

TML Distribution Company Limited

Annual Financial Statements

For the year ended March 31, 2019

TML Distribution Company Limited

Balance Sheet

as at March 31, 2019

(₹ in crores)

	<i>Note</i>	As at March 31, 2019	As at March 31, 2018
I. ASSETS			
(1) Non-Current Assets			
(a) Financial assets:			
(i) Loans and advances	3	0.28	0.27
(b) Deferred tax assets	7	28.44	24.66
(c) Advance income tax assets (net)		5.76	5.09
(d) Other non-current assets	8	51.80	112.48
Total Non-Current Assets		86.28	142.50
(2) Current Assets			
(a) Inventories	4	104.62	28.95
(b) Financial assets:			
(i) Trade receivables	5	126.31	139.65
(ii) Cash and cash equivalents	6	12.45	25.85
(iii) Loans and advances	3	125.35	95.34
(c) Other current assets	9	40.00	81.90
Total Current Assets		408.73	371.69
Total Assets		495.01	514.19
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	10	225.00	225.00
(b) Other equity		175.96	129.43
Total Equity		400.96	354.43
(2) Liabilities			
Non-Current Liabilities			
(a) Provisions	14	2.04	2.06
Total Non-Current Liabilities		2.04	2.06
Current Liabilities			
(a) Financial liabilities:			
(i) Borrowings	11	22.88	2.22
(ii) Acceptances		2.72	-
(iii) Trade payables	13		
(a) Dues to micro enterprises and small enterprises		-	-
(b) Dues of creditors other than micro enterprises and small enterprises		9.72	47.25
(iv) Other financial liabilities	12	10.36	22.31
(b) Provisions	14	0.71	0.48
(c) Current tax liabilities (net)		0.58	5.35
(d) Other current liabilities	15	45.04	80.09
Total Current Liabilities		92.01	157.70
Total Liabilities		94.05	159.76
Total Equity and Liabilities		495.01	514.19
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements	3 - 29		
As per our report of even date attached			

For B S R & Co. LLP

Chartered Accountants

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

For and on behalf of the Board of Directors

TML Distribution Company Limited

CIN - U63000MH2008PLC180593

RAJIV SHAH

Partner

Membership No: 112878

Mayank Pareek

Chairman

DIN No.: 00139206

R Ramakrishnan

Director

DIN No.: 03394401

V K Jairath

Director

DIN No.: 00391684

Asimkumar Mukhopadhyay

Director

DIN No.: 06520288

Dr Vaijayanti Pandit

Director

DIN No.: 06742237

R T Wasan

Director

DIN No.: 06425463

Achal Paliwal

Manager &

Chief Executive Officer

Alok Salooja

Chief Financial Officer

Anjali Singh

Company Secretary

ACS No. 26664

Mumbai

8 May 2019

Mumbai

8 May 2019

TML Distribution Company Limited

Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in crores)

Particulars	Notes	Year ended March 31, 2019	2018
I. Revenue from operations	16	3,389.67	4,181.49
II. Other income	17	44.43	37.48
III. Total Income (I+II)		3,434.10	4,218.97
IV. Expenses			
(a) Purchases of stock-in-trade		3,371.44	4,014.39
(b) Changes in inventories of stock-in-trade		(75.67)	55.63
(c) Employee benefits expense	18	12.04	11.49
(d) Finance costs	19	2.34	14.74
(e) Other expenses	20	50.35	45.26
Total Expenses (IV)		3,360.50	4,141.51
V. Profit before Tax (III-IV)		73.60	77.46
VI. Tax expense	7		
(a) Current tax		30.89	28.10
(b) Deferred tax (credit)/charge		(3.79)	(0.79)
Total		27.10	27.31
VII. Profit After Tax (V-VI)		46.50	50.15
VIII Other Comprehensive Income:			
(i) Items that will not be reclassified to profit and loss: Remeasurement gain on defined benefit plan (net)		0.04	0.37
(ii) Income tax relating to remeasurement gain on defined benefit plan (net)		(0.01)	(0.13)
Other Comprehensive Income for the year		0.03	0.24
IX. Total Comprehensive Income for the year (VII+VIII)		46.53	50.39
X. Earnings per equity share:	26		
(Face value - Rs. 10 each)			
(i) Basic and diluted		₹ 2.07	₹ 2.23

Significant accounting policies

2

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

3 - 29

As per our report of even date attached

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TML Distribution Company Limited

Statement of changes in equity

for the year ended March 31, 2019

(₹ in crores)

Equity share capital	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the reporting year	225.00	225.00
Balance at the end of the reporting year	<u>225.00</u>	<u>225.00</u>

Other Equity	Retained Earnings	Total Other equity
Balance as at April 1, 2017 (A)	79.04	79.04
Profit for the year	50.15	50.15
Other comprehensive income for the year, (net of income tax)	0.24	0.24
Total comprehensive income for the year, (net of income tax) (B)	<u>50.39</u>	<u>50.39</u>
Balance as at March 31, 2018 (C) = (A) + (B)	<u>129.43</u>	<u>129.43</u>
Balance as at April 1, 2018 (D)	129.43	129.43
Profit for the year	46.50	46.50
Other comprehensive income for the year, (net of income tax)	0.03	0.03
Total comprehensive income for the year, (net of income tax) (E)	<u>46.53</u>	<u>46.53</u>
Balance as at March 31, 2019 (F) = (D) + (E)	<u>175.96</u>	<u>175.96</u>

Significant accounting policies 2

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

As per our report of even date attached

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TML Distribution Company Limited

Statement of Cash Flows

for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31, 2019	2018
(A) Cash flows from operating activities		
Profit Before Tax	73.60	77.46
Adjustments for:		
Provision and write off of trade receivables	10.59	1.93
Finance cost	2.34	14.74
Interest income	(44.43)	(10.26)
Cash flows from operating activities before working capital changes	42.10	83.87
(Increase)/Decrease in Inventories	(75.67)	55.63
Decrease/(Increase) in Trade receivables	2.75	(98.43)
(Increase)/Decrease in Loans and advances	(0.02)	0.83
Decrease in Other current assets	41.90	174.34
Decrease/(Increase) in Other non-current assets	60.68	(5.56)
Increase/(Decrease) in Acceptances	2.72	(272.54)
(Decrease)/Increase in Trade payables	(37.53)	28.50
(Decrease)/Increase in Other financial liabilities	(11.95)	12.74
Increase in Provisions	0.25	0.36
(Decrease)/Increase in Other current liabilities	(35.05)	13.55
Cash generated from operations	(9.81)	(6.71)
Income tax paid (net)	(36.34)	(19.88)
Net cash used in operating activities	(46.15)	(26.59)
(B) Cash flows from investing activities		
Inter Corporate Deposit Placed	(30.00)	36.00
Interest received	44.43	9.99
Net cash generated by investing activities	14.43	45.99
(C) Cash flows from financing activities		
Interest paid	(2.34)	(14.74)
Proceeds from borrowings	20.66	2.22
Net cash generated (used in) financing activities	18.32	(12.52)
(D) Net increase in cash and cash equivalents	(13.40)	6.88
Cash and cash equivalents at the beginning of the year i.e. April 01, 2018	25.85	18.97
Cash and cash equivalents at the end of the year i.e. March 31, 2019	12.45	25.85

Debt Reconciliation:

Particulars	01-Apr-18	Cash Flows Inflows/(Outflows)	31-Mar-19
Long Term Borrowings	-	-	-
Short Term Borrowings	2.22	20.66	22.88

Particulars	01-Apr-17	Cash Flows Inflows/(Outflows)	31-Mar-18
Long Term Borrowings	-	-	-
Short Term Borrowings	-	2.22	2.22

TML Distribution Company Limited

Statement of Cash Flows (Continued)

for the year ended March 31, 2019

(₹ in crores)

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7, "Cash Flow Statements" notified under Section 133 of the Companies Act, 2013

2. Figures in brackets represent outflows.

3. Cash and cash equivalents are cash and bank balances as per Balance Sheet (Refer Note 6)

As per our report of even date attached

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ACS No. 26664

Mumbai
8 May 2019

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8 May 2019

TML Distribution Company Limited

Notes Forming Part of Financial Statements

for the year ended March 31, 2019

(₹ in crores)

1. Background and operations

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

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

2. Significant Accounting Policies

Basis of Preparation of financial statements

i Statement of compliance:

These financial statements have been prepared in accordance with accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2016 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The financial statements were authorised for issue by the Company's Board of Directors on May 8, 2019.

ii Functional and Presentation Currency:

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

iii Basis of Measurement:

These financial statements have been prepared on historical cost basis.

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

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

iv Use of estimates:

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

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

Classification of Assets and Liabilities

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

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

- (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is expected to be realised within twelve months after the reporting date; or
- (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

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

- (i) it is expected to be settled in the Company's normal operating cycle;
 - (ii) it is held primarily for the purpose of being traded;
 - (iii) it is due to be settled within twelve months after the reporting date; or
 - (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.
- Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

2. Significant Accounting Policies (Continued)

iv Use of estimates: (Continued)

Operating Cycle

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

v Revenue Recognition:

The Company generates revenue principally from:

- (a) Sale of products - Passenger vehicles
- (b) Sale of services - logistics services rendered to Tata Motors Limited (TML)

a. Sale of Products:

The Company recognises revenue on sale of products when they are delivered to dealers, which is when title and risks and rewards of ownership pass to the customer. Revenues are recognised when collectability of the resulting receivable is reasonably assured.

b. Sale of Services:

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

c. Other Income:

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

vi Cost Recognition:

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

vii Income Taxes:

Income tax expense comprises of current and deferred taxes.

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

Current tax:

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

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

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

Deferred tax :

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

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

2. Significant Accounting Policies (Continued)

viii Inventories:

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

ix Employee benefits:

(a) Short-term Employee Benefits:

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

(b) Long-term Employee Benefits:

Gratuity:

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

Superannuation:

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

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

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

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

Bhavishya Kalyan Yojana (BKY):

Bhavishya Kalyan Yojana is an unfunded defined benefit plan. The benefits of the plan include pension in certain cases, payable upto the date of normal superannuation had the employee been in service, to an eligible employee at the time of death or permanent disablement, while in service, either as a result of injury or as certified by the appropriate authority. The monthly payment to dependents of the deceased / disabled employee under the plan equals 50% of the salary drawn at the time of death or accident or a specified amount, whichever is greater. The Company accounts for the liability for BKY benefits payable in future based on an independent actuarial valuation.

Compensated Absences:

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

Provident Fund:

In accordance with Indian law, eligible employees of the company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, as specified under the law, are made to the provident fund and pension fund set up as an irrevocable trust by TML and its subsidiaries.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

2. Significant Accounting Policies (Continued)

ix Employee benefits: (Continued)

(b) Long-term Employee Benefits: (Continued)

Post-retirement Medicare Scheme:

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

Remeasurement gains and losses:

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

Measurement date:

The measurement date of retirement plans is March 31.

x Financial Instruments:

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

Financial assets

Initial recognition and measurement:

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

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

Subsequent measurement:

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

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

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

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

i. Financial assets measured at amortized cost:

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

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

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

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements *(Continued)*

for the year ended March 31, 2019

(₹ in crores)

2. Significant Accounting Policies *(Continued)*

x Financial Instruments: *(Continued)*

Financial assets *(Continued)*

Derecognition:

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

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

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

Impairment of financial assets:

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

Loss allowance in respect of financial assets is measured at an amount equal to life time expected credit losses and is calculated as the difference between their carrying amount and the present value of the expected future cash flows discounted at the original effective interest rate.

Financial Liabilities

Initial recognition and measurement:

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

Subsequent measurement:

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

Derecognition:

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements *(Continued)*

for the year ended March 31, 2019

(₹ in crores)

2. Significant Accounting Policies *(Continued)*

xi Earnings per share:

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

xii Provisions and Contingent Liabilities

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

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

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

xiii Leases

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

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

xiv Cash and Cash equivalents

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

xv Events after the reporting date

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended 31st March 2019

(₹ in crores)

xvi. Recent accounting pronouncements

Ind AS 116 – Leases

In March 2019, MCA issued Ind AS 116 - Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous standard on leasing, Ind AS 17 -Leases. Ind AS 116, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. Ind AS 116 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by Ind AS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognise assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognise depreciation of leased assets separately from interest on lease liabilities in the Statement of Profit and Loss. As Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

The Company will be adopting Ind AS 116 with a modified retrospective approach with effect from April 1, 2019. The cumulative effect of initially applying this Standard will be recorded as an adjustment to the opening balance of retained earnings. Figures for comparative periods will not be restated.

The Company will use the exemption option available for existing leases and apply the available exemptions regarding the recognition of short term leases and low value leasing assets. Basis assessment, the Company arrangements under operating leases, which are currently off Balance sheet, will be recorded as right to use assets and the future obligations in respect of such leases will be recorded as a liability in the Balance sheet as at April 1, 2019. The Company will recognise in its Balance sheet, approximately Rs. 13.39 crores of Right to use asset and Lease liability towards future lease commitments.

The Company will use following practical expedients of Ind AS 116 at the date of initial application:

1. With leases previously classified as operating leases according to Ind AS 17, the lease liability will be measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at April 1, 2019. The respective right-of-use asset is generally recognised at an amount equal to the lease liability;
2. An impairment review is not performed for right of use assets. Instead, right-of-use asset is adjusted by the amount of any provision for onerous leases recognised in the Balance sheet.
3. Regardless of their original lease term, leases for which the lease term ends latest on March 31, 2020, are recognised as short-term leases;
4. At the date of initial application, the measurement of a right-to-use asset excludes the initial direct costs; and
5. Hindsight is considered when determining the lease term if the contract contains options to extend or terminate the leases.

Amendment to Ind AS 19, Employee Benefits

Changes in Employee benefit plan

When a change to a plan by way of either an amendment, curtailment or settlement takes place, IND AS 19 requires a company to remeasure its net defined benefit liability or asset.

The amendments to IND AS 19 require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, IND AS 19 did not specify how to determine these expenses for the period after the change to the plan.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2019

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
3. Loans and advances		
<u>Non-current financial assets</u>		
<i>Unsecured:</i>		
(a) Loans to employees	0.07	0.07
(b) Others	0.21	0.20
Total	0.28	0.27
<u>Current financial assets</u>		
<i>Unsecured:</i>		
To related parties		
(a) Inter corporate deposits:		
- Tata Motors Limited	-	45.00
- Concorde Motors (India) Limited	125.00	50.00
- Tata Precision Industries (India) Limited	0.30	0.30
Interest accrued on Inter Corporate deposits to related parties	-	0.02
To other than related parties		
(b) Advances to employees	0.05	0.02
Total	125.35	95.34

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

4. Inventories

Stock in trade (lower of cost and net realisable value)	104.62	28.95
Total	104.62	28.95

Cost of inventories (including cost of purchased products) recognized as expense during the year ended March 31, 2019 and March 31, 2018 amounted to Rs. 3,295.77 crores and Rs. 4,070.02 crores respectively.

Inventories of Rs. NIL crores as at March 31, 2019 (Rs. NIL crores as at March 31, 2018) are expected to be recovered after more than twelve months.

The cost of inventories recognised as an expense includes Rs. 0.89 crores (Previous year - Rs. 0.87 crores) in respect of write down of inventory to net realisable value. There have been write down of Rs. 0.02 crores (Previous year - Rs. 0.36 crores) during the year.

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2019

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
5. Trade receivables		
(a) Receivables considered good - Secured	-	-
(b) Receivables considered good - Unsecured	126.31	139.65
(c) Receivables which have significant increase in credit risk	79.25	68.66
(d) Receivables - credit impaired	-	-
	<u>205.56</u>	<u>208.31</u>
Less : Provision for doubtful debts - Receivables which have significant increase in credit risk	<u>(79.25)</u>	<u>(68.66)</u>
Total	<u>126.31</u>	<u>139.65</u>
6. Cash and cash equivalents		
(a) Balances with banks ¹	12.45	25.85
	<u>12.45</u>	<u>25.85</u>
¹ Cash and cash equivalents in statement of cash flows		
Includes remittances in transit	7.17	24.04

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2019

(₹ in crores)

7. Income tax

The reconciliation of estimated tax expense to tax expense reported:

	Year ended March 31,	
	2019	2018
Profit before tax	73.60	77.46
Tax expense at tax rates applicable to entity	25.72	26.81
Impact of change in statutory tax rates	-	(0.24)
Others	1.38	0.74
Tax expense reported	27.10	27.31

The tax rate used for the above reconciliation for Financial Years 2018-19 and 2017-18 is the corporate tax rate of 34.944% and 34.608% payable by corporate entities respectively in India on taxable profits under the Indian tax laws.

Deferred tax assets:

Major components of deferred tax assets consist of the following:	As at April 1, 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2019
Deferred tax assets:				
Expenses deductible in future years:				
Provisions, allowances for doubtful receivables and others	23.99	3.70	-	27.69
Compensated absences and retirement benefits	0.55	0.10	(0.01)	0.64
Property, plant and equipment	0.12	(0.01)	-	0.11
Total deferred tax assets	24.66	3.79	(0.01)	28.44

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2019

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
8. Other non-current assets		
<i>Unsecured:</i>		
(a) Balance with government authorities	51.80	112.48
Total	51.80	112.48
9. Other current assets		
<i>Unsecured:</i>		
(a) Balance with government authorities	39.01	81.47
(b) Prepaid expenses	0.99	0.36
(c) Others	-	0.07
Total	40.00	81.90

TML Distribution Company Limited

Notes Forming Part of Financial Statements *(Continued)*

as at March 31, 2019

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
10. Share Capital		
(a) Authorised:		
225,000,000 equity shares of ₹ 10 each	225.00	225.00
(as at March 31, 2018: 225,000,000 equity shares of ₹ 10 each)		
	<u>225.00</u>	<u>225.00</u>
(b) Issued, Subscribed and Paid - up:		
225,000,000 equity shares of ₹ 10 each	225.00	225.00
(as at March 31, 2018: 225,000,000 equity shares of ₹ 10 each)		
Total	<u>225.00</u>	<u>225.00</u>

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

(c) The Company has not issued any shares during the year ended 31st March 2019 and 31st March 2018.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2019

(₹ in crores)

10. Share Capital

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

Equity shares:

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

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

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

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% of issued share capital	No. of shares	% of issued share capital
Equity shares :				
Tata Motors Limited	225,000,000	100.00%	225,000,000	100.00%

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

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2019

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
11. Current financial liabilities - Borrowings		
Secured:		
Loans repayable on demand		
(a) From banks	22.88	2.22
	<u>22.88</u>	<u>2.22</u>
<p>Secured loans from banks represents cash credit facility availed which is secured by hypothecation of existing current assets of the Company viz. inventories, trade receivables and all other movable current assets except cash and cash equivalents of the Company.</p> <p>The weighted average effective interest rate on the bank loan is 9.11% p.a. (As at March 31, 2018: 9.05% p.a)</p>		
12. Other financial liabilities – current		
(a) Liability towards "C" Forms	10.02	14.68
(b) Factoring payables	0.34	7.63
Total	<u>10.36</u>	<u>22.31</u>
13. Trade payables		
(a) Trade payables		
- due to Micro and Small Enterprises	-	-
- due to Others	9.72	47.25
Total	<u>9.72</u>	<u>47.25</u>
<p>Includes payable to related parties Rs. 1.15 crore as at March 31, 2019 (Rs. 31.26 crore as at March 31, 2018)</p>		
14. Provisions		
Non-current		
(a) Provision for employee benefits	2.04	2.06
Total-Non-current	<u>2.04</u>	<u>2.06</u>
Current		
(a) Provision for employee benefits	0.71	0.48
Total-Current	<u>0.71</u>	<u>0.48</u>

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2019

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
15. Other current liabilities		
(a) Advance from customers	10.15	22.88
(b) Payable to channel financiers	5.93	14.32
(c) Statutory dues payable ¹	28.87	42.79
(d) Others	0.09	0.10
Total	45.04	80.09
¹ Statutory dues include GST, VAT, TDS and other taxes payable.		
TDS	0.37	0.24
GST	17.39	34.18
Others	2.75	0.01
Liability under Rule 52A of MVAT Act	8.36	8.36
	28.87	42.79

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31,	
	2019	2018
16. Revenue from operations		
(a) Sale of products	3,330.05	4,127.41
(b) Sale of services	58.49	48.05
(c) Other operating revenues	1.13	6.03
Total revenue from operations	3,389.67	4,181.49
17. Other income		
(a) Interest income on financial assets held at amortised cost		
(i) Overdue trade receivables	22.34	23.72
(ii) Factoring receivables	5.74	-
(iii) Interest on inter-corporate deposits to related parties:		
- Tata Motors Limited	3.97	9.04
- Concorde Motors (India) Limited	10.33	0.94
- Tata Precision Industries (India) Limited	0.03	0.03
(iv) Interest on fixed deposits with banks	0.06	-
(b) Interest on VAT refund	1.96	3.50
(c) Interest on Income Tax refund	-	0.25
Total other income	44.43	37.48
18. Employee benefits expense		
(a) Salaries and bonus	10.84	10.32
(b) Contribution to provident and other funds [Refer note 2 (ix)]	0.74	0.78
(c) Staff welfare expenses	0.46	0.39
Total	12.04	11.49
19. Finance costs		
(a) Interest on short-term borrowings	2.22	0.23
(b) Bill discounting charges	0.12	14.51
Total	2.34	14.74

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31, 2019	2018
20. Other expenses		
(a) Rent	3.28	5.38
(b) Insurance	1.08	0.40
(c) Payment to auditors		
(i) For Statutory Audit	0.14	0.16
(ii) For Taxation matters		
- Tax audit	0.01	0.02
(including out of pocket expenses - Rs. 42.927/-; Previous Year - Rs. 92,565)		
(d) Corporate social responsibility expenses	1.01	0.60
(e) Provision and write off of trade receivables (net)	10.59	1.93
(f) Works operation and other expenses ¹	34.24	36.77
Total	50.35	45.26
 ¹ Works operation and other expenses		
(a) Yard management expenses	19.34	18.60
(b) Security expenses	3.84	6.07
(c) Miscellaneous contract jobs/outourcing expenses	2.03	2.29
(d) IT expenses	3.34	4.20
(e) Others	5.69	5.61
Total	34.24	36.77

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2019

(₹ in crores)

21. Commitments and contingencies

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

Sales Tax:

There are pending litigation for various matters relating to sales tax demands (including interest and penalties) that are contested by the Company. The amount of disputes pending appeal is Rs. 19.85 crores (as at March 31, 2018 - Rs. 55.43 crores).

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, 2018 - Rs. 0.18 crore)

Provident Fund Contribution:

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. Pending the outcome of the review petition and directions from the EPFO, the impact for past periods, if any, is not likely to be material and consequently no financial effect has been provided for in the financial statements. The Company has made a provision on a prospective basis, from the date of the SC order.

22. Capital management

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

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

23. Disclosures on financial instruments

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

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

(a) Financial assets and liabilities

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

(₹ in crores)

Financial assets	Measured at amortised cost		Total carrying value	
	As at March 31,		As at March 31,	
	2019	2018	2019	2018
(a) Trade receivables	126.31	139.65	126.31	139.65
(b) Cash and cash equivalents	12.45	25.85	12.45	25.85
(c) Loans and advances - non-current	0.28	0.27	0.28	0.27
(d) Loans and advances - current	125.35	95.34	125.35	95.34
Total	264.39	261.11	264.39	261.11

(₹ in crores)

Financial liabilities	Measured at amortised cost		Total carrying value	
	As at March 31,		As at March 31,	
	2019	2018	2019	2018
(a) Acceptances	2.72	-	2.72	-
(b) Short-term borrowings	22.88	2.22	22.88	2.22
(c) Trade payables	9.72	47.25	9.72	47.25
(d) Other financial liabilities - current	10.36	22.31	10.36	22.31
Total	45.68	71.78	45.68	71.78

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

23. Disclosures on financial instruments (Continued)

(b) Market risk

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

Interest rate risk

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

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

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

(c) Credit risk

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

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 264.39 crores as of March 31, 2019, Rs. 261.11 crores as of March 31, 2018 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, 2019, that defaults in payment obligations will occur.

Credit quality of financial assets and impairment loss

The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date

(₹ in crores)						
Trade receivables	As at 31st March 2019			As at 31st March 2018		
Period (in months)	Gross	Allowance	Net	Gross	Allowance	Net
(a) Not due	-	-	-	-	-	-
(b) Overdue upto 3 months	97.84	-	97.84	120.75	0.38	120.37
(c) Overdue 3-6 months	4.46	0.02	4.44	5.38	0.39	4.99
(d) Overdue more than 6 months	103.26	79.23	24.03	82.18	67.89	14.29
TOTAL	205.56	79.25	126.31	208.31	68.66	139.65

(d) Liquidity risk

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

The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in 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, 2019 and March 31, 2018 have maturities within next 12 months from the respective balance sheet dates.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

24 Employee benefits

Defined Benefit Plan

Pension and post retirement medical plans

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

	Pension benefits		Post retirement medical benefits	
	As at March 31,		As at March 31,	
	2019	2018	2019	2018
Change in defined benefit obligations :				
Defined benefit obligation, beginning of the year	3.70	3.43	0.20	0.28
Current service cost	0.19	0.21	0.01	0.01
Interest cost	0.28	0.25	0.02	0.02
Remeasurements (gains) / losses				
Actuarial (gains) / losses arising from changes in demographic assumptions	-	(0.12)	-	(0.08)
Actuarial (gains) / losses arising from changes in financial assumptions	0.13	(0.07)	(0.02)	(0.01)
Actuarial (gains) / losses arising from changes in experience adjustments	(0.10)	0.07	(0.02)	(0.01)
Past service cost	-	0.03	-	-
Benefits paid from plan assets	(0.12)	(0.10)	-	(0.01)
Benefits paid directly by employer				
Defined benefit obligation, end of the year	4.08	3.70	0.19	0.20
Change in plan assets:				
Fair value of plan assets, beginning of the year	3.43	3.26	-	-
Interest income	0.26	0.24	-	-
Remeasurements gains / (losses)				
Return on plan assets, (excluding amount included in net Interest expense)	(0.03)	0.01	-	-
Employer's contributions	0.05	-	-	-
Benefits paid	(0.12)	(0.08)	-	-
Fair value of plan assets, end of the year	3.59	3.43	-	-

	Pension benefits		Post retirement medical benefits	
	As at March 31,		As at March 31,	
	2019	2018	2019	2018
Amount recognized in the balance sheet consists of:				
Present value of defined benefit obligation	4.08	3.70	0.19	0.20
Fair value of plan assets	3.59	3.43	-	-
Net liability	(0.49)	(0.27)	(0.19)	(0.20)
Amounts in the balance sheet:				
Non-current assets	-	0.08	-	-
Non-current liabilities	(0.49)	(0.35)	(0.19)	(0.20)
Net liability	(0.49)	(0.27)	(0.19)	(0.20)

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

24 Employee benefits (Continued)

Total amount recognized in other comprehensive income consists of:

	As at March 31,			
	Pension Benefits 2019	2018	Post retirement medical benefits 2019	2018
Remeasurements (gains) / losses	0.18	0.12	(0.19)	(0.15)
	<u>0.18</u>	<u>0.12</u>	<u>(0.19)</u>	<u>(0.15)</u>

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

	As at March 31, Pension Benefits	
	2019	2018
Defined benefit obligation	4.08	0.75
Fair value of plan assets	3.60	0.40

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

	As at March 31, Pension Benefits	
	2019	2018
Defined benefit obligation	-	2.95
Fair value of plan assets	-	3.03

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

24 Employee benefits (Continued)

Information for unfunded plans:

	As at March 31,			
	Pension Benefits		Post retirement medical benefits	
	2019	2018	2019	2018
Defined benefit obligation	0.49	0.27	0.19	0.20

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

	Year ended March 31,			
	Pension Benefits		Post retirement medical benefits	
	2019	2018	2019	2018
Service cost	0.19	0.21	0.01	0.01
Past Service cost	-	0.03	-	-
Net interest cost / (income)	0.02	0.01	0.02	0.02
Net periodic cost	0.21	0.25	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	
	2019	2018	2019	2018
Remeasurements				
Return on plan assets, (excluding amount included in net Interest expense)	0.03	(0.01)	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	-	(0.12)	-	(0.08)
Actuarial (gains) / losses arising from changes in financial assumptions	0.13	(0.07)	(0.02)	(0.01)
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	(0.10)	0.07	(0.02)	(0.01)
Total recognized in other comprehensive income	0.06	(0.13)	(0.04)	(0.10)
Total recognized in statement of operations and other comprehensive income	0.27	0.12	(0.01)	(0.07)

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

24 Employee benefits (Continued)

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

	As at March 31,			
	Pension Benefits		Post retirement medical Benefits	
	2019	2018	2019	2018
Discount rate	6.75%-7.70%	6.75%-7.70%	7.60%	7.70%
Rate of increase in compensation				
level of covered employees	6.00% - 8.00%	6.00% - 8.00%	NA	NA
Increase in health care cost	NA	NA	6.00%	6.00%

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2019 and 2018 by category are as follows:

	Pension benefits	
	Plan assets as of March 31	
	2019	2018
Asset category:		
Cash and cash equivalents	7%	7%
Debt instruments (quoted)	68%	69%
Debt instruments (unquoted)	1%	1%
Equity instruments (quoted)	3%	2%
Deposits with Insurance companies	21%	21%
	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, 2019 ranges from 5.52 years to 13.80 years (March 31, 2018 : 5.66 years to 13.79 years)

The Company expects to contribute Rs. 0.59 crores to the funded pension plans during the year ending March 31, 2020

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

Assumption	Change in assumption	Impact on defined benefit obligation	Impact on service cost and interest cost
Discount rate	Increase by 1%	Decrease by Rs. 0.18 crores	Decrease by Rs. 0.03 crores
	Decrease by 1%	Increase by Rs. 0.21 crores	Increase by Rs. 0.03 crores
Salary escalation rate	Increase by 1%	Increase by Rs. 0.18 crores	Increase by Rs. 0.03 crores
	Decrease by 1%	Decrease by Rs. 0.16 crores	Decrease by Rs. 0.03 crores
Health care cost	Increase by 1%	Increase by Rs. 0.02 crores	Increase by Rs. 0.01 crores
	Decrease by 1%	Decrease by Rs. 0.02 crores	Decrease by Rs. 0.01 crores

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

25. Related-party transactions

Related Parties Disclosure as required by Ind AS- 24 - 'Related Party Disclosures' for the year ended 31st March 2019 'is as follows:

Parent Company - Tata Motors Limited

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

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

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

The following table summarizes related-party transactions and balances included in the financial statements for the year ended March 31, 2019:

(₹ in crores)				
	Parent Company	Fellow subsidiaries	Associates	Total
Transactions:				
(a) Purchase of products *	4,360.57			4,360.57
(b) Sale of products *		381.45		381.45
(c) Services received *	6.79	2.26		9.05
(d) Services rendered *	69.01			69.01
(e) Freight recovery	14.65			14.65
(f) Interest (income)/expense, dividend (income)/paid, net	(3.83)	(10.50)	(0.03)	(14.36)
(g) Inter corporate deposits given	280.00	85.00	-	365.00
(h) Inter corporate deposits (repaid)	(325.00)	(10.00)	-	(335.00)
Balances:				
(a) Amounts receivable in respect of loans and interest thereon	-	125.00	0.30	125.30
(b) Trade and other receivables	68.50	1.28		69.78
(c) Accounts payable	-	(1.03)	(0.12)	(1.15)

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

25. Related-party transactions (Continued)

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

	(₹ in crores)			
	Parent Company	Fellow Subsidiaries	Associates	Total
Transactions:				
(a) Purchase of products *	5,052.57			5,052.57
(b) Sale of products *		526.58		526.58
(c) Services received *	4.89	3.02		7.91
(d) Services rendered *	57.65			57.65
(e) Interest (income)/expense, dividend (income)/paid, net	3.63	(6.43)	(0.03)	(2.83)
(f) Inter corporate deposits given	291.00	50.00		341.00
(f) Inter corporate deposits (repaid)	(367.00)	(10.00)		(377.00)
Balances:				
(a) Amounts receivable in respect of loans and interest thereon	45.00	50.00	0.30	95.30
(b) Trade and other receivables	-	4.43		4.43
(c) Accounts payable	(29.89)	(1.25)	(0.12)	(31.26)

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued) for the year ended March 31, 2019

(₹ in crores)

26. Earnings per share ("EPS")

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

	Net income attributable to shareholders of TML Distribution Company Limited (₹ in crores)	Weighted average shares (Nos.)	Earnings per share (₹)
For the year ended March 31, 2019:			
Equity Shares			
(a) Basic and diluted earnings per share	46.50	225,000,000	2.07
For the year ended March 31, 2018:			
Equity Shares			
(a) Basic and diluted earnings per share	50.15	225,000,000	2.23

27. Revenue from contracts with customers

a) Revenue from operations

The Company generates revenue primarily from the sale of vehicles and sale of services as per details provided in Note 16 to the financial statements.

b) Disaggregation of revenue

Considering the nature, amount, timing and uncertainty of revenue and cash flows, the Company determines that its revenue from operations would fall in single category as per the requirements of Ind AS 115. Further, refer Note 28 on Segment reporting, where the Company has disclosed that for the purposes of Ind AS 108, its operations constitute single operating segment.

c) Details of contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Particulars	As at March 31, 2019
Receivables	
Contract assets	
Contract liabilities	10.15
TOTAL	10.15

The contract liabilities primarily relate to the advance consideration received from customers. Revenue is recognized from the contract liability amounts as and when goods are supplied or services are delivered and related performance obligations satisfied. The unused credit or balance is deferred until used by the customer or expired.

Significant changes in the contract liabilities balances during the year ended 31 March 2019 as follows:

Particulars	As at March 31, 2019
Contract liabilities:	
Contract liabilities at the beginning of the reporting period	22.88
Revenue recognised that was included in the contract liability balance at the beginning of the reporting period	-
Other changes	12.73
Contract liabilities at the end of the reporting period	10.15

d) Performance obligations

The Company satisfies its performance obligations pertaining to the sale of product at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract is a fixed price contract and do not contain any financing component. The payment is generally due within 7 - 30 days.

There are no other significant obligations attached in the contract with customer.

e) Transaction price

There is no remaining performance obligation for any contract for which revenue has been recognised till period end.

f) Significant judgements in the application of this Standard

There are no significant judgements involved in ascertaining the timing of satisfaction of performance obligations, in evaluating when a customer obtains control of promised goods, in determining the transaction price and allocation of transaction price to the performance obligations.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued) for the year ended March 31, 2019

(₹ in crores)

27. Revenue from contracts with customers (Continued)

g) Cost to obtain contract or fulfil a contract

There are no costs incurred for obtaining or fulfilling a contract and there are no closing assets recognised from the costs incurred to obtain or fulfil a contract with a customer.

28. Segment reporting

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

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

Information about major customers:

Included in sale of products of ₹ 3,330.05 crore (previous year : ₹ 4,127.41 crore) are sales of approximately ₹ 295.68 crore (previous year : ₹ 424.81 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, 2019 and March 31, 2018.

29. Other notes

- a) The Company has spent an amount of Rs. 1.01 crores towards various schemes of Corporate Social Responsibility (CSR) as prescribed under Section 135 of the Companies Act, 2013. No amount has been spent on construction / acquisition of an asset of the Company. The prescribed CSR expenditure required to be spent in the year 2018-19 as per Companies Act, 2013 is ₹ 0.95 crores, in view of average net profits of the Company being ₹ 47.30 crores (under section 198 of the Act) for last three financial years.

- b) The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below:

	As at March 31, 2019 ₹ Crore	As at March 31, 2018 ₹ Crore
(a) Amounts outstanding but not due as at March 31,	-	-
(b) Amounts due but unpaid as at March 31, - Principal	-	-
(c) Amounts paid after appointed date during the year - Principal	-	-
(d) Amount of interest accrued and unpaid as at March 31, - Interest	-	-
(e) Amount of estimated interest due and payable for the period from April 1, 2019 to actual date of payment or May 8, 2019 (whichever is earlier) - Interest	-	-

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2019

(₹ in crores)

29. Other notes (Continued)

- Information with regard to other matters specified in Schedule III to the Act is either NIL or not applicable to the Company for the year.
- Previous year's figures have been regrouped/reclassified wherever necessary to conform to current year's classification

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

Chartered Accountants

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

For and on behalf of the Board of Directors

TML Distribution Company Limited

CIN - U63000MH2008PLC180593

RAJIV SHAH

Partner

Membership No: 112878

Mayank Pareek

Chairman

DIN No.: 00139206

R Ramakrishnan

Director

DIN No.: 03394401

V K Jairath

Director

DIN No.: 00391684

Asimkumar Mukhopadhyay

Director

DIN No.: 06520288

Dr Vaijayanti Pandit

Director

DIN No.: 06742237

R T Wasan

Director

DIN No.: 06425463

Achal Paliwal

Manager &

Chief Executive Officer

Alok Salooja

Chief Financial Officer

Anjali Singh

Company Secretary

ACS No. 26664

Mumbai
8 May 2019

Mumbai
8 May 2019