

# B S R & Co. LLP

Chartered Accountants

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## **Independent Auditors' Report**

### **To the Members of Valley Holding Inc.**

#### **Report on the Audit of the Special purpose Standalone Financial Statements**

##### **Opinion**

We have audited the accompanying special purpose standalone financial statements ('standalone financial statements') of Valley Holdings Inc. ("the Company") which comprise the Balance Sheet as at 31 March 2020 and the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'standalone financial statements'). These Standalone Financial Statements have been prepared by the Company's management as described in Note 2.1 to the standalone financial statements.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view, of the state of affairs of the Company as at 31 March 2020 and its profit including other comprehensive income, changes in equity and its cash flows for the year ended in accordance with the basis described in Note 2.1 to the standalone financial statements.

##### **Basis for Opinion**

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

##### **Management's Responsibility for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ('the Act').

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

Registered Office:  
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## **Independent Auditors' Report (Continued)** **Valley Holding Inc.**

### **Management's Responsibility for the Financial Statements (Continued)**

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 management.
- Conclude on the appropriateness of management's 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 standalone 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.

B S R & Co. LLP

**Independent Auditors' Report (Continued)**  
**Valley Holding Inc.**

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

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Other matters – Basis of standalone financial statements and Restriction on distribution or use**

We draw attention to Note 2.1 to the standalone financial statements, which describes the basis and purpose of these standalone financial statements. These standalone financial statements have been prepared by the Company's Board of Directors solely for the purpose of uploading audited standalone financial statements of the Company along with consolidated financial statements of Tata Chemicals Limited ("the ultimate holding company") on the website of the ultimate holding company as required under Section 136 of the Act read with Section 129(3) of the Act as there is no statutory requirement in the United States of America (Country of incorporation of the Company) for the Company to get its account audited.

Accordingly, these standalone financial statements may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent.

Our opinion on the standalone financial statements is not modified in respect of the above matters.

For **B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No: 101248W/W-100022

**VIJAY**  
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Date: 2020.05.12  
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Mumbai  
Date: 12 May 2020

**Vijay Mathur**  
*Partner*  
Membership No:046476  
UDIN: 20046476AAAABL8071

**Valley Holdings Inc.**  
**Standalone Balance Sheet as at 31 March, 2020**

Particulars	Notes	As at 31 March, 2020 \$ in '000	As at 31 March, 2019 \$ in '000
<b>I. Assets</b>			
<b>1. Non current assets</b>			
(a) Investment in subsidiary	4	12,07,964	10,12,964
		<u>12,07,964</u>	<u>10,12,964</u>
<b>2. Current assets</b>			
(a) Financial assets			
(i) Cash and cash equivalents	5	2,443	244
(ii) Other financial assets (amortised cost)	6	1,587	3,605
		<u>4,030</u>	<u>3,849</u>
<b>TOTAL</b>		<b><u>12,11,994</u></b>	<b><u>10,16,813</u></b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	7	*	*
(b) Other equity	8	10,16,944	10,15,860
		<u>10,16,944</u>	<u>10,15,860</u>
<b>2. Current liabilities</b>			
(a) Financial liabilities (amortised cost)			
(i) Borrowings	9	1,95,000	-
(ii) Other financial liabilities	10	20	953
(b) Current tax liabilities (net)		30	-
		<u>1,95,050</u>	<u>953</u>
<b>TOTAL</b>		<b><u>12,11,994</u></b>	<b><u>10,16,813</u></b>

\* indicates amount less than \$ one thousand

Notes forming part of the standalone financial statements **1 to 15**

As per our report of even date attached

For B S R & Co. LLP

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

*Chartered Accountants*

Firm's Registration No: 101248WW - 100022

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Date: 2020.05.12  
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Vijay Mathur  
*Partner*

Membership No. 046476

  
 Director

  
 Director

Place : Mumbai, India

Date :

Place: Mumbai, India

Date : 12 May, 2020

Valley Holdings Inc.  
Statement of standalone profit and loss for the year ended 31 March, 2020

Particulars	Notes	For the year ended 31 March, 2020 \$ in '000	For the year ended 31 March, 2019 \$ in '000
<b>I. Revenue from operations</b>		-	-
<b>II. Other income</b>	11	33,750	20,000
<b>III. Total income (I+II)</b>		<b>33,750</b>	<b>20,000</b>
<b>IV. Expenses:</b>			
Finance costs	12	1,395	-
Other expenses	13	21	180
<b>Total expenses</b>		<b>1,416</b>	<b>180</b>
<b>V. Profit before tax (III - IV)</b>		<b>32,334</b>	<b>19,820</b>
<b>VI. Tax expenses:</b>			
(a) Current tax		1,106	-
(b) Tax recoverable (See Note 15 (iii))		-	(2)
Total (benefit) / charge (net)	14	1,106	(2)
<b>VII. Profit for the year (V-VI)</b>		<b>31,228</b>	<b>19,822</b>
<b>VIII. Other comprehensive income</b>		-	-
<b>IX. Total comprehensive income</b>		<b>31,228</b>	<b>19,822</b>
<b>EARNINGS PER SHARE</b>	<b>15 (i)</b>		
(Face value per share - \$ 0.01)			
Basic and diluted (\$)		<b>3,12,280</b>	<b>1,98,220</b>
Notes forming part of the standalone financial statements	<b>1 to 15</b>		

As per our report of even date attached  
For B S R & Co. LLP

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

**VIJAY**  
**MATHUR**

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Date: 2020.05.12  
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Vijay Mathur  
Partner  
Membership No. 046476

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

  
Director

  
Director

Place : Mumbai, India  
Date :

Place: Mumbai, India  
Date : 12 May, 2020

Valley Holdings Inc.  
Statement of standalone cash flow for the year ended 31 March, 2020

Particulars	Notes	For the year ended 31	For the year ended 31
		March, 2020	March, 2019
		\$ in '000	\$ in '000
<b>A. Cash flow from operating activities :</b>			
Profit before tax		32,334	19,820
Adjustments for :			
Finance costs		1,395	-
Dividend income		(33,750)	(20,000)
<b>Operating (loss) before working capital changes</b>		<b>(21)</b>	<b>(180)</b>
Adjustments for :			
Other financial assets		2,018	250
Other financial liabilities		(950)	(101)
<b>Cash generated/(used) in operations</b>		<b>1,047</b>	<b>(31)</b>
Taxes paid		(1,076)	-
<b>Net cash generated from / (used in) operating activities</b>		<b>(29)</b>	<b>(31)</b>
<b>B. Cash flow from investing activities :</b>			
Dividend received		33,750	20,000
Purchase of non-current investments (Indirect Subsidiary)		(1,95,000)	-
<b>Net Cash (used in)/generated from investing activities</b>		<b>(1,61,250)</b>	<b>20,000</b>
<b>C. Cash flow from financing activities :</b>			
Dividend paid and tax thereon		(30,144)	(19,851)
Proceeds from borrowings		1,95,000	-
Finance costs paid		(1,378)	-
<b>Net cash generated from/(used) in financing activities</b>		<b>1,63,478</b>	<b>(19,851)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>2,199</b>	<b>118</b>
Cash and cash equivalents as at 1 April		244	126
<b>Cash and cash equivalents as at 31 March</b>	<b>5</b>	<b>2,443</b>	<b>244</b>
<b>Components of cash and cash equivalents</b>			
Bank balances	5	2,443	244
		<b>2,443</b>	<b>244</b>
Notes forming part of the standalone financial statements	<b>1 to 15</b>		

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

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

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Vijay Mathur  
Partner

Membership No. 046476

Place : Mumbai, India

Date :

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

  
Director

  
Director

Place: Mumbai, India

Date : 12 May, 2020

Valley Holdings Inc.  
Statement of Standalone Changes in Equity for the year ended 31 March, 2020

a. Equity share capital (Note 7)

\$ in '000

Balance as at 31 March, 2019 \*  
Balance as at 31 March, 2020 \*

\* indicates amount less than \$ one thousand

b. Other equity (Note 8)

\$ in '000

Particulars	Retained Earnings	Securities premium	Items of other comprehensive income	Total
Balance as at 31 March, 2018	2,95,247	7,20,642	-	10,15,889
Profit for the year	19,822	-	-	19,822
Other comprehensive income (net of tax)	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>19,822</b>	<b>-</b>	<b>-</b>	<b>19,822</b>
Dividend including tax on dividend	(19,851)	-	-	(19,851)
<b>Balance as at 31 March, 2019</b>	<b>2,95,218</b>	<b>7,20,642</b>	<b>-</b>	<b>10,15,860</b>
Profit for the year	31,228	-	-	31,228
Other comprehensive income (net of tax)	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>31,228</b>	<b>-</b>	<b>-</b>	<b>31,228</b>
Dividend including tax on dividend	(30,144)	-	-	(30,144)
<b>Balance as at 31 March, 2020</b>	<b>2,96,302</b>	<b>7,20,642</b>	<b>-</b>	<b>10,16,944</b>

Notes forming part of the standalone financial statements 1 to 15

As per our report of even date attached

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W - 100022

VIJAY MATHUR  
Digitally signed by  
VIJAY MATHUR  
Date: 2020.05.12  
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Vijay Mathur  
Partner  
Membership No. 046476  
Place : Mumbai, India  
Date :

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

  
Director

  
Director

Place: Mumbai, India  
Date : 12 May, 2020

## Valley Holdings Inc.

### Notes to standalone financial statements for the year ended 31 March, 2020

#### 1. Corporate Information

Valley Holdings Inc. (the "Company"), a Delaware Corporation was incorporated in 2008 to be a holding company for certain investments of Tata Chemicals Limited 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. The registered office of the Company is located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, in the County of New Castle, United States of America. The Company has also invested for 25% stake in Tata Chemicals (Soda Ash) Partners Holdings, Indirect Subsidiary.

#### 2. Significant Accounting Policies

##### 2.1 Basis of compliance

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Indian Companies Act, 2013 ("the 2013 Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Since the Company's Ultimate holding company prepares consolidated financial statements, where Company's financial statements are also included, thus no consolidated financial statements have been prepared by the Company.

These standalone financial statements have been prepared by the Company solely for the purpose of placing the audited standalone financial statements of the Company along with the consolidated financial statements of Tata Chemicals Limited ("the ultimate holding company") on the website of the ultimate holding company as required under Section 136 of the 2013 Act.

##### 2.2 Basis of preparation and presentation

The standalone financial statements have been prepared under the historical cost convention using the accrual method of accounting (Refer note 3 on Going Concern).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the 2013 Act.

These Standalone Financials Statement are prepared in USD (\$) thousands.

These standalone financial statements were approved for issue by the board of directors on 27 April, 2020.

##### 2.3 Critical accounting estimates, assumptions and judgements

The preparation of the standalone financial statements requires management to make estimates, assumptions and judgements that affect the reported balances of assets and liabilities and disclosures as at the date of the standalone financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

##### 2.3.1 Impairment of investments

The Company reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of standalone profit and loss.

##### 2.4 Significant accounting policies

##### 2.4.1 Investment in subsidiary

Investment in subsidiary are carried at cost and classified as "Non Current Assets" as these are intended to be held for a period over twelve months.

On disposal of such investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of standalone profit and loss.

##### 2.4.2 Impairment of investment in subsidiary

The Company tests its investments for impairment annually, or more frequently when there is an indication that they might be impaired. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of standalone profit and loss.

**Valley Holdings Inc.****Notes to standalone financial statements for the year ended 31 March, 2020****2.4.3 Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**Financial assets****Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand and demand deposits i.e. balances with banks which are unrestricted for withdrawal and usage. The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**Other financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

**Financial Liabilities and Equity****Financial liabilities**

The Company's financial liabilities comprise borrowings and other liabilities. These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the EIR method. The EIR is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period at effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**Equity instruments**

Equity instruments recognised by the Company are measured at the proceeds received net of direct issue cost.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset when the Company has a legally enforceable right (not contingent on future events) to off-set the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2.4.4 Revenue Recognition****Dividend Income**

Dividend income is accounted for when Company's right to receive income is established.

**2.4.5 Borrowing costs**

Borrowing costs are interest and ancillary costs incurred in connection with the arrangement of borrowings and these are recognised in the Statement of Standalone Profit and Loss in the period in which they are incurred.

**2.4.6 Income Tax**

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. 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 realise the asset or to settle the liability on a net basis.

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when it relates to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities simultaneously.

**Valley Holdings Inc.**  
**Notes to standalone financial statements for the year ended 31 March, 2020**

**2.4.7 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of shares outstanding during the year. The Company has not issued any financial instruments that are potential shares which have a diluted effect on earnings per share.

**2.4.8 Statement of cash flow**

Cash flows are reported using the indirect method, whereby profit / (loss) before 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.

**2.4.9 Foreign currency translation**

**Functional and presentation currency**

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment of the Company (the "functional currency"). The financial statements of the Company are presented in United States Dollars ("USD"), which is the Company's functional currency and presentation currency.

**Transactions and balances**

Transactions denominated in foreign currencies are translated in USD at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the rate of exchange ruling at statement of financial position date. Exchange differences arising on translation and realised and unrealised gains and losses on disposals or settlement of monetary assets and liabilities are recognised in the statement of standalone profit and loss.

**2.4.10 Provisions and contingencies**

From time to time, the Group is subject to legal proceedings, the ultimate outcome of each being subject to uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount can be reasonably estimated. Significant judgment is required when evaluating the provision including, the probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances. Contingent assets are not disclosed in the standalone financial statements unless an inflow of economic benefits is probable. There are No Contingent liabilities and assets as at 31 March, 2020 and 31 March, 2019.

**3. Going Concern**

The Company is an intermediate holding company and is financed by \$175,000 ('000) external term loan used to acquire a 25% interest in the US operation, Tata Chemicals Soda Ash Partners Holdings (TCSAPH).

As at 31 March 2020, current liabilities exceed current assets by USD 191,020 ('000). The Company's forecast cash outflow over the next 12 months is the payment of interest on its external debt and the repayment in June 2020 of the bridge loan of \$175,000 ('000), offset by profit distributions from its investment in TCSAPH, which will be sufficient to meet the bridge financing interest expense. The directors are currently assessing a number of options regarding the repayment of the term loan of \$175,000 ('000) (including refinancing option). Tata Chemicals Limited, the ultimate parent company provided a letter of comfort to the lenders of the bridge loan at the time of drawdown.

After reviewing the forecasts, considering reasonably possible uncertainties and making such other enquiries as were necessary, the directors have formed a judgment, at the time of approving the standalone financial statements, that there is a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing these annual standalone financial statements.

Valley Holdings Inc.  
Notes to standalone financial statements for the year ended 31 March, 2020

4. Investment in subsidiary

	As at 31 March, 2020 \$ in '000	As at 31 March, 2019 \$ in '000
<b>Non current Investments (At cost):</b>		
<b>Investment in equity instruments in subsidiary</b>		
<b>Direct Subsidiary</b>		
Investment in Tata Chemicals North America Inc. (Common stock 100 of \$ 0.01 fully paid up )	10,12,964	10,12,964
<b>Indirect Subsidiary</b>		
Investment in Tata Chemicals (Soda Ash) Partners Holdings (25% stake in a general partnership formed under the laws of the State of Delaware (USA).)	1,95,000	-
	<u>12,07,964</u>	<u>10,12,964</u>
Aggregate amount of unquoted investments	<u>12,07,964</u>	<u>10,12,964</u>

5. Cash and cash equivalents

	As at 31 March, 2020 \$ in '000	As at 31 March, 2019 \$ in '000
<b>Cash and cash equivalents</b>		
<i>Balances with banks:</i>		
- Bank balances	2,443	244
	<u>2,443</u>	<u>244</u>

6. Other financial assets

	As at 31 March, 2020 \$ in '000	As at 31 March, 2019 \$ in '000
Receivable from related parties (unsecured, considered good) (Refer note 15 (ii))	1,587	3,605
	<u>1,587</u>	<u>3,605</u>

Valley Holdings Inc.

Notes to standalone financial statements for the year ended 31 March, 2020

7. Equity share capital

	As at 31 March, 2020	As at 31 March, 2019 \$ in '000
<b>Authorised</b>		
1000 (2019 : 1000) shares with \$ 0.01 each	*	*
<b>Issued, subscribed and fully paid-up</b>		
100 (2019 : 100) shares with \$ 0.01 each	*	*
<b>Total issued, subscribed and fully paid-up share capital</b>	<u>*</u>	<u>*</u>

\* indicates amounts less than \$ one thousand  
The total number of shares are in absolute numbers

Footnotes:

(a) The movement in number of shares and amount outstanding at the beginning and at the year end

Issued, subscribed and fully paid-up shares

	As at 31 March, 2020		As at 31 March, 2019	
	No.	\$ in '000	No.	\$ in '000
At the beginning of the year	100	*	100	*
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>100</u>	<u>*</u>	<u>100</u>	<u>*</u>

\* indicates amounts less than \$ one thousand  
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 Board of directors are authorised to declare 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 March, 2020	As at 31 March, 2019
	\$ in '000	\$ in '000
Gusiute Holdings (UK) Limited, Holding Company	*	*

\* indicates amounts less than \$ one thousand

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

Name of the shareholder	As at 31 March, 2020		As at 31 March, 2019	
	No.	% holding in the class	No.	% 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.

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

Valley Holdings Inc.  
Notes to standalone financial statements for the year ended 31 March, 2020

8. Other equity

	As at 31 March, 2020	As at 31 March, 2019
	\$ in '000	
<b>Other equity</b>		
(i) Securities premium	7,20,642	7,20,642
(ii) Retained earnings	2,96,302	2,95,218
<b>Total other equity</b>	<b>10,16,944</b>	<b>10,15,860</b>

The movement in other equity

	Year ended 31 March, 2020	Year ended 31 March, 2019
	\$ in '000	
<b>(i) Securities premium</b>		
Balance at the beginning of the year	7,20,642	7,20,642
Balance at the end of the year	<b>7,20,642</b>	<b>7,20,642</b>
<b>(ii) Retained earnings</b>		
Balance at the beginning of the year	2,95,218	2,95,247
Profit for the year	31,228	19,822
Dividend including tax on dividend	(30,144)	(19,851)
Balance at the end of the year	<b>2,96,302</b>	<b>2,95,218</b>

Valley Holdings Inc.  
Notes to standalone financial statements for the year ended 31 March, 2020

**9. Borrowings**

	As at 31 March, 2020 \$ in '000	As at 31 March, 2019 \$ in '000
<b>Short-term borrowings</b>		
Loan from Bank - Unsecured (footnote 'i')	1,75,000	-
Loan from related party (footnote 'ii') (Refer note 15 (ii))	20,000	-
	<u>1,95,000</u>	<u>-</u>

**Footnote**

**(i) Loan from Bank - Unsecured -**

Unsecured term loan of VHI, comprised of a USD 175 million term loan ('Bridge loan')

The Bridge loan is unsecured, backed by a letter of comfort that was provided by Tata Chemicals Limited. The Bridge loan is repayable in full on 19 June, 2020.

The borrowing under this facility bears interest at either LIBOR plus applicable margin or an alternate base rate based upon the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBOR for a one month Interest Period on such day plus 1%. The applicable margin on the Bridge loan is 0.25% per annum for ABR Loans and 1.25% per annum for Eurodollar Loans, provided that the Applicable Margin shall increase to (i) 0.50% per annum for ABR Loans and 1.50% per annum for Eurodollar Loans on March 19, 2020, (ii) 0.75% per annum for ABR Loans and 1.75% per annum for Eurodollar Loans on April 19, 2020 and (iii) 1.00% per annum for ABR Loans and 2.00% per annum for Eurodollar Loans on May 19, 2020.

The effective interest rate for the year ended 31 March, 2020 is ranging from 2.94 % to 3.19 %.

(ii) Unsecured and interest free loan from related party, repayable on demand.

**10 Other financial liabilities**

	As at 31 March, 2020 \$ in '000	As at 31 March, 2019 \$ in '000
<b>Other liabilities</b>		
Accrued expense	20	47
Others*	-	906
	<u>20</u>	<u>953</u>

\* amount payable to erstwhile shareholders of Tata Chemicals North America Inc.

Valley Holdings Inc.  
Notes to standalone financial statements for the year ended 31 March, 2020

**11. Other income**

	For the year ended 31 March, 2020 \$ in '000	For the year ended 31 March, 2019 \$ in '000
Dividend income from non-current investment	33,750	20,000
	<b>33,750</b>	<b>20,000</b>

**12. Finance Cost**

	For the year ended 31 March, 2020 \$ in '000	For the year ended 31 March, 2019 \$ in '000
Interest costs (Interest on loans at amortised cost)	1,395	-
	<b>1,395</b>	<b>-</b>

**13. Other Expenses**

	For the year ended 31 March, 2020 \$ in '000	For the year ended 31 March, 2019 \$ in '000
Audit fees	21	180
	<b>21</b>	<b>180</b>

**14. Tax expenses**

The income tax expenses for the year can be reconciled to the accounting profit as follows:

	For the year ended 31 March, 2020 \$ in '000	For the year ended 31 March, 2019 \$ in '000
Profit before tax	32,334	19,820
Income tax expenses calculated at 21%	6,790	4,162
Effect of income that is exempt from taxation	(6,300)	(4,200)
Partnership basis and cancelation of debt loss	458	-
Others	158	36
<b>Income tax recognised in statement of standalone profit and loss (Tax Recoverable (See Note 15 (iii)))</b>	<b>1,106</b>	<b>(2)</b>

Valley Holdings Inc.

Notes to standalone financial statements for the year ended 31 March, 2020

15. Other Notes

(i) Earnings per Share

		For the year ended 31 March, 2020	For the year ended 31 March, 2019
<b>Basic and Diluted</b>			
(a) Profit after tax	\$ in '000	31,228	19,822
(b) The weighted average number of equity shares of \$0.01 each	Nos.	100	100
(c) Earnings Per Share ( face value per share \$0.01 )	\$	<b>3,12,280</b>	<b>1,98,220</b>

(ii) Related Party Disclosure

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

<b>Ultimate Holding Company</b>	Tata Chemicals Limited, India
<b>Holding Company</b>	Gusiute Holdings (UK) Limited, United Kingdom ("Gusiute")
<b>Direct Subsidiary</b>	Tata Chemicals North America Inc., United States of America ("TCNA")
<b>Indirect Subsidiary</b>	Tata Chemicals (Soda Ash) Partners Holdings ("TCSAPH")

(b) Transactions with related parties during the year ended 31st March, 2019 and balances outstanding as at 31st March, 2019.

		Gusiute	TCNA	USD '000 TCSAPH
<b><u>Transactions with related parties</u></b>				
Tax benefit transfer	<b>2020</b>	-	-	-
	<b>2019</b>	-	2	-
Tax paid on behalf of the Company	<b>2020</b>	-	1,076	-
	<b>2019</b>	-	-	-
Received from related parties	<b>2020</b>	-	942	-
	<b>2019</b>	-	250	-
Proceeds from Borrowing	<b>2020</b>	-	20,000	-
	<b>2019</b>	-	-	-
Dividend income	<b>2020</b>	-	30,000	3,750
	<b>2019</b>	-	20,000	-
Dividend paid (net of withholding taxes)	<b>2020</b>	30,000	-	-
	<b>2019</b>	18,859	-	-
<b><u>Balances due from/(payable to) related parties</u></b>				
Receivable from related parties	<b>2020</b>	-	1,587	-
	<b>2019</b>	-	3,605	-
Borrowings	<b>2020</b>	-	20,000	-
	<b>2019</b>	-	-	-

During the year, the Ultimate Holding Company has given letter of comfort for a borrowing obtained by the Company (refer note 9).

(iii) The Company recognises tax benefits in respect of the tax losses incurred by the Company which are utilised by its subsidiary as a deduction from its taxable profit.

(iv) Segment disclosure

Since the Company is an investment holding company, there is no other reportable segment in the context of Ind AS 108 'Operating segments'. The Company does not have any geographical segments.

**Valley Holdings Inc.**  
**Notes to standalone financial statements for the year ended 31 March, 2020**

**(v) Disclosures on financial instruments**

The following table presents the carrying amounts of each category of financial assets and liabilities.

	As at 31 March, 2020 \$ in '000	As at 31 March, 2019 \$ in '000
<b>Financial assets (Current)</b>		
(i) Cash and cash equivalents	2,443	244
(ii) Other financial assets (amortised cost)	1,587	3,605
	<b>4,030</b>	<b>3,849</b>
<b>Financial liabilities (Current)</b>		
(i) Borrowings	1,95,000	-
(ii) Other financial liabilities	20	953
	<b>1,95,020</b>	<b>953</b>

The management assessed that fair value of all above financial instruments are approximate to their carrying amounts largely due to the short-term maturities (with in one year) of these instruments (Refer note 3 on going concern)

**Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet contractual obligations, and arises principally from the Company's receivables from subsidiaries and cash/bank balances. The carrying amounts of financial assets represent the maximum credit risk exposure.

Receivables from related parties are typically unsecured and relate to reimbursement of expenses and transfer of tax benefit. The credit risk is mitigated by reviewing outstanding receivables periodically and the Company does not foresee any credit risk on its receivables from subsidiaries.

The Company maintains cash and cash equivalents in banks / financial institutions that are held in banks / financial institutions that are generally highly rated. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

**Interest rate Risk and sensitivity**

The Company is exposure to the risk of changes in market rates relates primarily to the Current debt obligations with floating interest rates.

The following table demonstrates the impact to the Group's profit before tax and other comprehensive income to a reasonably possible change in interest rates on long term floating rate borrowings, with all other variables held constant:

	Increase/decrease in basis points	Effect on profit before tax (\$ in '000)
31 March, 2020	+50/-50	875/(875)
31 March, 2019	+50/-50	Nil

Notes forming part of the standalone financial statements (Note 1 to 15)

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

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

**VIJAY** Digitally signed  
by VIJAY MATHUR  
Date: 2020.05.12  
17:22:54 +05'30'

Vijay Mathur  
Partner  
Membership No. 046476

Place : Mumbai, India  
Date :

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

  
Director

  
Director

Place: Mumbai, India  
Date : 12 May, 2020