

TML Distribution Company Limited

CIN: U63000MH2008PLC180593

2015 – 16

Registered Office:
Nanavati Mahalaya,
18, Homi Mody Street,
Hutatma Chowk,
Mumbai – 400001

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TML DISTRIBUTION COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TML DISTRIBUTION COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance

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with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 20.6 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"/ "CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



Mohammed Bengali
Partner
(Membership No. 105828)

Mumbai, *May 16, 2016*

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' 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, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



Mohammed Bengali
(Partner)

(Membership No. 105828)

Mumbai, *May 16, 2016*

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 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 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 been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales

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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, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs. In Crores.)
Sales Tax Laws	CST	Additional Commissioner	F.Y 2010-11	0.01
	CST	Joint Commissioner	F.Y 2012-13	4.02
	CST	Deputy Commissioner	F.Y 2009-10	0.95
	CST	Deputy Commissioner	F.Y 2010-11	6.68
	CST	Deputy Commissioner	F.Y 2011-12	0.91
	CST	Assistant Commercial Tax	F.Y 2013-14	0.01
	VAT	Additional Commissioner	F.Y 2008-09	0.32
	VAT	Additional Commissioner	F.Y 2011-12	0.16
	VAT	Senior Joint Commissioner	F.Y 2008-09	0.13
	VAT	Senior Joint Commissioner	F.Y 2009-10	0.18
	VAT	Deputy Commissioner	F.Y 2009-10	1.54
	VAT	Deputy Commissioner	F.Y 2010-11	8.34
	Entry Tax	Deputy Commissioner	F.Y 2011-12 to 2012-13	0.04
	Entry Tax	Assistant Commercial Tax officer	F.Y 2008-09	0.16
Entry Tax	Assistant Commercial Tax officer	F.Y 2009-10	0.48	
Income Tax Act, 1961	Income Tax	Appellate Tribunal	A.Y 2008-09	0.01

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (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.

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- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no 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 not paid / provided managerial in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 and hence reporting under clause (xi) of the order is not applicable.
- (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 188 and 177 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.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the 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's Registration No. 117366W/W100018)



Mohammed Bengali
Partner
(Membership No. 105828)

Mumbai, *May 16, 2016*

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TML DISTRIBUTION COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2016


(₹ in crores)

	Notes	As at March 31, 2016	As at March 31, 2015
I EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a)	3	225.00	225.00
(b)	4	52.01	44.08
		277.01	269.08
(2) NON CURRENT LIABILITIES			
(a)	5	2.21	2.19
		2.21	2.19
(3) CURRENT LIABILITIES			
(a)	6	7.87	3.62
(b)	7	9.18	6.69
(c)	8	90.86	18.60
(d)	9	0.36	0.30
		108.27	29.21
		387.49	300.48
TOTAL			
II ASSETS			
(1) NON CURRENT ASSETS			
(a)	20.2	25.93	21.03
(b)	10	43.02	40.71
		68.95	61.74
(2) CURRENT ASSETS			
(a)	11	22.36	46.69
(b)	12	50.85	74.89
(c)	13	4.03	2.30
(d)	14	241.30	114.86
		318.54	238.74
		387.49	300.48
TOTAL			
III SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS			
	1 TO 20		


In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants


MOHAMMED BENGALI
Partner


Mayank Pareek
Chairman


Asimkumar Mukhopadhyay
Director

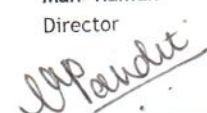

V K Jairath
Director

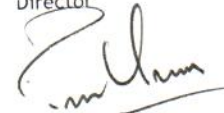

R T Wasan
Director

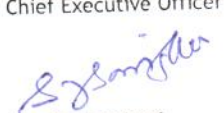

Ajay Salooja
Chief Financial Officer

R Ramakrishnan
Director


Mani Ramani
Director


Dr. Vaijayanti Pandit
Director


Prem K Verma
Manager &
Chief Executive Officer


Shruta Sanghavi
Company Secretary

Mumbai, May 16, 2016

TML DISTRIBUTION COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in crores)

Particulars	Notes	For the Year ended March 31, 2016	For the Year ended March 31, 2015
I REVENUE FROM OPERATIONS	15	548.28	464.33
II OTHER INCOME	15	13.80	15.24
III TOTAL REVENUE (I + II)		562.08	479.57
IV EXPENSES :			
(a) Purchase of stock-in-trade		455.06	312.56
(b) Changes in Inventories of Stock-in-trade		24.33	87.94
(c) Employee Benefit Expenses	16	12.84	12.79
(d) Finance Cost	17	1.47	2.34
(e) Other Expenses	18	56.64	79.93
TOTAL EXPENSES		550.34	495.06
V PROFIT/(LOSS) BEFORE TAX		11.74	(15.49)
VI TAX EXPENSE			
(a) Current Tax		8.71	6.64
(b) Deferred Tax	20.2	(4.90)	(12.14)
PROFIT/(LOSS) FOR THE YEAR		7.93	(9.99)
VII EARNINGS PER SHARE (Face value of ₹ 10 each)	19		
(a) Basic	₹	0.35	(0.44)
(b) Diluted	₹	0.35	(0.44)
VIII SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1 TO 20		

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants


MOHAMMED BENGALI
Partner



Mayank Pareek
Chairman

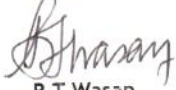
R Ramakrishnan
Director


Asimkumar Mukhopadhyay
Director


Mani Raman
Director


V K Jaijath
Director


Dr. Vaijayanti Pandit
Director


R T Wasan
Director


Prem K Verma
Manager &
Chief Executive Officer


Alok Salooja
Chief Financial Officer


Shruta Sanghavi
Company Secretary

Mumbai, May 16, 2016

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TML DISTRIBUTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in crores)

	For the Year ended March 31, 2016	For the Year ended March 31, 2015
A. Cash flow From Operating Activities		
Profit/(Loss) before tax	11.74	(15.49)
<u>Adjustments for :</u>		
Finance cost	1.47	2.34
Interest received	(13.80)	(15.24)
Provision for doubtful trade receivables	13.02	35.27
	0.69	22.37
Operating Profit / (Loss) before Working Capital changes	12.43	6.88
<u>Adjustments for :</u>		
Trade receivable	11.02	24.15
Short-term loans & Advances	(119.64)	(41.61)
Inventories	24.33	87.93
Long-term loans & Advances	0.60	44.29
Trade payables	2.49	(84.77)
Long-term provisions	0.02	0.51
Short term provision	0.06	0.15
Other current liabilities	72.26	11.58
	(8.85)	42.23
Cash generated from / (used in) operations	3.57	49.11
Net Income Tax paid (net)	(11.62)	(7.32)
Net Cash generated from / (used in) Operating Activities	(8.05)	41.79
B. Cash Flow from Investing Activities		
Inter-Corporate Deposits placed	(136.80)	(208.95)
Proceeds from repayment of Inter-Corporate Deposits	130.00	167.45
Interest received		
- From Tata Motors Limited	5.33	1.64
- From Concorde Motors (I) Limited	1.74	0.62
- From Tata Precision Industries (I) Limited	0.02	-
- Others	6.71	12.98
Net Cash generated from / (used in) Investing Activities	7.00	(26.26)
C. Cash Flow from Financing Activities		
Increase / (Decrease) in short term loans	4.25	(19.61)
Interest paid		
- To Sheba Properties Limited	-	(0.01)
- Others [including discounting charges paid - ₹ 1.28 Crores (Previous year - NIL)]	(1.47)	(0.85)
Net Cash generated from / (used in) Financing Activities	2.78	(20.47)
Net Increase / (decrease) in Cash and cash equivalents	1.73	(4.94)
Cash and cash equivalents (Opening Balance)	2.30	7.24
Cash and cash equivalents (Closing Balance)	4.03	2.30

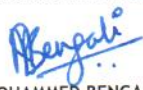
SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 TO 20

In terms of our report attached

For and on behalf of the Board of Directors

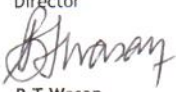
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants


MOHAMMED BENGALI
Partner

Mayank Pareek
Chairman


Asimkumar Mukhopadhyay
Director

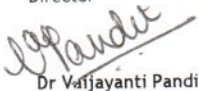

V K Jairath
Director

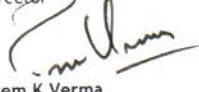

R T Wasan
Director


Alok Salooja
Chief Financial Officer

R Ramakrishnan
Director


Mani Raman
Director


Dr Vajjayanti Pandit
Director


Prem K Verma
Manager &
Chief Executive Officer


Shruta Sanghavi
Company Secretary

TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1

Corporate Information

The Company provides distribution and logistics support to Tata Motors Limited (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.

NOTE 2

Significant Accounting Policies

(a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act") and the relevant provisions of the 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(c) 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.

(d) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(e) Sales

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. Sales exclude sales tax and value added tax. Sales are inclusive of income from services related to logistics operations. Revenue from services is recognised as and when services are rendered.

(f) Business 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 Accounting Standard 17 (AS 17) on Segment Reporting, as specified in the Companies (Accounts) Rules, 2014 are considered to constitute one single primary segment. Further there is no reportable secondary segment i.e geographical segment.

(g) Taxes on Income

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.

Deferred Tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

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TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(h) **Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(i) **Employee benefit**

(i) **Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity fund established as trust 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.

(ii) **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.

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.

(iii) **Bhavishya Kalyan Yojana (BKY)**

Bhavishya Kalyan Yojana is an unfunded defined benefit plan. The benefits of the plan include the 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 Company's Medical Board. The monthly payment to dependents of the deceased / disabled employee under the plan equals 50% of the salary drawn at the time of death or accident or a specified amount, whichever is higher. The Company accounts for the liability for BKY benefits payable in future based on an independent actuarial valuation.

(iv) **Post-retirement Medicare Scheme**

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

(v) **Provident fund**

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner and the Central Provident Fund under the State pension scheme. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return or pension and recognises such contributions and shortfall, if any, as an expense in the year incurred.

(vi) **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.

124

TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 3

SHARE CAPITAL

Authorised:
22,50,00,000 Equity Shares of ₹ 10 each (Previous year : 22,50,00,000 Equity Shares)

Issued and subscribed & fully paid up :
22,50,00,000 Equity Shares of ₹ 10 each (Previous year : 22,50,00,000 Equity Shares)
Note : All the Equity shares are held by Tata Motors Limited, the holding Company.

Right attached to Equity Share :

Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

As at March 31, 2016	As at March 31, 2015
225.00	225.00
225.00	225.00
225.00	225.00

NOTE 4

RESERVES & SURPLUS

- Surplus

As at March 31, 2015	Additions [Profit/(Loss) for the year]	Deductions (Transfers)	As at March 31, 2016
44.08	7.93	-	52.01
54.07	(9.99)		44.08

* Previous years figures are in Italics

NOTE 5

LONG-TERM PROVISIONS

(a) Provision for Employee benefits

As at March 31, 2016	As at March 31, 2015
2.21	2.19
2.21	2.19

NOTE 6

SHORT-TERM BORROWINGS

Secured

(a) Cash Credit from Banks (Note 20.8)

As at March 31, 2016	As at March 31, 2015
7.87	3.62
7.87	3.62

NOTE 7

TRADE PAYABLES

- (a) Total outstanding dues to micro enterprises and small enterprises (Note 20.7)
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises

As at March 31, 2016	As at March 31, 2015
-	-
9.18	6.69
9.18	6.69

NOTE 8

OTHER CURRENT LIABILITIES

- (a) Advance from customers
(b) Statutory dues
(c) Liability for receivable factoring
(d) Liability for deposits & retention
(e) Other payables

As at March 31, 2016	As at March 31, 2015
83.29	9.94
5.58	6.78
1.89	1.34
-	0.45
0.10	0.09
90.86	18.60

NOTE 9

SHORT-TERM PROVISIONS

(a) Provision for Employee benefits

As at March 31, 2016	As at March 31, 2015
0.36	0.30
0.36	0.30

TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 10

LONG-TERM LOANS & ADVANCES - UNSECURED CONSIDERED GOOD

- (a) Loans to employees
(b) Non-Current Income tax Asset (Net)
(c) VAT Receivable
(d) Others

(₹ in crores)	
As at March 31, 2016	As at March 31, 2015
0.03	0.04
11.39	8.48
28.02	30.63
3.58	1.56
43.02	40.71

NOTE 11

INVENTORIES

Stock-in-Trade (acquired for trading)

(₹ in crores)	
As at March 31, 2016	As at March 31, 2015
22.36	46.69
22.36	46.69

NOTE 12

TRADE RECEIVABLES

- (a) Over Six Months from the date they were due for payment: (Unsecured)
- Considered good
 - Considered doubtful
- Less: Allowance for doubtful trade receivables
- (b) Others : (Unsecured)
- Considered good [includes - ₹ 5.99 Crores (Previous Year - ₹ 7.84 Crores) receivable from Tata Motors Ltd., the parent company]
 - Considered doubtful
- Less: Allowance for doubtful trade receivables

(₹ in crores)	
As at March 31, 2016	As at March 31, 2015
10.67	15.76
69.87	56.15
80.54	71.91
(69.87)	(56.15)
10.67	15.76
40.18	59.13
2.85	3.55
43.03	62.68
(2.85)	(3.55)
40.18	59.13
50.85	74.89

NOTE 13

CASH & CASH EQUIVALENTS

- (a) Cheques on hand
(b) Current Account with banks (#)
(#) includes :
Remittance in transit

(₹ in crores)	
As at March 31, 2016	As at March 31, 2015
-	0.23
4.03	2.07
4.03	2.30
1.37	1.36

NOTE 14

SHORT-TERM LOANS & ADVANCES - UNSECURED CONSIDERED GOOD

- (a) Advance to Suppliers, viz., Tata Motors Limited
(b) VAT, Statutory deposits and dues from govt. (Including VAT receivable of ₹ 79.78 Crores (Previous year ₹ 59.81 Crores))
(c) Inter-Corporate Deposits:
- Tata Motors Limited
- Concorde Motors (I) Limited
- Tata Precision Industries (I) Limited
(d) Prepaid expenses
(e) Others

(₹ in crores)	
As at March 31, 2016	As at March 31, 2015
105.65	3.53
84.72	67.07
37.00	30.50
11.00	11.00
0.30	-
1.41	1.53
1.22	1.23
241.30	114.86

TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in crores)

NOTE 15

1 REVENUE FROM OPERATIONS

- (a) Sale of Products
(b) Sale of Services
(c) Other Operating Revenue

	For the year ended March 31, 2016	For the year ended March 31, 2015
	490.12	409.02
	58.01	55.18
	0.15	0.13
	548.28	464.33

2 OTHER INCOME

- (a) Interest received on:
(i) Overdue trade receivables
(ii) Interest on Inter-Corporate Deposits:
 - Tata Motors Limited
 - Concorde Motors (I) Limited
 - Tata Precision Industries (I) Limited
(iii) Interest on Income Tax Refund
(iv) Interest on VAT Refund
(v) Others

	For the year ended March 31, 2016	For the year ended March 31, 2015
	7.34	10.12
	5.33	1.64
	1.10	0.19
	0.02	-
	-	0.12
	-	3.15
	0.01	1.14
	13.80	15.24

(₹ in crores)

NOTE 16

EMPLOYEE BENEFIT EXPENSES

- (a) Salaries, wages and bonus
(b) Contribution to provident fund and other funds
(c) Staff welfare expenses

	For the year ended March 31, 2016	For the year ended March 31, 2015
	11.50	10.55
	0.93	1.21
	0.41	0.53
	12.84	12.29

(₹ in crores)

NOTE 17

FINANCE COST

- (a) Interest expenses on:
(i) Short Term Borrowings
(ii) Bill Discounting Charges
(iii) Inter-Corporate Deposits:
 - Sheba Properties Limited

	For the year ended March 31, 2016	For the year ended March 31, 2015
	0.18	0.86
	1.29	1.47
	-	0.01
	1.47	2.34

(₹ in crores)

NOTE 18

OTHER EXPENSES

- (a) C&F Charges
(b) Insurance
(c) Rent
(d) Provision and Write off for Trade Receivables
(e) Yard Management Expenses
(f) Security Expenses
(g) Payments to Auditors:
 To Statutory Auditors:
 For Audit
 For Taxation and Other Matters
 (including Out of Pocket expenses - ₹ 60,204/- (Previous year : ₹ 12,060)
(h) Corporate Social Responsibility Expenses
(i) Works Operation and Other Expenses

	For the year ended March 31, 2016	For the year ended March 31, 2015
	14.50	12.78
	-0.44	0.45
	6.62	5.17
	14.20	43.37
	3.22	3.38
	5.54	4.69
	0.10	0.10
	0.03	0.02
	0.32	0.45
	12.55	9.52
	56.64	79.93

NOTE 19

EARNING PER SHARE

	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Profit/(Loss) after Tax	₹ in Crores 7.93	(9.99)
(b) The Weighted Average number of Equity Shares for Basic EPS	Nos. 22,50,00,000	22,50,00,000
(c) The nominal value per Equity Share	₹ 10.00	10.00
(d) Earning Per Share (Basic)	₹ 0.35	(0.44)
(e) Profit/(Loss) after Tax (for Diluted EPS)	₹ in Crores 7.93	(9.99)
(f) The Weighted Average number of Equity Shares for Basic EPS	Nos. 22,50,00,000	22,50,00,000
(g) Total Weighted average number of Equity Shares for Diluted EPS	Nos. 22,50,00,000	22,50,00,000
(h) Earning Per Share (Diluted)	₹ 0.35	(0.44)

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TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 20

OTHER NOTES TO THE ACCOUNTS

(20.1) **Related Party Disclosure :**

- A Parent Company : Tata Motors Limited
B Fellow Subsidiaries : Tata Technologies Limited
: Sheba Properties Limited
: Concorde Motors (I) Ltd

- C Key Management Personnel : Mr. P. K. Verma

- D Transactions with the related parties :

(₹. In crores)

	Parent Company	Fellow Subsidiaries	Total
Purchase of Goods (#)	538.24 355.53	- -	538.24 355.53
Sale of Goods (@)	- -	78.44 55.64	78.44 55.64
Services Received (#)	4.08 3.70	2.72 2.45	6.80 6.15
Services Provided (@)	65.96 61.30	- -	65.96 61.30
Inter corporate deposits placed	125.50 197.95	11.00 11.00	136.50 208.95
Inter corporate deposits received back	119.00 167.45	11.00 -	130.00 167.45
Inter corporate deposits receivable	37.00 30.50	11.00 11.00	48.00 41.50
Inter Corporate Deposit received and refunded	- -	- 7.00	0.00 7.00
Rent Paid (#)	2.13 2.21	- -	2.13 2.21
Interest paid/(received) (net)	(5.33) (1.64)	(1.75) (0.61)	(7.08) (2.25)
Amount receivable	111.64 11.37	4.29 2.44	115.93 13.81
Amount Payable	- -	(7.45) 0.24	(7.45) 0.24

* Previous years figures are in *Italics*

(#) includes VAT/Service tax of ₹ 89.05 crores (Previous year ₹ 47.27 crores)

(@) includes VAT/Service tax of ₹ 10.42 crores (Previous year ₹ 7.80 crores)

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TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

E Disclosure in respect of material transactions with related parties		(₹. In crores)	
Description of the nature of transaction	2015-16	2014-15	
(i) Purchase of Goods (#)			
Tata Motors Ltd	538.24	355.53	
(ii) Sale of Goods (@)			
Concorde Motors (I) Limited	78.44	55.64	
(iii) Services Received (#)			
Tata Motors Ltd	4.08	3.70	
Tata Technologies Limited	2.72	2.45	
(iv) Services Provided (@)			
Tata Motors Ltd	65.96	61.30	
(v) Inter corporate deposits placed			
Tata Motors Ltd	125.50	197.95	
Concorde Motors (I) Limited	11.00	11.00	
(vi) Inter corporate deposits received back			
Tata Motors Ltd	119.00	167.45	
Concorde Motors (I) Limited	11.00	-	
(vii) Inter corporate deposits receivable			
Tata Motors Ltd	37.00	30.50	
Concorde Motors (I) Limited	11.00	11.00	
(viii) Inter Corporate Deposit received and refunded			
Sheba Properties Ltd	-	7.00	
(ix) Rent (#)			
Tata Motors Ltd	2.13	2.21	
(x) Interest paid			
Sheba Properties Ltd	0.01	0.01	
(xi) Interest received			
Tata Motors Ltd	5.33	1.64	
Concorde Motors (I) Limited	1.75	0.62	
(xii) Amount Receivable			
Tata Motors Ltd	111.60	11.37	
Concorde Motors (I) Limited	4.29	2.44	
(xiii) Amount Payable			
Tata Technologies Limited	0.27	0.24	
Concorde Motors (I) Limited	7.18	-	

(#) includes VAT/Service tax of ₹ 89.05 crores (Previous year ₹ 47.27 crores)

(@) includes VAT/Service tax of ₹ 10.42 crores (Previous year ₹ 7.80 crores)

TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(20.2) **Deferred Tax Assets and Liabilities :**

The component of Deferred Tax arising on account of the timing differences are as under

		(₹. In crores)	
		As at	As at
		March 31, 2016	March 31, 2015
Deferred Tax Assets :			
Employee Benefit / Expenses allowable on payment basis		0.62	0.58
Provision for Doubtful Debts		25.17	20.29
Others		0.14	0.16
Total		25.93	21.03

The sum of ₹ 4.90 Crores (Previous year ₹ 12.14 Crores) has been credited to Statement of Profit & Loss

(20.3) **Information in regard to opening stock and closing stock :**

		(₹. In crores)			
		2015-16		2014-15	
		Quantity	Value	Quantity	Value
		(Nos)		(Nos)	
(a)	Opening Stock - Light, medium and heavy commercial vehicles, jeep type vehicles, passenger cars, utility vehicles etc. and bodies thereon	2434	46.69	7190	134.62
(b)	Closing stock - Light, medium and heavy commercial vehicles, jeep type vehicles, passenger cars, utility vehicles etc. and bodies thereon	1092	22.36	2434	46.69

(20.4) **Information in regard to Sales effected by the Company (excluding inter divisional transfers, settlements for damaged goods and goods capitalized)**

		(₹. In crores)			
		2015-16		2014-15	
		Quantity	Value	Quantity	Value
		(Nos)		(Nos)	
	Light, medium and heavy commercial vehicles, jeep type vehicles, passenger cars, utility vehicles etc. and bodies thereon	22339	490.12	21656	409.02

(20.5) **Information regarding purchases effected by the Company (excluding inter divisional transfers, settlements for damaged goods and goods capitalized)**

		(₹. In crores)			
		2015-16		2014-15	
		Quantity	Value	Quantity	Value
		(Nos)		(Nos)	
	Light, medium and heavy commercial vehicles, jeep type vehicles, passenger cars, utility vehicles etc. and bodies thereon	21006	455.06	16901	312.56

(20.6) **Claims against the company not acknowledged as Debt**

		(₹ in crores)	
		As at	As at
		March 31, 2016	March 31, 2015
Sales Tax	- Gross	27.23	24.03
	- Net of Tax	17.81	15.86
	Payment of Bonus Act	0.34	-
	Income Tax in respect of matters:		
	- Pending in appeal	0.01	0.01

TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(20.7) Dues to Micro, Small and Medium enterprises : Nil (Previous year : Nil)

(20.8) Cash Credit from Banks are secured by hypothecation of existing current assets of the company viz. stock-in-trade, book debts and all other movable current assets except Cash and Bank balances of the company both present and future.

(20.9) Details of Corporate Social Responsibility Expenses:

(a) Gross amount required to be spent by the company during the year - ₹ 0.30 Crores

(b) Amount spent during the year on:

	In cash	Yet to be paid in cash	TOTAL
(i) Construction/acquisition of any asset	NIL	NIL	NIL
(ii) On purposes other than (i) above			
Vocational Training	0.22	-	0.22
Scholarships for wards of Commercial Vehicle Drivers	0.10	-	0.10
TOTAL	0.32	-	0.32

TML DISTRIBUTION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(20.10) Defined benefit plans/long term compensated absences- As per actuarial valuation as at March 31, 2016

(₹ In Crores)

	Gratuity, Superannuation & BKY		Compensated Absences		Post Retirement Medical Scheme	
	2016	2015	2016	2015	2016	2015
i Components of employer expense						
Current Service cost	0.20	0.17	0.15	0.12	0.01	0.01
Interest cost	0.24	0.22	0.13	0.11	0.02	0.02
Expected return on plan assets	(0.24)	(0.25)	-	-	-	-
Actuarial Losses/(Gains)	0.13	0.52	(0.10)	0.33	(0.03)	0.02
Acquisitions	-	-	-	-	-	-
Total expense/ (income) recognised in the Statement of Profit & Loss in Note 13	0.33	0.66	0.18	0.56	-	0.05
ii Actual Contribution and Benefit Payments for year ended 31 March						
Actual benefit payments	(0.39)	(0.09)	(0.20)	(0.10)	-	-
Actual Contributions	0.01	0.02	0.20	0.10	-	-
iii Net Assets/(liability) recognised in balance sheet as at March 31						
Present Value of Defined Benefit Obligation	3.25	3.27	1.67	1.69	0.26	0.26
Fair value of plan assets	2.82	3.15	-	-	-	-
Net asset/(liability) recognised in balance sheet	(0.43)	(0.12)	(1.67)	(1.69)	(0.26)	(0.26)
iv Change in Defined Benefit Obligations (DBO) during the year ended March 31						
Present Value of DBO at beginning of year	3.27	2.61	1.69	1.24	0.26	0.21
Liability transferred to Holding Company on transfer of employees	-	-	-	-	-	-
Current Service cost	0.20	0.17	0.15	0.12	0.01	0.01
Interest cost	0.24	0.22	0.13	0.11	0.02	0.02
Actuarial (gains)/ losses	(0.07)	0.36	(0.10)	0.33	(0.03)	0.02
Benefits paid	(0.39)	(0.09)	(0.20)	(0.11)	-	-
Present Value of DBO at the end of year	3.25	3.27	1.67	1.69	0.26	0.26
v Change in Fair Value of Assets during the year ended March 31						
Plan assets at beginning of year	3.15	3.13	-	-	-	-
Liability transferred to Holding Company on transfer of employees	-	-	-	-	-	-
Actual return on plan assets	-	-	-	-	-	-
Expected return on plan assets	0.06	0.34	-	-	-	-
Actual Company contributions	0.01	0.02	0.20	0.10	-	-
Benefits paid	(0.39)	(0.09)	0.20	(0.10)	-	-
Actuarial gain/(loss)	(0.01)	(0.25)	-	-	-	-
Plan assets at the end of year	2.82	3.15	-	-	-	-
vi Actuarial Assumptions						
Discount Rate (%)	6.75%-8.00%	6.75%-8.00%	8.00%	8.00%	8.00%	8.00%
Expected Return on plan assets (%)	8%	8%	NA	NA	NA	NA
Medical Cost inflation(%)	NA	NA	NA	NA	6%	6%
vii The Major category of plan assets as percentage of total plan assets						
Debt Security	72.10%	65.68%	NA	NA	NA	NA
Balances with approved Insurance Companies/Banks	27.90%	34.32%	NA	NA	NA	NA
viii Effect of One percentage point change in assumed medical inflation rate						
			One percentage point increase in medical inflation		One percentage point decrease in medical inflation rate	
			2016	2015	2016	2015
Revised DBO as at March 31			0.30	0.30	0.23	0.23
Revised service cost for the year			0.01	0.01	0.01	0.01
Revised interest cost for the year			0.04	0.04	0.03	0.03

(a) Defined Contribution Plans

The company's contribution to defined contribution plan aggregated to ₹ 0.61 Crores (Previous year ₹ 0.59 Crore) for the year ended March 31, 2016 has been recognized in the statement of Profit & Loss Account under item (b) in Note 16.

The expected rate of return on plan asset is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.

The assumption of future salary increases considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(20.11) The Company has re-grouped / re-classified previous year's figures, where necessary to conform to current year's classification.

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