



Tata Chemicals South Africa Proprietary Limited

(Registration number: 1996/004273/07)

Annual financial statements

for the year ended 31 March 2024

Audited

These financial statements have been audited in compliance with Section 30 of the Companies Act of South Africa 2008.

The financial statements have been internally prepared by Sally Govender - Financial Manager.

Tata Chemicals South Africa Proprietary Limited

(Reg. No. 1996/004273/07)

Annual financial statements

for the year ended 31 March 2024

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Tata Chemicals South Africa Proprietary Limited

(Registration number: 1996/004273/07)

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the annual financial statements of Tata Chemicals South Africa Proprietary Limited, comprising the statement of financial position as at 31 March 2024, the statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with the International Financial Reporting Standard for Small and Medium - sized Entities, the requirements of the Companies Act of South Africa and the directors' report.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of Tata Chemicals South Africa Proprietary Limited, as identified in the first paragraph, were approved by the Board of Directors on 24 April 2024 and are signed by:

A handwritten signature in blue ink, appearing to be 'T T Naikuni', written over a horizontal line.

Authorised Director

Name: T T Naikuni
Date: 24 April 2024

A handwritten signature in blue ink, appearing to be 'Roderick Mpofu', written over a horizontal line.

Authorised Director

Name: Roderick Mpofu
Date: 24 April 2024

Tata Chemicals South Africa Proprietary Limited

(Registration number: 1996/004273/07)

Directors' report

for the year ended 31 March 2024

The directors have the pleasure in presenting their report for the year ended 31 March 2024.

Nature of operations

The company derives its income from the purchase, packaging, and resale of sodium carbonate ("soda ash") and related products and the handling and storage of similar products and terminal and venture cargo services

Financial results

The company made a profit for the year of ZAR16 531 771 compared to the prior year of ZAR 23 253 674. At year end the Company's total assets exceeded its total liabilities by ZAR116 301 310, compared to ZAR99 769 539 in the prior year.

The financial results for the 2024 financial year are contained in the annual financial statements and related notes on pages 12 to 28. The anti-dumping provisions have had an effect on revenue but were offset by opportunities which were identified to service customers through the handling and storage of customer product.

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 ZAR nil (2023: ZAR4 999 998).

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 management personnel. Related party transactions have been disclosed in note 18 to the financial statements.

Directors

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

R Mukundan	(Indian) – appointed-15 March 2024
R Kamat	(Indian) – appointed-15 March 2024
T Naikuni	(Kenyan)
Z Schneider	(South African)
R Mpofu	(South African)
Z Langrana	(Indian) – retired-29 February 2024

Tata Chemicals South Africa Proprietary Limited

(Registration number: 1996/004273/07)

Directors' report *(continued)* *for the year ended 31 March 2024*

Secretary

The company has not appointed a secretary.

Registered office and postal address

140 Johnstone Road
Maydon Wharf
Durban
4001

Going concern

The current Anti-Dumping Duties are in effect till 30 March 2025. The Company has performed well in the absence of Tata Chemicals North America soda ash and will continue to rely on Tata Chemicals Magadi supplies to the mining sector. The Company has retained customers in speciality chemicals and other sectors who require high grade soda ash, we will continue to supply these with product traded within the group and other local markets.

The venture business has generated ZAR 42 880 376 through the provision of Terminal Operator services. Management had identified other opportunities to service customers through the handling, distribution and storage of customer's products, with some of contracts extending to 2 years, for both sodium sulphate and Gypsum. There is growth in imports of grain and exports of coal and other mining commodities, we are adding value to the TOL fee by providing additional services such as warehousing and cartage to and from vessel.

The financial position and financial performance of the company has remained positive and thus the directors do not believe there to be any uncertainties regarding going concern due to the change in legislation or outcomes of the Anti-Dumping ruling thereof.

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. Accordingly, the financial statements are prepared on a basis applicable to a going concern.

Subsequent events

There have been no subsequent events that would require disclosure in the Company's financial statements.

Auditors

KPMG Inc. was appointed as auditors of the company for 2024.

At the annual general meeting, the shareholders will be requested to reappoint KPMG Inc. as the independent external auditors of the company and to confirm Liaaqat Inaiethoola as the designated lead audit partner for the 2024 financial year.



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Independent Auditor's Report

To the shareholder of Tata Chemicals South Africa Proprietary Limited

Opinion

We have audited the financial statements of Tata Chemicals South Africa Proprietary Limited (the Company) set out on pages 8 to 28, which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material 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 2024, and its financial performance and cash flows for the year then ended then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. 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 information included in the document titled "Tata Chemicals South Africa Proprietary Limited Annual Financial Statements for the year ended 31 March 2024", which includes 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 the International Financial Reporting Standard for Small and Medium-sized Entities 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.

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.

KPMG Inc.

DocuSigned by:

KPMG

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Per Liaqat Inaiethoola
Chartered Accountant (SA)
Registered Auditor
Associate Director
25 April 2024

Tata Chemicals South Africa Proprietary Limited

Statement of financial position

as at 31 March 2024

	<i>Notes</i>	2024 ZAR	2023 ZAR
Assets			
Non-current assets			
Property, plant and equipment	<i>6</i>	477 073	669 264
Intangible asset	<i>7</i>	348 600	375 600
Deferred taxation	<i>13</i>	220 254	159 752
		1 045 927	1 204 616
Current assets			
Trade and other receivables	<i>8</i>	19 582 522	34 524 888
Inventories	<i>9</i>	31 273 425	66 472 069
Cash and cash equivalents	<i>10</i>	76 024 472	42 582 992
		126 880 419	143 579 949
Total assets		127 926 346	144 784 565
Equity and liabilities			
Equity			
Share capital	<i>12</i>	600	600
Share premium	<i>12</i>	1 699 500	1 699 500
Retained earnings		114 601 210	98 069 439
		116 301 310	99 769 539
Current liabilities			
Trade and other payables	<i>14</i>	11 234 628	44 120 397
Taxation payable	<i>11</i>	390 408	894 629
		11 625 036	45 015 026
Total equity and liabilities		127 926 346	144 784 565

Tata Chemicals South Africa Proprietary Limited

Statement of profit or loss and other comprehensive income

for the year ended 31 March 2024

	<i>Notes</i>	2024 ZAR	2023 ZAR
Revenue	2	156 241 917	294 760 642
Cost of sales		<u>(110 180 510)</u>	<u>(237 430 255)</u>
Gross profit		46 061 407	57 330 387
Other income		-	120 595
Foreign exchange (loss)/profits		(954 440)	577 776
Operating expenses		<u>(26 275 838)</u>	<u>(29 011 373)</u>
Profit before interest and taxation	3	18 831 129	29 017 385
Finance income	4	<u>3 815 148</u>	<u>2 963 547</u>
Profit before taxation		22 646 277	31 980 932
Taxation	5	<u>(6 114 506)</u>	<u>(8 727 258)</u>
Net profit for the year		16 531 771	23 253 674
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>16 531 771</u>	<u>23 253 674</u>
Attributable to: Tata Chemicals Africa Holdings Limited		<u>16 531 771</u>	<u>23 253 674</u>

Tata Chemicals South Africa Proprietary Limited

Statement of changes in equity

for the year ended 31 March 2024

	Share capital ZAR	Share premium ZAR	Accumulated profit ZAR	Total ZAR
Balance as at 31 March 2022	600	1 699 500	79 815 763	81 515 863
Total comprehensive income for the year	-	-	23 253 674	23 253 674
Dividends paid	-	-	(4 999 998)	(4 999 998)
Balance as at 31 March 2023	600	1 699 500	98 069 439	99 769 539
Total comprehensive income for the year	-	-	16 531 771	16 531 771
Dividends paid	-	-	-	-
Balance as at 31 March 2024	600	1 699 500	114 601 210	116 301 310

Tata Chemicals South Africa Proprietary Limited

Statement of cash flows

for the year ended 31 March 2024

	<i>Notes</i>	2024 ZAR	2023 ZAR
Cash flows from operating activities			
Cash generated from operations	<i>15</i>	36 338 911	(5 277 236)
Finance income received		3 815 148	2 963 547
Taxation paid	<i>16</i>	(6 679 229)	(8 046 412)
Net cash inflow from operating activities		33 474 830	(10 360 101)
Cash flows from investing activities			
Additions to plant and equipment		(33 350)	(415 293)
Net cash outflow from investing activities		(33 350)	(415 293)
Cash flows from financing activities			
Dividend paid		-	(4 999 998)
Net cash outflow from financing activities		-	(4 999 998)
Net (decrease) /increase in cash and cash equivalents		33 441 480	(15 775 392)
Cash and cash equivalents at beginning of year		42 582 992	58 358 384
Cash and cash equivalents at end of year	<i>10</i>	76 024 472	42 582 992

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements

for the year ended 31 March 2024

1. Material accounting policies

1.1 Reporting entity

Tata Chemicals South Africa Proprietary Limited ("The Company") is domiciled in South Africa. The company's registered office is at 140 Johnstone Road, Maydon Wharf, Durban. The company is primarily involved in the importation and distribution of Sodium Carbonate ("Soda Ash").

1.2 Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium - sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. The financial statements have been prepared on the historical cost basis and incorporate the principle policies set out below. The financial statements were authorised for issue by the Company's directors on 24 April 2024.

All monetary information and figures presented in these financial statements are stated in South African Rands (ZAR) which is the company's functional currency. The basis of preparation is consistent with the prior year.

1.3 Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are expressed in Rands, which is the functional currency of the company.

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial year end, monetary items denominated in foreign currencies are restated at the rates prevailing on the financial year end. Non-monetary items that are measured in terms of historical cost in a foreign currency are not restated.

Exchange differences arising on the settlement of monetary items, and on restatements of monetary items are included in the statement of profit or loss and other comprehensive income.

1.4 Revenue from contracts with customers

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes value added tax collected from customers on behalf of the government.

Revenue is derived from the sale of Sodium Carbonate. Other sources of revenue include handling and storage of similar products and terminal and venture cargo services provided. The transfer of control of the products usually occurs when the Soda Ash is delivered to the customer's warehouse or loaded onto the customer's transport at a point in time. The transfer of control over terminal and venture cargo services occurs at a point in time when services are rendered.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

1. Material accounting policies *(continued)*

1.5 Finance income and finance cost

Finance income comprises interest income. Interest income is recognised in profit and loss on accrual basis using the effective interest rate method.

Finance costs comprise interest expense on borrowings and unwinding of discount on provisions. All borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.6 Income tax

Income tax expenses comprises of current and deferred tax and is recognised in profit and loss.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will become available against which they can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

1. Material accounting policies *(continued)*

1.7 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories are based on the weighted average principle, which comprises of all cost of purchase and other cost incurred in bringing the inventories to their present condition and location for sale.

When inventories are sold, the carrying amount of the inventories are recognised in profit or loss in the period in which the related revenue is recognised. 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.

1.7.1 Cost of sales

When inventories are sold, the carrying amount of the inventories are recognised in profit or loss in the period in which the related revenue is recognised. 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.

Cost of sales comprises the cost of packaging materials for Soda Ash, transportation costs, as well as purchase price variances related to landing costs. The Company also includes the cost of providing terminal services such as packaging materials for the customers' goods before the customer collects the goods purchased.

The Company classifies exchange differences on Foreign Exchange Contracts arising from the purchase of inventories as part of cost of sales. Salaries incurred for warehouse staff are classified as operating expenses and included in staff costs.

1.8 Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. If significant items of Property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation is calculated to write off the cost of the items of Property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit and loss.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

1. Material accounting policies *(continued)*

1.8 Property, plant and equipment *(continued)*

Depreciation (continued)

The estimated useful lives of Property, plant and equipment for current and comparative periods are as follows:

Plant and equipment	3 – 10 years
Leasehold improvements	3 – 10 years
Furniture and fittings	3 – 10 years
Motor vehicles	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.9 Intangible assets

Recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets acquired separately are initially recognised at cost.

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.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

1. Material accounting policies *(continued)*

1.9 Intangible assets *(continued)*

Amortisation and impairment

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. If an intangible asset is assessed as having an indefinite useful life, it is amortised over a 10-year period, 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.

Lease premium is being amortised till the termination of the lease which is 31 October 2037.

1.10 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss), unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include Cash and cash equivalents, Loans receivables, Trade receivables and Trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)*

for the year ended 31 March 2024

1. Material accounting policies *(continued)*

1.10 Financial instruments *(Continued)*

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognises a financial liability when its terms are modified, and the cash flows of the modified terms is recognised at fair value.

Offsetting:

An entity shall not offset assets and liabilities, or income and expenses, unless required or permitted by this Standard:

- (a) measuring assets net of valuation allowances is not offsetting. For example, allowances for inventory obsolescence and allowances for uncollectable receivables.
- (b) if an entity's normal operating activities do not include buying and selling non-current assets, including investments and operating assets, then the entity reports gains and losses on disposal of such assets by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses.

1.11 Employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the reporting period in which the service is rendered, such as sick leave, bonuses, and non-monetary benefits such as medical care), are expensed as the related service is provided.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.12 Leases

Operating lease

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.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

1. Material accounting policies *(continued)*

1.13 Events after the reporting period

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.

1.14 Related parties

A party is related to the Company if any of the following are met:

Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the Company.

- The related party is a director of the Company
- The party is a member of key management personnel of the entity or its parent
- The party is a close family member of the director or individual referred to the above.

Close family member of the director or an individual includes:

- The individual's domestic partner and children
- Children of the individual's domestic partner and
- Dependents of the individual or the individual's domestic partner.

The purchases from related parties are made on terms negotiated between the parties involved. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Transactions with related parties include purchases of Soda Ash from Tata Chemicals Limited and Tata Chemicals Magadi Limited as well as goods-in-transit at the end of the year and Fees payable to Tata Sons Private Limited which have been provided for brand equity and business promotion.

1.15 Share capital and equity

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

1. Material accounting policies *(continued)*

1.16 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Provision for trade receivables and loans and receivables

The company assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

No estimate has been raised in the prior year.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

2. Revenue

Revenue comprises the net invoiced value of the sales of soda ash and related products and terminal and venture cargo services provided.

	2024	2023
	ZAR	ZAR
Sale of goods	113 361 541	247 234 535
Services provided	42 880 376	47 526 107
	156 241 917	294 760 642

3. Profit before interest and taxation

Profit before interest and taxation is arrived at after taking the following into account:

	2024	2023
	ZAR	ZAR
Auditors' remuneration		
– audit fees	507 625	453 800
Amortisation of intangible asset	27 000	27 000
Depreciation	225 541	157 780
Net foreign unrealised exchange (gain)/loss	954 440	(577 776)
Operating lease rentals	6 976 382	5 800 585
Staff costs	6 469 799	6 387 609
	21	22

4. Finance income

Finance income

Interest received		
– bank	3 815 148	2 963 547
	3 815 148	2 963 547

5. Taxation

South African normal taxation

Current tax	6 175 008	8 652 388
Deferred tax	(60 502)	74 870
– current year	(60 513)	(17 536)
– prior year (over)/under provision	11	92 406
	6 114 506	8 727 258

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

	2024	2023	
	ZAR	ZAR	
5. Taxation <i>(continued)</i>			
<i>Reconciliation of tax expense</i>			
Accounting profit	<u>22 646 277</u>	<u>31 980 932</u>	
Tax at the applicable tax rate of 27% (2023: 27%)	6 114 495	8 634 852	
Prior year (over)/under provision	<u>11</u>	<u>92 406</u>	
	6 114 506	8 727 258	
	%	%	
<i>Reconciliation of taxation rate</i>			
Standard taxation rate	<u>27.00</u>	<u>27.00</u>	
Effective taxation rate	<u>27.00</u>	<u>27.00</u>	
6. Property, plant and equipment			
	Cost	Accumulated	Carrying
	ZAR	depreciation	value
		ZAR	ZAR
2024			
Plant and equipment	402 893	(231 712)	171 181
Leasehold improvements	215 071	(186 321)	28 750
Furniture and fittings	100 550	(62 129)	38 421
Motor vehicles	373 652	(134 931)	238 721
	<u>1 092 166</u>	<u>(615 093)</u>	<u>477 073</u>
2023			
Plant and equipment	2 019 697	(1 797 998)	221 699
Leasehold improvements	479 395	(429 262)	50 133
Furniture and fittings	431 845	(397 686)	34 159
Motor vehicles	457 657	(94 384)	363 273
	<u>3 388 594</u>	<u>(2 719 330)</u>	<u>669 264</u>

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

6 Property, plant and equipment *(continued)*

Reconciliation of property, plant and equipment

	Opening balance ZAR	Additions ZAR	Disposal ZAR	Depreciation ZAR	Closing balance ZAR
2024					
Plant and equipment	221 699	-	-	(50 518)	171 181
Leasehold improvements	50 133	-	-	(21 383)	28 750
Furniture and fittings	34 159	33 350	-	(29 088)	38 421
Motor vehicles	363 273	-	-	(124 552)	238 721
	669 264	33 350	-	(225 541)	477 073
2023					
Plant and equipment	300 088	12 621	-	(91 010)	221 699
Leasehold improvements	66 012	13 570	-	(29 449)	50 133
Furniture and fittings	45 651	15 450	-	(26 942)	34 159
Motor vehicles	-	373 652	-	(10 379)	363 273
	411 751	415 293	-	(157 780)	669 264

	2024 ZAR	2023 ZAR
7. Intangible assets		
Cost	1 078 400	1 078 400
Accumulated amortisation	(729 800)	(702 800)
Carrying value	348 600	375 600
<i>Reconciliation of the carrying amount</i>		
Carrying amount at beginning of year	375 600	402 600
Amortisation charge	(27 000)	(27 000)
Carrying amount at end of year	348 600	375 600

The intangible asset relates to a lease premium over the property, on which the building and warehouse is situated, from which the company operates. This premium relates to obtaining a terminal operator license, which is considered to have a finite useful life and is amortised over the lease period on a straight-line basis. This aligns with the period and subsequent renewals of the lease.

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.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

8. Trade and other receivables	2024 ZAR	2023 ZAR
Trade receivables	18 705 331	30 756 460
Loans receivable	298 406	368 855
Other receivables	578 785	3 399 573
	19 582 522	34 524 888
An amount of ZAR19 003 737 (2023: ZAR31 125 315) constitutes a financial asset and is measured at amortised cost.		
<i>Provision for bad debts recon</i>		
Opening balance	-	-
Bad debt written off	-	-
Movement in provision	-	-
Closing balance	-	-
9. Inventories		
Finished goods	31 028 985	60 916 207
Packaging materials	244 440	305 512
Goods-in-transit	-	5 250 350
	31 273 425	66 472 069
10. Cash and cash equivalents		
Bank balance		
– current account	9 621 397	4 685 629
– call account	66 374 335	37 871 400
– cfc account	28 740	25 963
	76 024 472	42 582 992
11. Taxation (payable)/receivable		
Opening balance	(894 629)	(288 653)
Statement of profit and loss & other comprehensive income		
– current taxation	(6 175 008)	(8 652 388)
Taxation paid	6 679 229	8 046 604
Taxation refund	-	(192)
Balance at end of year	(390 408)	(894 629)

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2023

	2024 ZAR	2023 ZAR
12. Share capital		
<i>Authorised</i>		
1 000 ordinary shares of R1 each	1 000	1 000
<i>Issued</i>		
600 ordinary shares of R1 each	600	600
<i>Share premium</i>	1 699 500	1 699 500
13. Deferred taxation		
Opening balance	159 752	234 622
– current year	60 513	17 536
– prior year over/(under) provision	(11)	(92 406)
Deferred tax asset at the end of the year	220 254	159 752
Deferred taxation balance is comprised as follows:		
Lease charge	(94 122)	(101 400)
Section 24I (10)		-
Prepayments	(150 005)	(178 310)
Provision for bonus	178 855	166 019
Provision for leave pay	149 446	142 401
Income received in advance	-	5 540
Provision for audit fees	136 080	125 502
Deferred tax asset at the end of the year	220 254	159 752

A deferred tax asset of ZAR220 254 (2023: ZAR159 752) has been raised against temporary differences and it is expected that the company will make taxable profits against which to offset the deferred tax asset.

	2024 ZAR	2023 ZAR
14. Trade and other payables		
Intercompany trade payables	-	21 311 507
Other trade payables	1 492 323	11 042 086
Other payables and accrued expenses	9 188 801	11 218 872
Leave pay accrual	553 504	527 412
Deferred income	-	20 520
	11 234 628	44 120 397

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

The amount of ZAR10 694 129 (2023: ZAR42 364 617) constitutes a financial liability and is measured at amortised cost.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

	2024 ZAR	2023 ZAR
15. Cash generated from operations		
Net profit before taxation	22 646 277	31 980 932
Adjustments for:		
Finance income	(3 815 148)	(2 963 547)
Amortisation of intangible asset	27 000	27 000
Depreciation	225 541	157 780
	<hr/>	<hr/>
Operating profit before working capital changes	19 083 670	29 202 165
Decrease/(Increase) in inventories	35 198 644	(49 618 416)
Decrease/(Increase) in trade and other receivables	14 942 366	(12 155 205)
(Decrease)/Increase in trade and other payables	(32 885 769)	27 294 220
	<hr/>	<hr/>
	36 338 911	(5 277 236)
	<hr/>	<hr/>
16. Taxation paid		
Balance at beginning of year	(894 629)	(288 653)
Current period charge (excluding deferred taxation)	(6 175 008)	(8 652 388)
Balance at end of year	390 408	894 629
	<hr/>	<hr/>
	(6 679 229)	(8 046 412)
	<hr/>	<hr/>
17. Operating lease commitments		
Due within one year	4 029 617	5 558 036
Due within two or five years	2 352 082	1 831 409
	<hr/>	<hr/>
	6 381 699	7 389 445
	<hr/>	<hr/>

The lease contract is for the rental of the building and warehouse at the port of Durban, till 2037. The monthly rental is negotiated every five years with an escalation of +/-8% per annum. The second lease contract is for the warehouse in Sydney Road , Durban.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)* for the year ended 31 March 2024

18. Related party transactions

Relationships:

Ultimate holding company:	Tata Chemicals Limited
Holding company:	Tata Chemicals Africa Holdings Limited
Related parties transacted with:	Tata Chemicals Magadi Limited Tata Chemicals Limited Tata Sons Private Limited

The directors are listed in note 20.

Material related party transactions/balances:

The following transactions were affected with and entered into between the defined related parties during the period under review:

	2024	2023
	ZAR	ZAR
<i>Purchases for the year ended 31 March 2024:</i>		
Tata Chemicals Magadi Limited	28 184 660	156 886 430
- Purchases (goods received)	28 184 660	153 921 695
- Goods-in-transit	-	2 964 735
<i>Balances owing by the company as at 31 March 2024:</i>		
Tata Chemicals Magadi Limited	-	(19 115 456)
	2024	2023
	ZAR	ZAR
<i>Purchases for the year ended 31 March 2024:</i>		
Tata Chemicals Limited	7 780 767	2 285 615
- Purchases (goods received)	7 780 767	-
- Goods-in-transit	-	2 285 615
<i>Balances owing by the company as at 31 March 2024:</i>		
Tata Chemicals Limited	-	(2 196 051)

The payment terms are 90 days and 60 days respectively from the bill of lading. The trade payable balance is unsecured and interest free and settlement occurs in cash.

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)*

for the year ended 31 March 2024

18. *Related party transactions (continued)*

	2024	2023
	ZAR	ZAR
<i>Fees for the year ended 31 March 2024:</i>		
Tata Sons Private Limited	(319 754)	(3 387 755)
- Brand equity and business promotion	(319 754)	(3 387 755)
<i>Balance payable by the company as at 31 March 2024:</i>		
Tata Sons Private Limited	(319 754)	(4 918 466)

The payment for the aforementioned provisions will be processed upon receipt of an application by First National Bank to the Reserve Bank for authorisation.

19. **Facilities and guarantees**

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

Guarantees given were as follows:

- R48 988 in favour of The City Treasurer with no expiry date.
- R200 000 in favour of South African Revenue Services with no expiry date.
- R225 407 in favour of HCI Sydney Road (Pty) Ltd expires 16 July 2026

Collateral for FNB current account:

1. Cession of debtors – Amount: unlimited
2. Cession of First Rand Deposit/Credit balance – Amount: R1 015 000

Collateral for the five Guarantees issued by FNB 3rd party beneficiaries – R1 015 000

20.	Directors' emoluments	Directors Emolument	Salary and Bonus	Total
		ZAR	ZAR	ZAR
	2024			
	Z Langrana	-	-	-
	R Mukundan	-	-	-
	R Kamat	-	-	-
	T Naikuni	122 577	-	122 577
	Z Schneider	-	-	-
	R Mpofo	-	1 421 136	1 421 136
		122 577	1 421 136	1 543 713
	2023			
	Z Langrana	-	-	-
	T Naikuni	<i>100 000</i>	-	<i>100 000</i>
	Z Schneider	-	-	-
	R Mpofo	-	<i>1 322 787</i>	<i>1 322 787</i>
		<i>100 000</i>	<i>1 322 787</i>	<i>1 422 787</i>

Tata Chemicals South Africa Proprietary Limited

Notes to the financial statements *(continued)*

for the year ended 31 March 2024

21. Going concern

Anti-dumping duty

The current Anti-Dumping Duties are in effect till 30 March 2025. The Company has performed well in the absence of Tata Chemicals North America soda ash and will continue to rely on Tata Chemicals Magadi supplies to the mining sector. The Company has retained customers in speciality chemicals and other sectors who require high grade soda ash, we will continue to supply these with product traded within the group and other local markets.

The venture business has generated ZAR 42 880 376 through the provision of Terminal Operator services. Management had identified other opportunities to service customers through the handling, distribution and storage of customer's products, with some of contracts extending to 2 years, for both sodium sulphate and Gypsum. There is growth in imports of grain and exports of coal and other mining commodities, we are adding value to the TOL fee by providing additional services such as warehousing and cartage to and from vessel.

The financial position and financial performance of the company has remained positive and thus the directors do not believe there to be any uncertainties regarding going concern due to the change in legislation or outcomes of the Anti-Dumping ruling thereof.

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. Accordingly, the financial statements are prepared on a basis applicable to a going concern.

22. Subsequent events

There have been no subsequent events that would require disclosure in the Company's financial statements.