

TML Distribution Company Limited

Financial statements
together with
Independent Auditors' Report
for the year ended 31 March 2018

TML Distribution Company Limited

Financial statements together with the Independent Auditors' Report

for the year ended 31 March 2018

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To The Members of TML Distribution Company Limited

Report on the Audit of the Ind AS Financial Statements

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

Management's Responsibility for the Ind AS Financial Statements

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

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

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (Continued)

TML Distribution Company Limited

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

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

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

Opinion

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

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant period. The report of the predecessor auditor on the comparative financial information dated 28 April 2017 expressed an unmodified opinion.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

Independent Auditor's Report (*Continued*)

TML Distribution Company Limited

- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer Note 21 of the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants

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

Mumbai
20 April 2018

Rajiv Shah
Partner
Membership No: 112878

TML Distribution Company Limited

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

(Referred to in our report of even date)

- i. The Company does not have any fixed assets. Accordingly, paragraph 3(i) (a), (b) and (c) of the Order is not applicable to the Company.
- ii. The inventory has been physically verified by the management during the year. No discrepancies have been noticed on verification between the physical stocks and the book records.
- iii. According to the information and explanations given to us, the Company has granted inter-corporate deposits to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - b) The schedule of repayment of principal and payments of interest has been stipulated and the payments are in accordance with such stipulations.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investment and providing guarantees and securities, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public as per the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act for the activities carried out by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Value added tax, Service Tax, Goods and Service Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. The amounts deducted in respect of Income tax and Profession tax have generally been regularly deposited during the year with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Profession tax, Income-tax, Service tax, Value added tax, Goods and Service Tax, Cess and any other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

TML Distribution Company Limited

Annexure A to the Independent Auditors' Report – 31 March 2018 (Continued)

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales-tax, Service tax, Goods and Service tax and Value added tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Sales tax and Value added tax have not been deposited as on 31 March 2018 by the Company on account of dispute:

Name of the Statute	Nature of dues	Amount (Rs. in crores) #	Period to which the amount relates	Forum where dispute is pending
Sales Tax Laws	Sales tax and VAT	0.32	F.Y. 2008 – 09	Additional Commissioner of Commercial Taxes
		9.97	F.Y. 2010 – 11	Assistant Commissioner of Sales Tax, Mumbai
		0.04	F.Y. 2011 -12 and F.Y. 2012 – 13	Commissioner of Commercial Taxes
		37.91	F.Y. 2008 - 09 to F.Y. 2013 – 14	Joint Commissioner Commercial Taxes
		0.01	F.Y. 2013 – 14	Dy. Commissioner of Commercial Tax
		0.90	F.Y. 2008 - 09 and F.Y. 2009 – 10	Tribunal
		2.37	F.Y. 2013 - 14 and 2014 - 15	Assessing officer Commercial Taxes / Dy. Commissioner Sales Tax

Net of amount deposited with the Authorities Rs. 3.90 crs.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institution, banks and government. The Company has not issued debentures during the year.
- ix. According to the information and explanations given to us, the Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted audit practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management..
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

TML Distribution Company Limited
Annexure A to the Independent Auditors' Report – 31 March 2018
(Continued)

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
20 April 2018

Rajiv Shah
Partner
Membership No: 112878

TML Distribution Company Limited

Annexure B to the Independent Auditors' Report – 31 March 2018

(Referred to in our report of even date)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

TML Distribution Company Limited

Annexure B to Independent Auditors' Report – 31 March 2018 (Continued)

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (b) 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
- (c) 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal controls 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 **B S R & Co. LLP**
Chartered Accountants

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

Mumbai
20 April 2018

Rajiv Shah
Partner
Membership No: 112878

TML Distribution Company Limited

Balance Sheet

as at March 31, 2018

(₹ in crores)

	Note	As at March 31, 2018	As at March 31, 2017
I. ASSETS			
(1) Non-Current Assets			
(a) Financial assets:			
(i) Loans and advances	3	0.27	0.27
(b) Deferred tax assets	7	24.66	24.00
(c) Advance income tax assets (net)		5.09	7.71
(d) Other non-current assets	8	110.87	105.31
Total Non-Current Assets		140.89	137.29
(2) Current Assets			
(a) Inventories	4	28.95	84.58
(b) Financial assets:			
(i) Trade receivables	5	139.65	43.15
(ii) Cash and cash equivalents	6	25.85	18.97
(iii) Loans and advances	3	95.34	132.15
(c) Other current assets	9	83.11	257.45
Total Current Assets		372.90	536.30
Total Assets		513.79	673.59
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	10	225.00	225.00
(b) Other equity		129.43	79.04
Total Equity		354.43	304.04
(2) Liabilities			
Non-Current Liabilities			
(a) Provisions	14	2.06	2.32
Total Non-Current Liabilities		2.06	2.32
Current Liabilities			
(a) Financial liabilities:			
(i) Borrowings	11	2.22	-
(ii) Acceptances		-	272.54
(iii) Trade payables	13		
(a) Dues to micro enterprises and small enterprises		-	-
(b) Dues of creditors other than micro enterprises		55.61	27.11
(iv) Other financial liabilities	12	22.31	9.57
(b) Provisions	14	0.48	0.23
(c) Current tax liabilities (net)		5.35	-
(d) Other current liabilities	15	71.33	57.78
Total Current Liabilities		157.30	367.23
Total Liabilities		159.36	369.55
Total Equity and Liabilities		513.79	673.59

Significant accounting policies 2

The notes referred to above form an integral part of the financial statements 3 - 29

As per our report of even date attached

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

Chartered Accountants

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

For and on behalf of the Board of Directors

TML Distribution Company Limited

CIN - U63000MH2008PLC180593

RAJIV SHAH

Partner

Membership No: 112878

Mayank Pareek

Chairman

DIN No.: 00139206

R Ramakrishnan

Director

DIN No.: 03394401

V K Jairath

Director

DIN No.: 00391684

Asimkumar Mukhopadyay

Director

DIN No.: 06520288

Dr Vaijayanti Pandit

Director

DIN No.: 06742237

R T Wasan

Director

DIN No.: 06425463

Achal Paliwal

Manager &

Chief Executive Officer

Alok Salooja

Chief Financial Officer

Anjali Singh

Company Secretary

ACS No. 26664

Mumbai

20 April 2018

Mumbai

20 April 2018

TML Distribution Company Limited

Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in crores)

Particulars	Notes	Year ended March 31,	
		2018	2017
I. Revenue from operations	16	4,347.98	2,641.39
II. Other income	17	13.76	11.73
III. Total Income (I+II)		4,361.74	2,653.12
IV. Expenses			
(a) Purchases of stock-in-trade		4,014.39	2,548.87
(b) Changes in inventories of stock-in-trade		55.63	(62.22)
(c) Employee benefits expense	18	11.49	12.03
(d) Finance costs	19	29.63	3.54
(e) Other expenses	20	173.14	108.99
Total Expenses (IV)		4,284.28	2,611.22
V. Profit before Tax (III-IV)		77.46	41.90
VI. Tax expense	7		
(a) Current tax		28.10	13.25
(b) Deferred tax (credit)/charge		(0.79)	1.82
Total		27.31	15.07
VII. Profit After Tax (V-VI)		50.15	26.83
VIII Other Comprehensive Income:			
(i) Items that will not be reclassified to profit and loss:			
Remeasurement gain on defined benefit plan (net)		0.37	0.31
(ii) Income tax relating to remeasurement gain on defined benefit plan (net)		(0.13)	(0.11)
Other Comprehensive Income for the year		0.24	0.20
IX. Total Comprehensive Income for the year (VII+VIII)		50.39	27.03
X. Earnings per equity share:	26		
(Face value - Rs. 10 each)			
(i) Basic and diluted		₹ 2.23	₹ 1.19

Significant accounting policies 2

The notes referred to above form an integral part of the financial statements 3 - 29

As per our report of even date attached

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

Chartered Accountants

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

For and on behalf of the Board of Directors

TML Distribution Company Limited

CIN - U63000MH2008PLC180593

RAJIV SHAH

Partner

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Alok Salooja

Chief Financial Officer

Anjali Singh

Company Secretary

ACS No. 26664

Mumbai

20 April 2018

Mumbai

20 April 2018

TML Distribution Company Limited

Statement of changes in equity

for the year ended March 31, 2018

(₹ in crores)

Equity share capital	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the reporting year	225.00	225.00
Balance at the end of the reporting year	<u>225.00</u>	<u>225.00</u>

(₹ in crores)

Other Equity	Retained Earnings	Total Other equity
Balance as at April 1, 2016 (A)	52.01	52.01
Profit for the year	26.83	26.83
Other comprehensive income for the year, (net of income tax)	0.20	0.20
Total comprehensive income for the year, (net of income tax) (B)	<u>27.03</u>	<u>27.03</u>
Balance as at March 31, 2017 (C) = (A) + (B)	<u>79.04</u>	<u>79.04</u>
Balance as at April 1, 2017 (D)	79.04	79.04
Profit for the year	50.15	50.15
Other comprehensive income for the year, (net of income tax)	0.24	0.24
Total comprehensive income for the year, (net of income tax) (E)	<u>50.39</u>	<u>50.39</u>
Balance as at March 31, 2018 (F) = (D) + (E)	<u>129.43</u>	<u>129.43</u>

Significant accounting policies 2

The notes referred to above form an integral part of the financial statements 3 - 29

As per our report of even date attached

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

Chartered Accountants

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

For and on behalf of the Board of Directors

TML Distribution Company Limited

CIN - U63000MH2008PLC180593

RAJIV SHAH

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Anjali Singh

Company Secretary

ACS No. 26664

Mumbai
20 April 2018

Mumbai
20 April 2018

TML Distribution Company Limited

Statement of Cash Flow

for the year ended March 31, 2018

(₹ in crores)

	Year ended March 31,	
	2018	2017
(A) Cash flows from operating activities		
Profit Before Tax	77.46	41.90
Adjustments for:		
Provision and write off of trade receivables	1.93	(5.34)
Finance cost	29.63	3.54
Interest income	(10.26)	(8.93)
Cash flows from operating activities before working capital changes	98.76	31.17
Decrease/(Increase) in Inventories	55.63	(62.22)
(Increase)/Decrease in Trade receivables	(98.43)	13.04
Decrease in Loans and advances	0.83	0.21
Decrease/(Increase) in Other current assets	174.34	(65.51)
(Increase) in Other non-current assets	(5.56)	(73.95)
(Decrease)/Increase in Acceptances	(272.54)	272.54
Increase in Trade payables	28.50	17.93
Increase in Other financial liabilities	12.74	1.68
(Decrease) in Provisions	0.36	0.29
Increase/(Decrease) in Other current liabilities	13.55	(25.19)
Cash generated from operations	8.17	109.99
Income tax paid (net)	(19.88)	(9.03)
Net cash (used in)/generated by operating activities	(11.71)	100.96
(B) Cash flows from investing activities		
Inter Corporate Deposit Placed	36.00	(83.00)
Interest received	9.99	8.39
Net cash generated by/(used in) investing activities	45.99	(74.61)
(C) Cash flows from financing activities		
Interest paid	(29.63)	(3.54)
Proceeds from issuance/(repayment) of borrowings	2.22	(7.87)
Net cash generated (used in) financing activities	(27.41)	(11.41)
(D) Net increase in cash and cash equivalents	6.88	14.94
Cash and cash equivalents at the beginning of the year i.e. April 01, 2017	18.97	4.03
Cash and cash equivalents at the end of the year i.e. March 31, 2018	25.85	18.97

Debt Movement:

Particulars	April 01, 2017	Cash Flows	
		Inflows/(Outflows)	March 31, 2018
Long Term Borrowings	-	-	-
Short Term Borrowings	-	2.22	2.22

TML Distribution Company Limited

Statement of Cash Flow (Continued)

for the year ended March 31, 2018

(₹ in crores)

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7, "Cash Flow Statements" notified under Section 133 of the Companies Act, 2013
2. Figures in brackets represent outflows.
3. Cash and cash equivalents are cash and bank balances as per Balance Sheet (Refer Note 6)

As per our report of even date attached

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

Chartered Accountants

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

For and on behalf of the Board of Directors

TML Distribution Company Limited

CIN - U63000MH2008PLC180593

RAJIV SHAH

Partner

Membership No: 112878

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Manager &

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Alok Salooja

Chief Financial Officer

Anjali Singh

Company Secretary

ACS No. 26664

Mumbai
20 April 2018

Mumbai
20 April 2018

TML Distribution Company Limited

Notes Forming Part of Financial Statements

for the year ended March 31, 2018

(₹ in crores)

1. Background and operations

TML Distribution Company Limited (the Company), a wholly owned subsidiary company of Tata Motors Limited (TML) provides distribution and logistics support to TML throughout India. It provides distribution and logistics support for vehicles manufactured at TML's facilities and has stockyards at some of TML's plants and at different places throughout India. The Company helps TML in improving planning, inventory management, transport management and timely delivery.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Mumbai, Maharashtra, India.

2. Significant Accounting Policies

Basis of Preparation of financial statements

i Statement of compliance:

These financial statements have been prepared in accordance with accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2016 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The financial statements were authorised for issue by the Company's Board of Directors on April 20, 2018.

ii Functional and Presentation Currency:

The Financial Statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise indicated.

iii. Basis of Measurement:

These financial statements have been prepared on historical cost basis.

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

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

iv Use of estimates:

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

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

Classification of Assets and Liabilities

Schedule III to the Act, requires assets and liabilities to be classified as either Current or Non-current.

(a) An asset shall be classified as current when it satisfies any of the following criteria:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is expected to be realised within twelve months after the reporting date; or

(iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(b) All assets other than current assets shall be classified as non-current.

(c) A liability shall be classified as current when it satisfies any of the following criteria:

(i) it is expected to be settled in the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is due to be settled within twelve months after the reporting date; or

(iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(d) All liabilities other than current liabilities shall be classified as non-current.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2018

(₹ in crores)

2. Significant Accounting Policies (*Continued*)

iv Use of estimates: (*Continued*)

Operating Cycle

An operating cycle is the time between the acquisition of inventories for selling and their realisation in cash or cash equivalents. The Company has ascertained the operating cycle as twelve months for the purpose of current or non-current classification of assets and

v Revenue Recognition:

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

b. Sale of Services:

Revenue from services is recognised as and when services are rendered to the customer and are recognised net of discounts.

c. Other operating income:

Freight income in relation to sale of vehicles is recognised as Other Operating income. Interest on overdue balances from dealers is calculated and accounted on monthly basis, based on the previous month-end overdue outstanding balances from respective dealers.

d. Other Income:

Other income comprises of interest income on ICDs placed, recognised on an accrual basis at the agreed rate between the parties on a time proportionate basis. Interest on income tax and VAT refund is recognised on actual receipt basis.

vi Cost Recognition:

Cost and expenses are recognised when incurred and are classified according to their nature.

vii Income Taxes:

Income tax expense comprises of current and deferred taxes.

Income tax expense is recognized in the statement of profit and loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Current tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously

Deferred tax :

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation, carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the 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.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2018

(₹ in crores)

2. Significant Accounting Policies (*Continued*)

viii Inventories:

Inventories of stock in trade are valued at the lower of cost and net realisable value. The cost of inventories comprise all costs of purchase and other cost incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

ix Employee benefits:

(a) Short-term Employee Benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sick leave.

Gratuity:

The Company has an obligation towards gratuity, a defined benefit 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 by TML, the parent company. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

Superannuation:

The Company has two superannuation plans, a defined benefit plan and a defined contribution plan. An eligible employee of TML on April 1, 1996 could elect to be a member of either plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. The Company accounts for the liability for superannuation benefits payable in future under the plan based on an independent actuarial valuation.

With effect from April 1, 2003, this plan was amended by the TML, the parent company and benefits earned by covered employees have been protected as at March 31, 2003. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15% of salary.

The Company contributes every year upto 15% of the eligible employees' salary to the separate irrevocable trust maintained by TML. The Company recognizes such contributions as an expense when incurred. The Company has no further obligation beyond this contribution.

Bhavishya Kalyan Yojana (BKY):

Bhavishya Kalyan Yojana is an unfunded defined benefit plan. The benefits of the plan include pension in certain cases, payable upto 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 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 greater. The Company accounts for the liability for BKY benefits payable in future based on an independent actuarial valuation.

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.

Provident Fund:

In accordance with Indian law, eligible employees of the company are entitled to receive benefits in respect of provident fund, a defined benefit 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 provident fund and pension fund set up as an irrevocable trust by TML and its subsidiaries.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2018

(₹ in crores)

2. Significant Accounting Policies (Continued)

ix Employee benefits: (Continued)

(a) Short-term Employee Benefits: (Continued)

Post-retirement Medicare Scheme:

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

Remeasurement gains and losses:

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

Measurement date:

The measurement date of retirement plans is March 31.

x Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement:

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2018

(₹ in crores)

2. Significant Accounting Policies (*Continued*)

x Financial Instruments: (*Continued*)

Financial assets (*Continued*)

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Balance Sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

In cases where the Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade and other receivables
- ii. Financial assets measured at amortized cost (other than trade and other receivables)

In case of trade and other receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are the portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables.

The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

Financial Liabilities

Initial recognition and measurement:

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus transaction costs that are attributable to the acquisition of the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortized cost.

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

TML Distribution Company Limited

Notes Forming Part of Financial Statements *(Continued)*

for the year ended March 31, 2018

(₹ in crores)

2. Significant Accounting Policies *(Continued)*

xi Earnings per share:

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

xii Provisions and Contingent Liabilities

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

xiii Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of operating leases, lease rentals are recognized as an expense in the Statement of Profit and Loss in accordance with the terms of the contract.

xiv Cash and Cash equivalents

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

xv Events after the reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted in the financial statements. Otherwise, events after the Balance Sheet date of material size or nature, wherever applicable, are only disclosed.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended 31st march 2018

(₹ in crores)

xvi. Recent accounting pronouncements

Ind AS 115 – Revenue from Contracts with Customers

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. Ind AS 115 is effective from April 1, 2018, with early application permitted.

The Company will be adopting Ind AS 115 with a modified retrospective approach. The cumulative effect of initially applying this Standard will be recorded as an adjustment to the opening balance of retained earnings. The figures for the comparative periods will not be restated. The Company has assessed that the profit impact of Ind AS 115 will not be significant to the standalone financial statements.

Ind AS 116 – Leases

The Company is evaluating the impact on the financial statements of recently issued accounting pronouncement - Ind AS 116 – Leases. This standard is effective from 1 April 2019.

Notes Forming Part of Financial Statements (Continued)
as at March 31, 2018

(₹ in crores)

	As at March 31, 2018	As at March 31, 2017
3. Loans and advances		
<u>Non-current financial assets</u>		
<i>Unsecured:</i>		
(a) Loans to employees	0.07	0.02
(b) Others	0.20	0.25
Total	0.27	0.27
<u>Current financial assets</u>		
<i>Unsecured:</i>		
(a) Inter corporate deposits:		
- Tata Motors Limited	45.00	121.00
- Concorde Motors (India) Limited	50.00	10.00
- Tata Precision Industries (India) Limited	0.30	0.30
Interest accrued on Inter Corporate deposits to related parties	0.02	-
(b) To other than related parties	0.02	0.85
Total	95.34	132.15

Further information about these Inter corporate deposits is set out in note 25. These financial assets are carried at amortised cost.

4. Inventories

Stock in trade (lower of cost and net realisable value)	28.95	84.58
Total	28.95	84.58

Cost of inventories (including cost of purchased products) recognized as expense during the year ended March 31, 2018 and March 31, 2017 amounted to Rs. 4,070.02 crores and Rs. 2,486.65 crores respectively.

Inventories of Rs. NIL crores as at March 31, 2018 (Rs. 0.02 crores as at March 31, 2017) are expected to be recovered after more than twelve months.

The cost of inventories recognised as an expense includes Rs. 0.36 crores (Previous year - Rs. 0.52 crores) in respect of write down of inventory to net realisable value. There have been reversals of Rs. 0.16 crores (Previous year - Rs. 0.51 crores) of such write down.

The mode of valuation of inventories has been detailed in note 2 (viii).

Notes Forming Part of Financial Statements (Continued)
as at March 31, 2018

(₹ in crores)

	As at March 31, 2018	As at March 31, 2017
5. Trade receivables		
<i>Unsecured:</i>		
(a) Secured, considered good	-	-
(b) Considered good	139.65	43.15
Considered doubtful	68.66	67.38
	<u>208.31</u>	<u>110.53</u>
Total	<u><u>139.65</u></u>	<u><u>43.15</u></u>
6. Cash and cash equivalents		
(b) Balances with banks ¹	25.85	18.97
¹ Cash and cash equivalents in statement of cash flows	<u>25.85</u>	<u>18.97</u>
Includes remittances in transit	24.04	9.13

The Company did not have any holdings or dealings in specified bank notes as defined in Notification S.O.3407 (E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2018

(₹ in crores)

7. Income tax

The reconciliation of estimated tax expense to tax expense reported:

	Year ended March 31,	
	2018	2017
Profit before tax	77.46	41.90
Tax expense at tax rates applicable to entity	26.81	14.50
Impact of change in statutory tax rates	(0.24)	-
Others	0.74	0.57
Tax expense reported	27.31	15.07

The tax rate used for the above reconciliation for Financial Years 2017-18 and 2016-17 is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under the Indian tax laws.

Deferred tax assets:

Major components of deferred tax assets consist of the following:	As at April 1, 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2018
Deferred tax assets:				
Expenses deductible in future years:				
Provisions, allowances for doubtful receivables and others	23.32	0.67	-	23.99
Compensated absences and retirement benefits	0.55	0.13	(0.13)	0.55
Property, plant and equipment	0.13	(0.01)	-	0.12
Total deferred tax assets	24.00	0.79	(0.13)	24.66

Major components of deferred tax assets consist of the following:	As at April 1, 2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2017
Deferred tax assets:				
Expenses deductible in future years:				
Provisions, allowances for doubtful receivables and others	25.17	(1.85)	-	23.32
Compensated absences and retirement benefits	0.62	0.04	(0.11)	0.55
Property, plant and equipment	0.14	(0.01)	-	0.13
Total deferred tax assets	25.93	(1.82)	(0.11)	24.00

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

as at March 31, 2018

(₹ in crores)

	As at March 31, 2018	As at March 31, 2017
8. Other non-current assets		
<i>Unsecured:</i>		
(a) Balance with government authorities	110.87	105.31
Total	110.87	105.31
9. Other current assets		
<i>Unsecured:</i>		
To related parties:		
(a) Advance to suppliers, viz., Tata Motors Limited	-	25.63
To other than related parties:		
(a) Balance with government authorities	81.47	230.13
(b) Prepaid expenses	0.36	0.34
(c) Others	1.28	1.35
Total	83.11	257.45

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2018

(₹ in crores)

	As at March 31, 2018	As at March 31, 2017
10. Share Capital		
(a) Authorised:		
22,50,00,000 equity shares of ₹ 10 each	225.00	225.00
(as at March 31, 2017: 22,50,00,000 equity shares of ₹ 10 each)		
	<u>225.00</u>	<u>225.00</u>
(b) Issued, Subscribed and Paid - up [Note (f)]:		
22,50,00,000 equity shares of ₹ 10 each	225.00	225.00
(as at March 31, 2017: 22,50,00,000 equity shares of ₹ 10 each)		
	<u>225.00</u>	<u>225.00</u>
Total	<u>225.00</u>	<u>225.00</u>

All the above shares are held by Tata Motors Limited, the holding Company and its nominees

(c) The Company has not issued any shares during the year ended 31st March 2018 and 31st March 2017.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2018

(₹ in crores)

10. Share Capital

(d) Rights, preferences and restrictions attached to shares :

Equity shares:

In respect of every equity share, voting rights shall be in the same proportion as the capital paid up on such equity share bears to the total paid up share capital of the Company.

In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(e) Shareholders holding more than 5% shares in the Company:

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of issued share capital	No. of shares	% of issued share capital
Equity shares :				
Tata Motors Limited	225,000,000	100.00%	225,000,000	100.00%

(f) Information regarding issue of shares in the last five years :

- (a) The Company has not issued any shares without payment being received in cash.
- (b) The Company has not issued any bonus shares.
- (c) The Company has not undertaken any buy-back of shares.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2018

(₹ in crores)

	As at March 31, 2018	As at March 31, 2017
11. Current financial liabilities - Borrowings		
Secured:		
Loans repayable on demand		
(a) From banks	2.22	-
	<u>2.22</u>	<u>-</u>
<p>Secured loans from banks represents cash credit facility availed which is secured by hypothecation of existing current assets of the Company viz. inventories, trade receivables and all other movable current assets except cash and cash equivalents of the Company.</p> <p>The weighted average effective interest rate on the bank loan is 9.05% p.a. (As at March 31, 2017: 9.31% p.a)</p>		
12. Other financial liabilities – current		
(a) Liability towards "C" Forms	14.68	6.31
(b) Factoring payables	7.63	3.26
Total	<u>22.31</u>	<u>9.57</u>
13. Trade payables		
(a) Trade payables		
- due to Micro and Small Enterprises	-	-
- due to Others	55.61	27.11
Total	<u>55.61</u>	<u>27.11</u>
<p>Includes payable to related parties Rs. 31.26 crore as at March 31, 2018 (Rs. NIL as at March 31, 2017)</p>		
14. Provisions		
Non-current		
(a) Provision for employee benefits	2.06	2.32
Total-Non-current	<u>2.06</u>	<u>2.32</u>
Current		
(a) Provision for employee benefits	0.49	0.23
Total-Current	<u>0.49</u>	<u>0.23</u>

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

as at March 31, 2018

(₹ in crores)

	As at March 31, 2018	As at March 31, 2017
15. Other current liabilities		
(a) Amount received from customers	37.20	57.67
(b) Statutory dues payable ¹	34.03	-
(c) Others	0.10	0.11
Total	71.33	57.78
¹ Statutory dues include GST, VAT, TDS, Service Tax and other taxes payable.		
TDS	0.24	-
GST	34.18	-
Others	(0.39)	-
	34.03	-

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2018

(₹ in crores)

	Year ended March 31,	
	2018	2017
16. Revenue from operations		
(a) Sale of products	4,127.41	2,516.87
(b) Sale of services	48.05	56.56
(c) Other operating revenues	172.52	67.96
Total revenue from operations	4,347.98	2,641.39
17. Other income		
(a) Interest income on financial assets held at amortised cost		
(i) Interest on inter-corporate deposits to related parties:		
- Tata Motors Limited	9.04	7.37
- Concorde Motors (India) Limited	0.94	0.99
- Tata Precision Industries (India) Limited	0.03	0.03
(b) Interest on VAT refund	3.50	2.80
(c) Interest on Income Tax refund	0.25	0.54
Total other income	13.76	11.73
18. Employee benefits expense		
(a) Salaries and bonus	10.32	10.79
(b) Contribution to provident and other funds [Refer note 2 (ix)]	0.78	0.76
(c) Staff welfare expenses	0.39	0.48
Total	11.49	12.03
19. Finance costs		
(a) Interest on short-term borrowings	0.23	0.23
(b) Bill discounting charges	29.40	3.31
Total	29.63	3.54

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2018

(₹ in crores)

	Year ended March 31,	
	2018	2017
20. Other expenses		
(a) Rent	5.38	6.91
(b) Insurance	0.40	0.55
(c) Freight, transportation, port charges	127.88	62.79
(d) Payment to auditors		
(i) For Statutory Audit	0.16	0.19
(ii) For Taxation matters		
- Tax audit	0.02	0.02
- Other matters		
(including out of pocket expenses - Rs. 92,565/-; Previous Year - Rs. 51,105)		
(e) Corporate social responsibility expenses	0.60	0.34
(f) Provision and write off of trade receivables	1.93	(5.34)
(g) Works operation and other expenses ¹	36.77	43.53
Total	173.14	108.99

¹ Works operation and other expenses

(a) Yard management expenses	18.60	20.28
(b) Security expenses	6.07	6.54
(c) Miscellaneous contract jobs/outsourcing expenses	2.29	2.58
(d) IT expenses	4.20	4.15
(e) Service tax write off	1.92	4.89
(f) Others	3.69	5.09
Total	36.77	43.53

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2018

(₹ in crores)

21. Commitments and contingencies

The Company is involved in legal proceedings, both as plaintiff and as defendant. These claims are described below.

Sales tax:

There are pending litigation for various matters relating to sales tax demands (including interest and penalties) that are contested by the Company. The amount of disputes pending appeal is Rs. 55.43 crores (as at March 31, 2016 - Rs. 37.14 crore).

Bonus:

The Company has not provided for bonus for the Financial Year 2014-15 on account of amendment to the Payment of Bonus Act amounting to Rs. 0.18 crore (as at March 31, 2017 - Rs. 0.18 crore)

22. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met mainly through equity and internal accruals.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2018

(₹ in crores)

23. Disclosures on financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(x) to the financial statements.

(a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities

(₹ in crores)

Financial assets	Measured at amortised cost		Total carrying value	
	As at March 31,		As at March 31,	
	2018	2017	2018	2017
(a) Trade receivables	139.65	43.15	139.65	43.15
(b) Cash and cash equivalents	25.85	18.97	25.85	18.97
(c) Loans and advances - non-current	0.27	0.27	0.27	0.27
(d) Loans and advances - current	95.34	132.15	95.34	132.15
Total	261.11	194.54	261.11	194.54

(₹ in crores)

Financial liabilities	Measured at amortised cost		Total carrying value	
	As at March 31,		As at March 31,	
	2018	2017	2018	2017
(a) Acceptances	-	272.54	-	272.54
(b) Short-term borrowings	2.22	-	2.22	-
(c) Trade payables	55.61	27.11	55.61	27.11
(d) Other financial liabilities - current	22.31	9.57	22.31	9.57
Total	80.14	309.22	80.14	309.22

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2018

(₹ in crores)

23. Disclosures on financial instruments (*Continued*)

(b) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

Although not very significant, the Company is subject to variable interest rates on some of its interest bearing liabilities.

The Company's interest rate exposure is mainly related to debt obligations.

(c) Credit risk

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

Financial instruments that are subject to concentrations of credit risk, principally consist of investments classified as trade receivables and loans and advances. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 261.11 crores as of March 31, 2018, Rs. 194.54 crores as of March 31, 2017 being the total of the carrying amount of balances with banks, trade receivables, and other financial assets.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents are past due or impaired. Regarding trade receivables and loans and advances that are neither impaired nor past due, there were no indications as of March 31, 2018, that defaults in payment obligations will occur.

(d) Liquidity risk

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

The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in Intercompany deposits with group companies, which carry no/low mark to market risks.

The contractual maturities of financial liabilities of the Company as at March 31, 2018 and March 31, 2017 have maturities within next 12 months from the respective balance sheet dates.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2018

(₹ in crores)

24 Employee benefits

Defined Benefit Plan

Pension and post retirement medical plans

The following table sets out the funded and unfunded status and the amounts recognized in the financial statements for the pension and the post retirement medical plans in respect of the Company

	Pension benefits		Post retirement medical benefits	
	As at March 31,		As at March 31,	
	2018	2017	2018	2017
	(₹ in crores)		(₹ in crores)	
Change in defined benefit obligations :				
Defined benefit obligation, beginning of the year	3.43	3.25	0.28	0.26
Current service cost	0.21	0.18	0.01	0.01
Interest cost	0.25	0.25	0.02	0.02
Remeasurements (gains) / losses				
Actuarial (gains) / losses arising from changes in demographic assumptions	(0.12)		(0.08)	
Actuarial (gains) / losses arising from changes in financial assumptions	(0.07)	(0.07)	(0.01)	0.01
Actuarial (gains) / losses arising from changes in experience adjustments	0.07	(0.07)	(0.01)	(0.01)
Past service cost	0.03			
Benefits paid from plan assets	(0.10)	(0.11)	(0.01)	(0.01)
Benefits paid directly by employer				
Defined benefit obligation, end of the year	3.70	3.43	0.20	0.28
Change in plan assets:				
Fair value of plan assets, beginning of the year	3.26	2.82	-	-
Interest income	0.24	0.23	-	-
Remeasurements gains / (losses)				
Return on plan assets, (excluding amount included in net Interest expense)	0.01	0.09	-	-
Employer's contributions	-	0.23	-	-
Benefits paid	(0.08)	(0.11)	-	-
Fair value of plan assets, end of the year	3.43	3.26	-	-

	Pension benefits		Post retirement medical benefits	
	As at March 31,		As at March 31,	
	2018	2017	2018	2017
Amount recognized in the balance sheet consists of:				
Present value of defined benefit obligation	3.70	3.43	0.20	0.28
Fair value of plan assets	3.43	3.26	-	-
Net liability	(0.27)	(0.17)	(0.20)	(0.28)
Amounts in the balance sheet:				
Non-current assets	0.08	0.16	-	-
Non-current liabilities	(0.35)	(0.33)	(0.20)	(0.28)
Net liability	(0.27)	(0.17)	(0.20)	(0.28)

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2018

(₹ in crores)

24 Employee benefits (Continued)

Total amount recognized in other comprehensive income consists of:

	As at March 31,			
	Pension Benefits 2018	2017 (₹ in crores)	Post retirement medical benefits 2018	2017
Remeasurements (gains) / losses	0.12	0.25	(0.15)	(0.05)
	<u>0.12</u>	<u>0.25</u>	<u>(0.15)</u>	<u>(0.05)</u>

Information for funded plans with a defined benefit obligation in excess of plan assets:

	As at March 31,	
	Pension Benefits 2018 (₹ in crores)	2017
Defined benefit obligation	0.75	0.67
Fair value of plan assets	0.40	0.34

Information for funded plans with a defined benefit obligation less than plan assets:

	As at March 31,	
	Pension Benefits 2018 (₹ in crores)	2017
Defined benefit obligation	2.95	2.76
Fair value of plan assets	3.03	2.92

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2018

(₹ in crores)

24 Employee benefits (Continued)

Information for unfunded plans:

	As at March 31,			
	Pension Benefits		Post retirement medical benefits	
	2018	2017	2018	2017
	(₹ in crores)			
Defined benefit obligation	0.27	0.17	0.20	0.28

Net pension and post retirement medical cost consist of the following components:

	Year ended March 31,			
	Pension Benefits		Post retirement medical benefits	
	2018	2017	2018	2017
	(₹ in crores)			
Service cost	0.21	0.18	0.01	0.01
Past Service cost	0.03	-	-	-
Net interest cost / (income)	0.01	0.02	0.02	0.02
Net periodic cost	0.25	0.20	0.03	0.03

Other changes in plan assets and benefit obligation recognized in other comprehensive income.

	Year ended March 31,			
	Pension Benefits		Post retirement medical benefits	
	2018	2017	2018	2017
	(₹ in crores)			
Remeasurements				
Return on plan assets, (excluding amount included in net Interest expense)	(0.01)	(0.09)	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	(0.12)	-	(0.08)	-
Actuarial (gains) / losses arising from changes in financial assumptions	(0.07)	(0.07)	(0.01)	0.01
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	0.07	(0.07)	(0.01)	(0.01)
Total recognized in other comprehensive income	(0.13)	(0.23)	(0.10)	-
Total recognized in statement of operations and other comprehensive income	0.12	(0.03)	(0.07)	0.03

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2018

(₹ in crores)

24 Employee benefits (Continued)

The assumptions used in accounting for the pension and post retirement medical plans are set out below:

	As at March 31,			
	Pension Benefits		Post retirement medical Benefits	
	2018	2017	2018	2017
Discount rate	6.75%-7.70%	6.75%-7.50%	7.70%	7.30%
Rate of increase in compensation				
level of covered employees	6.00% - 8.00%	5.00% - 8.00%	NA	NA
Increase in health care cost	NA	NA	6.00%	6.00%

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2018 and 2017 by category are as follows:

Asset category:	Pension benefits	
	Plan assets as of March 31	
	2018	2017
Cash and cash equivalents	7%	1%
Debt instruments (quoted)	69%	64%
Debt instruments (unquoted)	1%	9%
Equity instruments (quoted)	2%	1%
Deposits with Insurance companies	21%	25%
	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at March 31, 2018 ranges from 5.66 years to 13.79 years (March 31, 2017 : 5.28 years to 15.30 years)

The Company expects to contribute Rs. 0.40 crores to the funded pension plans during the year ending March 31, 2019

The table below outlines the effect on the service cost, the interest cost and the defined benefit obligation in the event of a decrease/increase of 1% in the assumed rate of discount rate, salary escalation and health care cost:

Assumption	Change in assumption	Impact on defined benefit obligation	Impact on service cost and interest cost
Discount rate	Increase by 1%	Decrease by Rs. 0.17 crores	Decrease by Rs. 0.04 crores
	Decrease by 1%	Increase by Rs. 0.20 crores	Increase by Rs. 0.03 crores
Salary escalation rate	Increase by 1%	Increase by Rs. 0.17 crores	Increase by Rs. 0.03 crores
	Decrease by 1%	Decrease by Rs. 0.15 crores	Decrease by Rs. 0.03 crores
Health care cost	Increase by 1%	Increase by Rs. 0.03 crores	Increase by Rs. 0.01 crores
	Decrease by 1%	Decrease by Rs. 0.02 crores	Decrease by Rs. 0.01 crores

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2018

(₹ in crores)

25. Related-party transactions

Related Parties Disclosure as required by Ind AS- 24 - 'Related Party Disclosures' for the year ended 31st March 2018 'is as follows:

Parent Company - Tata Motors Limited

Fellow Subsidiaries - Tata Technologies Limited; Concorde Motors (India) Limited; Tata Motors Finance Limited

Associates - Tata Precision Industries (India) Limited; Automobile Corporation of Goa Limited

The Company's related parties principally consist of Tata Motors Ltd. the holding company, its fellow subsidiaries and associates. The Company routinely enters into transactions with these related parties in the ordinary course of business. The Company enters into transactions for sale and purchase of products and services with its holding company, fellow subsidiaries and associates.

The following table summarizes related-party transactions and balances included in the financial statements for the year ended 'March 31, 2018:

		(₹ in crores)			
		Parent Company	Fellow subsidiaries	Associates	Total
Transactions:					
(a)	Purchase of products *	5,052.57			5,052.57
(b)	Sale of products *		526.58		526.58
(c)	Services received *	4.89	3.02		7.91
(d)	Services rendered *	57.65			57.65
(e)	Interest (income)/expense, dividend (income)/paid, net	3.63	(6.43)	(0.03)	(2.83)
(f)	Inter corporate deposits given/(repaid)	(76.00)	40.00		(36.00)
Balances:					
(a)	Amounts receivable in respect of loans and interest thereon	45.00	50.00	0.30	95.30
(b)	Trade and other receivables		4.43		4.43
(c)	Accounts payable	(29.89)	(1.25)	(0.12)	(31.26)

* includes taxes such as GST, VAT and Service Tax as applicable.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2018

(₹ in crores)

25. Related-party transactions (Continued)

The following table summarizes related-party transactions and balances included in the financial statements for the year ended March 31, 2017:

	(₹ in crores)			
	Parent Company	Fellow Subsidiaries	Associates	Total
Transactions:				
(a) Purchase of products *	2,884.08	0.05		2,884.13
(b) Sale of products *		354.18		354.18
(c) Services received *	4.74	3.04		7.78
(d) Services rendered *	69.98			69.98
(e) Interest (income)/expense, dividend (income)/paid, net	(6.86)	(2.21)	(0.03)	(9.10)
(f) Inter corporate deposits given/(repaid)	84.00	(1.00)		83.00
Balances:				
(a) Amounts receivable in respect of loans and interest thereon	121.00	10.00	0.30	131.30
(b) Trade and other receivables	38.56	5.03		43.59
(c) Accounts payable		(0.90)	(0.12)	(1.02)

* includes taxes such as GST, VAT and Service Tax as applicable.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2018

(₹ in crores)

26. Earnings per share (“EPS”)

The basic Earnings per Share (EPS) is computed by dividing the net profit after tax for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. There are no dilutive potential equity shares.

	Net income attributable to shareholders of Tata Motors Limited (₹ in crores)	Weighted average shares (Nos.)	Earnings per share (₹)
For the year ended March 31, 2018:			
Equity Shares			
(a) Basic and diluted earnings per share	50.15	225,000,000	2.23
For the year ended March 31, 2017:			
Equity Shares			
(a) Basic and diluted earnings per share	26.83	225,000,000	1.19

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2018

(₹ in crores)

27. Segment reporting

The Company is engaged mainly in the business of distribution, logistics and sale of automobile products consisting of vehicles. These, in the context of Indian Accounting Standard 108 (Ind AS 108) on Segment Reporting are considered to constitute single operating segment.

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

Information about major customers:

Included in sale of products of ₹ 4,127.41 crore (previous year : ₹ 2,516.87 crore) are sales of approximately ₹ 424.81 crore (previous year : ₹ 340.87 crore) which arose from sale to company's largest customer. No other single customer contributes 5% or more to the company's sale of products for the year ended March 31, 2018 and March 31, 2017.

28. The financial statements of the Company for the year ended 31st March 2017 were audited by a firm of chartered accountants other than B S R & Co. LLP.

29. Other matters

- Consequent to the issuance of "Guidance Note on Division II - Ind AS Schedule III to the Companies Act, 2013" certain items of the financial statements have been regrouped/reclassified.

- Information with regard to other matters specified in Schedule III to the Act is either NIL or not applicable to the Company for the year.

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

Chartered Accountants

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

For and on behalf of the Board of Directors

TML Distribution Company Limited

CIN - U63000MH2008PLC180593

RAJIV SHAH

Partner

Membership No: 112878

Mayank Pareek

Chairman

DIN No.: 00139206

R Ramakrishnan

Director

DIN No.: 03394401

V K Jairath

Director

DIN No.: 00391684

Asimkumar Mukhopadyay

Director

DIN No.: 06520288

Dr Vaijayanti Pandit

Director

DIN No.: 06742237

R T Wasan

Director

DIN No.: 06425463

Achal Paliwal

Manager &

Chief Executive Officer

Alok Salooja

Chief Financial Officer

Anjali Singh

Company Secretary

ACS No. 26664

Mumbai

20 April 2018

Mumbai

20 April 2018