

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

**STATUTORY AUDIT REPORT**

**FISCAL YEAR  
FROM April 1<sup>st</sup>, 2015 TO March 31<sup>st</sup>, 2016**

*(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 1<sup>st</sup>, 2015 TO MARCH 31<sup>th</sup>, 2016**

In accordance with our assignment as statutory auditors, we have audited the accompanying financial statements including the balance sheet, the profit and loss account, the statement of management intermediary incomes, the cash flow statement and the attached disclosures (ETIC) of **TATA HISPANO MOTORS CARROCERIES MAGHREB S.A.** for the period ended March 31<sup>st</sup>, 2016, which show a negative net equity of 23.913 thousands of Moroccan Dirhams included a net loss of 76.327 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 these financial statements 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 financial statements. 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. At this date shareholders didn't take any formal decision about the eventual liquidation of the company. 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.
2. VAT credit of the company amount to MMAD 13.5 as at March 31, 2016. This VAT credit cannot be refunded, but only charged on the output VAT which amount to MMAD 3.8.

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, 2016, 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, 2016 show accumulated losses which exceed  $\frac{3}{4}$  of the share capital. 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

**Specific verifications and information**

We have also performed the other procedures required by law and we have notably ensured the correspondence of the information provided in the management report addressed to the shareholders with the Company's financial statements.

Casablanca, XX

Deloitte Audit

Ahmed Benabdelkhalek  
Partner

BALANCE SHEET

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ASSETS	INR	MAD	INR	MAD	SHAREHOLDER'S EQUITY AND LIABILITIES	INR	MAD	INR	MAD
	31/03/2016	31/03/2016	31/03/2015	31/03/2015		31/03/2016	31/03/2016	31/03/2015	31/03/2015
<b>NON CURRENT ASSETS</b>	285 374,39	38 698,78	282 081,25	45 103,41		(184 374,85)	(23 913,31)	327 801,87	82 413,88
Intangible assets	0,00	0,00	12 252,40	1 955,49	<b>SHAREHOLDER'S EQUITY</b>				
Development					<b>Capital</b>				
Concession					Share capital	1 388 503,56	202 800,00	1 263 328,20	202 000,00
Patents					<b>Capital surplus</b>				
Purchased goodwill					Reserves				
Computer Software					Legal and bylaws reserves	2 858,09	415,80	2 600,43	418,80
Other intangible assets					Other reserves				
<b>Property, plant and equipment</b>					Parent company shares				
Land and buildings	251 972,85	36 657,10	237 034,92	37 900,73	Prior year results				
Other fixtures, tools and furniture	13 401,54	1 949,56	32 451,32	5 188,61	Retained earnings				
Advances and property, plant and equipment in the course of construction					Prior Period losses	(1 031 080,14)	(150 001,81)	(669 767,62)	(139 071,59)
<b>Property Investment</b>					<b>Other shareholders Investments</b>				
Land					Profit (Loss) for the year	(524 658,36)	(76 327,23)	(65 359,34)	(10 930,32)
Buildings					<b>Interim Dividend</b>				
Investments on group, multigroup and associated companies					Other equity instruments				
Equity Instruments					<b>CHANGE OF VALUE ADJUSTMENTS-</b>				
Loans					Financial assets available for sale				
Representative values of debt					Coverage operations				
Derivatives					Other				
Other financial assets					<b>GRANTS-</b>				
<b>Long-term financial assets</b>					Grants related to assets				
Equity instruments					<b>NON CURRENT LIABILITIES</b>	581 818,34	84 643,14	-	-
Loans					Long term provisions				
Representative values of debt					Pension commitments and similar obligations				
Derivatives					Environmental liabilities				
Other financial assets					Restructuring				
<b>Deferred tax asset</b>					Other				
					Long term liabilities				
<b>CURRENT ASSETS</b>	438 724,78	83 534,88	608 857,85	81 044,08	Payable to TML	581 818,34	84 643,14		
<b>Noncurrent assets and disposable groups of items held for sale</b>					Securities and debentures				
Inventories-	10 123,27	1 472,74	114 104,42	18 244,74	Bank borrowings				
Merchandise					Long term financial leaseings				
Raw materials and other supplies	9 169,78	1 334,02	83 495,01	13 350,44	Derivatives				
Work in progress and semi-finished goods	218,36	31,48	4 425,40	707,60	Other financial liabilities				
Finished goods	737,13	107,24	26 184,01	4 186,70	Deudas con empresas del grupo y asociadas a largo plazo				
					Deferred taxes liabilities				
Accounts receivable-	168 622,55	28 489,24	381 558,94	60 977,58	Accrual accounts				
Trade receivables for sales and services	60 619,80	8 818,99	219 052,33	34 865,50	<b>CURRENT LIABILITIES</b>	284 655,88	41 411,81	481 137,42	73 733,82
Receivable from Group companies and associates	2 352,48	342,24	18 923,34	3 025,75	Liabilities related with noncurrent assets and disposable groups of items held for sale				
Other Recoverable	23 277,66	3 368,44	24 686,88	3 947,31	Short term provisions	30 314,29	4 410,13	35 983,01	5 753,61
Employees	68,24	12,55	491,22	78,54	Short term liabilities				
Current tax asset - VAT	86 259,90	14 254,45	116 348,84	18 603,61	Payable to TML - Loan	5 310,17	772,53		
Current tax asset - Income Tax	2 032,28	295,68			Payable to TMLHS & Supplier - Interest	7 566,71	1 100,81		
Current tax asset - Social Security Tax	4 058,80	590,18			Other financial liabilities	53 625,46	7 830,55	48 980,06	7 831,87
Deposit	856,65	95,38	302,60	46,38	Short-term liabilities on group, multigroup and associated companies				
Advances to suppliers	1 992,98	289,84	2 471,66	395,21	Notes payable				
Prepaid Expenses	2 291,77	333,41	2 657,32	466,67	Notes payable			4 428,38	708,07
					Payable to Group companies and associated	128 269,02	18 660,62	128 158,08	20 172,86
<b>Short-term Investments on group, multigroup and associated companies</b>					Other trades payable	24 285,84	3 533,11	173 628,51	27 762,35
Equity Instruments					Employees	6 796,80	859,08	18 945,21	3 035,84
Loans					Current taxes payable - VAT	19 823,84	2 883,95	41 050,11	6 721,71
Representative values of debt					Current taxes payable - Income Tax	1 797,28	261,47	3 017,82	452,45
Derivatives					Current taxes payable - Social Security Tax	356,48	52,15	523,17	83,65
Other financial assets					Other taxes payable			4 722,47	755,10
<b>Short term financial assets</b>					Advances from customers	6 306,01	917,40	2 860,63	457,40
Equity instruments					Accrual accounts				
Loans									
Representative values of debt									
Derivatives									
Other financial assets									
Accrual accounts									
Cash	230 978,97	33 602,90	8 921,83	1 426,58					
Cash & bank	230 421,14	33 521,75	8 921,83	1 426,58					
Restricted Deposit	557,83	81,15							
Cash equivalent									
<b>TOTAL ASSETS</b>	<b>702 099,17</b>	<b>102 141,64</b>	<b>788 939,10</b>	<b>126 147,50</b>	<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>702 099,17</b>	<b>102 141,64</b>	<b>788 939,10</b>	<b>126 147,50</b>

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**INCOME STATEMENTS FOR 2015-16**

(Currency)

	INR 31/03/2016	MAD 31/03/2016	INR 31/03/2015	MAD 31/03/2015
<b>CONTINUOUS OPERATIONS</b>				
Revenue				
Sales	94 931,50	14 205,06	602 288,52	96 302,99
Other operating income	94 931,50	14 205,06	602 288,52	96 302,99
Increase in finished goods and work in progress inventories	(23 438,06)	(3 507,15)	(47 064,50)	(7 525,38)
Capitalized expenses of in-house work of fixed assets	10 705,87	10 580,06	456 564,47	73 002,43
Procurements	10 705,87	10 580,06	456 564,47	73 002,43
Cost of merchandise sold				
Cost of raw materials and other consumables used				
Other external expenses				
Depreciation of raw materials and other consumables				
Other operating revenues				
Non-core and other current operating revenues	975,91	146,03	122,46	19,58
Subsidies	975,91	146,03	122,46	19,58
Personnel expenses				
Wages, salaries and similar expenses	270 159,94	40 425,34	110 192,74	17 619,28
Employee welfare expenses	274 835,64	41 124,99	104 713,79	16 743,22
Provisions	(4 675,70)	(699,65)	5 478,95	876,06
Other operating expenses				
External services	200 695,29	30 031,01	17 496,92	2 797,67
Taxes other than income tax				
Losses, depreciation and change in operating provisions	2 391,90	357,91	1 126,06	180,05
Other operating expenses	74 311,64	11 119,61	(45 047,93)	(7 202,94)
Depreciation and amortisation charge	123 991,74	18 553,49	61 418,79	9 820,56
Asset-related grants transferred to profit	21 326,76	3 191,23	20 773,15	3 321,53
Overprovision				
Depreciation and net gain or losses on fixed assets				
Depreciation and losses				
Results on sales				
<b>ORDINARY ACTIVITIES RESULT</b>	<b>(469 091,75)</b>	<b>(73 383,70)</b>	<b>(49 680,81)</b>	<b>(7 943,72)</b>
Financial income				
From equity investments			12 005	1 920
-Group companies				
-Non Group companies				
From other marketable securities and loans				
-Group companies				
-Non Group companies				
Financial expenses			12 005	1 920
On debts to group companies	19 184,08	2 870,61	27 610	4 415
On debts to third parties and similar expenses	9 297,16	1 391,18		
On provisions update	6 264,34	937,36	12 061	1 928
Change in financial assets' value				
Portfolio				
Results on financial assets held for sale				
Exchange Gain/loss	3 622,58	542,06	15 550	2 486
Depreciations and gains or losses on financial assets				
Depreciations and losses				
Resultados por enajenaciones y otros				
<b>FINANCIAL RESULT</b>	<b>(19 184,08)</b>	<b>(2 870,61)</b>	<b>(15 605)</b>	<b>(2 495)</b>
<b>RESULT BEFORE TAXES</b>	<b>(488 275,83)</b>	<b>(76 254,31)</b>	<b>(65 286)</b>	<b>(10 439)</b>
Corporate income tax	487,12	72,89	3 073	491
<b>CONTINUOUS OPERATIONS RESULT</b>	<b>(488 762,95)</b>	<b>(76 327,20)</b>	<b>(68 359)</b>	<b>(10 930)</b>
<b>DISCONTINUED OPERATIONS</b>				
Discontinued operations result				
<b>PROFIT/ LOSS FOR THE YEAR</b>	<b>(488 762,95)</b>	<b>(76 327,20)</b>	<b>(68 359)</b>	<b>(10 930)</b>

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