

B S R & Co. LLP

Chartered Accountants

7th & 8th floor, Business Plaza,
Westin Hotel Campus,
36/3-B, Koregaon Park Amex
Mundhwa Road, Ghorpadi
Pune - 411 001, India

Telephone +91 (20) 6747 7300
Fax +91 (20) 6747 7310

INDEPENDENT AUDITORS' REPORT

**To the Members of
TML Distribution Company Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TML Distribution Company Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

B S R & Co (a partnership firm with
Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011, India

INDEPENDENT AUDITORS' REPORT (*Continued*)
TML Distribution Company Limited

Other Information (*Continued*)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of 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.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT (*Continued*)
TML Distribution Company Limited

Auditor's Responsibilities for the Audit of the Financial Statements (*Continued*)

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the management and Board of Directors.
- Conclude on the appropriateness of management's and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT (*Continued*)
TML Distribution Company Limited

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 23 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.
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

INDEPENDENT AUDITORS' REPORT (*Continued*)
TML Distribution Company Limited

Report on Other Legal and Regulatory Requirements (*Continued*)

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, during the current year, the remuneration paid by the Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants

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

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Siddhartha Guha
Partner

Pune
8 June 2020

Membership No: 124042
UDIN: 20124042AAAAAJ5886

TML Distribution Company Limited

Annexure A to the Independent Auditors' Report – 31 March 2020

(Referred to in our report of even date)

- i. The Company does not have any fixed assets. Accordingly, paragraph 3(i) (a), (b) and (c) of the Order is not applicable to the Company.
- ii. The Company does not have any inventory. Accordingly, paragraph 3 (ii) of the Order is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has granted inter-corporate deposits to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - a) The terms and conditions of the grant of such loans are, in our opinion prima facie, not prejudicial to the Company's interest.
 - b) The schedule of repayment of principal and payments of interest has been stipulated and the payments are in accordance with such stipulations.
- iv. According to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and making investments and providing guarantees and securities, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public as per the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act for the activities carried out by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income tax, Goods and Service Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax, Cess and any other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

TML Distribution Company Limited

Annexure A to the Independent Auditors' Report – 31 March 2020 (Continued)

- (b) According to the information and explanations given to us, there are no dues of Income-tax, and Goods and Service tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Sales tax and Value added tax have not been deposited as on 31 March 2020 by the Company on account of dispute:

Name of the Statute	Nature of dues	Amount (Rs. in crores) #	Period to which the amount relates	Forum where dispute is pending
Sales tax laws	Sales tax and VAT	0.12	F.Y. 2008-09	High Court Jabalpur, MP
		0.33	F.Y. 2008-09	Appellate Authority
		0.36	F.Y. 2009-10	High Court Jabalpur, MP
		0.26	F.Y. 2009-10	Additional Commissioner
		5.70	F.Y. 2010-11	Appellate Authority
		3.57	F.Y. 2011-12	Deputy/Joint Commissioner
		4.02	F.Y. 2012-13	Joint Commissioner
		2.36	F.Y. 2013-14	Joint Commissioner
		1.07	F.Y. 2014-15	Joint Commissioner
		1.12	F.Y. 2015-16	Joint Commissioner

Net of amount deposited with the authorities Rs. 1.42 crores.

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

TML Distribution Company Limited

Annexure A to the Independent Auditors' Report – 31 March 2020 **(Continued)**

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

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

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

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Siddhartha Guha

Partner

Pune
8 June 2020

Membership No: 124042
UDIN: 20124042AAAAAJ5886

TML Distribution Company Limited

Annexure B to the Independent Auditors' report - 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of TML Distribution Company Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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.

TML Distribution Company Limited

Annexure B to the Independent Auditors' report - 31 March 2020 (*Continued*)

Auditors' Responsibility (*Continued*)

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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

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

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Siddhartha Guha

Partner

Membership No: 124042

UDIN:20124042AAAAAJ5886

Pune

8 June 2020

TML Distribution Company Limited

Balance Sheet

as at March 31, 2020

(₹ in crores)

	Note	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
(1) Non-Current Assets			
(a) Right of use assets	3	15.55	-
(b) Financial assets:			
(i) Other investments	4	114.71	-
(ii) Loans and advances	5	0.07	0.09
(iii) Other financial assets	5	0.20	0.19
(c) Deferred tax assets	8	-	28.44
(d) Advance income tax assets (net)		1.45	5.76
(e) Other non-current assets	10	36.80	51.80
Total Non-Current Assets		168.78	86.28
(2) Current Assets			
(a) Inventories	6	-	104.62
(b) Financial assets:			
(i) Trade receivables	7	61.36	126.31
(ii) Cash and cash equivalents	8	-	12.45
(iii) Loans and advances	5	129.19	125.35
(iv) Other financial assets	5	2.59	-
(c) Other current assets	11	47.61	40.00
Total Current Assets		240.75	408.73
Total Assets		409.53	495.01
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	12	225.00	225.00
(b) Other equity		135.90	175.96
Total Equity		360.90	400.96
(2) Liabilities			
Non-Current Liabilities			
(a) Financial liabilities:			
(i) Lease liability		7.16	-
(b) Provisions	16	2.06	2.04
(c) Deferred tax liabilities (net)	9	0.21	-
Total Non-Current Liabilities		9.43	2.04
Current Liabilities			
(a) Financial liabilities:			
(i) Borrowings	13	2.18	22.88
(ii) Acceptances		-	2.72
(iii) Trade payables	15	-	-
(a) Dues to micro enterprises and small enterprises		4.90	9.72
(b) Dues of creditors other than micro enterprises and small enterprises		10.22	-
(iv) Lease liability		18.92	10.36
(v) Other financial liabilities	14	0.43	0.71
(b) Provisions	16	1.94	0.58
(c) Current tax liabilities (net)		0.61	45.04
(d) Other current liabilities	17	39.20	92.01
Total Current Liabilities		48.63	94.05
Total Liabilities		409.53	495.01
Total Equity and Liabilities			

Significant accounting policies

2

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

3 - 32

As per our report of even date attached

For BSR & 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

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SIDDHARTHA GUHA

Partner

Membership No: 124042

UDIN: 20124042AAAAAJ5886

Place: Pune

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Asimkumar Mukhopadhyay

Director

DIN No.: 06520288

Place: Mumbai

Dr. Vajjayanti Pandit

Director

DIN No.: 06742237

Place: Mumbai

Achal Paliwal

Manager &

Chief Executive Officer

Place: Mumbai

Alok Salooja

Chief Financial Officer

Place: Delhi

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Vispi Patel

Company Secretary

F7021

Place: Mumbai

8 June 2020

8 June 2020

TML Distribution Company Limited

Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in crores)

Particulars	Notes	For the year ended March 31,	
		2020	2019
I. Revenue from operations	18	79.70	3,389.67
II. Other income	19	23.12	44.43
III. Total Income (I+II)		102.82	3,434.10
IV. Expenses			
(a) Purchases of stock-in-trade		(64.25)	3,371.44
(b) Changes in inventories of stock-in-trade		104.62	(75.67)
(c) Employee benefits expense	20	11.58	12.04
(d) Finance costs	21	2.24	2.34
(e) Lease amortisation expenses		9.12	-
(f) Other expenses	22	45.94	50.35
Total Expenses (IV)		109.25	3,360.50
V. Profit / (Loss) before Tax (III-IV)		(6.43)	73.60
VI. Tax expense	9		
(a) Current tax		5.07	30.89
(b) Deferred tax (credit)/charge		28.70	(3.79)
Total		33.77	27.10
VII. Profit / (Loss) After Tax (V-VI)		(40.20)	46.50
VIII. Other Comprehensive Income:			
(i) Items that will not be reclassified to profit and loss:			
Remeasurement gain on defined benefit plan (net)		0.10	0.04
(ii) Income tax relating to remeasurement gain on defined benefit plan (net)		0.04	(0.01)
Other Comprehensive Income for the year		0.14	0.03
IX. Total Comprehensive Income / (Loss) for the year (VII+VIII)		(40.06)	46.53
X. Earnings per equity share:	27		
(Face value - Rs. 10 each)			
(i) Basic and diluted		₹ (1.79)	₹ 2.07

Significant accounting policies

2

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

3 - 32

As per our report of even date attached

For BSR & 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

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Asimkumar Mukhopadhyay

Director

DIN No.: 06520288

Place: Mumbai

Dr. Vaijayanti Pandit

Dr. Vaijayanti Pandit

Director

DIN No.: 06742237

Place: Mumbai

SIDDHARTHA GUHA

Partner

Membership No: 124042

UDIN: 20124042AAAAAJ5886

Place: Pune

Achal Paliwal

Achal Paliwal

Manager &

Chief Executive Officer

Place: Mumbai

Alok Salooja

Alok Salooja

Chief Financial Officer

Place: Delhi

VISPI SAROSH
PATEL

Vispi Patel

Company Secretary

F7021

Place: Mumbai

8 June 2020

8 June 2020

TML Distribution Company Limited

Statement of changes in equity

for the year ended March 31, 2020

(₹ in crores)

Equity share capital	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the reporting year	225.00	225.00
Balance at the end of the reporting year	225.00	225.00

Other Equity	Other Comprehensive Income	Retained Earnings	Total Other equity
Balance as at April 1, 2018 (A)	0.44	128.99	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) (B)	0.03	46.50	46.53
Balance as at March 31, 2019 (C) = (A) + (B)	0.47	175.49	175.96
Balance as at April 1, 2019 (D)	0.47	175.49	175.96
Loss for the year	-	(40.20)	(40.20)
Other comprehensive income for the year, (net of income tax)	0.14	-	0.14
Total comprehensive loss for the year, (net of income tax) (E)	0.14	(40.20)	(40.06)
Balance as at March 31, 2020 (F) = (D) + (E)	0.61	135.29	135.90

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 BSR & 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

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SIDDHARTHA GUHA

Partner

Membership No: 124042

UDIN: 20124042AAAAJ5886

Place: Pune

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ASIM KUMAR
MUKHOPADHYAY
Date: 2020.06.08
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Asimkumar Mukhopadyay

Director

DIN No.: 06520288

Place: Mumbai

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Dr. Vaijayanti Pandit
Date: 2020.06.08
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Dr. Vaijayanti Pandit

Director

DIN No.: 06742237

Place: Mumbai

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Achal Paliwal
Date: 2020.06.08
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Achal Paliwal

Manager &

Chief Executive Officer

Place: Mumbai

Alok Salooja

Chief Financial Officer

Place: Delhi

VISPI SAROSH
PATEL

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VISPI SAROSH PATEL
Date: 2020.06.08
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Vispi Patel

Company Secretary

F7021

Place: Mumbai

8 June 2020

8 June 2020

TML Distribution Company Limited

Cash Flow Statement

for the year ended March 31, 2020

	(₹ in crores)	
	For the year ended March 31,	
	2020	2019
(A) Cash flows from operating activities		
(Loss) / Profit Before Tax	(6.43)	73.60
Adjustments for:		
Lease amortization expenses	9.12	-
Provision and write off of trade receivables	14.16	10.59
Finance cost	2.24	2.34
Interest income	(23.12)	(44.43)
Cash flows from operating activities before working capital changes	(4.03)	42.10
Decrease/(Increase) in Inventories	104.62	(75.67)
Decrease in Trade receivables	50.79	2.75
Increase in Loans and advances	(2.56)	(0.02)
(Increase)/Decrease in Other current assets	(7.61)	41.90
Decrease in Other non-current assets	14.99	60.68
(Decrease)/Increase in Acceptances	(2.72)	2.72
(Decrease) in Trade payables	(4.82)	(37.53)
Increase/(Decrease) in Other financial liabilities	8.56	(11.95)
(Decrease)/Increase in Provisions	(0.16)	0.25
Decrease in Other current liabilities	(44.43)	(35.04)
Cash generated from operations	112.62	(9.81)
Income tax paid (net)	0.60	(36.34)
Net cash generated / (utilised) by operating activities	113.22	(46.15)
(B) Cash flows from investing activities		
Investment of Inter Corporate Deposit	(3.50)	(30.00)
Investment of Compulsory Convertible Debentures	(114.71)	-
Interest received	22.74	44.43
Net cash (utilised) / generated by investing activities	(95.47)	14.43
(C) Cash flows from financing activities		
Interest paid	(0.59)	(2.34)
Lease liability paid	(8.91)	-
(Repayments)/Proceeds of borrowings	(20.70)	20.66
Net cash (utilised) / generated by financing activities	(30.20)	18.32
(D) Net increase in cash and cash equivalents	(12.45)	(13.40)
Cash and cash equivalents at the beginning of the year i.e. April 01, 2019	12.45	25.85
Cash and cash equivalents at the end of the period i.e. March 31, 2020	0.00	12.45

TML Distribution Company Limited

Cash Flow Statement (Continued)

for the year ended March 31, 2020

(₹ 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 8)

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

GUHA

SIDDHARTH

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GUHA SIDDHARTHA
Date: 2020.06.08
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SIDDHARTHA GUHA

Partner

Membership No: 124042

UDIN: 20124042AAAAAJ5886

Place: Pune

ASIM KUMAR
MUKHOPADH
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KUMAR
MUKHOPADHYAY
Date: 2020.06.08
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Asimkumar Mukhopadyay

Director

DIN No.: 06520288

Place: Mumbai

Dr. Vijayanti Pandit

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Director

DIN No.: 06742237

Place: Mumbai

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Manager &

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Place: Mumbai

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Place: Delhi

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VISPI SAROSH PATEL
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Vispi Patel

Company Secretary

F7021

Place: Mumbai

8 June 2020

8 June 2020

TML Distribution Company Limited

Notes Forming Part of Financial Statements

for the year ended March 31, 2020

(₹ 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.

Pursuant to the decision of the parent company to directly supply vehicles to its dealers during the year ended 31st March 2020, there has been a substantial reduction in the trading activity of the vehicles by the Company. The Company will primarily focus on rendering distribution and logistics support services.

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 June 8, 2020.

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.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The World Health Organisation in February 2020 declared COVID-19 as a pandemic. The pandemic has been rapidly spreading throughout the world, including India. Governments around the world including India have been taking significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, the Company's offices also had to be closed down for a considerable period of time, including after the year end. The Company is monitoring the situation closely taking into account directives from the Government.

Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdown in the preparation of the financial statements including the assessment of net realizable values of its assets. However, given the effect of these lockdowns on the overall economic activity in India and in particular on the automotive industry, the impact assessment of COVID-19 on the assets is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial statements.

Classification of Assets and Liabilities

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

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

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within twelve months after the reporting date; or
- 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.

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

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

- it is expected to be settled in the Company's normal operating cycle;
 - it is held primarily for the purpose of being traded;
 - it is due to be settled within twelve months after the reporting date; or
 - 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.

(iv) 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, 2020

(₹ 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, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers, which is when title and risks and rewards of ownership pass to the customer. Sale of products is presented net of excise duty where applicable and other indirect taxes.

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, 2020

(₹ 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, 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 or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The embedded interest rate guarantee is considered to be defined benefit. Given the prescribed investment pattern, most investment of provident fund have historically been in debt securities, which were giving secure returns. However, during the year ended March 31, 2020, with a ratings downgrade and potential bond default of some of the biggest companies, the total liability principal and interest guarantee has been actuarially valued as a defined benefit.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ 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, 2020

(₹ in crores)

2. Significant Accounting Policies (Continued)

x Financial Instruments: (Continued)

Financial assets (Continued)

Derecognition:

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

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

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

Impairment of financial assets:

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

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

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

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

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

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

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

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

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

Financial Liabilities

Initial recognition and measurement:

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

Subsequent measurement:

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

Derecognition:

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

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ 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

The Company adopted IND AS 116 with effect from April 1, 2019. In accordance with IND AS 116, at the inception of a contract, the Company assesses whether the contract is or contains a lease. The Company determines that a contract is or contains a lease if the contract conveys right to control the use of an identified asset for a period of time in exchange for a consideration. At the inception of a contract which is or contains a lease in accordance with IND AS 116, the Company recognises lease liability at the present value of the future lease payments for non cancellable period of a lease which is not short term in nature except for lease of low value items. The future lease payments for such non cancellable period is discounted using the Company's incremental borrowing rate. Lease payments include fixed payments, in substance fixed payments, amounts expected to be payable by the Company under residual value guarantee, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise termination option. The Company also recognises a right of use asset which comprises of amount of initial measurement of the lease liability, any initial direct cost incurred by the Company and estimated dilapidation costs.

Right of use assets is amortized over the period of lease. Subsequently, right of use assets are measured at their inception value less amortization and impairment if any.

The Company used following practical expedients on date of initial application of IND AS 116.

- i. With leases previously classified as operating leases according to Ind AS 17, the lease liability was 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 was recognised at an amount equal to the lease liability;
- ii. Regardless of their original lease term, leases for which the lease term ends latest on March 31, 2020, were recognised as short-term leases;
- iii. At the date of initial application, the measurement of a right-to-use asset excluded the initial direct costs; and
- iv. Hindsight was considered when determining the lease term if the contract contains options to extend or terminate the leases.

The Company recognized additional Rs. 10.40 crores as right of use assets and lease liability in the balance sheet on the date of transition i.e April 1, 2019.

Lease payments of short term leases and leases of low value items are recognized as expense equally over the period of lease. Any lease for which non cancellable period is less than 12 months is classified as short term lease. Any lease for an asset whose initial value is less than 3 lacs is classified as a low value item.

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)

as at March 31, 2020

(₹ in crores)

3. Right of Use Assets

Particulars	Gross Block					Accumulated Amortisation					Net Block
	Opening Balance	Effect of transition to Ind AS 116	Additions	Deductions	Closing Balance	Opening Balance	Effect of transition to Ind AS 116	Additions	Deductions	Closing Balance	
Commercial Premises	-	10.40	15.26	(1.63)	24.03	-	-	9.12	(0.64)	8.48	15.55
TOTAL	-	10.40	15.26	(1.63)	24.03	-	-	9.12	(0.64)	8.48	15.55

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2020

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
4. Other non-current investments		
Unsecured Unrated Compulsorily Convertible Debentures (CCD) issued by Concorde Motors (India) Limited		
100,000,000 CCDs of ₹ 10 each	114.71	-
<p>The Company also has a put option, whereby the Company has the right but not obligation to require Tata Motors Limited to purchase all Debentures held by the Company as per terms and conditions contained in the agreement</p> <p>These investments are pending to be transferred to the demat account of the Company and would be done post the lockdown is lifted</p>		
	<u>114.71</u>	<u>-</u>
5. Loans and advances and other financial assets		
<u>Loans and advances - Non-current</u>		
<i>Unsecured:</i>		
(a) Loans to employees	0.06	0.07
(b) Others	0.01	0.02
Total	<u>0.07</u>	<u>0.09</u>
<u>Other financial assets - Non-current</u>		
<i>Unsecured:</i>		
(a) Restricted Deposits	0.20	0.19
	<u>0.20</u>	<u>0.19</u>
<u>Loans and advances - Current</u>		
Secured, considered good:		
<i>Unsecured:</i>		
To related parties		
(a) Inter corporate deposits:		
- Concorde Motors (India) Limited	125.00	125.00
- Tata Precision Industries (India) Limited	3.80	0.30
Interest accrued on Inter Corporate deposits to related parties	0.38	-
To other than related parties		
(b) Advances to employees	0.01	0.05
Total	<u>129.19</u>	<u>125.35</u>
<u>Other financial assets - Current</u>		
<i>Unsecured:</i>		
From related parties:		
(a) Amounts recoverable from Tata Motors Limited	2.59	-
	<u>2.59</u>	<u>-</u>
Further information about these Inter corporate deposits is set out in note 25. These financial assets are carried at amortised cost.		
6. Inventories		
Stock in trade (lower of cost and net realisable value)	-	104.62
Total	<u>-</u>	<u>104.62</u>

Cost of inventories (including cost of purchased products) recognized as expense during the year ended March 31, 2020 and March 31, 2019 amounted to Rs. 40.37 crores and Rs. 3,295.77 crores respectively.

The cost of inventories recognised as an expense includes Rs. 0.20 crores (Previous year - Rs. 0.89 crore) in respect of write down of inventory to net realisable value. There have been reversals of Rs. 0.69 crores (Previous year - Rs. 0.02 crores) of such write down.

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, 2020

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
7. Trade receivables		
(a) Receivables considered good - Secured	-	-
(b) Receivables considered good - Unsecured	61.36	126.31
(c) Receivables which have significant increase in credit risk	38.74	15.47
(d) Receivables - credit impaired	54.67	63.78
	<u>154.77</u>	<u>205.56</u>
Less : Provision for doubtful debts - Receivables which have significant increase in credit risk	(38.74)	(15.47)
Less : Provision for doubtful debts - Receivables - credit impaired	(54.67)	(63.78)
Total	<u><u>61.36</u></u>	<u><u>126.31</u></u>
8. Cash and cash equivalents		
(a) Balances with banks ¹	-	12.45
(b) Cheques on hand	-	-
	<u>-</u>	<u>12.45</u>
¹ Cash and cash equivalents in statement of cash flows	<u><u>-</u></u>	<u><u>12.45</u></u>
Includes remittances in transit	-	7.17

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2020

(₹ in crores)

9. Income tax

The reconciliation of estimated tax expense to tax expense reported:

	Year months ended March 31,	
	2020	2019
Profit before tax	(6.43)	73.60
Tax expense at tax rates applicable to entity	(1.62)	25.72
Previous year's tax provision on completed assessments	1.46	
Derecognition of deferred tax asset	28.70	-
Unrecognised deferred tax asset	4.72	-
Others	0.51	1.38
Tax expense reported	33.77	27.10

The tax rate used for the above reconciliation for Financial Years 2019-20 and 2018-19 is the corporate tax rate of 25.168% and 34.944% respectively payable by corporate entities respectively in India on taxable profits under the Indian tax laws. The Company has opted for lower tax under section 115BAA in accordance with the Taxation Laws (Amendment) Ordinance, 2019

The Company has derecognised Deferred Tax Asset on account of lack of reasonable certainty of future available profits against which it is realisable. A sum of Rs. 28.70 crores has been charged to Statement of Profit & Loss. Further, the Company has not recognised Deferred Tax Asset of Rs. 4.72 crore mainly pertaining to provision for doubtful debts, Sec. 43B and other disallowances

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2020

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
10. Other non-current assets		
<i>Unsecured:</i>		
(a) Balance with government authorities	36.80	51.80
Total	36.80	51.80
11. Other current assets		
<i>Unsecured:</i>		
(a) Balance with government authorities	47.51	39.01
(b) Prepaid expenses	0.08	0.99
(c) Others	0.02	-
Total	47.61	40.00

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2020

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
12. Share Capital		
(a) Authorised:		
225,000,000 equity shares of ₹ 10 each	225.00	225.00
(as at March 31, 2019: 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, 2019: 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 2020.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2020

(₹ in crores)

12. 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, 2020		As at March 31, 2019	
	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, 2020

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
13. Current financial liabilities - Borrowings		
Secured:		
Loans repayable on demand		
(a) From banks	2.18	22.88
	<u>2.18</u>	<u>22.88</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 interest rate applicable on the loan from bank was 8.70% p.a. (As at March 31, 2019: 9.25% p.a)</p>		
14. Other financial liabilities – current		
(a) Liability towards "C" Forms	12.60	10.02
(b) Advance from customers	6.15	-
(d) Factoring payables	-	0.34
(e) Employee related payables	0.17	-
Total	<u>18.92</u>	<u>10.36</u>
15. Trade payables		
(a) Trade payables		
- due to Micro and Small Enterprises	-	-
- due to Others	4.90	9.72
Total	<u>4.90</u>	<u>9.72</u>
<p>Includes payable to related parties Rs. 1.20 crore as at March 31, 2020 (Rs. 1.15 crore as at March 31, 2019)</p>		
16. Provisions		
Non-current		
(a) Provision for employee benefits	2.06	2.04
Total-Non-current	<u>2.06</u>	<u>2.04</u>
Current		
(a) Provision for employee benefits	0.43	0.71
Total-Current	<u>0.43</u>	<u>0.71</u>

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

as at March 31, 2020

(₹ in crores)

	As at March 31, 2020	As at March 31, 2019
17. Other current liabilities		
(a) Advance from customers	-	10.15
(b) Payable to channel financiers	-	5.93
(c) Statutory dues payable ¹	0.49	28.87
(d) Others	0.12	0.09
Total	0.61	45.04
¹ Statutory dues include GST, VAT, TDS and other taxes payable.		
TDS	0.30	0.37
GST	0.19	17.39
Others	-	2.75
Liability under Rule 52A of MVAT Act	-	8.36
	0.49	28.87

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

	Year ended March 31,	
	2020	2019
18. Revenue from operations		
(a) Sale of products	41.23	3,330.05
(b) Sale of services	38.05	58.49
(c) Other operating revenues	0.42	1.13
Total revenue from operations	79.70	3,389.67
19. Other income		
(a) Interest income on financial assets held at amortised cost		
(i) Trade receivables	1.66	28.08
(ii) Interest on inter-corporate deposits to related parties:		
- Tata Motors Limited	3.22	3.97
- Concorde Motors (India) Limited	11.91	10.33
- Tata Precision Industries (India) Limited	0.38	0.03
(iii) Interest on fixed deposits with banks	0.10	0.06
(b) Interest on VAT refund	4.34	1.96
(c) Interest on Income Tax refund	1.51	-
Total other income	23.12	44.43
20. Employee benefits expense		
(a) Salaries and bonus	10.52	10.84
(b) Contribution to provident and other funds [Refer note 2 (ix)]	0.70	0.74
(c) Staff welfare expenses	0.36	0.46
Total	11.58	12.04
21. Finance costs		
(a) Interest on short-term borrowings	0.58	2.22
(b) Bill discounting charges	-	0.12
(c) Interest on right to use lease assets	1.65	-
(d) Others	0.01	-
Total	2.24	2.34

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

	Year ended March 31, 2020	2019
22. Other expenses		
(a) Rent	1.25	3.28
(b) Insurance	0.46	1.08
(c) Freight, transportation, port charges	-	0.00
(d) Payment to auditors		
(i) For Statutory Audit	0.14	0.14
(ii) For Taxation matters		
- Tax audit	0.01	0.01
- Other matters	-	-
(including out of pocket expenses - Rs. 55,752; Previous Year - Rs. 33,697)		
(e) Corporate social responsibility expenses	1.53	1.01
(f) Provision and write off of trade receivables	14.16	10.59
(g) VAT Credit charged off / C Form Provision	3.17	-
(h) Works operation and other expenses ¹	25.22	34.24
Total	45.94	50.35

¹ Works operation and other expenses

(a) Yard management expenses	12.55	19.34
(b) Security expenses	3.50	3.84
(c) Miscellaneous contract jobs/outsourcing expenses	2.12	2.03
(d) IT services	3.00	3.34
(e) Others	4.05	5.69
Total	25.22	34.24

TML Distribution Company Limited

Notes Forming Part of Financial Statements *(Continued)*

for the year ended March 31, 2020

(₹ in crores)

23. 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. 20.33 crores (as at March 31, 2019 - Rs. 19.85 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, 2019 - 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 contribution on a prospective basis, from the date of the SC order.

24. 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, 2020

(₹ in crores)

25. 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,	As at March 31,	As at March 31,
	2020	2019	2020	2019
(a) Trade receivables	61.36	126.31	61.36	126.31
(b) Cash and cash equivalents	-	12.45	-	12.45
(c) Other financial assets - current	2.59	-	2.59	-
(d) Other investments - non-current	114.71	-	114.71	-
(e) Loans and advances - non-current	0.07	0.09	0.07	0.09
(f) Other financial assets - non-current	0.20	0.19	0.20	0.19
(g) Loans and advances - current	129.19	125.35	129.19	125.35
Total	308.12	264.39	308.12	264.39

(₹ in crores)				
Financial liabilities	Measured at amortised cost		Total carrying value	
	As at March 31,	As at March 31,	As at March 31,	As at March 31,
	2020	2019	2020	2019
(a) Acceptances	-	2.72	-	2.72
(b) Short-term borrowings	2.18	22.88	2.18	22.88
(c) Trade payables	4.90	9.72	4.90	9.72
(d) Other financial liabilities - current	29.14	10.36	29.14	10.36
(e) Lease liability - non-current	7.16	-	7.16	-
Total	43.38	45.68	43.38	45.68

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

25. 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. 308.12 crores as of March 31, 2020, Rs. 264.39 crores as of March 31, 2019 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, 2020, 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 2020			As at 31st March 2019		
Period (in months)	Gross	Allowance	Net	Gross	Allowance	Net
(a) Not due	-	-	-	-	-	-
(b) Overdue upto 3 months	8.27	-	8.27	97.84	-	97.84
(c) Overdue 3-6 months	10.22	0.35	9.87	4.46	0.02	4.44
(d) Overdue more than 6 months	136.28	93.06	43.22	103.26	79.23	24.03
TOTAL	154.77	93.41	61.36	205.56	79.25	126.31

(d) Liquidity risk

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

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

The contractual maturities of financial liabilities of the Company as at March 31, 2020 and March 31, 2019 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, 2020

(₹ in crores)

26. Related-party transactions

Related Parties Disclosure as required by Ind AS- 24 - 'Related Party Disclosures'

Parent Company - Tata Motors Limited

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

Associates of Parent Company- 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, 2020:

	(₹ in crores)			
	Parent Company	Fellow subsidiaries	Associates	Total
Transactions:				
(a) Purchase returns *	(83.19)			(83.19)
(b) Sale of products *	3.39	3.99		7.38
(c) Services received *	5.41	2.00		7.41
(d) Services rendered *	44.90			44.90
(e) Freight recovery	-			-
(f) Interest (income)/expense, dividend (income)/paid, net	(3.22)	(11.91)	(0.38)	(15.51)
(g) Inter corporate deposits given	192.00	-	3.50	195.50
(h) Inter corporate deposits (repaid)	(192.00)	-	-	(192.00)
Balances:				
(a) Amounts receivable in respect of loans	-	125.00	3.80	128.80
(b) Investments	-	114.71	-	114.71
(c) Trade and other receivables	63.65	0.77	-	64.42
(d) Accounts payable	-	(1.08)	(0.12)	(1.20)

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

TML Distribution Company Limited

Notes Forming Part of Condensed Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

26. Related-party transactions (Continued)

The following table summarizes related-party transactions 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
(e) Interest (income)/expense, dividend (income)/paid, net	(3.83)	(10.50)	(0.03)	(14.36)
(f) Inter corporate deposits given	280.00	85.00		365.00
(f) 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)

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

27. 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, 2020:			
Equity Shares			
(a) Basic and diluted earnings per share	(40.20)	225,000,000	(1.79)
For the year ended March 31, 2019:			
Equity Shares			
(a) Basic and diluted earnings per share	46.50	225,000,000	2.07

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 ₹ 41.23 crore (previous year : ₹ 3,330.05 crore) are sales of approximately ₹ 5.61 crore (previous year : ₹ 295.68 crore) which arose from sale to company's two largest customers. No other single customer contributes 5% or more to the company's sale of products for the year ended March 31, 2020 and March 31, 2019.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

29. Right-to-use assets

On transition to Ind AS 116, the Company recognized right to use assets for leases of any assets, other than low value items or which were short term in nature. Lease liabilities were recognized for all such right to use assets equal to the amount of discounted value of all future lease payments. The reconciliation of the Company's commitment towards all its future minimum rental payments under non cancellable operating leases as at March 31, 2019 and lease liability recognized as per Ind AS 116 as at April 01, 2019 is as follows:

	(₹ in crores)
Future minimum rental payments under non cancellable operating leases as at March 31, 2019	8.61
Short-term leases for which no right to use assets has been recognized	(5.84)
Leases of low-value items for which no right to use assets has been recognized	-
Extension and termination options in lease contract considered in lease liability recognized under Ind AS 116	-
Variable lease payments based on an index or a rate	-
Gross lease liabilities for former operating leases at 1 April 2019	2.77
Discounting impact	-
Lease liabilities for former operating leases at 1 April 2019	2.77
Present value of finance lease liabilities as 31 March 2019	7.63
Total lease liabilities at 1 April 2019	10.40

When measuring lease liability, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 8.62%

	(₹ in crores)
The following amounts are included in the Balance Sheet as at 31 March 2020:	2020
Current lease liabilities	10.22
Non-current lease liabilities	7.16
Total lease liabilities	17.38

	(₹ in crores)
The following amounts are recognised in the Statement of Profit and Loss for the year ended 31 March 2020:	2020
Interest expense on lease liabilities	1.65
Variable lease payment not included in the measurement of lease liabilities	-
Income from sub-leasing of right-of-use assets	-
Expenses related to short-term leases	2.85
Expenses related to low-value assets, excluding short-term leases of low-value assets	-
Gains or losses arising from sale-and-leaseback transactions	-

	(₹ in crores)
Commercial Premises	-
Cost as at April 1, 2019	-
Effect of transition on adoption of Ind AS 116	10.40
Additions	15.26
Disposals/adjustments	(1.63)
Cost as at March 31, 2020	24.03
Accumulated amortisation as at April 1, 2019	-
Effect of transition on adoption of Ind AS 116	-
Amortisation for the period	9.12
Disposal/adjustments	(0.64)
Accumulated amortisation as at March 31, 2020	8.48
Net carrying amount as at March 31, 2020	15.55

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

30 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,	
	2020	2019	2020	2019
Change in defined benefit obligations :				
Defined benefit obligation, beginning of the year	4.08	3.70	0.19	0.20
Current service cost	0.20	0.19	0.01	0.01
Interest cost	0.28	0.28	0.01	0.02
Remeasurements (gains) / losses				
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	(0.14)	0.13	0.02	(0.02)
Actuarial (gains) / losses arising from changes in experience adjustments	(0.05)	(0.10)	0.01	(0.02)
Past service cost	-	-	-	-
Benefits paid from plan assets	(0.40)	(0.12)	-	-
Benefits paid directly by employer			(0.02)	
Defined benefit obligation, end of the year	3.97	4.08	0.22	0.19
Change in plan assets:				
Fair value of plan assets, beginning of the year	3.59	3.43	-	-
Interest income	0.26	0.26	-	-
Remeasurements gains / (losses)				
Return on plan assets, (excluding amount included in net Interest expense)	(0.06)	(0.03)	-	-
Employer's contributions	0.21	0.05	-	-
Benefits paid	(0.40)	(0.12)	-	-
Fair value of plan assets, end of the year	3.60	3.59	-	-

	Pension benefits		Post retirement medical benefits	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Amount recognized in the balance sheet consists of:				
Present value of defined benefit obligation	3.97	4.08	0.22	0.19
Fair value of plan assets	3.60	3.59	-	-
Net liability	(0.37)	(0.49)	(0.22)	(0.19)
Amounts in the balance sheet:				
Non-current assets	0.02	-	-	-
Non-current liabilities	(0.39)	(0.49)	(0.22)	(0.19)
Net liability	(0.37)	(0.49)	(0.22)	(0.19)

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

30 Employee benefits (Continued)

Total amount recognized in other comprehensive income consists of:

	As at March 31,			
	Pension Benefits 2020	2019	Post retirement medical benefits 2020	2019
Remeasurements (gains) / losses	0.05	0.18	(0.16)	(0.19)
	<u>0.05</u>	<u>0.18</u>	<u>(0.16)</u>	<u>(0.19)</u>

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

	As at March 31, Pension Benefits	
	2020	2019
Defined benefit obligation	0.72	3.91
Fair value of plan assets	0.50	3.60

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

	As at March 31, Pension Benefits	
	2020	2019
Defined benefit obligation	3.08	-
Fair value of plan assets	3.11	-

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

30 Employee benefits (Continued)

Information for unfunded plans:

	As at March 31,			
	Pension Benefits		Post retirement medical benefits	
	2020	2019	2020	2019
Defined benefit obligation	0.17	0.17	0.22	0.19

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

	Year ended March 31,			
	Pension Benefits		Post retirement medical benefits	
	2020	2019	2020	2019
Service cost	0.20	0.19	0.01	0.01
Past Service cost	-	-	-	-
Net interest cost / (income)	0.02	0.02	0.01	0.02
Net periodic cost	0.22	0.21	0.02	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	
	2020	2019	2020	2019
Remeasurements				
Return on plan assets, (excluding amount included in net Interest expense)	0.06	0.03	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	(0.14)	0.13	0.02	(0.02)
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	(0.05)	(0.10)	0.01	(0.02)
Total recognized in other comprehensive income	(0.13)	0.06	0.03	(0.04)
Total recognized in statement of profit and loss and other comprehensive income	0.09	0.27	0.05	(0.01)

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

30 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	
	2020	2019	2020	2019
Discount rate	6.10%-6.90%	6.75%-7.70%	6.90%	7.60%
Rate of increase in compensation				
level of covered employees	5.00% - 7.00%	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, 2020 and 2019 by category are as follows:

	Pension benefits	
	Plan assets as of March 31	
	2020	2019
Asset category:		
Cash and cash equivalents	6.50%	7.33%
Debt instruments (quoted)	67.50%	67.76%
Debt instruments (unquoted)	0.60%	0.86%
Equity instruments (quoted)	2.90%	2.97%
Deposits with Insurance companies	22.50%	21.08%
	100.00%	100.00%

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, 2020 ranges from 5.39 years to 12.51 years (March 31, 2019 : 5.52 years to 13.80 years)

The Company expects to contribute Rs. 0.35 crores to the funded pension plans during the year ending March 31, 2021

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. 0.17 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. 0.03 crores	Increase by Rs. 0.00 * crores
	Decrease by 1%	Decrease by Rs. 0.02 crores	Decrease by Rs. 0.00 * crores

* Amounts are less than Rs. 50,000

TML Distribution Company Limited

Notes Forming Part of Financial Statements (*Continued*)

for the year ended March 31, 2020

(₹ in crores)

30 Employee benefits (*Continued*)

Provident Fund

The following tables set out the funded status of the defined benefit provident fund plan of the Company and the amounts recognized in the Company's financial statements as at March 31, 2020.

Particulars	(₹ in crores)
	Year ended March 31, 2020
Change in benefit obligations:	
Defined benefit obligations at the beginning	13.14
Service cost	0.31
Employee contribution	0.83
Acquisitions (credit) / cost	(0.40)
Interest expense	1.11
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	(0.04)
Benefits paid	(0.99)
Defined benefit obligations at the end	13.96
Change in plan assets:	
Fair value of plan assets at the beginning	13.20
Acquisition Adjustment	(0.40)
Interest income	1.13
Return on plan assets excluding amounts included in interest income	0.15
Contributions (employer and employee)	1.14
Benefits paid	(0.99)
Fair value of plan assets at the end	14.23
Amount recognised in the balance sheet consists of	As at March 31, 2020
Present value of defined benefit obligation	13.96
Fair value of plan assets	14.23
Effect of asset ceiling	(0.27)
Net liability	-

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

30 Employee benefits (Continued)

	As at
	March 31, 2020
Total amount recognised in other comprehensive income consists of:	
Remeasurements (gains) / losses	0.02
	0.02
Net pension and post retirement medical cost consist of the following components:	For the year ended
	March 31, 2020
Service cost	0.31
Net interest cost / (income)	(0.02)
Net periodic cost	0.29
Other changes in plan assets and benefit obligation recognised in other comprehensive income.	For the year ended
	March 31, 2020
Remeasurements	
Return on plan assets, (excluding amount included in net Interest expense)	(0.15)
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	(0.04)
Adjustments for limits on net asset	0.21
Total recognised in other comprehensive income	0.02
Total recognised in statement of profit and loss and other comprehensive income	0.31

The assumptions used in determining the present value obligation of the Provident Fund is set out below:

	As at
Particulars	March 31, 2020
Discount rate	6.90%
Expected rate of return on plan assets	8.60%
Remaining term to maturity of portfolio	15.55

The breakup of the plan assets into various categories as at March 31, 2020 is as follows:

	As at
Particulars	March 31, 2020
Central and State government bonds	46.18%
Public sector undertakings and Private sector bonds	34.74%
Others	19.08%
Total	100.00%

The asset allocation for plan assets is determined based on investment criteria prescribed under the relevant regulations.

As at March 31, 2020, the defined benefit obligation would be affected by approximately ₹ 0.41 Crore on account of a 0.50% decrease in the expected rate of return on plan assets.

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

31. 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 18 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, 2020	As at March 31, 2019
Receivables	-	-
Contract assets	-	-
Contract liabilities	6.15	10.15
TOTAL	6.15	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 2020 as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Contract liabilities:		
Contract liabilities at the beginning of the reporting period	10.15	22.88
Revenue recognised that was included in	-	-
Other changes	4.00	12.73
Contract liabilities at the end of the reporting period	6.15	10.15

d) Performance obligations

The Company satisfies its performance obligations pertaining to the sale of product at point of 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.

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.

32. Other notes

- The Company has spent an amount of Rs. 1.53 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 2019-20 as per Companies Act, 2013 is ₹ 1.33 crores, in view of average net profits of the Company being ₹ 66.71 crores (under section 198 of the Act) for last three financial years.

- 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 30, 2020 ₹ Crore	As at March 31, 2019 ₹ 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, 2020 to actual date of payment or June 8, 2020 (whichever is earlier) - Interest	-	-

TML Distribution Company Limited

Notes Forming Part of Financial Statements (Continued)

for the year ended March 31, 2020

(₹ in crores)

32. 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.
- The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2020.
- 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

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Partner

Membership No: 124042

UDIN: 20124042AAAAAJ5886

Place: Pune

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Director

DIN No.: 06520288

Place: Mumbai



Dr Vaijayanti Pandit

Director

DIN No.: 06742237

Place: Mumbai



Achal Paliwal

Manager &

Chief Executive Officer

Place: Mumbai



Alok Salooja

Chief Financial Officer

Place: Delhi

VISPI SAROSH
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Vispi Patel

Company Secretary

F7021

Place: Mumbai

8 June 2020

8 June 2020