

TATA MARCOPOLO MOTORS LIMITED

2014 – 15

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **TATA MARCOPOLO MOTORS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, 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 Standalone 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 standalone 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 standalone financial statements based on our audit.

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

We conducted our audit 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order 2015 ('the order'), issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) 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.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm Registration No. 117366W/W-100018)

Place: Mumbai
Date: 28 April, 2015

B.P.Shroff
Partner
(Membership No. 34382)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 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 the 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 explanations given to us, discrepancies noticed on such verification have been properly dealt with in the books of account.
- (ii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 189 of the Companies Act, 2013 and hence clauses (a) and (b) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure, to correct major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
- (vi) According to the information and explanations given to us the Companies (Cost Records and Audit) Rules, 2014, prescribed by the Central Government under Section 148 (1) of the Companies Act, 2013 are not applicable to the Company.

(vii) According to the information and explanations given to us, and the books and records examined by us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth 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, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 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 and other material statutory dues in arrears as at 31st March, 2015. Details of dues of Income-tax, Service Tax, Duty of Excise and Cess which have not been deposited as on 31st March, 2015 on account of disputes are given below:

| Statute | Nature of the dues | Forum where dispute is pending | Period to which the Amount relates | Amount (Rupees in lakhs) |
|-------------------------------------|--------------------------|--|---|--------------------------|
| Income-tax Act, 1961 | Tax deduction at source | Commissioner of Income-Tax (Appeals) | 2010-11 | 0.09 |
| | Penalty | | 2007-08 | 16.15 |
| Uttar Pradesh Value Added Tax, 2007 | Sales Tax on motor parts | Commercial Taxes Tribunal Uttar Pradesh | 2008-09 2009-10 | 58.52 |
| Uttar Pradesh Value Added Tax, 2007 | VAT | Joint Commissioner (Appeals) | 2010-11 | 2.07 |
| Karnataka Value Added Tax, 2003 | CST/VAT | Joint Commissioner of Commercial Tax (Appeals) | 2010-11 | 24.05 |
| Central Excise Act, 1944 | Excise Duty and Penalty | CESTAT | 2008-09 to 2012-13 and upto August - 2013 | 1,652.98 |
| Central Excise Act, 1944 | Excise Duty and Penalty | Commissioner (Appeals) | 2012-13 | 22.15 |

- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

- (viii) The accumulated losses of the Company at the end of the financial year are not more than fifty per cent of its net worth and the Company has not incurred cash losses during the current year but had incurred cash loss during the preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) 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.
- (xii) 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 has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Place: Mumbai
Date: 28 April, 2015

B.P.Shroff
Partner
(Membership No. 34382)

TATA MARCOPOLO MOTORS LIMITED
Balance Sheet as at March 31,2015

| | Note No | As at March 31,2015 | | As at March 31,2014 |
|--|---------|---------------------|------------|------------------------|
| | | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| I EQUITY AND LIABILITIES | | | | |
| 1 Shareholder's Funds | | | | |
| a) Share capital | 2 | 17,000.00 | | 17,000.00 |
| b) Reserves and surplus | 3 | (7,531.45) | | (5,884.01) |
| 2 Non-current Liabilities | | | 9,468.55 | 11,115.99 |
| a) Long term borrowings | 4 | 3,913.00 | | 7,044.24 |
| b) Deferred tax liabilities (net) | 5 | - | | - |
| c) Other long term liabilities | 6 | 7.53 | | 5.73 |
| d) Long term provisions | 7 | 520.82 | | 384.07 |
| 3 Current Liabilities | | | 4,441.35 | 7,434.04 |
| a) Short- term borrowings | 8 | 3,884.67 | | 4,100.86 |
| b) Trade payables | 9 | 20,344.77 | | 16,842.66 |
| c) Other Current Liabilities | 10 | 4,504.80 | | 4,414.80 |
| d) Short-term provisions | 11 | 183.13 | | 204.78 |
| TOTAL | | | 28,917.37 | 25,563.10 |
| | | | 42,827.27 | 44,113.13 |
| II ASSETS | | | | |
| 1 Non-Current Assets | | | | |
| a) Fixed Assets | | | | |
| (i) Tangible assets | 12 | 20,934.59 | | 21,611.95 |
| (ii) Intangible assets | 12 | 2,106.00 | | 2,337.92 |
| (iii) Capital work-in-progress | | 879.81 | | 1,849.26 |
| (iv) Intangible assets under development | | 897.81 | | 1,069.03 |
| | | | 24,818.21 | 26,868.16 |
| (b) Long-term loans and advances | 13 | | 1,710.01 | 1,186.87 |
| 2 Current Assets | | | | |
| (a) Inventories | 14 | 6,980.07 | | 4,549.35 |
| (b) Trade receivables | 15 | 5,216.38 | | 6,492.51 |
| (c) Cash and bank balances | 16 | 6.71 | | 58.50 |
| (d) Short-term loans and advances | 17 | 4,095.89 | | 4,922.89 |
| (e) Other Current Assets | 18 | - | | 34.85 |
| | | | 16,299.05 | 16,058.10 |
| TOTAL | | | 42,827.27 | 44,113.13 |

III See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ravindra Pisharody
Chairman

J R De La Rosa

S B Borwankar

Lusuir Grochot

R Ramakrishnan

Subodh Bhargava

Asimkumar Mukhopadhyay

Falguni Nayar

B. P. Shroff
Partner
Mumbai
April 28, 2015

Director

Director

Rohit Srivastava
Manager & Chief Executive Officer

S L Gangopadhyay
Chief Financial Officer

A B Koyari
Company Secretary

TATA MARCOPOLO MOTORS LIMITED
Statement of Profit and Loss for the year ended March 31, 2015

| | NOTE NO. | Year ended March 31, 2015 | Year ended March 31, 2014 |
|---|----------|------------------------------|------------------------------|
| | | ₹ in Lakhs | ₹ in Lakhs |
| I. Revenue from operations (gross) | 19 | 65,923.29 | 54,237.73 |
| Less: Excise duty | | (8,435.31) | (6,387.84) |
| Revenue from operations (net) | | 57,487.98 | 47,849.89 |
| II. Other Income | 20 | 144.42 | 113.55 |
| III. Total Revenue (I + II) | | 57,632.40 | 47,963.44 |
| IV. Expenses : | | | |
| (a) Cost of materials consumed | | 36,747.72 | 30,467.59 |
| (b) Changes in Inventories of finished goods and work in progress | 21 | (484.38) | (623.39) |
| (c) Employee benefits expense | 22 | 7,654.60 | 6,690.00 |
| (d) Finance costs | 23 | 1,444.92 | 1,222.15 |
| (e) Depreciation and amortisation expense | 12 | 2,609.16 | 2,494.33 |
| (f) Other expenses | 24 | 11,552.13 | 11,402.74 |
| (g) Expenditure transferred to capital and other accounts | | (244.31) | (356.33) |
| Total Expenses | | 59,279.84 | 51,297.09 |
| V. (Loss) / Profit from continuing operations (III-IV) | | (1,647.44) | (3,333.65) |
| VI Earnings Per Share (of ₹ 10/- each) | | | |
| (i) Basic and diluted | 34 | (0.97) | (1.96) |

VII See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ravindra Pisharody
Chairman

J R De La Rosa

S B Borwankar

Lusuir Grochot

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B. P. Shroff
Partner
Mumbai

April 28, 2015

Director

Director

Rohit Srivastava
Manager & Chief Executive Officer

S L Gangopadhyay
Chief Financial Officer

A B Koyari
Company Secretary

TATA MARCOPOLLO MOTORS LIMITED
Cash flow statement for the Year ended March 31, 2015

| | Year ended March 31, 2015 | | Year ended March 31, 2014 |
|---|---------------------------|-------------------|---------------------------|
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| (A) Cash flow from operating activities: | | | |
| (Loss) / Profit before tax | | (1,647.44) | (3,333.65) |
| Adjustments for: | | | |
| i) Depreciation and amortisation | 2,609.16 | | 2,494.33 |
| ii) Loss on sale/Write off of Assets | 105.64 | | 15.40 |
| iii) Interest income | (63.07) | | (91.25) |
| iii) Interest expense | 1,444.92 | | 1,222.15 |
| iv) Exchange fluctuation loss on translation | (48.00) | | 166.39 |
| | | 4,048.65 | 3,807.02 |
| Operating profit before working capital changes | | 2,401.21 | 473.37 |
| Adjustments for (increase) / decrease in operating assets: | | | |
| Inventories | (2,430.72) | | (948.61) |
| Trade receivables | 1,276.13 | | (2,594.88) |
| Short term loans and advances | 827.00 | | (106.05) |
| Long term Loans and advances | (447.99) | | (10.04) |
| | | (775.58) | (3,659.58) |
| Adjustments for increase/ (decrease) in operating liabilities: | | | |
| Trade payables | 3,550.11 | | (3,135.14) |
| Other current Liabilities | 674.65 | | (224.17) |
| Provisions | 115.10 | | 19.20 |
| | | 4,339.86 | (3,340.11) |
| Cash generated from/(used in) operations | | 5,965.49 | (6,526.32) |
| Net income tax (paid) / refunds | | (168.89) | 10.45 |
| Net cash from/ (used in) operating activities | | 5,796.60 | (6,515.87) |
| (B) Cash flow from investing activities: | | | |
| Purchase of fixed assets (including capital work in progress and excluding outstanding Finance Lease) | (1,147.40) | | (2,518.20) |
| Purchase of investments - others | - | | 0.10 |
| Short -term Investments realised | - | | 56.40 |
| Interest received | 97.92 | | |
| Net cash used in investing activities | | (1,049.48) | (2,461.70) |
| (C) Cash flow from financing activities: | | | |
| Term loan received | - | | 9,300.00 |
| Term loan repaid | (3,100.00) | | (1,033.33) |
| Increase /(Decrease) in short term loan (Net) | (411.85) | | 584.69 |
| Inter-corporate deposits received | 2,000.00 | | 1,600.00 |
| Inter-corporate deposits repaid | (2,000.00) | | (1,400.00) |
| Credit facility from SIDBI(Net) | 195.66 | | 1,065.35 |
| Repayment of finance lease | (29.14) | | (27.19) |
| Interest paid | (1,453.58) | | (1,081.65) |
| Net cash (used in) /from financing activities | | (4,798.91) | 9,007.87 |
| Net (decrease)/ increase in cash and cash equivalents | | (51.79) | 30.30 |
| Cash and cash equivalents as at the beginning of the year | | 58.50 | 28.20 |
| Cash and cash equivalents as at the end of the year (Refer note 16) | | 6.71 | 58.50 |

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

B. P. Shroff
Partner
Mumbai
April 28, 2015

For and on behalf of the Board

Ravindra Pisharody
Chairman

J R De La Rosa

S B Borwankar
Lusuir Grochot

R Ramakrishnan
Subodh Bhargava

Asimkumar Mukhopadhyay
Falguni Nayar

Director

Director

Rohit Srivastava
Manager & Chief Executive Officer

S L Gangopadhyay
Chief Financial Officer

A B Koyari
Company Secretary

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 specified 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, 2015 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 contributions as specified under the law are made to the Regional Provident Fund Commissioner Hubli and Lucknow.

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, 2015 | | As at March 31, 2014 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | | ₹ in Lakhs | | ₹ in Lakhs |
| Authorised : 170,000,000 Equity shares of ₹ 10 each (as at March 31, 2014:170,000,000 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, 2014:170,000,000 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 period/year | No.in Lakhs | ₹ in Lakhs | No.in Lakhs | ₹ in Lakhs |
| | 1,700 | 17,000 | 1,700 | 17,000 |
| (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, 2015 | | As at March 31, 2014 | |
| | | ₹ in Lakhs | | ₹ in Lakhs |
| (Deficit) in the Statement of Profit and Loss | | | | |
| Opening Balance | | (5,884.01) | | (2,550.36) |
| Add : (Loss) for the year | | (1,647.44) | | (3,333.65) |
| (Deficit) in the statement of Profit and Loss | | (7,531.45) | | (5,884.01) |

TATA MARCOPOLLO MOTORS LIMITED
Notes forming part of the financial statements

| 4 Long term borrowings | As at March 31, 2015 | | As at March 31, 2014 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | | ₹ in Lakhs | | ₹ in Lakhs |
| Secured | | | | |
| Term loan from HDFC Bank (Refer note (i) a below) | | 2,066.67 | | 5,166.67 |
| Long term maturities of finance lease obligations (Refer note (i) b below and note 31) | | 48.33 | | 79.57 |
| Unsecured | | | | |
| Karnataka Vat Loan (Refer note (ii) a below) | | 1,798.00 | | 1,798.00 |
| | | 3,913.00 | | 7,044.24 |

(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, partially disbursed an adhoc amount of Rs.1,798 Lakhs as soft loan towards VAT paid by the Company, for the period 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 5th June 2012, amended the existing incentive scheme 2008 and offered 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 from the date of commencement of commercial production to be repaid with a moratorium period of 15 years. The Company has submitted its claim under the new scheme from the date of commencement of commercial production till 4th June 2012.

| 5 Deferred tax liabilities (net) | As at March 31, 2015 | | As at March 31, 2014 | |
|---|----------------------|-------------------|----------------------|-------------------|
| | | ₹ in Lakhs | | ₹ in Lakhs |
| Major components of deferred tax arising on account of timing differences are: | | | | |
| Liabilities : | | | | |
| Depreciation | | (2,616.03) | | (2,346.90) |
| Product Development cost | | (296.19) | | (330.33) |
| Employee benefit / expenses allowable on payment basis | | | | - |
| | | (2,912.22) | | (2,677.23) |
| Assets : | | | | |
| Employee benefit / expenses allowable on payment basis | | 91.26 | | 55.01 |
| Others | | 27.04 | | 33.59 |
| Unabsorbed depreciation and business loss | | 2,793.92 | | 2,588.63 |
| | | 2,912.22 | | 2,677.23 |
| Net deferred tax liability | | - | | - |

* The unabsorbed business loss, depreciation and other items has given rise to deferred tax asset amounting to ₹ 5,180.95 Lakhs as at 31st March 2015 (₹4,243.32 Lakhs as at 31st March 2014) 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 ₹ 2,912.22 Lakhs (as at March 31, 2014 ₹ 2,677.23 Lakhs) already created in the books resulting in ₹ Nil deferred tax asset/liability as at 31st March 2015 (March 31, 2014- ₹ . Nil)

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

| 6 Other long term liabilities | As at March 31, 2015 | As at March 31, 2014 |
|--|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Interest accrued but not due on borrowings | 7.53 | 5.73 |
| Total | 7.53 | 5.73 |

| 7 Long term provisions | As at March 31, 2015 | As at March 31, 2014 |
|--|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Provision for employee benefits | | |
| (i) Provision for compensated absences | 159.60 | 109.46 |
| (ii) Provision for post retirement medicare scheme | 78.07 | 35.85 |
| (iii) Provision for Bhavishya Kalyan Yojana | 128.84 | 88.41 |
| (b) Provision for product warranty (Refer note 36) | 154.31 | 150.35 |
| Total | 520.82 | 384.07 |

| 8 Short term borrowings | As at March 31, 2015 | As at March 31, 2014 |
|--|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (A) Secured | | |
| (a) Loans repayable on demand from banks Cash credit account | 196.98 | 608.83 |
| (B) Unsecured | | |
| (a) Credit facility from SIDBI | 1987.69 | 1,792.03 |
| (b) Loans and advances from related parties Intercompany deposit from Fellow Subsidiary | 1,700.00 | 1,700.00 |
| Total | 3,884.67 | 4,100.86 |

(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, 2015 | As at March 31, 2014 |
|-------------------------|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Trade Payables | 20,344.77 | 16,842.66 |
| Total | 20,344.77 | 16,842.66 |

| 10 Other Current Liabilities | As at March 31, 2015 | As at March 31, 2014 |
|---|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Current maturities of long term debt | 3,100.00 | 3,100.00 |
| (b) Current maturities of finance lease obligations (Refer note 31) | 31.24 | 29.14 |
| (c) Interest accrued but not due on borrowings | 49.90 | 78.87 |
| (d) Other payables | | |
| (i) Advances from customers | 44.85 | 52.32 |
| (ii) Payable on purchase of fixed assets | 141.83 | 718.12 |
| (iii) Statutory dues | 957.39 | 275.27 |
| (iv) interest payable | 179.59 | 161.08 |
| Total | 4,504.80 | 4,414.80 |

| 11 Short term provisions | As at March 31, 2015 | As at March 31, 2014 |
|--|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Provision for employee benefits | | |
| (i) Provision for compensated absences | 24.50 | 19.93 |
| (ii) Provision for Bhavishya Kalyan Yojana | 4.20 | 3.49 |
| (b) Provision for product warranty (Refer note 36) | 154.43 | 181.36 |
| Total | 183.13 | 204.78 |

5,166.67

(₹ in Lakhs)

| 12 | Fixed Assets | Cost as at April 1, 2014 | Additions | Deductions | Adjustments | Cost as at March 31, 2015 | Accumulated depreciation / amortisation up to March 31, 2014 | Depreciation / Amortisation for the year ended March 31, 2015 | Deductions | Adjustments | Accumulated depreciation / amortisation up to March 31, 2015 | Net Book Value as at March 31, 2015 |
|-----|--|--------------------------|-----------------|---------------|----------------|---------------------------|--|---|--------------|----------------|--|-------------------------------------|
| | Tangible Assets | | | | | | | | | | | |
| (a) | Buildings | 13,371.00 | 924.80 | - | - | 14,295.80 | 1,766.01 | 426.93 | - | - | 2,192.94 | 12,102.86 |
| | | 11,824.76 | 1,546.24 | - | - | 13,371.00 | 1,398.35 | 367.66 | - | - | 1,766.01 | 11,604.99 |
| (b) | Plant & Machinery | | | | | | | | | | | |
| | Owned | 15,505.23 | 316.27 | 139.86 | 81.87 | 15,763.51 | 6,201.20 | 1,314.60 | 73.26 | 17.82 | 7,460.36 | 8,303.15 |
| | | 14,468.67 | 1,061.39 | 24.83 | - | 15,505.23 | 4,938.73 | 1,271.92 | 9.45 | - | 6,201.20 | 9,304.03 |
| | Taken under finance Lease | 218.99 | - | - | - | 218.99 | 109.50 | 21.90 | - | - | 131.40 | 87.59 |
| | | 218.99 | - | - | - | 218.99 | 87.60 | 21.90 | - | - | 109.50 | 109.49 |
| (c) | Furniture, Fixtures and Office Appliances | 217.69 | 34.77 | 55.14 | - | 197.32 | 60.08 | 21.12 | 16.09 | - | 65.11 | 132.21 |
| | | 200.01 | 17.68 | - | - | 217.69 | 47.81 | 12.27 | - | - | 60.08 | 157.61 |
| (d) | Vehicles | 34.79 | - | - | - | 34.79 | 26.18 | 3.17 | - | - | 29.35 | 5.44 |
| | | 34.79 | - | - | - | 34.79 | 20.39 | 5.79 | - | - | 26.18 | 8.61 |
| (e) | Office Equipment | 121.85 | - | - | (87.12) | 34.73 | 18.88 | 4.75 | - | (18.38) | 5.25 | 29.48 |
| | | 126.75 | - | - | (4.90) | 121.85 | 13.19 | 5.79 | - | (0.10) | 18.88 | 102.97 |
| (f) | Computers | | | | | | | | | | | |
| | Owned | 716.96 | 38.81 | - | 5.25 | 761.02 | 392.71 | 111.70 | - | 0.56 | 504.97 | 256.05 |
| | | 675.25 | 36.88 | 0.07 | 4.90 | 716.96 | 278.03 | 114.63 | 0.05 | 0.10 | 392.71 | 324.25 |
| | Taken under finance Lease | - | - | - | - | - | - | - | - | - | - | - |
| | | 12.18 | - | 12.18 | - | - | 12.18 | - | 12.18 | - | - | - |
| (g) | Water System and sanitation | - | 18.09 | - | - | 18.09 | - | 0.28 | - | - | 0.28 | 17.81 |
| | | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 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 |
| | Previous year | 27,561.40 | 2,662.19 | 37.08 | - | 30,186.51 | 6,796.28 | 1,799.96 | 21.68 | - | 8,574.56 | 21,611.95 |
| | Intangible Assets | | | | | | | | | | | |
| (a) | Computer Software | 990.51 | 57.26 | - | - | 1,047.77 | 845.32 | 66.83 | - | - | 912.15 | 135.62 |
| | | 903.08 | 87.43 | - | - | 990.51 | 777.44 | 67.88 | - | - | 845.32 | 145.19 |
| (b) | Product Development Cost | 4,794.86 | 415.53 | - | - | 5,210.39 | 2,602.13 | 637.88 | - | - | 3,240.01 | 1,970.38 |
| | | 4,794.86 | - | - | - | 4,794.86 | 1,975.64 | 626.49 | - | - | 2,602.13 | 2,192.73 |
| | Total | 5,785.37 | 472.79 | - | - | 6,258.16 | 3,447.45 | 704.71 | - | - | 4,152.16 | 2,106.00 |
| | Previous year | 5,697.94 | 87.43 | - | - | 5,785.37 | 2,753.08 | 694.37 | - | - | 3,447.45 | 2,337.92 |
| | Total | 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 |
| | Previous year | 33,259.34 | 2,749.62 | 37.08 | - | 35,971.88 | 9,549.36 | 2,494.33 | 21.68 | - | 12,022.01 | 23,949.87 |

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

| 13 Long term Loans and Advances (Unsecured, Considered good) | As at March 31, 2015 | As at March 31, 2014 |
|--|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Security Deposits | 109.85 | 74.46 |
| (b) Capital Advances | - | 93.74 |
| (c) Advance tax (Includes Mat Credit entitlement ₹431.37 Lakhs (March 31,2014 ₹ 431.37 Lakhs) | 1,131.57 | 962.68 |
| (d) Deposit (paid under protest) | 468.59 | 55.99 |
| Total | 1,710.01 | 1,186.87 |

| 14 Inventories (at lower of cost and net realisable value) | As at March 31, 2015 | As at March 31, 2014 |
|---|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Raw materials | 4,301.65 | 2,460.01 |
| (b) Work-in-progress | 1,875.62 | 1,172.13 |
| (c) Finished goods | 67.49 | 286.60 |
| (d) Stores and spare parts | 580.41 | 525.79 |
| (e) Consumable tools | 139.60 | 85.86 |
| (f) Goods-in-transit - Raw materials | 15.30 | 18.96 |
| Total | 6,980.07 | 4,549.35 |

| 15 Trade receivables (Unsecured, considered good) | As at March 31, 2015 | As at March 31, 2014 |
|--|---------------------------------|-----------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Due over six months | 110.09 | 81.95 |
| (b) Others : | 5,106.29 | 6,410.56 |
| Total | 5,216.38 | 6,492.51 |

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

| 16 Cash and bank balances | As at March 31, 2015 | As at March 31, 2014 |
|----------------------------------|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| Cash and cash equivalents | | |
| (a) Cash on hand | 0.33 | 0.93 |
| (b) Balances with banks | | |
| (i) in current accounts | 6.38 | 57.57 |
| Total | 6.71 | 58.50 |

| 17 Short -term loans and advances (unsecured, Considered good) | As at March 31, 2015 | As at March 31, 2014 |
|---|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Advance to employees and others | 7.06 | 8.29 |
| (b) Freight recoverable | - | 0.10 |
| (c) Advances to suppliers and contractors | 98.69 | 193.04 |
| (d) Balances with government authorities | | |
| (i) CENVAT credit receivable | 2,939.96 | 3,887.43 |
| (ii) Service tax credit receivable | 950.42 | 732.00 |
| (iii) Other | 48.42 | 10.95 |
| (e) Prepaid expenses | 51.34 | 91.08 |
| Total | 4,095.89 | 4,922.89 |

| 18 Other Current Assets | As at March 31, 2015 | As at March 31, 2014 |
|--------------------------------|---------------------------------|---------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Interest accrued -others | - | 34.85 |
| Total | - | 34.85 |

TATA MARCOPOLLO MOTORS LIMITED
Notes forming part of the financial statements

| 19 Revenue from Operations | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Sale of products | 53,373.92 | 45,144.38 |
| (b) Sale of services | 8,376.21 | 6,710.54 |
| (c) Sale of spare parts | 3,519.52 | 1,794.47 |
| (d) Other operating revenues | | |
| i) Sale of scrap | 653.64 | 588.34 |
| Revenue from operations (Gross) | 65,923.29 | 54,237.73 |

| 20 Other Income | Year ended March 31, 2015 | Year ended March 31, 2014 |
|-----------------------------|--------------------------------------|--------------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| Interest income | | |
| (i) On bank deposits | - | 25.14 |
| (ii) On Excise Refunds etc. | 63.07 | 40.80 |
| (iii) On Income tax refund | - | 25.31 |
| | 63.07 | 91.25 |
| Misc Income | 81.35 | 22.30 |
| Total | 144.42 | 113.55 |

| 21 Changes in Inventories of finished goods and work-in-progress | Year ended March 31, 2015 | Year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| Inventories at the end of the year | | |
| Finished goods | 67.49 | 286.60 |
| Work in progress | 1,875.62 | 1,172.13 |
| | 1,943.11 | 1,458.73 |
| Inventories at the beginning of the year | | |
| Finished goods | 286.60 | 36.25 |
| Work in progress | 1,172.13 | 799.09 |
| | 1,458.73 | 835.34 |
| Total | (484.38) | (623.39) |

| 22 Employee Benefits Expense | Year ended March 31, 2015 | Year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Salaries, wages and bonus | 5,933.01 | 5,164.60 |
| (b) Contribution to provident and other funds (Refer note 35 a) | 436.79 | 325.03 |
| (c) Workmen and staff welfare expenses | 1,284.80 | 1,200.37 |
| Total | 7,654.60 | 6,690.00 |

TATA MARCOPOLLO MOTORS LIMITED
Notes forming part of the financial statements

| 23 Finance Cost | Year ended March 31, 2015 | Year ended March 31, 2014 |
|---------------------------|--------------------------------------|--------------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| Interest expenses | | |
| (i) On loans | 744.67 | 851.09 |
| (ii) Others | 501.31 | 365.37 |
| | 1,245.98 | 1,216.46 |
| (iii) Discounting charges | 198.94 | 5.69 |
| Total | 1,444.92 | 1,222.15 |

| 24 Other Expenses | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| | ₹ in Lakhs | ₹ in Lakhs |
| (a) Consumption of stores and spare parts | 2,424.13 | 2,066.27 |
| (b) Power and fuel | 860.72 | 796.59 |
| (c) Rent including lease rental (Refer note 30 a) | 528.43 | 540.48 |
| (d) Repairs to buildings | 75.71 | 48.79 |
| (e) Repairs to plant, machinery, etc. | 45.94 | 23.06 |
| (f) Insurance | 25.98 | 24.74 |
| (g) Rates and taxes | 4.52 | 0.51 |
| (h) Technical know how | 902.59 | 699.05 |
| (i) Contract labour charges | 2,105.12 | 1,795.70 |
| (j) Warranty and product liability(net) (Refer note 36) | 13.11 | 25.91 |
| (k) Auditors remuneration | | |
| - Audit fees | 20.00 | 20.00 |
| - Tax audit fees | 1.50 | 1.50 |
| - Other services | 2.00 | 4.25 |
| - Out of pocket expenses | 9.72 | 9.63 |
| (l) Cost Auditors remuneration | | |
| - Cost Audit fees | 2.00 | 2.00 |
| - Out of pocket expenses | 0.04 | - |
| (m) Freight, transportation, port charges, etc. | 65.80 | 87.10 |
| (n) Consulting Engineers Service Fee | 849.67 | 1,379.63 |
| (o) Cost of Deputed Employees | 898.12 | 761.93 |
| (p) Traveling & Conveyance | 417.43 | 697.43 |
| (q) Loss/(Gain) on exchange rate fluctuation (net) | 142.10 | 333.88 |
| (r) IT Services | 522.52 | 539.62 |
| (s) Excise duty on closing Stock | (15.09) | 18.23 |
| (t) Works operation and other expenses | 1,650.07 | 1,526.44 |
| Total | 11,552.13 | 11,402.74 |

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

- 25 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.

- 26 a) Estimated amount of contracts remaining to be executed on capital account (tangible) and not provided for (net of advances) is ₹ 16.06 Lakhs (March 31,2014 ₹ 1,187.61 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 ₹ 340.34 Lakhs (March 31,2014 ₹ 393.38 Lakhs) and Dharwad plant for a period of 21 years amounting to ₹ 1,378.92 Lakhs (March 31,2014 ₹ 1,480.44 Lakhs.)

- 27 Claims against the Company not acknowledged as debts-

₹ in Lakhs

| | As at March 31,2015 | As at March 31,2014 |
|--|--------------------------------|--------------------------------|
| a) Works contract tax on indirect materials | 34.43 | 34.43 |
| b) Income tax/ Tax deduction at source | 16.24 | 0.09 |
| c) Sales tax on Local/ interstate/ import of motor parts | 106.75 | 79.25 |
| d) Central Excise/ Service Tax | 2,122.24 | 1,705.48 |
| Total | 2,279.66 | 1,819.25 |

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

- 28 Bank guarantees outstanding are ₹ 1,877.91 Lakhs as on March 31, 2015 (March 31,2014 ₹ 1,875.84 Lakhs). Contingent liability in respect of Bills discounted with bank as on 31st March 2015 ₹ 13,254.31 (March 31, 2014 ₹ Nil Lakhs)
- 29 Non fund based facilities availed of ₹ Nil lakhs (March 31,2014 ; ₹ 257.74 lakhs) from banks are secured by a first charge by way of hypothecation of current assets including book debts and inventories, both present and future in respect of cash credit.

| Disclosure in respect of assets taken on operating leases: | ₹ in Lakhs | |
|--|--------------------------------|--------------------------------|
| | As at March 31,2015 | As at March 31,2014 |
| Lease rental payable | | |
| 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 | 1,108.71 | 1,494.20 |

- a) Operating lease payments recognised in the statement of profit and loss for the year is ₹ 526.63 Lakhs (March 31, 2014 ₹ 537.87 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.
- 31 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:

₹ in Lakhs

| | As at March 31,2015 | As at March 31,2014 |
|---|--------------------------------|--------------------------------|
| Minimum lease payments | | |
| Total of minimum lease payments | 90.00 | 126.00 |
| Not later than one year | 36.00 | 36.00 |
| Later than one year but not later than five years | 54.00 | 90.00 |
| Later than five year | - | - |

₹ in Lakhs

| | As at March 31,2015 | As at March 31,2014 |
|---|--------------------------------|--------------------------------|
| Present value of minimum lease payments | | |
| Total of present value of minimum lease payments | 79.57 | 108.71 |
| Not later than one year | 31.24 | 29.14 |
| Later than one year but not later than five years | 48.33 | 79.57 |
| Later than five year | - | - |

TATA MARCOPOLLO MOTORS LIMITED
Notes forming part of the financial statements

32 **Related party disclosures**

A) **Related party and their relationship**

1 **Holding Company**

2 **Investor exercising significant influence over the Company**

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')

pr
: Tata Motors Limited ('TML')
: Marcopolo S.A. Brazil (MP S.A.)

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 31,2015 | | | | | | | | |
| Interest paid on intercorporate deposits | | - | - | - | 9.67 | 136.70 | - | - |
| | | - | - | - | - | (109.89) | - | - |
| Inter Corporate Deposits received | | - | - | - | 800.00 | 1,200.00 | - | - |
| | | - | - | - | - | (1,600.00) | - | - |
| Inter Corporate Deposits returned | | - | - | - | - | 2,000.00 | - | - |
| | | - | - | - | - | (1,400.00) | - | - |
| Sale of goods/services (inclusive of taxes) | | 69,505.80 | - | - | - | - | - | - |
| | | (59,183.21) | - | - | - | - | - | - |
| Purchase of goods/services (inclusive of taxes) | | 304.12 | 550.73 | 5.39 | - | - | 1,836.48 | 259.91 |
| | | (4,280.91) | (654.78) | (15.36) | - | - | (2,207.02) | (271.82) |
| Purchase of fixed assets | | - | 22.13 | - | - | - | - | - |
| | | - | (117.16) | - | - | - | (1.11) | - |
| Reimbursement of cost / (recovery of expenses) | | 867.23 | - | - | - | - | - | - |
| | | (588.65) | - | - | - | - | - | - |
| Rent of plant & machinery (including taxes) | | 299.07 | - | - | - | - | - | - |
| | | (294.00) | - | - | - | - | - | - |
| Common services by TML (including taxes) | | 146.66 | - | - | - | - | - | - |
| | | (147.87) | - | - | - | - | - | - |
| Rent of Land & Building(including taxes) | | 290.56 | - | - | - | - | - | - |
| | | (321.61) | - | - | - | - | - | - |
| b) Balance as on March 31,2015 | | | | | | | | |
| Intercorporate deposits payable | | - | - | - | 800.00 | 900.00 | - | - |
| | | - | - | - | - | (1,700.00) | - | - |
| Amount receivable | | 3,803.77 | - | - | - | - | - | - |
| | | (6,356.45) | - | - | - | - | - | - |
| Advance to Suppliers | | - | - | - | - | - | - | - |
| | | - | - | (4.10) | - | - | - | - |
| Amount payable | | 6,310.85 | 88.14 | 15.00 | - | - | 3,257.59 | 61.46 |
| | | (6,060.48) | (217.24) | (27.12) | - | - | (3,798.09) | (20.94) |

TATA MARCOPOLO MOTORS LIMITED
Notes forming part of the financial statements

- 33 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.

34 **Earnings Per Share**

| | Year ended | |
|--|-----------------|-----------------|
| | March 31,2015 | March 31,2014 |
| (Loss)/ Profit after tax (₹ In lakhs) | (1,647.44) | (3,333.65) |
| The weighted average number of ordinary shares outstanding | 17,00,00,000.00 | 17,00,00,000.00 |
| Earnings Per share (₹₹) - Basic and Diluted | (0.97) | (1.96) |
| (Nominal value of ₹ 10 Per Share) | | |

35 **Employee benefits**

- a) Defined Contribution plans
The Company has recognised ₹ 327.25 Lakhs (Previous year ₹306.98 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

36 **Provision for product warranty**

| | ₹ in Lakhs | |
|--------------------------------|---------------------|---------------------|
| | As at March 31,2015 | As at March 31,2014 |
| Opening Balance | 331.71 | 314.37 |
| Add : Provision for the period | 186.87 | 155.86 |
| Less; Expenses Incurred | 36.08 | 6.37 |
| Less; Reversal | 173.76 | 132.15 |
| Closing balance | 308.74 | 331.71 |
| Current | 154.43 | 181.36 |
| Non Current | 154.31 | 150.35 |

37

a) **Information regarding imports**

| CIF Value of Imports | ₹ in Lakhs | |
|---------------------------|------------|---------|
| | 2014-15 | 2013-14 |
| Raw Material | 219.02 | 152.47 |
| Consumables & Spares | 35.29 | 49.47 |
| Purchase of Capital Goods | - | 464.07 |
| Total | 254.31 | 666.01 |

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

| Consumption of Raw Material | ₹ in Lakhs | |
|-----------------------------|------------|-----------|
| | 2014-15 | 2013-14 |
| Imported | 75.24 | 143.45 |
| Indigenous | 36,672.48 | 30,324.14 |
| Total | 36,747.72 | 30,467.59 |
| Percentage to total | | |
| Imported | 0.20% | 0.47% |
| Indigenous | 99.80% | 99.53% |
| 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

38 Expenditure in Foreign Currency

₹ in Lakhs

| Expenditure in Foreign Currency | 2014-15 | 2013-14 |
|--|-----------------|----------|
| Technical License Fee | 902.59 | 699.05 |
| Consulting Engineer Services | 849.67 | 1,379.63 |
| Other Services | - | 0.75 |
| Total | 1,752.26 | 2,079.43 |

39 Information in regard to Raw Materials and Components Consumed

₹ in Lakhs

| Particulars | Unit of Measurement | 2014-15 | | 2013-14 | |
|--------------------------|---------------------|------------------|------------------|-----------|-----------|
| | | Quantity | Value | Quantity | Value |
| Steel | Kgs | 60,03,617 | 3,394.11 | 52,66,579 | 2,771.33 |
| Steel | Meters | 32,92,024 | 4,049.00 | 27,51,559 | 3,265.80 |
| Steel | Each | 36,97,145 | 2,762.52 | 32,12,356 | 2,694.02 |
| Seats | Each | 1,86,218 | 4,406.00 | 1,65,639 | 3,675.85 |
| Fiber reinforced Plastic | Each | 3,68,638 | 3,577.13 | 4,67,465 | 2,831.21 |
| Windows | Each | 1,52,073 | 2,768.54 | 1,37,859 | 2,293.48 |
| Doors | Each | 38,112 | 1,558.98 | 28,843 | 900.07 |
| Others | | | 14,231.44 | | 12,035.81 |
| | | | 36,747.72 | | 30,467.59 |

40 The Foreign currency exposures that have not been hedged by derivative instruments or otherwise as on March 31, 2015 are Given below

| Nature of Payables | 2014-15 | | 2013-14 | |
|----------------------------|---------------------------|-----------------|---------------------------|----------|
| | Foreign Currency in Lakhs | Value | Foreign Currency in Lakhs | Value |
| Import of goods & Services | | | | |
| USD | 40.17 | 2,510.54 | 56.56 | 3,387.83 |

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

41 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 2014-15 is given below

| Particulars | | 2014-15 | 2013-14 |
|---|-----------|-----------------|----------|
| Amounts outstanding but not due as at March 31 | Principal | 2,566.84 | 1,281.95 |
| Amounts due but unpaid as at March 31 | Principal | 6.71 | 124.79 |
| Amounts paid after appointed date during the year | Principal | 6,163.35 | 5,392.84 |
| Amounts of Interest accrued and unpaid as at March 31 | Interest | 179.59 | 161.08 |

42 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.

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
April 28, 2015

R Pisharody
Chairman

J R De La Rosa

S B Borwankar

Lusuir Grochat

R Ramakrishnan

Subodh Bhargava

Asim Kumar Mukhopadhyay

Falguni Nayar

Director

Director

Rohit Srivastava
Manager & Chief Executive Officer

S L Gangopadhyay
Chief Financial Officer
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A B Koyari
Asst. Company Secretary