

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED
(Registration number: 1996/004273/07)

AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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(Registration number: 1996/004273/07)
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The company's independent external auditors, Deloitte & Touche, have audited the financial statements of the company and their unqualified report appears on pages 2 and 3.

The directors are also responsible for the systems of internal control. These controls are designed to provide reasonable but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, to record liabilities and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements of the company are prepared on a going concern basis, since the directors believe that the company has adequate resources in place to continue in operation for the foreseeable future.

PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared under the supervision of Sally Govender (Finance Manager).

DIRECTORS' APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the company are set out on pages 4 to 24, were approved by the Board of Directors on 24 May 2017 and are signed on its behalf by:



Director



Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED

Opinion

We have audited the financial statements of Tata Chemicals (South Africa) Proprietary Limited set out on pages 6 to 24, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tata Chemicals (South Africa) Proprietary Limited as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT (continued)
TO THE MEMBERS OF TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED**

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements, the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 auditor's 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 ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 auditor's 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 auditor's 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 the directors 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.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per S Munro CA (SA), RA
Partner
1 June 2017

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED
(Registration number: 1996/004273/07)
DIRECTORS' REPORT
for the year ended 31 March 2017

The directors have pleasure in submitting their report, which forms part of the financial statements for the year ended 31 March 2017.

NATURE OF OPERATIONS

The company derives its income from the purchase, packaging and resale of sodium carbonate ("soda ash") and related products.

FINANCIAL RESULTS

The company's financial results are fully disclosed in the financial statements accompanying this report.

HOLDING COMPANY

The company's holding company is Tata Chemicals Africa Holdings Limited, a company incorporated in the United Kingdom. The company's ultimate holding company is Tata Chemicals Limited, a company incorporated in India.

DIVIDENDS

Dividends declared and paid during the year R NIL (2016: R Nil).

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The company's financial statements were prepared in terms of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and are consistent with those applied in the previous year.

SHARE CAPITAL

There have been no changes to the authorised and issued share capital during the year under review.

RELATED PARTIES

Related parties consist of all entities where there is a common shareholding or directorship. The directors are considered key entity personnel. Related party transactions have been disclosed in note 16 to the financial statements.

DIRECTORS

The directors in office at the end of the year and at the date of this report are:

MFK Odera	(Kenyan)
Z Langrana	(Indian)
R Lodha	(Indian)
Z Schneider	(South African)
R Mpofo	(South African)

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED
(Registration number: 1996/004273/07)
DIRECTOR'S REPORT (continued)
for the year ended 31 March 2017

SECRETARY

The company has not appointed a secretary.

REGISTERED OFFICE AND POSTAL ADDRESS

140 Johnstone Road
Maydon Wharf
Durban
4001

GOING CONCERN

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the company's financial statements.

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance which is material to the financial affairs of the company, which has occurred between the reporting date and date of approval of the financial statements, that has not been otherwise dealt with in the financial statements.

AUDITORS

Deloitte & Touche

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 for the year ended 31 March 2017

	<u>Notes</u>	<u>2017</u> R	<u>2016</u> R
REVENUE	2	408 566 728	439 228 056
COST OF SALES		<u>(369 996 782)</u>	<u>(417 250 643)</u>
GROSS PROFIT		38 569 946	21 977 413
Operating income / (expenses)		<u>1 372 361</u>	<u>(27 156 522)</u>
PROFIT / (LOSS) BEFORE INTEREST AND TAXATION	3	39 942 307	(5 179 109)
Interest paid	4	(1 232)	(29 818)
Interest received	4	<u>1 330 235</u>	<u>1 708 204</u>
PROFIT / (LOSS) BEFORE TAXATION		41 271 310	(3 500 723)
TAXATION	5	<u>(11 564 534)</u>	<u>(915 187)</u>
NET PROFIT / (LOSS) FOR THE YEAR		29 706 776	(2 585 536)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		<u>29 706 776</u>	<u>(2 585 536)</u>
Attributable to:			
Tata Chemicals Africa Holdings Limited		<u>29 706 776</u>	<u>(2 585 536)</u>

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED
 STATEMENT OF FINANCIAL POSITION
 As at 31 March 2017

	<u>Notes</u>	<u>2017</u> R	<u>2016</u> R
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	774 422	978 858
Intangible asset	7	537 600	564 600
Deferred taxation	13	<u>36 185</u>	<u>827 754</u>
Total non-current assets		<u>1 348 207</u>	<u>2 371 212</u>
CURRENT ASSETS			
Cash and cash equivalents	8	19 483 911	48 758 534
Trade and other receivables	9	88 959 368	89 290 451
Inventories	10	65 260 861	89 919 440
Taxation receivable	11	<u>-</u>	<u>3 173 991</u>
Total current assets		<u>173 704 140</u>	<u>231 142 416</u>
TOTAL ASSETS		<u>175 052 347</u>	<u>233 513 628</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	600	600
Share premium	12	1 699 500	1 699 500
Accumulated profit		<u>63 431 734</u>	<u>33 724 958</u>
Total equity		<u>65 131 834</u>	<u>35 425 058</u>
CURRENT LIABILITIES			
Trade and other payables	14	109 597 160	198 088 570
Taxation payable	11	<u>323 353</u>	<u>-</u>
Total current liabilities		<u>109 920 513</u>	<u>198 088 570</u>
TOTAL EQUITY AND LIABILITIES		<u>175 052 347</u>	<u>233 513 628</u>

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED
 STATEMENT OF CHANGES IN EQUITY
 for the year ended 31 March 2017

	Share capital	Share premium	Accumulated profit	Total
	R	R	R	R
Balance as at 31 March 2015	600	1 699 500	36 310 494	38 010 594
Total comprehensive loss for the year	-	-	(2 585 536)	(2 585 536)
Balance as at 31 March 2016	600	1 699 500	33 724 958	35 425 058
Total comprehensive income for the year	-	-	29 706 776	29 706 776
Balance as at 31 March 2017	600	1 699 500	63 431 734	65 131 834

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31 March 2017

	<u>Notes</u>	<u>2017</u> R	<u>2016</u> R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilised)/generated from operations	A	(23 174 717)	56 737 753
Interest received		1 330 235	1 708 204
Interest paid		(1 232)	(29 818)
Taxation paid	B	<u>(7 275 621)</u>	<u>(2 543 952)</u>
Net cash (outflow)/inflow from operating activities		<u>(29 121 335)</u>	<u>55 872 187</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to plant and equipment		<u>(153 288)</u>	<u>(11 315)</u>
Net cash outflow from investing activities		<u>(153 288)</u>	<u>(11 315)</u>
Net (decrease)/increase in cash and cash equivalents		(29 274 623)	55 860 872
Cash and cash equivalents at beginning of year		<u>48 758 534</u>	<u>(7 102 338)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	<u>19 483 911</u>	<u>48 758 534</u>

NOTES TO THE STATEMENT OF CASH FLOWS

A. CASH (UTILISED)/GENERATED FROM OPERATIONS

Net profit/(loss) before taxation	41 271 310	(3 500 723)
Adjustments for:		
Interest received	(1 330 235)	(1 708 204)
Interest paid	1 232	29 818
Amortisation of lease premium	27 000	27 000
Depreciation	<u>357 724</u>	<u>378 602</u>
Operating (loss)/profit before working capital changes	40 327 031	(4 773 507)
Decrease/(Increase) in inventories	24 658 579	(5 244 600)
Decrease in trade and other receivables	331 083	5 264 812
(Decrease)/Increase in trade and other payables	<u>(88 491 410)</u>	<u>61 491 048</u>
Cash (utilised)/generated from operations	<u>(23 174 717)</u>	<u>56 737 753</u>

B. TAXATION PAID

Balance at beginning of year	3 173 991	630 039
Current period charge (excluding deferred taxation)	(10 772 965)	-
Balance at end of year	<u>323 353</u>	<u>(3 173 991)</u>
	<u>(7 275 621)</u>	<u>(2 543 952)</u>

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation and changes in accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Financial Reporting Standards Board using historic cost convention except for certain financial instruments that are stated at fair value.

The principle accounting policies applied in the preparation of these financial statements are set out below and are consistent with the prior year. All monetary information and figures presented in these financial statements are stated in South African Rands which is the company's functional currency. The basis of preparation is consistent with the prior year.

At the date of authorisation of the financial statements, the following statements and interpretations were issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2017:

- Amendments to IAS12 – Clarification on Recognition of Deferred Tax assets for Unrealised Losses.
- Amendments to IAS 7 – Disclosure Initiative: to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Effective for annual periods beginning on or after 1 January 2018:

- IFRS 15 – Revenue from Contracts with Customers: Revenue recognition with respect to revenue arising from contracts with customers.
- IFRS 9 - Financial Instruments.
- IFRS 2 - Amendments to Classification and Measurement of Share-based Payment Transaction.
- IAS 40 – Amendments to Investment Property.
- IFRIC 22 - Foreign Currency Transactions and Advance considerations.

Effective for annual periods beginning on or after 1 January 2019:

- IFRS 16 – Leases: specifies how an IFRS reporter will recognise, measure, present and disclose leases.

It is not anticipated that these amendments will have any meaningful impact on the company's financial statements.

1.2 Underlying concepts

The financial statements are prepared on the going concern basis using accrual accounting.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standards. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss. Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Recognition of assets and liabilities

Assets are only recognised if they meet the definition of an asset, if it is probable that future economic benefits associated with the asset will flow to the company and the cost of fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, if it is probable that future economic benefits associated with the liability will flow from the entity and the cost or fair value can be measured reliably.

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

1.4 Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

1.5 Foreign currencies

The functional currency of the company is determined based on the currency of the primary economic environment in which the company operates. Transactions in currencies other than the company's functional currency are recognised at the rates of exchange ruling on the date of the transaction.

Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the reporting date.

Gains and losses arising on exchange differences are recognised in profit or loss.

1.6 Subsequent events

Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting date that provide additional evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note.

1.7 Comparative figures

Comparative figures are restated in the event of a change in accounting policy or a prior period error.

1.8 Property, plant and equipment

Property, plant and equipment are stated at original cost to the company less accumulated depreciation and impairment losses. Depreciation is provided on the straight-line method at rates which are considered appropriate to ensure that the assets are written down to their residual values over their estimated useful lives. Management review their useful lives on an annual basis.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.8 Property, plant and equipment (continued)

Depreciation commences when the assets are ready for intended use. Where significant parts of an item have different useful lives, to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

No business economic changes have occurred during the year to lead management to believe that the useful lives and residual values of the property, plant and equipment have changed.

1.9 Leases

Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the company are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and are depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases are included as a liability on the statement of financial position. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period.

Operating leases

Leases where the lessor retains the risks and rewards of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight line basis over the period of the lease.

1.10 Intangible asset

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets acquired separately are initially recognised at cost. If assessed as having an indefinite useful life, it is not amortised but tested for impairment annually and impaired, if necessary. If assessed as having a finite useful life, it is amortised over its useful life using the straight-line basis, and tested for impairment if there is an indication that it may be impaired.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.11 Inventories

Inventories are valued on a first-in-first out basis at the lower of cost or net realisable value. Adequate provision is made for slow-moving, obsolete and redundant items.

1.12 Revenue

Revenue comprises net invoiced sales to customers excluding VAT and rebates. Sales are recognised when the significant risks and rewards are transferred to the buyer, costs can be measured reliably and receipt of the future economic benefits is considered probable.

Interest income is recognised on the time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Cost of sales

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period in which the write down, loss or reversal occurs.

1.14 Financial instruments

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Trade and other receivables

Trade and other receivables originated by the company are stated at cost less any provision for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations. Derivative financial liabilities are recognised at fair value.

Equity

Equity instruments are recorded at the proceeds received, net of direct issue costs. Equity represents the residual value of assets less liabilities.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.15 Deferred taxation assets and liabilities

Deferred taxation is recognised using the balance sheet liability method for all temporary differences, unless specifically exempt, at the taxation rates that have been enacted or substantially enacted at the reporting date.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward or unused taxation losses and the carry forward of unused taxation credits (including unused credits for secondary taxation on dividends). Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.15 Deferred taxation assets and liabilities (continued)

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

1.16 Provisions

Provisions are recognised when the company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the expenditure required to settle the obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

1.17 Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using taxation rates that are applicable for taxable income.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged directly to other comprehensive income, in which case it is also recognised in other comprehensive income.

1.18 Accounting for discounts and rebates

In accordance with Circular 9/2006 issued by the South African Institute of Chartered Accountants, discounts and rebates are appropriately treated in the statement of profit or loss and other comprehensive income.

1.19 Guarantees

Guarantees and securities provided by the company are initially recognised at fair value in accordance with IAS 39 and subsequently in accordance with IFRS 7.

1.20 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains and losses arising on transactions are credited to or charged against income.

1.21 Key sources of estimation uncertainty

There are no assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2017

	<u>2017</u> R	<u>2016</u> R
2. REVENUE		
Revenue comprises the net invoiced value of the sales of soda ash and related products, rental from the use by others of the entity's assets and terminalling and venture cargo services provided.		
Sale of goods	406 762 862	437 434 164
Rental	76 703	87 837
Services provided	<u>1 727 163</u>	<u>1 706 055</u>
	<u>408 566 728</u>	<u>439 228 056</u>
3. PROFIT / (LOSS)/ BEFORE INTEREST AND TAXATION		
Profit before interest and taxation is arrived at after taking the following into account:		
Auditors remuneration		
- audit fees	366 700	440 708
Amortisation of lease premium	27 000	27 000
Depreciation	357 724	378 602
Net foreign exchange (gain)/ losses	(1 256 034)	11 921 866
Operating lease rentals	900 141	900 141
Staff costs	<u>2 261 536</u>	<u>1 939 973</u>
Number of employees	<u>13</u>	<u>11</u>
4. INTEREST RECEIVED		
Interest received - bank	<u>1 330 235</u>	<u>1 708 204</u>
INTEREST PAID		
South African Revenue Service	-	16 648
Bank	<u>1 232</u>	<u>13 170</u>
	<u>1 232</u>	<u>29 818</u>
5. TAXATION		
South African normal taxation		
Current tax	10 772 965	-
Deferred tax (current year)	798 774	915 187
Deferred tax (prior year)	(7 205)	-
Total taxation	<u>11 564 534</u>	<u>915 187</u>
Reconciliation of taxation rate		
Standard taxation rate	%	%
	28.00	28.00
Prior year adjustment	(0.02)	-
Permanent differences	0.04	(1.90)
Effective taxation rate	<u>28.02</u>	<u>26.10</u>

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 for the year ended 31 March 2017

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated depreciation	Carrying value
<u>2017</u>	R	R	R
Plant and equipment	4 519 223	(4 139 939)	379 284
Leasehold improvements	801 835	(567 751)	234 084
Furniture and fittings	578 964	(501 914)	77 050
Motor vehicles	234 830	(150 826)	84 004
	<u>6 134 852</u>	<u>(5 360 430)</u>	<u>774 422</u>
<u>2016</u>			
Plant and equipment	4 505 133	(3 851 611)	653 522
Leasehold improvements	787 035	(525 362)	261 673
Furniture and fittings	538 570	(474 907)	63 663
Motor vehicles	150 826	(150 826)	-
	<u>5 981 564</u>	<u>(5 002 706)</u>	<u>978 858</u>

Reconciliation of property, plant and equipment

<u>2017</u>	Opening balance	Additions	Disposals	Depreciation	Closing balance
	R	R	R	R	R
Plant and equipment	653 523	14 090	-	(288 328)	379 285
Leasehold improvements	261 672	14 800	-	(42 389)	234 083
Motor Vehicle	-	84 004	-	-	84 004
Furniture and fittings	63 663	40 394	-	(27 007)	77 050
Totals	<u>978 858</u>	<u>153 288</u>	<u>-</u>	<u>(357 724)</u>	<u>774 422</u>

2016

Plant and equipment	956 969	-	-	(303 446)	653 523
Leasehold improvements	307 380	-	-	(45 708)	261 672
Furniture and fittings	81 796	11 315	-	(29 448)	63 663
Totals	<u>1 346 145</u>	<u>11 315</u>	<u>-</u>	<u>(378 602)</u>	<u>978 858</u>

7. INTANGIBLE ASSET

	<u>2017</u> R	<u>2016</u> R
Cost	1 078 400	1 078 400
Accumulated amortisation	<u>540 800</u>	<u>513 800</u>
Carrying value	<u>537 600</u>	<u>564 600</u>
<u>Reconciliation of the carrying amount</u>		
Carrying amount at beginning of year	564 600	591 600
Amortisation charge	<u>27 000</u>	<u>27 000</u>
Carrying amount at end of year	<u>537 600</u>	<u>564 600</u>

7. INTANGIBLE ASSET (continued)

The intangible asset relates to a lease premium over the land, on which the building and warehouse is situated, from which the company operates. This premium is considered to have a finite useful life and is amortised over the lease period on a straight line basis.

Intangible assets are assessed for impairment annually. Based on the impairment assessment for the current year the directors are of the opinion that the intangible asset is not impaired and thus no impairment has been recognised in the current financial year.

	<u>2017</u> R	<u>2016</u> R
8. CASH AND CASH EQUIVALENTS		
Bank balance	<u>19 483 911</u>	<u>48 758 534</u>
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	86 611 888	88 228 716
Other receivables - prepaid expenses	<u>2 347 480</u>	<u>1 061 735</u>
	<u>88 959 368</u>	<u>89 290 451</u>

Trade receivables can be broken down as follows:

External parties	<u>86 611 888</u>	<u>88 228 716</u>
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The company estimates that the carrying values are not materially different to the fair values of the trade and other receivables above.

The company has assessed all past due receivable balances for recoverability and believe that their credit quality remains intact. An ageing of past due receivables is provided below:

	Less than 1 month R	0-30 days R	Between 31-120 days R	Between 121-360 days R	Total R
<u>2017</u>					
Past due receivables	-	1 854 099	4 387 771	109 075	6 350 945
Provision for doubtful debts	-	-	-	-	-
	-	<u>1 854 099</u>	<u>4 387 771</u>	<u>109 075</u>	<u>6 350 945</u>
<u>2016</u>					
Past due receivables	-	-	598 111	1 361 357	1 959 468
Provision for doubtful debts	-	-	-	-	-
	-	-	<u>598 111</u>	<u>1 361 357</u>	<u>1 959 468</u>

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 for the year ended 31 March 2017

	<u>2017</u> R	<u>2016</u> R
10. INVENTORIES		
Finished goods	47 345 358	62 945 356
Packaging materials	372 095	348 057
Goods-in-transit	17 543 408	26 626 027
	<u>65 260 861</u>	<u>89 919 440</u>
11. TAXATION (PAYABLE)/RECEIVABLE		
Opening balance	3 173 991	630 039
Statement of profit and loss & other comprehensive income		
- current taxation	(10 772 965)	-
Taxation paid	7 719 205	2 834 893
Taxation refund	(443 584)	(290 941)
	<u>(323 353)</u>	<u>3 173 991</u>
12. SHARE CAPITAL		
Authorised 1 000 ordinary shares of R1 each	<u>1 000</u>	<u>1 000</u>
Issued 600 ordinary shares of R1 each	<u>600</u>	<u>600</u>
Share premium	<u>1 699 500</u>	<u>1 699 500</u>
13. DEFERRED TAXATION		
Opening balance	827 754	(87 433)
Assessed loss utilised	(1 134 876)	-
Prior year adjustment	7 205	-
Current year movement	336 102	915 187
	<u>36 185</u>	<u>827 754</u>
Deferred tax asset at the end of the year		
Deferred taxation balance is comprised as follows:		
Lease charge	27 642	15 773
Section 24I (10)	(80 108)	(75 590)
Prepayments	(45 783)	(275 760)
Provision for bonus	83 555	-
Provision for leave pay	45 133	39 247
Income received in advance	5 746	5 746
Assessed loss	-	1 118 338
	<u>36 185</u>	<u>827 754</u>
Deferred tax asset/(liability) at the end of the year		

	<u>2017</u> R	<u>2016</u> R
14. TRADE AND OTHER PAYABLES		
Intercompany trade payables	103 529 046	188 592 293
Other trade payables	4 251 798	3 552 897
Other payables and accrued expenses	1 634 608	5 782 694
Provision for leave pay	161 188	140 166
Deferred income	<u>20 520</u>	<u>20 520</u>
	<u>109 597 160</u>	<u>198 088 570</u>

The company estimates that the carrying values are not materially different to the fair values of the trade and other payables above.

15. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge foreign currency risk exposures.

Risk management is carried out by management under policies approved by the directors. The directors provide principles for overall risk management, as well as policies covering specific areas, such, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

15.1 Credit risk

Credit risk is the risk that a contractual counterparty will default on its contractual obligations to the company and that the company would suffer financial loss as a consequence of such a default. The company's credit risk is mainly confined to the risk of customers defaulting on sales invoices raised. Any credit risk arising from cash deposits and derivative financial instruments is deemed insignificant on the basis that all relevant counterparties are investment grade entities.

Credit risk consists mainly of short-term cash deposits and trade debtors. The company only deposits short-term cash with major banks with strong credit ratings. Trade debtors comprise a widespread customer base, and ongoing credit evaluations of the financial condition of customers are regularly undertaken. At 31 March 2017 the company does not consider there to be any material credit risk that has not been adequately provided.

Full disclosure of the company's maximum exposure to credit risk is as follows:

<u>Exposure to credit risk</u>	<u>2017</u> R	<u>2016</u> R
Cash and cash equivalents	19 483 911	48 758 534
Trade and other receivables	<u>88 959 368</u>	<u>89 290 451</u>
Total credit risk exposure	<u>108 443 279</u>	<u>138 048 985</u>

15. FINANCIAL RISK MANAGEMENT (continued)

15.2 Liquidity risk

The company manages its liquidity risk by regularly monitoring its projected cash flow requirements against its cash resources and unutilised borrowing facilities. Surplus cash resources are only invested with large institutions with strong credit ratings. Forecast liquidity represents the company's expected cash inflows, principally generated from the ordinary course of the business, less the company's contractually determined cash outflows, and principally related to the repayment of borrowings. The materiality of these cash inflows and outflows rests in the expected ageing profiles of the underlying assets and liabilities. The maturity profile is presented below.

The company maturity analysis is as follows:

	<u><1 year</u>	<u>Total</u>
	R	R
<u>2017</u>		
Trade and other payables	<u>109 597 160</u>	<u>109 597 160</u>
<u>2016</u>		
Trade and other payables	<u>198 088 570</u>	<u>198 088 570</u>

15.3 Cash flow and interest rate risk

The company has significant interest-bearing assets. The company's income and operating cash flows are substantially independent of changes in market interest rates.

The company's interest rate risk arises from bank investments. Bank investments issued at variable rates expose the company to cash flow interest rate risk. Bank investments issued at fixed rates expose the company to fair value interest rate risk. Debt levels are constantly monitored and kept to a viable minimum to reduce the exposure to high interest rates.

The company borrows at competitive market related rates and where appropriate fixes these from time to time to minimise the risk of fluctuating interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for both financial instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/(lower) and all other variables were held constant, the company's profit before taxation for the year ended 31 March 2017 would increase/(decrease) by: R194 839 (2016: R487 585). This is attributable to the company's exposure to interest rates on its bank investments.

15.4 Currency risk

Currency risk is the risk that the value of the financial instrument will fluctuate owing to changes in foreign exchange rates.

The company is exposed to foreign currency risk on purchases that are denominated in a currency other than the functional currency of the company i.e. South African Rand. The currencies giving rise to this risk is primarily U.S. Dollars (USD) and Great British Pounds (GBP).

15. FINANCIAL RISK MANAGEMENT (continued)

15.4 Currency risk (continued)

Exposure to currency risk

	<u>2017</u> ZAR	<u>2016</u> ZAR	<u>2017</u> USD	<u>2016</u> USD
Trade payables	(103 529 046)	(188 592 293)	(7 747 179)	(12 829 582)
Net exposure	<u>(103 529 046)</u>	<u>(188 592 293)</u>	<u>(7 747 179)</u>	<u>(12 829 582)</u>
	<u>Average</u> <u>Rate</u> 2017	<u>Average</u> <u>Rate</u> 2016	<u>Spot Rate</u> 2017	<u>Spot Rate</u> 2016
USD	<u>14.0763</u>	<u>13.80</u>	<u>13.365</u>	<u>14.70</u>

Sensitivity analysis

A 10 percent strengthening of the Rand against the US Dollar at 31 March would have increased profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>Profit or loss</u>	
	<u>2017</u> R	<u>2016</u> R
10% strengthening/weakening of US Dollar	<u>10 352 904</u>	<u>18 859 229</u>

A 10 percent weakening of the Rand against the US dollar at 31 March would have had the equal but opposite effect on the dollar exchange rate to the amounts shown above, on the basis that all other variables remain constant.

15.5 Capital management

The company reviews their total capital employed on a regular basis and makes use of several indicative ratios which are appropriate to the nature of the company's operations and consistent with conventional industry measures. The principal ratios used in this review process are:

- gearing, defined as net debt divided by total capital employed; and
- return on capital employed, defined as underlying operating profit before taxation divided by average capital employed.

15. FINANCIAL RISK MANAGEMENT (continued)

15.6. Financial assets

The carrying amounts and fair values of financial assets are as follows:

	2017		2016	
	Estimated <u>fair value</u>	Carrying <u>amount</u>	Estimated <u>fair value</u>	Carrying <u>amount</u>
	R	R	R	R
Cash and cash equivalents	19 483 911	19 483 911	48 758 534	48 758 534
Trade and other receivables	88 959 368	88 959 368	89 290 451	89 290 451
Total financial assets	108 443 279	108 443 279	138 048 985	138 048 985

The fair values of trade and other receivables and cash and cash equivalents are not materially different to the carrying values presented.

16. RELATED PARTY TRANSACTIONS

Identity of related parties

The following companies listed below that we trade with are classified as related parties by virtue of their relationship to Tata Chemicals Limited, the ultimate holding company of Tata Chemicals (South Africa) Proprietary Limited:

Tata Chemicals Limited and its subsidiaries:

Rallis India Limited (Rallis), India
 Bio Energy Venture -1 (Mauritius) Pvt. Limited, Mauritius

Indirect holding through Tata Chemicals Company Limited

Homefield Pvt. UK Limited, UK
 Tata Chemicals Africa Holding Limited, UK
 Tata Chemicals Magadi Limited, UK
 Magadi Railway Company Limited, Kenya
 Homefield 2 UK Limited, UK
 Tata Chemicals (Europe) Holdings Limited, UK
 Cheshire Salt Holdings Limited, UK
 Cheshire Salt Limited, UK
 British Salt Limited, UK
 Brinefield Storage Limited, UK
 Cheshire Cavity Storage 2 Limited, UK
 Cheshire Compressor Limited, UK
 Irish Feeds Limited, UK
 New Cheshire Salt Works Limited, UK
 Brunner Mond Group Limited, UK
 Tata Chemicals Europe Limited, UK
 Winnington CHP Limited, UK
 Brunner Mond Generation Company Limited, UK
 Brunner Mond Limited, UK
 Northwich Resource Management Limited, UK
 Gusiute Holdings (UK) Limited, UK
 Valley Holdings Inc., USA

16. RELATED PARTY TRANSACTIONS (continued)

Indirect holding through Tata Chemicals Company Limited (continued)

Tata Chemicals North America Inc., USA
General Chemicals International Inc., USA
TCNA (UK) Limited, UK
NHO Canada Holdings Inc., USA
TCSAP Holdings, USA
TCSAP LLC, USA
Tata Chemicals (Soda Ash) partners (TCSAP), USA
Tata Chemicals International Pte. Limited, Singapore
Grown Energy Zambeze Holdings Pvt. Limited, Mauritius
Grown Energy (Pty) Limited, SA
Grown Energy Zambeze Limitada, Mozambique
Rallis Chemistry Exports Limited, India
Metahelix Life Sciences Limited. (Metahelix), India
PT Metahelix Lifesciences Indonesia
Zero Waste Agro Organics Limited (ZWAOL), India
Alcad

Direct Joint Ventures with Tata Chemicals Limited

Indo Maroc Phosphore S.A., Morocco

Indirect Joint Ventures with Tata Chemicals Limited

JOil (S) Pte. Limited, Singapore
The Block Salt Company Limited, UK
Natronx Technologies LLC, USA

The directors are listed in the directors' report.

16. RELATED PARTY TRANSACTIONS (continued)

	<u>2017</u> R	<u>2016</u> R
<u>Material related party transactions/balances</u>		
The following transactions were effected with and between the defined related parties during the period under review:		
Purchases - Tata Chemical North America	276 674 382	286 293 037
Purchases - Tata Chemical Magadi Limited	13 924 869	36 915 885
Purchases - Tata Chemicals Europe	-	2 749 281
	<u> </u>	<u> </u>

Related party transactions are entered into on an arm's length basis

The company has the following related party balances (owing to)/owing from the company as at 31 March 2017:

Tata Chemicals Magadi Limited	(6 866 578)	(14 819 872)
Tata Chemicals North America	<u>(96 662 468)</u>	<u>(173 772 420)</u>

17. FACILITIES AND GUARANTEES

The following facilities and securities have been lodged with First National Bank Limited:

R10 million unutilised overdraft facility on which interest would be payable at the prevailing prime rate.

Unlimited cession of debts by Tata Chemicals (South Africa) Proprietary Limited dated 18 October 1996.

Suretyship by Tata Chemicals Africa Holdings to the value of R2 500 000 dated 17 February 2000.

Guarantees given were as follows:

- R48 988 in favour of Ethekwini Municipality expiring on 31 December 2025
- R200 000 in favour of South African Revenue Services expiring on 31 December 2025.

18. JUDGEMENTS MADE BY MANAGEMENT

Useful lives and residual values

Property, plant and equipment are depreciated over their useful lives, where appropriate. The useful lives of the assets and residual values are assessed annually. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Ongoing assessments are made regarding any potential impairment of assets, using assumptions made in terms of the models allowed under International Financial Reporting Standards.

Deferred tax asset

A deferred tax asset has been raised against tax losses as it is expected that the company will make taxable profits against which to offset the tax losses incurred.