

Tata Marcopolo Motors Limited

CIN: U34101MH2006PLC164771

2015 – 16

Registered Office:
Bombay House, 24,
Homi Mody Street,
Mumbai – 400001

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATA MARCOPOLO MOTORS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TATA MARCOPOLO MOTORS LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. 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 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 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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, 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 financial statements – Refer Note 26 to the 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.
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: Mumbai
Date: 5th May, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S 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 31st March, 2016 in conjunction with our audit of the 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 Act.

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 Act, 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 auditor’s 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 31st March, 2016, 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: Mumbai
Date: 5th May, 2016

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) In respect of its fixed assets:
 - (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 by the Management during the year 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 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, such factory buildings does not have any tile 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.
- (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 generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.

- (b) There were 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, cess and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.
- (c) There were no disputed amounts payable in respect of Wealth Tax, Duty of Customs, Cess in arrears as at 31st March, 2016. Details of dues of Income-tax, Service Tax, Duty of Excise which have not been deposited as on 31st March, 2016 on account of disputes are given below:

Statute	Nature of the dues	Forum where dispute is pending	Period to which the Amount relates	Amount Involved (Rupees in lakhs)	Amount Unpaid (Rupees in lakhs)
Income-tax Act, 1961	Penalty	Commissioner of Income-Tax (Appeals)	2007-08	16.15	16.15
Uttar Pradesh Value Added Tax, 2007	Sales Tax on motor parts	Commercial Taxes Tribunal Uttar Pradesh	2008-09 2009-10	59.00	43.33
Uttar Pradesh Value Added Tax, 2007	Sales Tax	Commercial Taxes Tribunal Uttar Pradesh	2007-08	34.43	-
Uttar Pradesh Value Added Tax, 2007	VAT	Joint Commissioner (Appeals)	2010-11	3.45	2.07
Karnataka Value Added Tax, 2003	CST	Joint Commissioner of Commercial Tax (Appeals)	2012-13	23.60	16.52
Uttar Pradesh Value Added Tax, 2007	VAT	Joint Commissioner (Appeals)	2011-12	27.10	13.55
Central Excise Act, 1944	Excise Duty and Penalty	CESTAT	2008-09 to 2012-13 and upto August -2013	2102.75	1,656.57
Central Excise Act, 1944	Excise Duty and Penalty	Commissioner (Appeals)	2012-13 and 2014-15	26.74	25.67
Service Tax Act, 1994	Service Tax-Cenvat	CESTAT	December 2008 to October 2012	133.16	128.17

- (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).
- (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: Mumbai
Date: 5th May, 2016

TATA MARCOPOLO MOTORS LIMITED
Balance Sheet as at March 31, 2016

	Note No.	As at March 31, 2016		As at
		₹ in Lakhs	₹ in Lakhs	March 31, 2015
				₹ in Lakhs
I EQUITY AND LIABILITIES				
1 Shareholders' Funds				
a) Share capital	2	17,000.00		17,000.00
b) Reserves and surplus	3	(8,363.35)		(7,531.45)
			8,636.65	9,468.55
2 Non-current Liabilities				
a) Long term borrowings	4	1,831.32		3,913.00
b) Deferred tax liabilities (net)	5	-		-
c) Other long term liabilities	6	9.33		7.53
d) Long term provisions	7	439.93		520.82
			2,280.58	4,441.35
3 Current Liabilities				
a) Short-term borrowings	8	5,266.58		3,884.67
b) Trade payables	9			
i) Total outstanding dues of micro enterprises and small enterprises		975.26		2,573.55
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		12,710.47		17,771.22
c) Other Current Liabilities	10	4,959.75		4,504.80
d) Short-term provisions	11	79.51		183.13
			23,991.57	28,917.37
TOTAL			34,908.80	42,827.27
II ASSETS				
1 Non-Current Assets				
a) Fixed Assets				
(i) Tangible assets	12	19,108.35		20,934.59
(ii) Intangible assets	12	1,427.77		2,100.00
(iii) Capital work-in-progress		787.96		879.81
(iv) Intangible assets under development		876.03		897.81
			22,200.11	24,818.21
(b) Long-term loans and advances	13		1,917.54	1,710.01
2 Current Assets				
(a) Inventories	14	5,003.86		6,980.07
(b) Trade receivables	15	4,305.37		5,216.38
(c) Cash and bank balances	16	28.51		6.71
(d) Short-term loans and advances	17	1,453.41		4,095.89
(e) Other Current Assets				-
			10,791.15	16,299.05
TOTAL			34,908.80	42,827.27

III 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
Mumbai
May 5, 2016

Rohit Srivastava
Manager & Chief Executive Officer

For and on behalf of the Board

Ravindra Pisharody
Chairman

Subodh Bhargava

Falguni Nayar

R Ramakrishnan

Timothy Andrew Leverton
Directors

S L Gangopadhyay
Chief Financial Officer

Asimkumar Mukhopadhyay

Ruben Antonio Bisi

Lusuir Grochot
Directors

Shriram Jayanthi
Alternate Director

A B Koyari
Company Secretary

TATA MARCOPOLO MOTORS LIMITED
Statement of Profit and Loss for the year ended March 31, 2016

	NOTE NO.	Year ended	Year ended
		March 31, 2016	March 31, 2015
		₹ in Lakhs	₹ in Lakhs
I. Revenue from operations (gross)	18	54,186.56	65,923.29
Less: Excise duty		(5,446.29)	(8,435.31)
Revenue from operations (net)		48,740.27	57,487.98
II. Other Income	19	110.60	144.42
III. Total Revenue (I + II)		48,850.87	57,632.40
IV. Expenses :			
(a) Cost of materials consumed		28,675.42	36,747.72
(b) Changes in Inventories of finished goods and work in progress	20	757.85	(484.38)
(c) Employee benefits expense	21	6,679.70	7,654.60
(d) Finance costs	22	1,337.33	1,444.92
(e) Depreciation and amortisation expense	12	2,569.35	2,609.16
(f) Other expenses	23	9,701.34	11,552.13
(g) Expenditure transferred to capital and other accounts		(38.22)	(244.31)
Total Expenses		49,682.77	59,279.84
V. (Loss) / Profit from continuing operations (III-IV)		(831.90)	(1,647.44)
VI. Earnings Per Share (of ₹ 10/- each)			
(i) Basic and diluted	33	(0.49)	(0.97)

VII. See accompanying notes forming part of the financial statements


In terms of our report attached

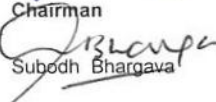
For Deloitte Haskins & Sells LLP
Chartered Accountants

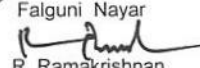
Mohammed Bengali
Partner
Mumbai

May 5, 2016

For and on behalf of the Board


Ravindra Pisharoty
Chairman


Subodh Bhargava

Falguni Nayar

R Ramakrishnan

Timothy Andrew Leverton
Directors


Asimkumar Mukhopadhyay

Ruben Antonio Bisi

Lusuir Grochot
Directors

Shriram Jayanthi
Alternate Director


Rohit Srivastava
Manager & Chief Executive Officer


A B Koyari
Company Secretary

TATA MARCOPOLO MOTORS LIMITED
Cash flow statement for the Year ended March 31, 2016

	Year ended March 31, 2016		Year ended March 31, 2015
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(A) Cash flow from operating activities:			
(Loss) / Profit before tax		(831.90)	(1,647.44)
Adjustments for:			
i) Depreciation and amortisation	2,569.35		2,609.16
ii) Provision for doubtful trade receivables and advances	20.90		
iii) Loss on sale/Write off of Assets	66.97		105.64
iv) Interest income	(7.56)		(63.07)
v) Interest expense	1,337.33		1,444.92
vi) Exchange fluctuation loss on translation	68.46		(48.00)
		4,055.45	4,048.65
Operating profit before working capital changes		3,223.55	2,401.21
Adjustments for (increase) / decrease in operating assets:			
Inventories	1,976.21		(2,430.72)
Trade receivables	909.56		1,276.13
Short term loans and advances	2,623.03		827.00
Long term Loans and advances	(5.22)		(447.99)
		5,503.58	(775.58)
Adjustments for increase/ (decrease) in operating liabilities:			
Trade payables	(6,727.50)		3,550.11
Other current liabilities	1,597.71		671.66
Provisions	(184.51)		115.10
		(5,314.30)	4,339.86
Cash generated from/(used in) operations		3,412.83	5,965.49
Net income tax (paid) / refunds		(135.06)	(168.89)
Net cash from/ (used in) operating activities		3,277.77	5,796.60
(B) Cash flow from investing activities:			
Purchase of fixed assets (including capital work in progress and excluding outstanding Finance Lease)	(200.08)		(1,147.40)
Interest received	7.56		97.92
Net cash used in investing activities		(192.52)	(1,049.48)
(C) Cash flow from financing activities:			
Term loan repaid	(3,100.00)		(3,100.00)
Increase /(Decrease) in short term loan (Net)	1,191.81		(411.85)
Inter-corporate deposits received	2,500.00		2,000.00
Inter-corporate deposits repaid	(1,700.00)		(2,000.00)
Credit facility from SIDBI(Net)	(609.90)		195.66
Repayment of finance lease	(31.24)		(29.14)
Interest paid	(1,314.12)		(1,453.58)
Net cash (used in) /from financing activities		(3,063.45)	(4,798.91)
Net Increase / (decrease) in cash and cash equivalents		21.80	(51.79)
Cash and cash equivalents as at the beginning of the year		6.71	58.50
Cash and cash equivalents as at the end of the year (Refer note 16)		28.51	6.71

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

Mohammed Bengali
Partner
Mumbai
May 5, 2016

For and on behalf of the Board


Ravindra Pisharody
Chairman


Subodh Bhargava

Falguni Nayar


R Ramakrishnan

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Shriram Jayanthi
Alternate Director


A B Koyari
Company Secretary


Rohit Srivastava
Manager & Chief Executive Officer


S L Gangopadhyay
Chief Financial Officer

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

1 Significant accounting policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

b) Use of estimates

The preparation of financial statements 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 liabilities at the date of these financial statements. 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.

c) Fixed assets

(i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortization and accumulated impairment, if any.

(ii) Product development cost incurred on new vehicle platform, and new products are recognised as fixed assets, 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 future benefits.

(iii) Cost includes purchase price, taxes and duties, labour cost and directly attributable overhead expenditure for self-constructed assets incurred up to the date the asset is ready for its intended use. Borrowing cost incurred for qualifying assets is capitalised up to the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset

d) Depreciation and amortisation

Tangible Assets

i) Depreciation amount for assets is the cost of an asset, other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life, which has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc.

The assets whose assessed useful life is different from those prescribed in Schedule II to the Companies Act, 2013 is as under

Building- 28.44 Years
Plant and Machinery- 20 Years
Furniture- 15 years
Vehicles- 4 years
Water System- 20 years
Computers- 5.86 years

ii) Intangible assets are amortised over their estimated useful life on straight line method as follows.:

• Software in excess of ₹25,000 is amortised over a period of 48 months or on the basis of estimated useful life whichever is lower.

• Assets taken on lease are amortised over the period of lease.

(iii) 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.

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

e) 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.

f) Impairment

At each balance sheet date, an assessment is made of whether there is any indication of impairment of its fixed assets. An impairment loss is recognised whenever the carrying amount of the assets exceeds their recoverable amount. Where it is not possible to estimate the recoverable amount of individual assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs

As of March 31, 2016 none of the fixed assets were considered impaired.

Leases

g) 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.

h) Transactions in foreign currencies

Exchange differences

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates.

Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise. Exchange differences considered as borrowing cost are capitalized to the extent these relate to the acquisition / construction of qualifying assets and the balance amount is recognized in the Statement of Profit and Loss.

i) 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

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 where applicable, and net of other Indirect taxes
Revenues are recognised when collectability of the resulting receivables is reasonably assured.

j) Inventories

Inventories are valued at the lower of cost and 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, stock-in-trade 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.

k) Employee Benefits

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 makes annual contributions to gratuity fund established as trust. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation carried out at each Balance Sheet date using the projected unit credit method.

ii) Bhavishya Kalyan Yojana

Bhavishya Kalyan Yojana is an unfunded defined benefit plan for employees of the Company. The benefits of the plan include pension in certain case, 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 accounts for the liability for BKY benefits payable in future based on an independent actuarial valuation as at Balance Sheet date.

iii) Post Retirement Medicare Scheme

Under this scheme, employees of the Company receive medical benefits subject to certain limits of amount, 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 Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The liability for post-retirement medical scheme is based on an independent actuarial valuation as at Balance Sheet date.

iv) Provident fund

The 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 Provident fund contributions are made to Tata Motors Limited Provident Fund. The pension contributions 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 recognises such contributions and shortfall, if any, as an expense in the year incurred.

v) 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.

l) **Investment**

Long term investments are stated at cost less other than temporary diminution in value, if any. Current investments are stated at lower of cost and fair value.

m) **Income taxes**

Tax expense comprises current and deferred taxes.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax is net of credit for entitlement for Minimum Alternative Tax (MAT).

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods..

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realize such assets.

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.

n) **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 incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically up to 1 to 2 years.

o) **Liabilities and contingent liabilities**

The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable



TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

2 Share capital	As at March 31, 2016		As at March 31, 2015	
		₹ in Lakhs		₹ in Lakhs
Authorised : 170,000,000 Equity shares of ₹ 10 each (as at March 31, 2015: 170,000,000 shares)		17,000.00		17,000.00
Issued, Subscribed and Fully Paid Share Capital 170,000,000 Equity shares of ₹ 10 each (as at March 31, 2015: 170,000,000 shares)		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: Equity shares at the beginning of the year and at the end of the year	No.in Lakhs	₹ in Lakhs	No.in Lakhs	₹ in Lakhs
	1,700.00	17,000.00	1,700.00	17,000.00
(ii) Shares in the Company held by each shareholder holding more than 5 percent shares				
Equity shares of ₹ 10 each Fully Paid	No.in Lakhs	% of holding	No.in Lakhs	% of holding
(a) Tata Motors Limited, (Holding Company)	867.00	51.00	867.00	51.00
(b) Marcopolo S.A. Brazil (Non Resident Shareholder)	833.00	49.00	833.00	49.00
	1,700.00	100.00	1,700.00	100.00
(iii) Detail 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 The above shares cannot be transferred to parties other than Affiliates of Tata Motors Limited and Marcopolo S.A. for a period of 10 years from March 21, 2006 (Date of joint venture agreement) in accordance with joint venture agreement between Tata Motors limited and Marcopolo S.A. Brazil				
3 Reserves and surplus	As at March 31, 2016		As at March 31, 2015	
		₹ in Lakhs		₹ in Lakhs
(Deficit) in the Statement of Profit and Loss				
Opening Balance		(7,531.45)		(5,884.01)
Add: (Loss) for the year		(831.90)		(1,647.44)
(Deficit) in the statement of Profit and Loss		(8,363.35)		(7,531.45)

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

4 Long term borrowings	As at March 31, 2016		As at March 31, 2015	
		₹ in Lakhs		₹ in Lakhs
Secured				
Term loan from HDFC Bank (Refer note (i) a below)		-		2,066.67
Long term maturities of finance lease obligations (Refer note (i) b below and note 30)		33.32		48.33
Karnataka Vat Loan (Refer note (ii) a below)		1,798.00		1,798.00
		1,831.32		3,913.00

(i) Details of security provided in respect of secured long term borrowings:

a) Repayment terms - Term Loan of Rs. 93 Crs is for a total tenure of 3.5 years with 0.5 year moratorium period and is repayable in 36 equal monthly installments with rate of interest being Base rate + 100 Basis points. The term loan is secured as Pari Passu first charge on fixed assets upto asset cover of 1.25 times.

b) Finance lease obligation is secured against plant and machinery taken on lease.

(ii) Details of terms of repayment for Karnataka VAT Loan:

a) 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 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 was 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 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 procedure and format, 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 Ltd with reference to the Government Order 2012. The loan is secured by a bank guarantee.

5 Deferred tax liabilities (net)	As at March 31, 2016		As at March 31, 2015	
		₹ in Lakhs		₹ in Lakhs
Major components of deferred tax arising on account of timing differences are:				
Liabilities :				
Depreciation		(2,438.54)		(2,616.03)
Product Development cost		(303.18)		(296.19)
Employee benefit / expenses allowable on payment basis				-
		(2,741.72)		(2,912.22)
Assets :				
Employee benefit / expenses allowable on payment basis		91.84		91.26
Others		23.96		27.04
Unabsorbed depreciation and business loss		2,625.92		2,793.92
		2,741.72		2,912.22
Net deferred tax liability		-		-

* The unabsorbed business loss, depreciation and other items has given rise to deferred tax asset amounting to ₹ 5,336.44 Lakhs as at 31st March 2016 (₹5,180.95 Lakhs as at 31st March 2015) however, in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized, the said deferred tax asset has been restricted to the extent of the net deferred tax liability amounting to ₹ 2,741.72 Lakhs (₹ 2912.22 Lakhs as at March 31,2015) already created in the books resulting in ₹ Nil deferred tax asset/liability as at 31st March 2016 (March 31,2015- ₹ . Nil)

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

6 Other long term liabilities	As at March 31, 2016	As at March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(a) Interest accrued but not due on borrowings	9.33	7.53
Total	9.33	7.53

7 Long term provisions	As at March 31, 2016	As at March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(a) Provision for employee benefits		
(i) Provision for compensated absences	168.23	159.60
(ii) Provision for post retirement medicare scheme	90.68	78.07
(iii) Provision for Bhavishya Kalyan Yojana	145.14	128.84
(b) Provision for product warranty (Refer note 35)	35.88	154.31
Total	439.93	520.82

8 Short term borrowings	As at March 31, 2016	As at March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(A) Secured		
(a) Loans repayable on demand from banks Cash credit account	1,388.79	1,96.98
(B) Unsecured		
(a) Credit facility from SIDBI	1,377.79	1,987.69
(b) Loans and advances from related parties		
Intercompany deposit from Holding Company	2,500.00	-
Intercompany deposit from Fellow Subsidiary	-	1,700.00
Total	5,266.58	3,884.67

(i) Details of security for short-term borrowings:

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

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

9 Trade Payables	As at March 31, 2016	As at March 31, 2015
	₹ in Lakhs	₹ in Lakhs
i) Total outstanding dues of micro enterprises and small enterprises; and	975.26	2,573.55
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.	12,710.47	17,771.22
Total	13,685.73	20,344.77

10 Other Current Liabilities	As at March 31, 2016	As at March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(a) Current maturities of long term debt	2,066.67	3,100.00
(b) Current maturities of finance lease obligations (Refer note 30)	15.01	31.24
(c) Interest accrued but not due on borrowings	19.61	49.90
(d) Other payables		
(i) Advances from customers	2,332.91	44.85
(ii) Payable on purchase of fixed assets	27.22	141.83
(iii) Statutory dues	267.04	957.39
(iv) interest payable	231.29	179.59
Total	4,959.75	4,504.80

11 Short term provisions	As at March 31, 2016	As at March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(a) Provision for employee benefits		
(i) Provision for compensated absences	17.27	24.50
(ii) Provision for Bhavishya Kalyan Yojana	4.57	4.20
(b) Provision for product warranty (Refer note 35)	57.67	154.43
Total	79.51	183.13

12	Fixed Assets	Cost as at April 1, 2015	Additions	Deductions	Adjustments	Cost as at March 31, 2016	Accumulated Depreciation / Amortisation up to March 31, 2015	Depreciation / Amortisation for the year ended March 31, 2016	Deductions	Adjustments	Accumulated depreciation / amortisation up to March 31, 2016	Net Book Value as at March 31, 2016
	Tangible Assets											
(a)	Buildings	14,295.80 13,371.00	12.46 924.80	- -	- -	14,308.26 14,295.80	2,192.94 1,766.01	441.87 426.93	- -	- -	2,634.81 2,192.94	11,673.45 12,102.86
(b)	Plant & Machinery Owned	15,763.51 15,505.23	62.46 316.27	196.26 139.86	- 81.87	15,629.71 15,763.51	7,460.36 6,201.20	1,247.31 1,314.60	120.28 73.26	17.82	8,587.39 7,460.36	7,042.32 8,303.15
	Taken under finance Lease	218.99 218.99	- -	- -	- -	218.99 218.99	131.40 109.50	21.90 21.90	- -	- -	153.30 131.40	65.65 87.55
(c)	Furniture, Fixtures and Office Appliances	197.32 217.69	- 34.77	- 55.14	- -	197.32 197.32	65.11 60.08	11.96 21.12	- 16.09	- -	77.07 65.11	120.25 132.21
(d)	Vehicles	34.79 34.79	- -	- -	- -	34.79 34.79	29.35 26.18	3.17 3.17	- -	- -	32.52 29.35	2.27 5.44
(e)	Office Equipment	34.73 121.85	- -	- -	- (87.12)	34.73 34.73	5.25 18.88	6.32 4.75	- -	- (18.38)	11.57 5.25	23.16 29.48
(f)	Computers Owned	761.02 716.96	12.39 38.81	- -	- 5.25	773.41 761.02	504.97 392.71	104.18 111.70	- -	- 0.56	609.15 504.97	164.26 256.05
(g)	Water System and sanitation	18.09 -	- 18.09	- -	- -	18.09 18.09	0.28 -	0.86 0.28	- -	- -	1.14 0.28	16.95 17.81
	Total	31,324.25	87.31	196.26	-	31,215.30	10,389.66	1,837.57	120.28	-	12,106.95	19,108.35
	Previous year	30,186.51	1,332.74	195.00	-	31,324.25	8,574.56	1,904.45	89.35	-	10,389.66	20,934.59
	Intangible Assets											
(a)	Computer Software	1,047.77 990.51	53.55 57.26	- -	- -	1,101.32 1,047.77	912.15 845.32	67.40 66.83	- -	- -	979.55 912.15	121.77 135.62
(b)	Product Development Cost	5,210.39 4,794.86	- 415.53	- -	- -	5,210.39 5,210.39	3,240.01 2,602.13	664.38 637.88	- -	- -	3,904.39 3,240.01	1,306.00 1,970.38
	Total	6,258.16	53.55	-	-	5,311.71	4,152.16	731.78	-	-	4,883.94	1,427.77
	Previous year	5,785.37	472.79	-	-	5,258.16	3,447.45	704.71	-	-	4,152.16	2,106.00
	Total	37,582.41	140.86	196.26	-	37,527.01	14,541.82	2,569.35	120.28	-	16,990.89	20,536.12
	Previous year	35,971.88	1,805.53	195.00	-	37,582.41	12,022.01	2,609.16	89.35	-	14,541.82	23,040.59

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

13 Long term Loans and Advances (Unsecured, Considered good)	As at March 31, 2016	As at March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(a) Security Deposits	88.54	109.85
(b) Capital Advances	67.25	-
(c) Advance tax (Includes Mat Credit entitlement ₹431.37 Lakhs (March 31, 2015 ₹ 431.37 Lakhs))	1,266.63	1,131.57
(d) Deposit (paid under protest)	495.12	468.59
Total	1,917.54	1,710.01

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

15 Trade receivables (Unsecured)	As at March 31, 2016	As at March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(a) Due over six months		
Considered good	829.43	110.09
Considered doubtful	1.45	-
	830.88	110.09
Less: Allowance for doubtful debts	(1.45)	-
	829.43	110.09
(b) Others :	3,475.94	5,106.29
Total	4,305.37	5,216.38

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

16 Cash and bank balances	As at March 31, 2016	As at March 31, 2015
	₹ in Lakhs	₹ in Lakhs
Cash and cash equivalents		
(a) Cash on hand	1.38	0.33
(b) Balances with banks		
(i) in current accounts	27.13	6.38
Total	28.51	6.71

17 Short -term loans and advances (unsecured, Considered good)	As at March 31, 2016	As at March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(a) Advance to employees and others	5.71	7.06
(b) Advances to suppliers and contractors (Note)	87.56	98.69
(c) Balances with government authorities		
(i) CENVAT credit receivable	614.83	2,939.96
(ii) Service tax credit receivable	650.34	950.42
(iii) Other	8.24	48.42
(d) Prepaid expenses	86.73	51.34
Total	1,453.41	4,095.89

Note:

Advances to suppliers and contractors (Gross)	107.01	98.69
Less: provision for doubtful advances	19.45	-
Total	87.56	98.69

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

18 Revenue from Operations	Year ended March 31, 2016	Year ended March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(a) Sale of products	48,122.51	53,373.92
(b) Sale of services	4,047.20	8,376.21
(c) Sale of spare parts	1,705.42	3,519.52
(d) Other operating revenues		
i) Sale of scrap	311.43	653.64
Revenue from operations (Gross)	54,186.56	65,923.29

19 Other Income	Year ended March 31, 2016	Year ended March 31, 2015
	₹ in Lakhs	₹ in Lakhs
Interest income		
(i) On bank deposits		-
(ii) On Excise Refunds etc.	7.56	63.07
	7.56	63.07
Misc Income	103.04	81.35
Total	110.60	144.42

20 Changes in Inventories of finished goods and work-in-progress	Year ended March 31, 2016	Year ended March 31, 2015
	₹ in Lakhs	₹ in Lakhs
Inventories at the end of the year		
Finished goods	24.42	67.49
Work in progress	1,160.84	1,875.62
	1,185.26	1,943.11
Inventories at the beginning of the year		
Finished goods	67.49	286.60
Work in progress	1,875.62	1,172.13
	1,943.11	1,458.73
Total	757.85	(484.38)

21 Employee Benefits Expense	Year ended March 31, 2016	Year ended March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(a) Salaries, wages and bonus	5,396.91	5,933.01
(b) Contribution to provident and other funds (Refer note 34 a)	359.58	436.79
(c) Workmen and staff welfare expenses	923.21	1,284.80
Total	6,679.70	7,654.60

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

22 Finance Cost	Year ended March 31, 2016	Year ended March 31, 2015
	₹ in Lakhs	₹ in Lakhs
Interest expenses		
(i) On loans	388.61	744.67
(ii) Others	487.48	501.31
	876.09	1,245.98
(iii) Discounting charges	461.24	198.94
Total	1,337.33	1,444.92

23 Other Expenses	Year ended March 31, 2016	Year ended March 31, 2015
	₹ in Lakhs	₹ in Lakhs
(a) Consumption of stores and spare parts	1,696.88	2,424.13
(b) Power and fuel	710.20	000.72
(c) Rent including lease rental (Refer note 30 a)	471.33	528.43
(d) Repairs to buildings	54.74	75.71
(e) Repairs to plant, machinery, etc.	15.69	45.94
(f) Insurance	24.83	25.98
(g) Rates and taxes	3.98	4.52
(h) Technical know how	755.76	902.59
(i) Contract labour charges	2,009.00	2,105.12
(j) Warranty and product liability(net) (Refer note 35)	(184.32)	13.11
(k) Auditors remuneration		
- Audit fees	20.05	20.00
- Tax audit fees	1.52	1.50
- Other services	2.02	2.00
- Out of pocket expenses	3.65	9.72
(l) Cost Auditors remuneration		
- Cost Audit fees	2.00	2.00
- Out of pocket expenses	0.10	0.04
(m) Freight, transportation, port charges, etc.	48.48	65.80
(n) Consulting Engineers Service Fee	452.52	849.67
(o) Cost of Deputed Employees	844.03	898.12
(p) Traveling & Conveyance	361.38	417.43
(q) Loss/(Gain) on exchange rate fluctuation (net)	156.64	142.10
(r) IT Services	529.85	522.52
(s) Excise duty on closing Stock	(3.51)	(15.09)
(t) Works operation and other expenses	1,723.84	1,650.07
Total	9,701.34	11,552.13

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

24 Tata Marcopolo Motors Limited was incorporated in September 2006 and is a subsidiary of Tata Motors Limited (TML) which has a 51% shareholding in the Company. Marcopolo S.A. Brazil is the other shareholder with a 49% shareholding in the Company. The Company has set up two manufacturing units in India to produce bus bodies. Marcopolo S.A. Brazil provides the necessary technical expertise design and development of buses, coaches, parts and components.

25 a) Estimated amount of contracts remaining to be executed on capital account (tangible) and not provided for (net of advances) is ₹ 258.80 Lakhs (March 31,2015 ₹ 16.06 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 ₹ 338.70 Lakhs (March 31,2015 ₹ 340.34 Lakhs) and Dharwad plant for a period of 21 years amounting to ₹ 1,277.41 Lakhs (March 31,2015 ₹ 1378.92 Lakhs.)

26 Claims against the Company not acknowledged as debts-

Particulars	₹ in Lakhs	
	As at March 31,2016	As at March 31,2015
a) Works contract tax on indirect materials	34.43	34.43
b) Income tax/ Tax deduction at source	16.15	16.24
c) Sales tax on Local/ interstate/ import of motor parts	113.15	106.75
d) Central Excise/ Service Tax	2,262.65	2,122.24
e) Labour related	442.67	-
Total	2,869.05	2,279.66

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

27 Bank guarantees outstanding are ₹ 1,857.95 Lakhs as on March 31, 2016 (March 31,2015 ₹ 1877.91 Lakhs). Contingent liability in respect of bills discounted with bank as on 31st March 2016 ₹ 3,592.94 Lakhs (March 31, 2015 ₹ 13,254.31 Lakhs)

28 Non fund based facilities availed of ₹ Nil lakhs (March 31,2015 ₹ Nil 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.

29 Disclosure in respect of assets taken on operating leases:

Lease rental payable	₹ in Lakhs	
	As at March 31,2016	As at March 31,2015
Not later than one year	385.49	385.49
Later than one year but not later than five years	1,541.97	1,541.97
Later than five year	723.21	1,108.71

a) Operating lease payments recognised in the statement of profit and loss for the year is ₹ 471.46 Lakhs (March 31, 2015 ₹ 526.63 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.

30 The Company has acquired plant and machinery from a vendor on finance lease. Disclosure in respect of minimum lease payments of assets taken on finance leases are as under:

Minimum lease payments	₹ in Lakhs	
	As at March 31,2016	As at March 31,2015
Total of minimum lease payments	54.00	90.00
Not later than one year	18.00	36.00
Later than one year but not later than five years	36.00	54.00
Later than five year	-	-

Present value of minimum lease payments	₹ in Lakhs	
	As at March 31,2016	As at March 31,2015
Total of present value of minimum lease payments	48.33	79.57
Not later than one year	15.01	31.24
Later than one year but not later than five years	33.32	48.33
Later than five year	-	-

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

31 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 year)

a) Tata Technologies Limited ('TTL')

b) TAL Manufacturing Solutions Limited ('TAL')

c) TML Drivelines Limited ('TMLD')

d) Sheba Properties Limited (SHEBA)

4 Fellow Associates-(with whom the Company has transactions during the year)

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

5 Key Management Personnel (KMP)

a) Rohit Srivastava

Chief Executive Officer and Manager

B) Transactions with the related parties

(Previous year/period figures are in brackets)

₹ in Lakhs

Particulars	Holding Company	Fellow Subsidiaries				Investor exercising significant influence	Fellow Associate	TOTAL
	TML	TTL	TAL	TMLD	SHEBA	MP S.A.	ACGL	
a) Transactions during the Year ended March 31,2016								
Interest paid on intercorporate deposits	20.55	-	-	43.14	84.29	-	-	147.98
	-	-	-	(0.67)	(136.70)	-	-	(146.37)
Inter Corporate Deposits received	2,500.00	-	-	-	-	-	-	2,500.00
	-	-	-	(800.00)	(1,200.00)	-	-	(2,000.00)
Inter Corporate Deposits returned	-	-	-	800.00	900.00	-	-	1,700.00
	-	-	-	-	(2,000.00)	-	-	(2,000.00)
Sale of goods/services (inclusive of taxes)	59,382.62	-	-	-	-	-	-	59,382.62
	(69,505.80)	-	-	-	-	-	-	(69,505.80)
Purchase of goods/services (inclusive of taxes)	83.34	632.74	-	-	-	1,251.71	426.41	2,394.20
	(304.12)	(550.73)	(5.39)	-	-	(1,836.48)	(259.91)	(2,956.63)
Purchase of fixed assets	-	5.29	-	-	-	-	-	5.29
	-	(22.13)	-	-	-	-	-	(22.13)
Managerial Remuneration	58.91	-	-	-	-	-	-	58.91
	(57.26)	-	-	-	-	-	-	(57.26)
Reimbursement of cost / (recovery of expenses)	1,374.47	-	-	-	-	(31.16)	-	1,343.31
	(809.97)	-	-	-	-	-	-	(809.97)
Rent of plant & machinery (including taxes)	234.27	-	-	-	-	-	-	234.27
	(299.07)	-	-	-	-	-	-	(299.07)
Common services by TML (including taxes)	95.49	-	-	-	-	-	-	95.49
	(146.66)	-	-	-	-	-	-	(146.66)
Rent of Land & Building(including taxes)	304.78	-	-	-	-	-	-	304.78
	(290.56)	-	-	-	-	-	-	(290.56)
b) Balance as on March 31,2016								
Intercorporate deposits payable	2,500.00	-	-	-	-	-	-	2,500.00
	-	-	-	(800.00)	(900.00)	-	-	(1,700.00)
Amount receivable	3,758.96	-	-	-	-	-	-	3,758.96
	(3,803.77)	-	-	-	-	-	-	(3,803.77)
Advance to Suppliers	-	-	67.25	-	-	-	-	67.25
	-	-	-	-	-	-	-	-
Amount payable	7,225.99	178.26	-	-	-	3,463.38	20.44	10,888.07
	(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

32 The Company's only business is to manufacture bus bodies (including job work) and hence disclosure of segment-wise information is not applicable under Accounting Standard 17- 'Segment Reporting'. There is no geographical segment to be reported since all the operations are undertaken in India.

33 Earnings Per Share

Particulars	Year ended	
	March 31,2016	March 31,2015
(Loss)/ Profit after tax (₹ In lakhs)	(831.90)	(1,647.44)
The weighted average number of ordinary shares outstanding	17,00,00,000	17,00,00,000
Earnings Per share (₹) - Basic and Diluted (Nominal value of ₹ 10 Per Share)	(0.49)	(0.97)

34 Employee benefits

a) Defined Contribution plans

The Company has recognised ₹ 289.96 Lakhs (Previous year ₹ 327.25 Lakhs) in the statement of profit and loss under the Company's Contribution to Provident Fund, 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 & Bhavishya Kalyan Yojna (BKY).

c) Refer annexure for additional details

35 Provision for product warranty

Particulars	₹ in Lakhs	
	As at March 31,2016	As at March 31,2015
Opening Balance	308.74	331.71
Add : Provision for the period	120.01	186.87
Less; Expenses Incurred	27.72	30.00
Less; Reversal	307.48	173.76
Closing balance	93.55	308.74
Current	57.67	154.43
Non Current	35.88	154.31

36

a) Information regarding imports

CIF Value of Imports	₹ in Lakhs	
	2015-16	2014-15
Raw Material	168.93	219.02
Consumables & Spares	1.01	35.29
Purchase of Capital Goods	19.17	-
Total	189.11	254.31

b) Value of Imported and Indigenous raw materials and Components consumed

Consumption of Raw Material	₹ in Lakhs	
	2015-16	2014-15
Imported	93.83	75.24
Indigenous	28,581.59	36,672.48
Total	28,675.42	36,747.72
Percentage to total		
Imported	0.33%	0.20%
Indigenous	99.67%	99.80%
Total	100%	100%

In giving the above information, the Company has taken the view that components and spares as referred to in Clause 5 (ii) (a) of Part II of Schedule III Of Companies Act 2013 Covers only such items as consumed directly in production.

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

37 Expenditure in Foreign Currency

Particulars	₹ in Lakhs	
	2015-16	2014-15
Technical License Fee	754.51	902.59
Consulting Engineer Services	451.76	849.67
Other Services	10.66	-
Total	1,216.93	1,752.26

38 Information in regard to Raw Materials and Components Consumed

Particulars	Unit of Measurement	2015-16		2014-15	
		Quantity	Value	Quantity	Value
Steel	Kgs	42,17,590	2,238.09	60,03,617	3,394.11
Steel	Meters	24,36,957	2,622.99	32,92,024	4,049.00
Steel	Each	31,93,585	2,321.76	36,97,145	2,762.52
Seats	Each	1,58,301	3,809.29	1,86,218	4,406.00
Fiber reinforced Plastic	Each	1,86,319	3,203.01	3,68,638	3,577.13
Windows	Each	1,32,572	2,438.08	1,52,073	2,768.54
Doors	Each	29,564	1,042.67	38,112	1,558.98
Others			10,999.52		14,231.44
			28,675.42		36,747.72

39 The Foreign currency exposures that have not been hedged by derivative instruments or otherwise as on March 31, 2016 are given below

Nature of Payables	2015-16		2014-15	
	Foreign Currency in Lakhs	Value	Foreign Currency in Lakhs	Value
Import of goods & Services				
USD	42.00	2,836.34	40.17	2,510.54

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

40 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 during the year 2015-16 is given below

Particulars		2015-16	2014-15
Amounts outstanding but not due as at March 31	Principal	930.68	2,566.84
Amounts due but unpaid as at March 31	Principal	44.58	6.71
Amounts paid after appointed date during the year	Principal	5,377.99	6,163.35
Amounts of Interest accrued and unpaid as at March 31	Interest	231.29	179.59

41 During the previous 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.

42 The Company had announced a lock out from 6th February 2016 to 6th March 2016 at its Dharwad Plant. During this period, the employees designated as "blue collar employees" did not attend work, and hence no salary had been paid to them. Further, on account of the fact that no service was rendered by these employees during the lock out, the Company believes no provision for salary needs to be created.

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

For and on behalf of the Board

Mumbai
May 5, 2016


Ravindra Pisharody
Chairman

Subodh Bhargava


Asim Kumar Mukhopadhyay

Falguni Nayar

Ruben Antonio Bisi


R Ramakrishnan

Lusuir Grochot
Directors

Timothy Andrew Leverton
Directors

Shriram Jayanthi
Alternate Director


Rohit Srivastava
Manager & Chief Executive Officer


S L Gangopadhyay
Chief Financial Officer


A B Koyari
Asst. Company Secretary

