

**INDEPENDENT AUDITOR'S REPORT
To The Members of TML Distribution Company Limited
Report on 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 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

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

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

Auditor's Responsibility

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

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

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

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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 believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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
 - b) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
 - c) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - d) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



Mohammed Bengali
Partner
(Membership No. 105828)

Place: Mumbai
Date: April 28, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph e under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of TML Distribution Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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



Mohammed Bengali
Partner
(Membership No. 105828)

Place: Mumbai
Date: April 28, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- I. The Company does not have any fixed assets and hence reporting under clause (i) of the CARO 2016 is not applicable.
- II. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- III. According to the information and explanations given to us, the Company has 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 payment of interest has been stipulated
and repayments or receipts of principal amounts and interest have been regular as per
stipulations.
- IV. In our opinion and according to the information and explanations given to us, the Company
has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in
respect of grant of loans, making investments and providing guarantees and securities,
as applicable.
- V. According to the information and explanations given to us, the Company has not accepted
any deposit during the year. The Company does not have any unclaimed deposits.
- VI. The maintenance of cost records has not been specified by the Central Government under
section 148(1) of the Companies Act, 2013.
- VII. According to the information and explanations given to us, in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues,
including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service
Tax, Value Added Tax, cess and other material statutory dues applicable to it to the
appropriate authorities.
 - b. There were no undisputed amounts payable in respect of Provident Fund, , Employees'
State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other
material statutory dues in arrears as at March 31, 2017 for a period of more than six
months from the date they became payable.

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- c. Details of dues of Sales Tax and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (Rs. In Crores)
Sales Tax Laws ¹	CST	Deputy Commissioner	F.Y 2013-14	0.01
	CST	Joint Commissioner (Appeals)	F.Y 2009-10, 2010-11	7.63
	VAT	Additional Commissioner	F.Y 2008-09, 2011-12	0.44
	VAT	Joint Commissioner (Appeals)	F.Y 2009-10 to 2012-13	24.78
	VAT	Tribunal	F.Y 2008-09, 2009-10	0.90
	Entry tax	Commissioner of Commercial Taxes	F.Y 2009-10, 2011-12, 2012- 13	0.04

¹Net of Rs 3.35 crores paid under protest.

- VIII. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- IX. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- X. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- XI. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- XII. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- XIII. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- XIV. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

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Haskins & Sells LLP**

- XV. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- XVI. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

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



Mohammed Bengali
Partner
(Membership No. 105828)

Place: Mumbai
Date: April 28, 2017

TML Distribution Company Limited
Balance Sheet as at March 31, 2017

(₹ in crores)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. ASSETS				
(1) Non-Current Assets				
(a) Financial assets:				
(i) Loans and advances	4	0.27	0.27	1.03
(b) Deferred tax assets	8	24.00	25.93	21.03
(c) Non-current income tax assets (net)		7.71	11.39	8.48
(d) Other non-current assets	9	105.31	31.36	31.21
Total Non-Current Assets		137.29	68.95	61.75
(2) Current Assets				
(a) Inventories	5	84.58	72.36	46.69
(b) Financial assets:				
(i) Trade receivables	6	43.15	50.85	74.89
(ii) Cash and cash equivalents	7	18.97	4.03	2.30
(iii) Loans and advances	4	132.15	49.36	42.57
(c) Other current assets	10	257.45	191.94	72.78
Total Current Assets		536.30	318.54	238.73
Total Assets		673.59	387.49	300.48
II. EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital	11	225.00	225.00	225.00
(b) Other equity		79.04	52.01	44.08
Total Equity		304.04	277.01	269.08
(2) Non-Current Liabilities				
(a) Provisions	15	2.32	2.21	2.19
Total Non-Current Liabilities		2.32	2.21	2.19
(3) Current Liabilities				
(a) Financial liabilities:				
(i) Borrowings	12	-	7.87	3.62
(ii) Acceptances		272.51	-	-
(iii) Trade payables	14	-	-	-
(a) Dues to micro enterprises and small enterprises		-	-	-
(b) Dues of creditors other than micro enterprises		27.11	9.18	6.69
(iv) Other financial liabilities	13	3.57	1.89	1.78
(b) Provisions	15	0.23	0.36	0.30
(c) Other current liabilities	16	63.78	98.97	16.82
Total Current Liabilities		367.23	108.27	29.21
Total Liabilities		369.55	110.48	31.40
Total Equity and Liabilities		673.59	387.49	300.48

See accompanying notes to financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants


MOHAMMED BENGALI
Partner

Mumbai, April 28, 2017

For and on behalf of the Board of Directors


Mayank Pareek
Chairman


R Ramakrishnan
Director

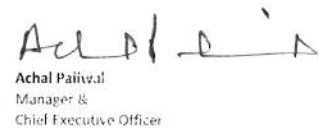

Asimkumar Mukhopadhyay
Director


Mani Raman
Director


V Nairath
Director


Dr Vijayanli Pandit
Director


RT Wasan
Director


Achal Paliwal
Manager &
Chief Executive Officer


Atok Salooja
Chief Financial Officer


Anjali Singh
Company Secretary

Mumbai, April 28, 2017

TML Distribution Company Limited
Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Notes	Year ended March 31,	
		2017	2016
I. Revenue from operations	17	2,573.77	548.28
II. Other income	18	20.15	13.80
III. Total Income (I+II)		2,593.92	562.08
IV. Expenses			
(a) Purchases of stock-in-trade		2,548.87	455.06
(b) Changes in inventories of stock-in-trade		(62.22)	24.33
(c) Employee benefits expense	19	12.03	12.76
(d) Finance costs	20	3.54	1.47
(e) Other expenses	21	49.80	56.63
Total Expenses (IV)		2,552.02	550.25
V. Profit Before Tax (III-IV)		41.90	11.83
VI. Tax expense	8		
(a) Current tax		13.25	8.71
(b) Deferred tax		1.82	(4.87)
Total		15.07	3.84
VII. Profit for the period from Continuing Operations (V-VI)		26.83	7.99
VIII. Other Comprehensive Income/(Loss):			
(i) Items that will not be reclassified to profit and loss:			
Remeasurement gain and (losses) on defined benefit obligations (net)		0.31	(0.09)
(ii) Income tax relating to remeasurement gains and (losses) on defined benefit obligations (net)		(0.11)	0.03
Other Comprehensive Income/(Loss) for the period		0.20	(0.06)
IX. Total Comprehensive Income for the period (VII+VIII)		27.03	7.93
X. Earnings per Equity Share:	27		
Ordinary shares:			
(i) Basic		₹ 1.19	₹ 0.36
(ii) Diluted		₹ 1.19	₹ 0.36

See accompanying notes to financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants


MOHAMMED BENGALI
Partner

Mumbai, April 28, 2017

For and on behalf of the Board of Directors


Mayank Pareek
Chairman


R Ramakrishnan
Director


Asimkumar Mukhopadhyay
Director


Mani Raman
Director


V K Jairath
Director


Dr Vaijayanti Pandit
Director


R T Wasan
Director


Achal Paliwal
Manager &
Chief Executive Officer


Alok Salooja
Chief Financial Officer


Anjali Singh
Company Secretary

Mumbai, April 28, 2017

TML Distribution Company Limited
Statement of changes in equity

(₹ in crores)

Equity share capital	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening balance	225.00	225.00	225.00
Changes in equity share capital during the period	-	-	-
Closing balance	225.00	225.00	225.00

For the year ended March 31, 2017 and March 31, 2016

(₹ in crores)

Other Equity	Reserves	
	Retained Earnings	Total Reserves
Balance as at April 1, 2015	44.08	44.08
Profit for the year	7.99	7.99
Other comprehensive loss for the year, net of income tax	(0.06)	(0.06)
Total comprehensive income for the year, net of income tax	7.93	7.93
Balance as at March 31, 2016	52.01	52.01
Balance as at April 1, 2016	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	27.03	27.03
Balance as at March 31, 2017	79.04	79.04

See accompanying notes to financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants



MOHAMMED BENGALI
Partner

Mumbai, April 28, 2017

For and on behalf of the Board of Directors



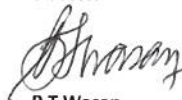
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R T Wasan
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Alok Sajooja
Chief Financial Officer

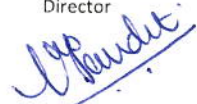
Mumbai, April 28, 2017



R Ramakrishnan
Director



Mani Raman
Director



Dr Vaijayanti Pandit
Director



Achal Paliwal
Manager &
Chief Executive Officer



Anjali Singh
Company Secretary

TML Distribution Company Limited
Cash Flow Statement for the year ended March 31, 2017

	Year ended March 31,	
	2017	2016
(₹ in crores)		
Cash flows from operating activities		
Profit/(Loss) for the period from Continuing Operations	26.83	7.99
Adjustments for:		
Provision and write off of sundry debtors, vehicle loans and advances (Net)	(5.34)	13.02
Remeasurement gain and (losses) on defined benefit obligations (net)	0.31	(0.09)
Income tax expense	15.07	3.84
Finance cost	3.54	1.47
Interest income	(20.15)	(13.80)
Cash flows from operating activities before working capital changes	20.26	12.43
(Increase) / Decrease in Inventories	(62.22)	24.33
(Increase) / Decrease in Trade receivables	13.04	11.02
(Increase) / Decrease in Loans and advances	0.21	0.77
(Increase) / Decrease in Other current assets	(65.51)	(119.66)
(Increase) / Decrease in Other non-current assets	(73.95)	(0.15)
Increase / (Decrease) in Acceptances	272.54	-
Increase / (Decrease) in Trade payables	17.93	2.49
Increase / (Decrease) in Other financial liabilities	1.68	0.11
Increase / (Decrease) in Provisions	(0.02)	0.08
Increase / (Decrease) in Other current liabilities	(25.19)	72.15
Cash generated from operations	98.77	3.57
Income tax paid (net)	(9.57)	(11.62)
Net cash generated by operating activities	89.20	(8.05)
Cash flows from investing activities		
Inter Corporate Deposit Placed	(83.00)	(6.80)
Interest received	20.15	13.80
Net cash used in investing activities	(62.85)	7.00
Cash flows from financing activities		
Interest paid	(3.54)	(1.47)
Proceeds from issuance / (repayment) of borrowings	(7.87)	4.25
Net cash generated by/(used in) financing activities	(11.41)	2.78
Net increase in cash and cash equivalents	14.94	1.73
Cash and cash equivalents at the beginning of the year	4.03	2.30
Cash and cash equivalents at the end of the year	18.97	4.03

See accompanying notes to financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants



MOHAMMED BENGALI
Partner

Mumbai, April 28, 2017

For and on behalf of the Board of Directors



Mayank Pareek
Chairman



R Ramakrishnan
Director



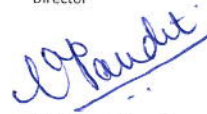
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Dr Vijayanti Pandit
Director



R T Wasan
Director



Achal Paliwal
Manager &
Chief Executive Officer



Alok Salooja
Chief Financial Officer



Anjali Singh
Company Secretary

Mumbai, April 28, 2017

TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

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

i. Statement of compliance:

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

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

ii. Basis of Preparation and Presentation:

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

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

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

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

iii. Use of estimates and judgments:

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

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

iv. Revenue Recognition:

a. Sale of Products:

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

b. Sale of Services:

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

v. Cost Recognition:

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

vi. Income Taxes:

Income tax expense comprises of current and deferred taxes.

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

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the

TML DISTRIBUTION COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

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.

vii. Inventories:

Inventories of finished goods 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.

viii. Employee benefits:

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 by Tata Motors Ltd, 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 Tata Motors Limited, the parent company 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 Tata Motors Limited, 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.

During the year ended March 31, 2015, the employees covered by this plan were given a one-time option to exit from the plan prospectively. Furthermore, the employees who opted for exit were given one-time option to withdraw accumulated balances from the superannuation plan.

The Company contributes every year upto 15% of the eligible employees' salary to the separate irrevocable trust maintained by Tata Motors Ltd, the parent company. 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 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

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contributions, as specified under the law, are made to the provident fund and pension fund set up as an irrevocable trust by Tata Motors Limited and its subsidiaries.

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.

ix. Financial Instruments:

- Classification, initial recognition and measurement :

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

Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income.

Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial instruments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

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

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

These include trade receivables, balances with banks and loans and advances with fixed or determinable payments.

Financial liabilities: These are measured at amortized cost.

- Impairment of financial assets:

The Company recognizes a loss allowance for expected credit losses on a financial asset that is held at amortized cost.

Financial assets held at amortized cost: Loss allowance in respect of financial assets is measured at an amount equal to life time expected losses and is calculated as the difference between their carrying amount and the expected future cash flows. Such impairment loss is recognized in the income statement. If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The reversal is recognized in the income statement.

x. 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.

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3. Transition to Ind AS

The transition as of April 1, 2015 to Ind AS was carried out from Previous GAAP. The reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Reconciliation between Indian GAAP and Ind AS

(i) There are no changes in the equity of the Company from previous GAAP to Ind AS as on March 31, 2016 and April 1, 2015.

(ii) Comprehensive Income Reconciliation:

	₹ in crores Year ended March 31, 2016
Profit under Previous GAAP	7.93
Employee benefits (net) ¹	0.06
Profit under Ind AS	<u>7.99</u>
Other Comprehensive Loss	(0.06)
Profit under Ind AS	<u>7.93</u>

¹ Under Previous GAAP, actuarial gains and losses were recognised in the Statement of Profit and Loss.

Whereas under Ind AS, the actuarial gains and losses form part of remeasurement of net defined liability/asset which is recognised in other comprehensive income in respective periods.

This has resulted in increase in profit by Rs. 0.06 crore for the year ended March 31, 2016. However, the same does not result in difference in equity or total comprehensive income.

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(₹ in crores)

4. Loans and advances	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Unsecured, considered good:			
(a) Loans to employees	0.02	0.03	0.04
(b) Others	0.25	0.24	0.99
Total	<u>0.27</u>	<u>0.27</u>	<u>1.03</u>
Current			
Unsecured, considered good:			
(a) Inter corporate deposits:			
- Tata Motors Limited	121.00	37.00	30.50
- Concorde Motors (India) Limited	10.00	11.00	11.00
- Tata Precision Industries (India) Limited	0.30	0.30	-
(b) Others	0.85	1.06	1.07
Total	<u>132.15</u>	<u>49.36</u>	<u>42.57</u>

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

5. Inventories	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Finished goods (lower of cost and net realisable value)	84.58	22.36	46.69
Total	<u>84.58</u>	<u>22.36</u>	<u>46.69</u>

Cost of inventories (including cost of purchased products) recognized as expense during the year ended March 31, 2017 and March 31, 2016 amounted to Rs. 2,486.65 crores and Rs. 479.39 crores respectively.

Inventories of Rs. 0.02 crores as at March 31, 2017 (Rs. 0.05 crores as at March 31, 2016 and of Rs. 0.65 crores as at April 1, 2015) are expected to be recovered after more than twelve months.

The mode of valuation of inventories has been stated in note 2 (vii).

6. Trade receivables	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Unsecured, considered good	43.15	50.85	74.89
(b) Doubtful	67.38	72.72	59.70
	110.53	123.57	134.59
Less: Allowances for doubtful debts	(67.38)	(72.72)	(59.70)
Total	<u>43.15</u>	<u>50.85</u>	<u>74.89</u>

7. Cash and cash equivalents	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Balances with banks ¹	18.97	4.03	2.07
(b) Cheques on hand	-	-	0.23
	<u>18.97</u>	<u>4.03</u>	<u>2.30</u>
¹ Includes remittances in transit	9.13	1.37	1.36

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.

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8. Income tax		(₹ in crores)	
The reconciliation of estimated tax expense to tax expense reported:		Year ended March 31,	
		2017	2016
Profit before tax		41.90	11.83
Tax expense at tax rates applicable to entity		14.50	4.09
Impact of change in statutory tax rates		-	(0.38)
Others		0.57	0.13
Tax expense reported		15.07	3.84

The tax rate used for the above reconciliation for Financial Years 2016-17 and 2015-16 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 and liabilities consist of the following:	As at April 1, 2016	Recognized in statement of profit and loss	Recognized 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

Major components of deferred tax assets and liabilities consist of the following:	As at April 1, 2015	Recognized in statement of profit and loss	Recognized in other comprehensive income	As at March 31, 2016
Deferred tax assets:				
Expenses deductible in future years:				
Provisions, allowances for doubtful receivables and others	20.29	4.88	-	25.17
Compensated absences and retirement benefits	0.58	0.01	0.03	0.62
Property, plant and equipment	0.16	(0.02)	-	0.14
Total deferred tax assets	21.03	4.87	0.03	25.93

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(₹ in crores)

9. Other non-current assets	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) VAT, statutory deposits and dues from government	105.31	31.36	31.21
Total	105.31	31.36	31.21

10. Other current assets	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Advance to suppliers, viz., Tata Motors Limited	25.63	105.65	3.53
(b) VAT, statutory deposits and dues from government	230.13	84.72	67.07
(c) Prepaid expenses	0.34	0.35	0.19
(d) Others	1.35	1.22	1.49
Total	257.45	191.94	72.28

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11. Equity Share Capital	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(₹ in crores)			
<p>(a) Authorised Share Capital: 22,50,00,000 Equity shares of ₹ 10 each (as at March 31, 2016: 22,50,00,000 Ordinary shares of ₹ 10 each) (as at April 1, 2015: 22,50,00,000 Ordinary shares of ₹ 10 each)</p>	225.00	225.00	225.00
<p>(b) Issued Share Capital [Note (g)]: 22,50,00,000 Equity shares of ₹ 10 each (as at March 31, 2016: 22,50,00,000 Ordinary shares of ₹ 10 each) (as at April 1, 2015: 22,50,00,000 Ordinary shares of ₹ 10 each) Total</p>	225.00	225.00	225.00
<p>(c) Subscribed and Fully Paid Share Capital: 22,50,00,000 Equity shares of ₹ 10 each (as at March 31, 2016: 22,50,00,000 Ordinary shares of ₹ 10 each) (as at April 1, 2015: 22,50,00,000 Ordinary shares of ₹ 10 each) Total</p>	225.00	225.00	225.00

(d) The Company has not issued any shares during the year ended 31st March 2017 and 31st March 2016.

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

Equity shares:

- In respect of every Equity share (whether fully or partly paid), voting rights shall be in the same proportion as the capital paid up on such Equity share bears to the total paid up Equity 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.

	As at March 31,		As at March 31,		As at April 1,	
	2017	2016	2016	2015	2015	2015
(f) Number of shares held by each shareholder holding more than 5 percent of the issued share capital :	% of issued share capital	No. of shares	% of issued share capital	No. of shares	% of issued share capital	No. of shares
Equity shares :						
Tata Motors Limited	100.00%	225,000,000	100.00%	225,000,000	100.00%	225,000,000

(g) 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.

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(₹ in crores)

12. Borrowings	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured:			
Loans repayable on demand			
(a) From banks	-	7.87	3.62
Total	-	7.87	3.62

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.

The weighted average effective interest rate on the bank loan is 9.31% p.a. (As at March 31, 2016: 9.52% p.a.; as at April 1, 2015: 10.05%.)

13. Other financial liabilities – current	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Deposits and retention money	0.31	(0.13)	0.45
(b) Others	3.26	2.02	1.33
Total	3.57	1.89	1.78

14. Trade payables	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Trade payables	27.11	9.18	6.69
Total	27.11	9.18	6.69

Includes payable to related parties Rs. 1.02 crore as at March 31, 2017 (Rs. 7.57 crores as at March 31, 2016 and of Rs. 1.17 crores as at April 1, 2015)

15. Provisions	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
(a) Employee benefits	2.32	2.21	2.19
Total-Non-current	2.32	2.21	2.19
Current			
(a) Employee benefits	0.23	0.36	0.30
Total-Current	0.23	0.36	0.30

16. Other current liabilities	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Amount due to customer	57.67	83.29	9.94
(b) Statutory dues ¹	6.00	5.58	6.78
(c) Others	0.11	0.10	0.10
Total	63.78	88.97	16.82

¹ Statutory dues include VAT, Service Tax and other taxes payable.

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(₹ in crores)

17. Revenue from operations	Year ended March 31,	
	2017	2016
(a) Sale of products	2,516.87	490.12
(b) Sale of services	56.56	58.01
(c) Other operating revenues	0.34	0.15
Total	2,573.77	548.28

18. Other income	Year ended March 31,	
	2017	2016
(a) Interest income on financial assets held at amortised cost		
(i) Overdue trade receivables	8.42	7.34
(ii) Interest on inter-corporate deposits:		
- Tata Motors Limited	7.37	5.33
- Concorde Motors (India) Limited	0.99	1.10
- Tata Precision Industries (India) Limited	0.03	0.03
(b) Interest on VAT refund	2.80	-
(c) Interest on Income Tax refund	0.54	-
Total	20.15	13.80

19. Employee benefits expense	Year ended March 31,	
	2017	2016
(a) Salaries, wages and bonus	10.79	11.51
(b) Contribution to provident fund and other funds (Refer note 26)	0.76	0.77
(c) Staff welfare expenses	0.48	0.48
Total	12.03	12.76

20. Finance costs	Year ended March 31,	
	2017	2016
(a) Interest on short-term borrowings	0.23	0.18
(b) Discounting charges	3.31	1.29
Total	3.54	1.47

21. Other expenses	Year ended March 31,	
	2017	2016
(a) Rent	6.91	6.62
(b) Insurance	0.55	(0.44)
(c) Freight, transportation, port charges etc.	19.67	15.10
(d) Auditors' remuneration		
(i) For Audit	0.19	0.10
(ii) For Taxation matters	0.02	0.03
(Including out of pocket expenses - Rs. 51,105/-; Previous Year - Rs. 60,204)		
(e) Corporate social responsibility expenses	0.34	0.32
(f) Provision and write off of sundry debtors, vehicle loans and advances (net)	(5.34)	14.20
(g) Works operation and other expenses. ¹	27.46	20.70
Total	49.80	56.63

¹ Works operation and other expenses	Year ended March 31,	
	2017	2016
(a) Yard management expenses	4.19	3.22
(b) Security expenses	6.54	5.54
(c) Miscellaneous contract jobs/outsourcing expenses	2.58	2.46
(d) IT expenses	4.15	3.91
(e) Service tax write off	4.89	2.77
(f) Others	5.11	2.80
Total	27.46	20.70

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22. Commitments and contingencies

The Company is involved in legal proceedings, both as plaintiff and as defendant. There are claims which the Company does not believe to be of material nature, other than those described below:

Income tax:

The Company has a dispute with income tax authorities relating to tax treatment of certain item of expense. As at March 31, 2017, the amount of dispute pending appeal is Rs. NIL (as at March 31, 2016 - Rs. 0.01 crore & as at April 1, 2015 - Rs. 0.01 crore).

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. 37.14 crores (as at March 31, 2016 - Rs. 27.23 crore & as at April 1, 2015 - Rs. 24.03 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, 2016 - Rs. 0.34 crore & as at April 1, 2015 - NIL).

23. 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 through equity.

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TML DISTRIBUTION COMPANY LIMITED
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24. 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(ix) 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 as at March 31, 2017

(₹ in crores)

Financial assets	Measured at		Total fair value
	amortised cost	Total carrying value	
(a) Trade receivables	43.15	43.15	43.15
(b) Cash and cash equivalents	18.97	18.97	18.97
(c) Loans and advances - non-current	0.27	0.27	0.27
(d) Loans and advances - current	132.15	132.15	132.15
Total	194.54	194.54	194.54

(₹ in crores)

Financial liabilities	Measured at		Total fair value
	amortised cost	Total carrying value	
(a) Acceptances	272.54	272.54	272.54
(b) Trade payables	27.11	27.11	27.11
(c) Other financial liabilities - current	3.57	3.57	3.57
Total	303.22	303.22	303.22

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

(₹ in crores)

Financial assets	Measured at amortised cost	Total carrying value	Total fair value
(a) Trade receivables	50.85	50.85	50.85
(b) Cash and cash equivalents	4.03	4.03	4.03
(c) Loans and advances - non-current	0.27	0.27	0.27
(d) Loans and advances - current	49.36	49.36	49.36
Total	104.51	104.51	104.51

(₹ in crores)

Financial liabilities	Measured at amortised cost	Total carrying value	Total fair value
(a) Borrowings	7.87	7.87	7.87
(b) Trade payables	9.18	9.18	9.18
(c) Other financial liabilities - current	1.89	1.89	1.89
Total	18.94	18.94	18.94

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

(₹ in crores)

Financial assets	Measured at amortised cost	Total carrying value	Total fair value
(a) Trade receivables	74.89	74.89	74.89
(b) Cash and cash equivalents	2.30	2.30	2.30
(c) Loans and advances - non-current	1.03	1.03	1.03
(d) Loans and advances - current	42.57	42.57	42.57
Total	120.79	120.79	120.79

(₹ in crores)

Financial liabilities	Measured at amortised cost	Total carrying value	Total fair value
(a) Borrowings	3.62	3.62	3.62
(b) Trade payables	6.69	6.69	6.69
(c) Other financial liabilities - current	1.78	1.78	1.78
Total	12.09	12.09	12.09

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(b) 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. 194.54 crores as of March 31, 2017, Rs. 104.51 crores as of March 31, 2016 and Rs. 120.79 crores as of April 01, 2015, 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, 2017, that defaults in payment obligations will occur.

(c) 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 intercorporate 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, 2017; March 31, 2016 and April 1, 2015 have maturities within next 12 months from the respective balance sheet dates.

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25. Related-party transactions

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, 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)

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The following table summarizes related-party transactions and balances included in the financial statements for the year ended March 31, 2016:

(₹ in crores)				
	Parent Company	Fellow Subsidiaries	Associates	Total
Transactions:				
(a) Purchase of products	538.24			538.24
(b) Sale of products		78.44		78.44
(c) Services received	6.21	2.72		8.93
(d) Services rendered	71.05			71.05
(e) Interest (income)/expense, dividend (income)/paid, net	(5.33)	(1.75)	(0.03)	(7.11)
(f) Loans given/repaid	6.50		0.30	6.80
Balances:				
(a) Amounts receivable in respect of loans and interest thereon	37.00	11.00	0.30	48.30
(b) Trade and other receivables	111.65	4.29		115.94
(c) Accounts payable		(7.45)	(0.12)	(7.57)

The following table summarizes related-party transactions balances included in the financial statements as of April 1, 2015:

(₹ in crores)				
	Parent Company	Fellow Subsidiaries	Associates	Total
(a) Amounts receivable in respect of loans and interest thereon	30.50	11.00		41.50
(b) Trade and other receivables	11.37	3.24		14.61
(c) Accounts payable		(1.05)	(0.12)	(1.17)

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Total amount recognized in other comprehensive income consists of:

	As at March 31,			
	Pension Benefits		Post retirement medical Benefits	
	2017	2016	2017	2016
	(₹ in crores)			
Remeasurements (gains) / losses	0.25	0.48	(0.05)	(0.05)
	0.25	0.48	(0.05)	(0.05)

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

	As at March 31,	
	Pension Benefits	
	2017	2016
	(₹ in crores)	
Defined benefit obligation	0.67	3.25
Fair value of plan assets	0.34	2.82

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

	As at March 31,	
	Pension Benefits	
	2017	2016
	(₹ in crores)	
Defined benefit obligation	2.76	-
Fair value of plan assets	2.92	-

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Information for unfunded plans:

	As at March 31,			
	Pension Benefits		Post retirement medical Benefits	
	2017	2016	2017	2016
	(₹ in crores)			
Defined benefit obligation	0.17	0.43	0.28	0.26

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

	Year ended March 31,			
	Pension Benefits		Post retirement medical Benefits	
	2017	2016	2017	2016
	(₹ in crores)			
Service cost	0.18	0.20	0.01	0.01
Past Service cost				
Net interest cost / (income)	0.02	0.01	0.02	0.02
Net periodic cost	0.20	0.21	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	
	2017	2016	2017	2016
	(₹ in crores)			
Remeasurements				
Return on plan assets, (excluding amount included in net interest expense)	(0.09)	0.15	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	(0.07)	0.02	0.01	(0.01)
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	(0.07)	(0.09)	(0.01)	(0.02)
Total recognized in other comprehensive income	(0.23)	0.12	-	(0.03)
Total recognized in statement of operations and other comprehensive income	(0.03)	0.33	0.03	-

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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	
	2017	2016	2017	2016
Discount rate	6.75%-7.50%	6.75%-8.00%	7.30%	8.00%
Rate of increase in compensation level of covered employees	5.00% - 8.00%	5.00% - 9.00%	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, 2017 and 2016 by category are as follows:

Asset category:	Pension benefits	
	Plan assets as of March 31	
	2017	2016
Cash and cash equivalents	1%	4%
Debt instruments (quoted)	64%	65%
Debt instruments (unquoted)	9%	7%
Equity instruments (quoted)	1%	1%
Deposits with Insurance companies	25%	24%
	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, 2017 ranges from 5.28 years to 15.30 years. (March 31, 2016 - 5.28 years to 15.72 years)

The Company expects to contribute Rs. 0.17 crores to the funded pension plans during the year ending March 31, 2018

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
Discount rate	Increase by 1%	Decrease by Rs. 0.27 crores	Decrease by Rs. 0.06 crores
	Decrease by 1%	Increase by Rs. 0.31 crores	Increase by Rs. 0.06 crores
Salary escalation rate	Increase by 1%	Increase by Rs. 0.25 crores	Increase by Rs. 0.06 crores
	Decrease by 1%	Decrease by Rs. 0.23 crores	Decrease by Rs. 0.04 crores
Health care cost	Increase by 1%	Increase by Rs. 0.04 crores	Increase by Rs. 0.01 crores
	Decrease by 1%	Decrease by Rs. 0.03 crores	Decrease by Rs. 0.01 crores

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27. Earnings per share ("EPS")	Net income attributable to shareholders of Tata Motors Limited (₹ in crores)	Weighted average shares (Nos.)	Earnings per share (₹)
For the year ended March 31, 2017:			
Equity Shares			
(a) Basic net earnings per share	26.83	225,000,000	1.19
(b) Diluted earnings per share	26.83	225,000,000	1.19
For the year ended March 31, 2016:			
Equity Shares			
(a) Basic net earnings per share	7.99	225,000,000	0.36
(b) Diluted earnings per share	7.99	225,000,000	0.36

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TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

28. Segment

The Company is engaged mainly in the business of distribution, logistics and sale of automobile products consisting of all types of commercial and passenger 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 ₹ 2,516.87 crore (previous year : ₹ 490.12 crore) are sales of approximately ₹ 340.87 crore (previous year : ₹ 74.54 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, 2017 and March 31, 2016.

29. Approval of financial statements

The financial statements were approved for issue by the board of directors on April 28, 2017.

For and on behalf of the Board of Directors



Mayank Pareek
Chairman



R Ramakrishnan
Director

Asimkumar Mukhopadhyay
Director



Mani Ramān
Director



V K Jairath
Director



Dr Vaijayanti Pandit
Director



R T Wasan
Director



Achal Paliwal
Manager &
Chief Executive Officer



Alok Salooja
Chief Financial Officer



Anjali Singh
Company Secretary

Mumbai, April 28, 2017