

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF VALLEY HOLDINGS INC

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's management is responsible for preparation of these financial statement that give a true and fair view of financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing the opinion on effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2016
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Restriction on Distribution and Use

The financial statements have been prepared for the limited purpose of consolidated financial statement, to comply with the Section 129(3) of the Companies Act, 2013 of Tata Chemicals Limited for the year ended 31st March 2016 in accordance with the Generally Accepted Accounting Principles in India. Our report is intended solely for the information and use of Board of Directors of Company and Tata Chemicals Limited for the preparation of consolidated financial statement as aforesaid and for the use at their annual general meetings for information of their members. It is not intended to be and should not be used by anyone other than specified parties.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)

Place: Mumbai

Date:

27 JUN 2016

Valley Holdings Inc.
Balance Sheet as at March 31, 2016

Particulars	Notes	As At 31-Mar-2016 \$ in '000	As At 31-Mar-2015 \$ in '000
I. Equity and Liabilities			
1. Shareholder's Fund			
(a) Share Capital	3	*	*
(b) Reserves & Surplus	4	1,021,656	1,022,012
		1,021,656	1,022,012
2. Current Liabilities			
(a) Other Current Liabilities	5	1,013	984
(b) Short Term Provisions	6	531	531
		1,544	1,515
TOTAL		1,023,200	1,023,527
II. Assets			
1. Non Current Assets			
(a) Non Current Investments	7	1,012,964	1,012,964
		1,012,964	1,012,964
2. Current Assets			
(a) Cash & Bank Balances	8	1,565	584
(b) Other Current Assets	9	8,671	9,979
		10,236	10,563
TOTAL		1,023,200	1,023,527

* indicates amount less than USD thousands

Notes Forming an Integral Part of the Financial Statements **1 to 12**

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the board of directors of
Valley Holdings Inc.

Sanjiv V. Pilgaonkar
Partner

Director

Director

Place : Mumbai, India

Date :

27 JUN 2016

Place:

Date :

Valley Holdings Inc.
Statement of Profit & Loss for the year ended March 31, 2016

Particulars	Notes	For the year ended 31-Mar-2016 \$ in '000	For the year ended 31-Mar-2015 \$ in '000
I. Revenue from Operation (Gross)		-	-
II. Other Income	10	20,000	20,000
III. Total Revenue (I+II)		<u>20,000</u>	<u>20,000</u>
IV. Expenses:			
Other Expenses	11	780	809
Total Expenses		<u>780</u>	<u>809</u>
V. Profit / (Loss) Before Tax (III - IV)		<u>19,220</u>	<u>19,191</u>
VI. Tax Expenses:			
(a) Current tax		-	-
(b) Tax Recoverable (See Note 12 (iii))		(154)	(160)
Net tax / (benefit)		<u>(154)</u>	<u>(160)</u>
Profit / (Loss) for the year (V-VI)		<u>19,374</u>	<u>19,351</u>
EARNINGS PER SHARE			
(Face value per share - \$ 0.01)			
(a) Basic		193.74	193.51
(b) Diluted		193.74	193.51

Notes Forming an Integral Part of the Financial Statements **1 to 12**

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the board of directors of
Valley Holdings Inc.

Sanjiv V. Pilgaonkar
Partner

Director
RM

Director
JM

Place : Mumbai, India

Date : **27 JUN 2016**

Place:

Date :

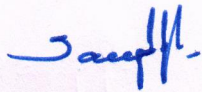
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Valley Holdings Inc.
Cash Flow Statement For The Year Ended March 31, 2016

Particulars	For the year ended 31-	
	Mar-2016	Mar-2015
	\$ in '000	\$ in '000
A. Cash Flow generated from Operating Activities :		
Profit before tax	19,220	19,191
Adjustments for :		
Dividend Income	(20,000)	(20,000)
Operating profit / (loss) before working capital changes	(780)	(809)
Adjustments for :		
Other Current Assets	1,462	(387)
Other Current Liabilities	29	(2)
Net cash generated / (used in) Operating Activities	711	(1,198)
B. Cash Flow generated from Investing Activities :		
Dividend Received	20,000	20,000
Net Cash generated from Investing Activities	20,000	20,000
C. Cash Flow used from Financing Activities :		
Dividend paid	(19,730)	(18,292)
Net Cash used in Financing Activities	(19,730)	(18,292)
Net Increase in Cash and Cash Equivalents (A+B+C)	981	510
Cash and Cash equivalents as at 1-April	584	74
Cash and Cash equivalents as at 31-Mar(as per note 8)	1,565	584
1 to Components of cash and cash equivalents		
Bank Balances	1,565	584
	1,565	584
Notes Forming an Integral Part of the Financial Statements	1 to 12	

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants



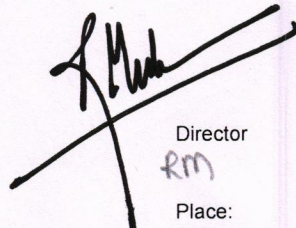
Sanjiv V. Pilgaonkar
Partner

Place : Mumbai, India
Date :

27 JUN 2016

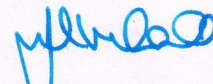
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For and on behalf of the board of directors
of Valley Holdings Inc.



Director
RM

Place:
Date :



Director
JM

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Valley Holdings Inc.
Notes to financial statements for the year ended March 31, 2016

Note 1: Corporate Information

Valley Holding Inc. (the "Company"), a Delaware Corporation incorporated in 2008 to be a holding company for certain investments in the United States of America. The Company is a wholly owned subsidiary of Gusiute Holdings (UK) Ltd. and the ultimate holding company is Tata Chemicals Limited. Tata Chemicals North America Inc. ("TCNA"), a wholly owned subsidiary of the Company is a leading North American manufacturer and supplier of soda ash to a broad range of industrial and municipal customers. The primary end markets for soda ash include glass production, sodium-based chemicals, powdered detergents, water treatment, and other industrial end uses.

Note 2: Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards to the extent applicable specified under section 133 of the Companies Act, 2013 ("the 2013 Act") for inclusion in the consolidated financial statements of the ultimate holding company viz. Tata Chemicals Limited. The financial statements of the Company are prepared under the historical cost convention using the accrual method of accounting. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (considered to be 12 months) and other criteria set out in Schedule III to the 2013 Act.

(b) Use of Estimates

The presentation of the financial statements, in conformity with Indian GAAP, requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable, future results could differ, the differences between the actual results and the estimates are recognised in the period in which the results are known / materialise.

(c) Investments

Long term investments are carried individually at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of such investments. Current investments are carried individually, at lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

(d) Revenue Recognition

Sales of Goods:

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

Income from Services:

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Foreseeable losses on such contracts are recognised when probable.

(e) Other Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is accounted for when the right to receive income is established.

(f) Segment Reporting

The Company is an Investment holding company and carrying its operations in United State of America (USA), hence does not have any primary and secondary segment.

(g) Taxes on Income

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the local tax laws

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

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Valley Holdings Inc.
Notes to financial statements for the year ended March 31, 2016

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realise such assets. Deferred tax assets recognised are carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

(h) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

(i) Cash flow statement

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

(j) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), and highly liquid time deposits that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

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Valley Holdings Inc.
Notes to financial statements for the year ended March 31, 2016

3. Share capital

	As At 31-Mar-2016	As At 31-Mar-2015
	\$ in '000	\$ in '000
Authorised shares		
1000 (2015: 1000) ordinary shares with \$ 0.01 each	*	*
Issued, subscribed and fully paid-up shares		
100 (2015: 100) ordinary shares with \$ 0.01 each	*	*
Total issued, subscribed and fully paid-up share capital	*	*

* indicates amounts less than USD thousands
The total number of shares are in absolute numbers

Footnotes:

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As At 31-Mar-2016		As At 31-Mar-2015	
	Numbers	\$ in '000	Numbers	\$ in '000
At the beginning of the year	100	*	100	*
Issued during the year	-	-	-	-
Outstanding at the end of the year	100	*	100	*

* indicates amounts less than thousands
The total number of shares are in absolute numbers

(b) Terms/ rights attached to shares

The Company has issued one class of ordinary shares having a par value of \$ 0.01 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential accounts, in proportion to their shareholding.

(c) Shares held by Holding Company

Out of shares issued by the Company, shares held by its holding company are as below:

Equity Stocks	As At 31-Mar-2016	As At 31-Mar-2015
Gusiute Holdings (UK) Limited, Holding Company	100	100

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Valley Holdings Inc.

Notes to financial statements for the year ended March 31, 2016

(d) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As At 31-Mar-2016		As At 31-Mar-2015	
	Numbers	% holding in the class	Numbers	% holding in the class
Gusiute Holdings (UK) Limited, Holding Company	100	100%	100	100%

As per records of the Company, including its register of shareholders/ members, the above shareholding represents both legal and beneficial ownerships of shares.

(f) There are no shares reserved for issue under any employee stock option schemes or under agreements or contracts.

(g) Information regarding shares in last five years.

(i) The Company has not issued any shares pursuant to contracts without payment being received in cash.

(ii) There has been no issue of bonus shares.

(iii) The Company has not undertaken any buy-back of shares.

(iv) The Company has not issued any shares as fully paid up pursuant to scheme of amalgamation.

4. Reserves and Surplus

	As At 31-Mar-2016 \$ in '000	As At 31-Mar-2015 \$ in '000
Securities premium account		
At the commencement and at the end of the year	720,642	720,642
	720,642	720,642
Surplus/ (deficit) in the statement of profit and loss		
At the commencement of the year	301,370	300,311
Profit for the year	19,374	19,351
Less: Dividend paid	(19,730)	(18,292)
Net surplus in the statement of profit and loss	301,014	301,370
Total reserves and surplus	1,021,656	1,022,012

5. Other current liabilities

	As At 31-Mar-2016 \$ in '000	As At 31-Mar-2015 \$ in '000
Other liabilities		
Accured Expenses	107	78
Other Liabilities	906	906
	1,013	984

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Valley Holdings Inc.
Notes to financial statements for the year ended March 31, 2016

6. Short Term Provisions

	As At 31-Mar-2016 \$ in '000	As At 31-Mar-2015 \$ in '000
Provision for tax	531	531
	<u>531</u>	<u>531</u>

7. Non-current investments

	As At 31-Mar-2016 \$ in '000	As At 31-Mar-2015 \$ in '000
Investments (At cost):		
Investment in equity instruments in Subsidiary		
Investment in Tata Chemicals North America Inc. (Common Stock 100 of \$ 0.01 fully paid up)	1,012,964	1,012,964
	<u>1,012,964</u>	<u>1,012,964</u>
Aggregate amount of unquoted	<u>1,012,964</u>	<u>1,012,964</u>

8. Cash and bank balances

	As At 31-Mar-2016 \$ in '000	As At 31-Mar-2015 \$ in '000
Cash and cash equivalents		
<i>Balances with banks:</i>		
- Bank Balances	1,565	584
	<u>1,565</u>	<u>584</u>

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Valley Holdings Inc.
Notes to financial statements for the year ended March 31, 2016

9. Other Current Assets

	As At 31-Mar-2016	As At 31-Mar-2015
	\$ in '000	\$ in '000
Claim Receivable from related parties Unsecured, considered good	8,671	9,979
	<u>8,671</u>	<u>9,979</u>

10. Other Income

	For the year ended 31-Mar-2016	For the year ended 31-Mar-2015
	\$ in '000	\$ in '000
Dividend Income from long term investment	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

11. Other Expenses

	For the year ended 31-Mar-2016	For the year ended 31-Mar-2015
	\$ in '000	\$ in '000
Donation	750	750
Legal & Professional Fees	30	59
	<u>780</u>	<u>809</u>

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Valley Holdings Inc.
Notes to financial statements for the year ended March 31, 2016

Note 12 : Other Notes

(i) Earnings per Share

		For the year ended 31-Mar-2016	For the year ended 31-Mar-2015
Basic and Diluted			
(a) Profit after tax	\$ in '000	19,374	19,351
(b) The weighted average number of equity shares of \$0.01 each			
Total number of shares	Nos.	100	100
(c) Earning Per Share (face value per share \$0.01)		193.74	193.51

(ii) Related Party Disclosure

(a) Related Parties and their relationship (As identified by the Management)

Ultimate Holding Company	Tata Chemicals Limited, India
Holding Company	Gusiute Holdings (UK) Limited, United Kingdom
Direct Subsidiaries	Tata Chemicals North America Inc., United State of America
Fellow Subsidiaries	Tata Chemicals Magadi Limited., United Kingdom

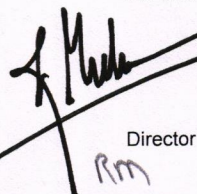
(b) Transactions with related parties during the year ended 31st March, 2016 and balances outstanding as at 31st March, 2016

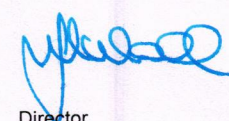
		USD '000		
		Gusiute Holdings (UK) Limited, United Kingdom	Tata Chemicals North America Inc., United State of America	Tata Chemicals Magadi Limited., United Kingdom
Transactions with related parties				
Reimbursement of expenses and tax benefit transfer	2016	-	154	-
	2015	-	5,660	-
Dividend Income	2016	-	20,000	-
	2015	-	20,000	-
Dividend Paid (Net of Withholding taxes)	2016	18,743	-	-
	2015	17,376	-	-
Balances due from/to related parties				
Claim receivable	2016	-	8,671	-
	2015	-	8,519	1,460

(iii) The Company recognises tax benefits in respect of the tax losses incurred by the Company consequent to transfer of tax losses to its subsidiary who claims a set off against its tax profit at the time of filing consolidated tax returns.

(vi) Previous year's figures have been regrouped / reclassified wherever necessary to make them comparable with the current year's figures.

For and on behalf of the board of directors of Valley Holdings Inc.


Director
RM


Director
JM

Place:
Date : 27 JUN 2016

