,300.00 (3,000.00)
Advance returned	2,800.00 (700.00)	-	-	-	-	-	-	-	-	-	2,800.00 (700.00)
Sale of goods/services (inclusive of taxes net of discounting Charges)	62,178.66 (59,382.62)	-	-	-	-	-	5.32	-	0.11	-	62,184.09 (59,382.62)
Purchase of goods/services (inclusive of taxes)	356.17 (83.34)	577.11 (632.74)	-	-	-	-	-	1,447.69 (1,251.71)	168.20 (426.41)	0.65	2,549.82 (2,394.20)
Purchase of fixed assets	- -	7.63 (5.29)	282.13	-	-	-	-	-	-	-	289.76 (5.29)
Reimbursement of cost/(recovery of expenses)	1,202.36 (1,317.59)	-	-	-	-	-	-	(15.24) [(31.16)]	-	-	1,187.12 (1,286.43)
Remuneration paid to KMPs	106.68 (115.79)	-	-	-	-	-	-	-	-	-	106.68 (115.79)
Rent of plant and machinery (including taxes)	213.08 (234.27)	-	-	-	-	-	-	-	-	-	213.08 (234.27)
Common services by TML (including taxes)	104.83 (95.49)	-	-	-	-	-	-	-	-	-	104.83 (95.49)
Rent of Land and building (including taxes)	313.84 (304.78)	-	-	-	-	-	-	-	-	-	313.84 (304.78)
Balance as on March 31, 2017											
Inter-corporate deposits payable	1,000.00	-	-	-	-	-	-	-	-	-	1,000.00
Amount receivable	14,778.56	-	-	-	-	-	-	-	-	-	14,778.56
Advance to suppliers	-	-	-	-	-	-	-	-	-	-	-
Amount payable (including advance)	3,436.04	149.75	30.36	-	-	-	3,223.45	0.37	-	-	6,839.97
Balance as on March 31, 2016											
Inter-corporate deposits payable	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00
Amount receivable	7,351.90	-	-	-	-	-	-	-	-	-	7,351.90
Advance to suppliers	-	-	67.25	-	-	-	-	-	-	-	67.25
Amount payable (including advance)	7,225.99	178.26	-	-	-	-	3,463.38	20.44	-	-	10,888.07
Balance as on April 1, 2015											
Inter-corporate deposits payable	-	-	-	800.00	900.00	-	-	-	-	-	1,700.00
Amount receivable	17,058.08	-	-	-	-	-	-	-	-	-	17,058.08
Advance to suppliers	-	-	-	-	-	-	-	-	-	-	-
Amount payable (including advance)	6,310.85	88.14	15.00	-	-	-	3,257.59	61.46	-	-	9,733.04

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

28 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 sale of products of the company is to single customer.

29 Earnings per share

Particulars	For the year ended	
	2017	2016
Profit / (Loss) after tax (₹ in lakhs)	1,414.46	(861.16)
The weighted average number of Equity shares	17,00,00,000	17,00,00,000
Earnings per share (₹) - Basic and Diluted	0.83	(0.51)
Face value per equity share (₹)	10	10

30 Employee benefits

a) Defined Contribution plans:

The Company has recognised ₹ 285.26 Lakhs (March 31, 2016: ₹ 289.96 Lakhs) in the Statement of Profit and Loss under Note 22 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

31 The Foreign currency exposures that have not been hedged by derivative instruments or otherwise are given below:

Nature of Payables	2016-17		2015-16		2014-15	
	Foreign Currency in Lakhs	INR Value in Lakhs	Foreign Currency in Lakhs	INR Value in Lakhs	Foreign Currency in Lakhs	INR Value in Lakhs
Import of goods and Services						
US Dollar	39.55	2,565.24	43.37	2,873.36	40.37	2,523.27

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

32 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)		
		2016-17	2015-16	2014-15
Amounts outstanding but not due as at March 31	Principal	1,161.27	930.68	2,566.84
Amounts due but unpaid beyond the appointed date as at March 31	Principal	4.65	44.58	6.71
Amounts paid after appointed date during the year	Principal	2,239.43	5,377.99	6,163.35
Amounts of Interest accrued and unpaid as at March 31	Interest	211.14	231.29	179.59

Tata Marcopolo Motors Limited
Notes forming part of the financial statements

33 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**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets			
Measured at amortised cost			
Cash and cash equivalents	4.70	28.51	6.71
Trade receivables	15,319.28	7,898.31	18,470.69
Other financial assets:			
- current	7.67	8.71	32.47
- non-current	92.42	88.54	109.85
Total	15,424.07	8,024.07	18,619.72

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial liabilities			
Measured at amortised cost			
Trade payable	13,366.97	13,685.80	20,344.92
Current borrowings (excluding current portion of long-term debt)	14,546.87	8,859.52	17,138.98
Non-current borrowings (including current portion of long-term debt)	1,815.24	3,897.99	7,013.00
Other financial liabilities:			
- current	1,072.81	2,593.22	402.64
- non-current	-	9.33	7.53
Total	30,801.89	29,045.86	44,907.07

(iii) **Market risk**

The Company's activities doesn't expose it to the financial risks of changes in interest rates. There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

(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:

(\$ in Lakhs)

Currency	As at March 31, 2017	As at March 31, 2016
USD	39.55	43.37

Foreign Currency sensitivity analysis

10% appreciation/depreciation of USD currency with respect to functional currency of the Company would result in decrease/increase in the Company's net income before tax by approximately ₹ 256.50 lakhs and ₹ 287.34 lakhs for financial liabilities for the year ended March 31, 2017 and March 31, 2016.

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(v) 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 ₹ 15,424 lakhs as of March 31, 2017, ₹ 8,024 lakhs as of March 31, 2016 and ₹ 18,620 lakhs as of April 1, 2015, being the total of the carrying amount of balances with banks, trade receivables and other financial assets.

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(vi) **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, 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
Total	30,801.89	28,986.65	17.24	-	1,798.00	30,801.89

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2016:

(₹ 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	13,685.80	13,685.80	-	-	-	13,685.80
Borrowings and interest thereon	12,753.13	10,945.80	-	-	1,807.33	12,753.13
Finance lease obligations	48.33	15.01	16.08	17.24	-	48.33
Other financial liabilities	2,558.60	2,558.60	-	-	-	2,558.60
Total	29,045.86	27,205.21	16.08	17.24	1,807.33	29,045.86

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at April 1, 2015:

(₹ 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	20,344.92	20,344.92	-	-	-	20,344.92
Borrowings and interest thereon	24,161.08	20,288.89	2,066.67	-	1,805.53	24,161.08
Finance lease obligations	79.57	31.24	15.01	33.32	-	79.57
Other financial liabilities	321.50	321.50	-	-	-	321.50
Total	44,907.07	40,986.55	2,081.67	33.32	1,805.53	44,907.07

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(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, 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
Total	15,424.07	15,424.07

(₹ 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
Total	30,801.89	30,801.89

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2016:

(₹ in Lakhs)

Financial assets	Carrying value	Fair value
Cash and cash equivalents	28.51	28.51
Trade receivables	7,898.31	7,898.31
Other financial assets:		
- current	8.71	8.71
- non-current	88.54	88.54
Total	8,024.07	8,024.07

(₹ in Lakhs)

Financial liabilities	Carrying value	Fair value
Accounts payable	13,685.80	13,685.80
Short-term debt (excluding current portion of long-term debt)	8,859.52	8,859.52
Long-term debt (including current portion of long-term debt)	3,897.99	3,897.99
Other financial liabilities:		
- current	2,593.22	2,593.22
- non-current	9.33	9.33
Total	29,045.86	29,045.86

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at April 1, 2015:

(₹ in Lakhs)		
Financial assets	Carrying value	Fair value
Cash and cash equivalents	6.71	6.71
Trade receivables	18,470.69	18,470.69
Other financial assets:		
- current	32.47	32.47
- non-current	109.85	109.85
Total	18,619.72	18,619.72

(₹ in Lakhs)		
Financial liabilities	Carrying value	Fair value
Accounts payable	20,344.92	20,344.92
Short-term debt (excluding current portion of long-term debt)	17,138.98	17,138.98
Long-term debt (including current portion of long-term debt)	7,013.00	7,013.00
Other financial liabilities:		
- current	402.64	402.64
- non-current	7.53	7.53
Total	44,907.07	44,907.07

(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:

Name of the asset	(₹ in Lakhs)					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities
Trade receivables	10,742.18	10,742.18	3,592.94	3,592.94	13,254.31	13,254.31

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

