

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

**AUDITED ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

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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 annual 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 annual financial statements of the company and their unqualified report appears on page 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.

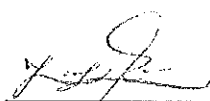
The annual financial statements of the company are prepared on a going concern basis, since the directors believe that the company has adequate resources in place to continue in operation for the foreseeable future.

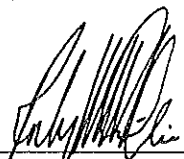
### Preparation of Annual Financial Statements

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

### DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company are set out on pages 4 to 25 were approved by the board of directors on 22 May 2015 and are signed on its behalf by:

  
 Director

  
 Director

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

We have audited the annual financial statements of Tata Chemicals (South Africa) Proprietary Limited, set out on pages 6 to 25, which comprise the statement of financial position as at 31 March 2015, 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 the notes, comprising a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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 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 entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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, the financial statements present fairly, in all material respects, the financial position of Tata Chemicals (South Africa) Proprietary Limited as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

National Executive: \*UL Bam Chief Executive \*AE Swiegers Chief Operating Officer \*GM Pinnock Audit  
DL Kennedy Risk Advisory \*NB Kader Tax TP Pillay Consulting \*K Black Clients & Industries  
\*JK Mazzocco Talent & Transformation \*MJ Jarvis Finance \*M Jordan Strategy S Gwala Managed Services  
\*TJ Brown Chairman of the Board \*MJ Comber Deputy Chairman of the Board  
Regional Leader: \*GC Brazier

A full list of partners and directors is available on request

\*Partner and Registered Auditor

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

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

**Other reports required by the Companies Act**

As part of our audit of the financial statements for the year ended 31 March 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements.

This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.



**Deloitte & Touche**  
Registered Auditor

Per: M Luthuli CA (SA), RA  
Partner  
22 May 2015

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED  
(Registration number: 1996/004273/07)  
**DIRECTORS' REPORT**  
for the year ended 31 March 2015

The directors have pleasure in submitting their report, which forms part of the annual financial statements for the year ended 31 March 2015.

## **NATURE OF OPERATIONS**

The company derives its income from the purchase, packaging and resale of sodium carbonate and related products.

## **FINANCIAL RESULTS**

The company's financial results are fully disclosed in the annual 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 R3 400 000 (2014: RNil).

## **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 at note 16 to the annual 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 Mpofu	(South African)

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED  
(Registration number: 1996/004273/07)  
DIRECTOR'S REPORT (continued)  
for the year ended 31 March 2015

#### **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 annual financial statements, that has not been otherwise dealt with in the annual financial statements.

#### **AUDITORS**

Deloitte & Touche will continue in office.

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED  
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 for the year ended 31 March 2015

	<u>Notes</u>	<u>2015</u> R	<u>2014</u> R
<b>REVENUE</b>	2	263 525 838	137 249 710
<b>COST OF SALES</b>		<u>(242 126 417)</u>	<u>(118 526 255)</u>
<b>GROSS PROFIT</b>		21 399 421	18 723 455
Other income		-	762 986
Operating expenses		<u>(14 293 837)</u>	<u>(15 161 628)</u>
<b>PROFIT BEFORE INTEREST AND TAXATION</b>		7 105 584	4 324 813
Interest paid	4	(60 173)	
Interest received	4	<u>473 097</u>	<u>532 825</u>
<b>PROFIT BEFORE TAXATION</b>		7 518 508	4 857 638
<b>TAXATION</b>	5	<u>(2 165 771)</u>	<u>(1 128 138)</u>
<b>NET PROFIT FOR THE YEAR</b>		5 352 737	3 729 500
<b>Other Comprehensive income for the year</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>5 352 737</u>	<u>3 729 500</u>
Attributable to: Tata Chemicals Africa Holdings Limited		<u>5 352 737</u>	<u>3 729 500</u>

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED  
STATEMENT OF FINANCIAL POSITION  
As at 31 March 2015

	<u>Notes</u>	<u>2015</u> R	<u>2014</u> R
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1 346 145	793 840
Intangible asset	7	591 600	618 600
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>1 937 745</b>	<b>1 412 440</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	-	9 419 445
Trade and other receivables	9	94 555 263	39 680 519
Inventories	10	84 674 840	37 264 510
Taxation receivable	11	630 039	242 993
		<hr/>	<hr/>
<b>Total current assets</b>		<b>179 860 142</b>	<b>86 607 467</b>
		<hr/>	<hr/>
<b>Total assets</b>		<b>181 797 887</b>	<b>88 019 907</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	12	600	600
Share premium	12	1 699 500	1 699 500
Accumulated profit		36 310 494	34 357 757
		<hr/>	<hr/>
<b>Total equity</b>		<b>38 010 594</b>	<b>36 057 857</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation	13	87 433	54 308
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>87 433</b>	<b>54 308</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	136 597 522	51 907 742
Cash overdraft	8	7 102 338	
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>143 699 860</b>	<b>51 907 742</b>
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>181 797 887</b>	<b>88 019 907</b>



TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 for the year ended 31 March 2015

	Share capital R	Share premium R	Accumulated profit R	Total R
<b>Balance as at 31 March 2013</b>	600	1 699 500	30 628 257	32 328 357
Total comprehensive income for the year	-	-	3 729 500	3 729 500
<b>Balance as at 31 March 2014</b>	600	1 699 500	34 357 757	36 057 857
Total comprehensive income for the year			5 352 737	5 352 737
Dividends			(3 400 000)	(3 400 000)
<b>Balance as at 31 March 2015</b>	<b>600</b>	<b>1 699 500</b>	<b>36 310 494</b>	<b>38 010 594</b>

TATA CHEMICALS (SOUTH AFRICA) PROPRIETARY LIMITED  
STATEMENT OF CASH FLOWS  
for the year ended 31 March 2015

	Notes	2015 R	2014 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilised in operations	A	(10 217 640)	(10 587 886)
Interest received		473 097	532 825
Interest paid		(60 173)	
Taxation paid	B	(2 519 692)	(1 585 351)
		<u>(12 324 408)</u>	<u>(11 640 412)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to plant and equipment		<u>(797 375)</u>	<u>(15 221)</u>
Net cash outflow from investing activities		<u>(797 375)</u>	<u>(15 221)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIESs</b>			
Dividends paid		<u>(3 400 000)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		<u>(16 521 783)</u>	<u>(11 655 633)</u>
Cash and cash equivalents at beginning of year		<u>9 419 445</u>	<u>21 075 078</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	8	<u><u>(7 102 338)</u></u>	<u><u>9 419 445</u></u>

**NOTES TO THE STATEMENT OF CASH FLOWS**

**A. CASH GENERATED FROM OPERATIONS**

Profit before interest and taxation	7 105 584	4 324 813
Adjustments for:		
Amortisation of lease premium	27 000	27 000
Depreciation	<u>245 070</u>	<u>352 152</u>
Operating profit before working capital changes	7 377 654	4 703 965
Increase in inventories	(47 410 330)	(23 618 144)
Increase in trade and other receivables	(54 874 744)	(6 455 396)
Increase in trade and other payables	<u>84 689 780</u>	<u>14 781 689</u>
Cash utilised in operations	<u><u>(10 217 640)</u></u>	<u><u>(10 587 886)</u></u>

**B. TAXATION PAID**

Balance at beginning of year	242 993	(698 066)
Current period charge (excluding deferred taxation)	(2 132 646)	(644 292)
Balance at end of year	<u>(630 039)</u>	<u>(242 993)</u>
	<u><u>(2 519 692)</u></u>	<u><u>(1 585 351)</u></u>

**1. SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of preparation and changes in accounting policies**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards 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:

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**1.1 Basis of preparation and changes in accounting policies (continued)**

**Standard or Interpretation**

**New and revised IFRSs in issue but not yet effective**

**Effective for annual periods beginning on or after 1 July 2014:**

- Amendments to IFRS 2 – Share based Payments : Amendments to definition of vesting condition
- Amendments to IFRS 3 – Business Combinations: Amendments to Accounting for contingent consideration in a business combination
- Amendments to IAS 16 – Property, Plant and Equipment: Amendments to revaluation method
- Amendments to IAS 24 – Related party disclosure: Amendments to key management personnel
- Amendments to IAS 38 – Intangible Assets: Amendments to revaluation method

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

International Financial Reporting Standard 15 Revenue from Contracts with Customers (IFRS 15) establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The new Standard is effective for reporting periods beginning on or after 1 January 2015, with earlier application applicable.

IFRS 9 Financial Instruments -introduces new requirements for the classification and measurement of financial assets and liabilities and for derecognition.

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

## **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **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.

### **1.3 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. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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.

### 1.13 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. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **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.

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 OCI, in which case it is also recognised in OCI.

### **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. Settlement discounts previously recognised in distribution and selling expenses are netted off revenue in the current and prior year statement of 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

## 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 transaction 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.

	<u>2015</u> R	<u>2014</u> R
<b>2. REVENUE</b>		
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	262 256 591	136 883 616
Rental	104 349	120 100
Services provided	1 164 898	245 994
	<u>263 525 838</u>	<u>137 249 710</u>

# 3. PROFIT BEFORE INTEREST AND TAXATION

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

Auditors remuneration	416 300	382 456
- audit fees	<u>416 300</u>	<u>382 456</u>
Amortisation of lease premium	27 000	27 000
Depreciation	245 070	352 152
Net foreign exchange losses	5 259 872	6 703 832
Operating lease rentals	900 141	825 817
Provident fund contributions	2 520	4 746
Staff costs	<u>2 019 179</u>	<u>1 976 590</u>
Number of employees	<u>10</u>	<u>9</u>

# 4. INTEREST RECEIVED

Interest received	473 097	532 825
- bank account	<u>473 097</u>	<u>487 755</u>
- other	<u>-</u>	<u>45 070</u>
Interest received	<u>473 097</u>	<u>532 825</u>

## INTEREST PAID

South African Revenue Service	<u>(60 173)</u>	<u>-</u>
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## 5. TAXATION

	<u>2015</u> R	<u>2014</u> R
South African normal taxation		
- Current tax	2 132 646	644 292
- Deferred tax (Current)	31 391	483 846
- Deferred tax (prior year)	1 734	-
	<u>2 165 771</u>	<u>1 128 138</u>
Total taxation		
<i>Reconciliation of taxation rate</i>		
	%	%
Standard taxation rate	28.00	28.00
Permanent differences	0.78	(4.78)
Effective taxation rate	<u>28.8</u>	<u>23.22</u>

## 6. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u> R	<u>Accumulated depreciation</u> R	<u>Carrying value</u> R
<u>2015</u>			
Plant and equipment	4 505 133	(3 548 164)	956 969
Leasehold improvements	787 035	(479 655)	307 380
Furniture and fittings	527 255	(445 459)	81 796
Motor vehicles	150 826	(150 826)	-
	<u>5 970 249</u>	<u>(4 624 104)</u>	<u>1 346 145</u>
<u>2014</u>			
Plant and equipment	3 925 663	(3 377 060)	548 603
Leasehold improvements	627 660	(435 112)	192 548
Furniture and fittings	468 726	(416 037)	52 689
Motor vehicles	150 826	(150 826)	-
	<u>5 172 875</u>	<u>(4 379 035)</u>	<u>793 840</u>

### Reconciliation of property, plant and equipment

<u>2015</u>	<u>Opening balance</u> R	<u>Additions</u> R	<u>Disposals</u> R	<u>Depreciation</u> R	<u>Closing balance</u> R
Plant and equipment	548 603	579 470	-	(171 105)	956 968
Leasehold improvements	192 548	159 376	-	(44 543)	307 381
Furniture and fittings	52 689	58 529	-	(29 422)	81 796
Totals	<u>793 840</u>	<u>797 375</u>	<u>-</u>	<u>(245 070)</u>	<u>1 346 145</u>

**6. PROPERTY, PLANT AND EQUIPMENT (continued)**

Reconciliation of property, plant and equipment

<u>2014</u>	Opening balance	Additions	Disposals	Depreciation	Closing balance
	R	R	R	R	R
Plant and equipment	822 512	-	-	(273 908)	548 604
Leasehold improvements	228 982	-	-	(36 435)	192 547
Furniture and fittings	70 479	15 221	-	(33 011)	52 689
Motor vehicles	8 798	-	-	(8 798)	-
Totals	1 130 771	15 221	-	(352 152)	793 840

**7. INTANGIBLE ASSET**

	<u>2015</u> R	<u>2014</u> R
Cost	1 078 400	1 078 400
Accumulated amortisation	<u>486 800</u>	<u>(459 800)</u>
Carrying value	<u>591 600</u>	<u>618 600</u>
Reconciliation of the carrying amount		
Carrying amount at beginning of year	618 600	645 600
Amortisation charge	<u>27 000</u>	<u>(27 000)</u>
Carrying amount at end of year	<u>591 600</u>	<u>618 600</u>

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.

**8. CASH AND CASH EQUIVALENTS**

Bank balance	<u>(7 102 338)</u>	<u>9 419 445</u>
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**9. TRADE AND OTHER RECEIVABLES**

Trade receivables	92 726 999	39 416 141
Other receivables - prepaid expenses	<u>1 828 264</u>	<u>264 378</u>
	<u>94 555 263</u>	<u>39 680 519</u>

Trade receivables can be broken down as follows:

External parties	<u>92 726 999</u>	<u>39 416 141</u>
	<u>92 726 999</u>	<u>39 416 141</u>

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

**9. TRADE AND OTHER RECEIVABLES (continued)**

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
<b>2015</b>					
Past due receivables	-	-	16 509 324	1 000 000	17 509 324
Provision for doubtful debts	-	-	-	-	-
			<u>16 509 324</u>	<u>1 000 000</u>	<u>17 509 324</u>
<b>2014</b>					
Past due receivables	-	-	297 535	-	297 535
Provision for doubtful debts	-	-	-	-	-
			<u>297 535</u>	<u>-</u>	<u>297 535</u>

**10. INVENTORIES**

	<b>2015</b> R	<b>2014</b> R
Finished goods	67 949 054	36 945 223
Packaging materials	462 427	319 287
Goods-in-transit	<u>16 263 359</u>	<u>-</u>
	<u>84 674 840</u>	<u>37 264 510</u>

**11. TAXATION RECEIVABLE/(PAYABLE)**

Opening balance	242 993	(698 066)
Statement of profit and loss & other comprehensive income		
- current taxation	(2 132 646)	(644 292)
Taxation paid	<u>2 519 692</u>	<u>1 585 351</u>
Balance at end of year	<u>630 039</u>	<u>242 993</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**

	<u>2015</u> R	<u>2014</u> R
Opening balance	54 308	(429 538)
Prior year adjustment	1 734	-
Charge to profit & loss	<u>31 391</u>	<u>483 846</u>
Balance at end of year	<u>87 433</u>	<u>54 308</u>
Deferred taxation balance is comprised as follows:		
Property, plant and equipment	-	-
Lease charge	2 975	66 554
Section 24I (10)	(71 071)	-
Prepayments	(75 337)	52 154
Provision for bonus	<u>56 000</u>	<u>64 400</u>
Balance at end of year	<u>(87 433)</u>	<u>54 308</u>

**14. TRADE AND OTHER PAYABLES**

	<u>2015</u> R	<u>2014</u> R
Intercompany trade payables	128 228 916	43 582 129
Other trade payables	6 554 720	-
Other payables and accrued expenses	<u>1 813 886</u>	<u>8 325 613</u>
	<u>136 597 522</u>	<u>51 907 742</u>

The company estimates that the carrying values are not materially different to the fair values of the trade and other receivables 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 2014 the company does not consider there to be any material credit risk that has not been adequately provided.

## 15. FINANCIAL RISK MANAGEMENT (continued)

### 15.1 Credit risk (continued)

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

<u>Exposure to credit risk</u>	<u>2015</u> <u>R</u>	<u>2014</u> <u>R</u>
Cash and cash equivalents	-	9 419 445
Trade and other receivables	94 555 263	39 680 519
Total credit risk exposure	<u>94 555 263</u>	<u>49 099 964</u>

### 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>&lt;1 year</u> <u>R</u>	<u>Total</u> <u>R</u>
<u>2015</u>		
Trade and other payables	136 597 522	136 597 522
Total	<u>136 597 522</u>	<u>136 597 522</u>
<u>2014</u>		
Trade and other payables	51 907 742	51 907 742
Total	<u>51 907 742</u>	<u>51 907 742</u>

### 15.3 Cash flow and interest rate risk

The company has no 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 2015 would increase/(decrease) by: R71 023 (2014: R77 413). This is attributable to the company's exposure to interest rates on its bank investments.

## 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 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).

Exposure to currency risk

	<u>2015</u> ZAR	<u>2014</u> ZAR	<u>2015</u> USD	<u>2014</u> USD
Trade payables	(111 965 557)	(43 582 129)	(9 214 893)	(4 131 007)
Net exposure	<u>(111 965 557)</u>	<u>(43 582 129)</u>	<u>(9 214 893)</u>	<u>(4 131 007)</u>
	<u>Average Rate 2015</u>	<u>Average Rate 2014</u>	<u>Spot Rate 2015</u>	<u>Spot Rate 2014</u>
USD	<u>11.07</u>	<u>10.50</u>	<u>12.15</u>	<u>10.55</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>2015</u> R	<u>2014</u> R
10% strengthening/weakening of US Dollar	<u>11 196 556</u>	<u>4 358 212</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:

	2015		2014	
	<u>Estimated fair value</u>	<u>Carrying amount</u>	<u>Estimated fair value</u>	<u>Carrying amount</u>
	R	R	R	R
Cash and cash equivalents	-	-	9 419 445	9 419 445
Trade and other receivables	94 555 263	94 555 263	39 680 519	39 680 519
<b>Total financial assets</b>	<b>94 555 263</b>	<b>94 555 263</b>	<b>49 099 964</b>	<b>49 099 964</b>

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 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:**

Homefield International Pvt. Limited, Mauritius  
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 B.V., Netherlands  
Brunner Mond Generation Company Limited, UK  
Brunner Mond Limited, UK  
Northwich Resource Management Limited, UK  
Gusiate 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  
General Chemicals (Great Britain) Limited, UK  
NHO Canada Holdings Inc., USA  
General Chemical Canada Holding Inc., Canada  
TCSAP Holdings, USA  
TCSAP LLC, USA  
Tata Chemicals (Soda Ash) partners (TCSAP), USA  
GCSAP Canada Inc., Canada  
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  
Zero Waste Agro Organics Limited (ZWAOL), India

**Direct Joint Ventures with Tata Chemicals Limited**

Indo Maroc Phosphore S.A., Morocco

**Indirect Joint Ventures with Tata Chemicals Limited**

Kemax B.V. Netherlands  
Alcad, USA  
JOil (S) Pte. Limited, Singapore  
The Block Salt Company Limited, UK  
Natronx technologies LLC, USA

**Associates (indirect)**

EPM Mining Ventures Inc., Canada

The directors are listed in the directors' report.

# 16. RELATED PARTY TRANSACTIONS (continued)

	<u>2015</u> R	<u>2014</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:		
Purchase Tata Chemical North America	192 645 882	106 502 691
Tata Chemical Magadi Limited	24 012 166	11 508 216
Purchases Tata Chemicals Europe	<u>2 709 911</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 2014:

Tata Chemicals Magadi Limited	(13 537 399)	-
Tata Chemicals North America	<u>(114 691 516)</u>	<u>(43 582 129)</u>

The directors are considered key personnel and therefore related parties to the company. No payments were made to directors in the current or prior year.

# 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. EMPLOYEE BENEFITS INFORMATION

One of the company's permanent employees is a member of the Old Mutual flexi provident fund which is a defined contribution fund and is subject to the Pension Funds Act of 1956. Contribution for the year amounted to R2 520 (2014: R4 746).

# 19. 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.