

**TATA HISPANO MOTORS CARROCERIES
MAGHREB S.A.**

STATUTORY AUDIT REPORT

**FISCAL YEAR
FROM April 1st, 2017 TO March 31st, 2018**

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(This is a free translation of the original French text provided solely for the convenience of English speaking readers)

To the shareholders of
TATA HISPANO MOTORS CARROCERIES MAGHREB S.A.
Zone industrielle
Berrechid, Morocco

STATUTORY AUDIT REPORT FISCAL YEAR FROM APRIL 1st, 2017 TO MARCH 31th, 2018

We have audited the financial statement including the balance sheet and the profit and loss account here attached of **TATA HISPANO MOTORS CARROCERIES MAGHREB S.A.** for the period ended March 31st, 2018, which show a negative net equity of 41 275 thousands of Moroccan Dirhams included a net loss of 6437 thousands of Moroccan Dirhams.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with generally accepted accounting principles and standards in Morocco. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the balance sheet and the profit and loss account based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Morocco.

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 reporting package. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation 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 financial statements presentation.

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



Opinion on the balance sheet and the profit and loss account:

1. The company has stopped its activity since November 2015 and laid off its entire staff. In the extraordinary general meeting dated October 12, 2016, shareholders decide to continue the activity. Financial statements have been prepared on the basis of going concern and do not reflect adjustments that may be necessary if the company is no longer able to continue its activity.

At this stage we are not able to assess on the impact of this situation on the result and the net equity of the company as of March 31, 2018.

2. VAT credit of the company amount to MMAD 14 as at March 31, 2018. This VAT credit cannot be refunded, but only charged on the output VAT which amount to MMAD 1.8. Taking in consideration the current situation of the company, we are not able to assess the recoverability of the remaining VAT credit.

Unless of the situations described in the paragraphs **1** and **2** above, we certify that the financial statements mentioned in the first paragraph show, in all material aspects, a fair view of the results of the operations for the year ended as well as the financial situation and the assets of **TATA HISPANO MOTORS CARROCERIES MAGHREB S.A** on March 31, 2018, in accordance with generally accepted accounting principles in Morocco.

Without qualifying the opinion above, we draw your attention to the fact that :

- the financial statements as at March 31, 2018 show accumulated losses which exceed $\frac{3}{4}$ of the share capital. The legal delay to regularize the net equity has been exceeded. However, Management believes that shareholders will continue their financial support to the company. Therefore, the financial statements attached have been prepared based on the business continuity principle and do not include adjustments that might become necessary if the Company could not continue its activity.
- the note B15 which correspond to eventual contingencies

Casablanca, XXXX

Deloitte Audit

Ahmed Benabdelkhalek
Partner

INCOME STATEMENTS FOR 2017-18

(Currency)

	(in '000)	(in '000)	(in '000)	(in '000)
	INR	MAD	INR	MAD
	31/03/2018	31/03/2018	31/03/2017	31/03/2017
CONTINUOUS OPERATIONS				
Revenue	514	73	3 302,54	516,02
Sales	514	73	3 302,54	516,02
Other operating income				
Increase in finished goods and work in progress inventories	(387)	(55)	(2 297,68)	(359,01)
Capitalized expenses of in-house work of fixed assets				
Procurements	4 201	597	938,73	146,68
Cost of merchandise sold				
Cost of raw materials and other consumables used	4 201	597	938,73	146,68
Other external expenses				
Depreciation of raw materials and other consumables				
Other operating revenues	25 633	3 641	158,36	24,74
Non-core and other current operating revenues	25 633	3 641	158,36	24,74
Subsidies				
Personnel expenses	4 526	643	9 558,97	1 493,59
Wages, salaries and similar expenses	4 526	643	9 099,00	1 421,72
Employee welfare expenses			459,96	71,87
Provisions				
Other operating expenses	12 029	1 709	10 406,12	1 625,96
External services			,00	
Taxes other than income tax	3 271	465	4 852,97	758,28
Losses, depreciation and change in operating provisions	1 246	177	(9 785,39)	(1 528,97)
Other operating expenses	7 512	1 067	15 338,54	2 396,65
Depreciation and amortisation charge	14 413	2 047	17 576,68	2 746,36
Asset-related grants transferred to profit				
Overprovision				
Depreciation and net gain or losses on fixed assets				
Depreciation and losses				
Results on sales				
ORDINARY ACTIVITIES RESULT	(9 410,1)	(1 336,7)	(37 317,27)	(5 830,82)
Financial income				
From equity investments				
-Group companies				
-Non Group companies				
From other marketable securities and loans				
-Group companies				
-Non Group companies				
Financial expenses	35 780	5 082	32 577,71	5 090,27
On debts to group companies	35 797	5 085	32 541,72	5 084,64
On debts to third parties and similar expenses				
On provisions update				
Change in financial assets' value				
Portfolio				
Results on financial assets held for sale				
Exchange Gain/loss	(17)	(2)	35,99	5,62
Depreciations and gains or losses on financial assets				
Depreciations and losses				
Resultados por enajenaciones y otros				
FINANCIAL RESULT	(35 780)	(5 082)	(32 577,71)	(5 090,27)
RESULT BEFORE TAXES	(45 190)	(6 419)	(69 894,98)	(10 921,09)
Corporate income tax	131	19	19,90	3,11
CONTINUOUS OPERATIONS RESULT	(45 320)	(6 438)	(69 914,89)	(10 924,20)
DISCONTINUED OPERATIONS				
Discontinued operations result				
PROFIT/ LOSS FOR THE YEAR	(45 320)	(6 437,56)	(69 914,89)	(10 924,20)