

TATA MOTORS (SA) PROPRIETARY LIMITED
(Registration number: 2007/034689/07)

AUDITED ANNUAL FINANCIAL STATEMENTS

31 March 2015

TATA MOTORS (SA) PROPRIETARY LIMITED
(Registration number: 2007/034689/07)
ANNUAL FINANCIAL STATEMENTS
31 March 2015

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The annual financial statements have been prepared by Kaushik Roy, AICWA (India) (Chief Financial Officer) of Tata Motors (SA) Proprietary Limited.

TATA MOTORS (SA) PROPRIETARY LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE ANNUAL
FINANCIAL STATEMENTS
for the year ended 31 March 2015

Directors' responsibility statement

The directors are required by the South African Companies Act of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present that state of affairs to the company as at 31 March 2015 and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates.

The directors responsibility includes: designing, implementing and maintaining 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in the annual financial statements.

The directors acknowledge that they are responsible for establishing internal controls, systems and procedures that provide reasonable assurance that all the assets are safeguarded, transactions properly executed and recorded and that the possibility of material loss or misstatement is minimised. To this end, proper delegation of responsibilities and an adequate approvals framework has been introduced to ensure an acceptable level of risk commensurate with the size of the operation. All employees are required to maintain the highest ethical standards in ensuring that appropriate infrastructure, controls systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the annual financial statements, which were examined by the external auditors and their unmodified report is presented in page 5.

**TATA MOTORS (SA) PROPRIETARY LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE ANNUAL
FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015**

Approval of the annual financial statements

The annual financial statements of Tata Motors (SA) Proprietary Limited, as set out on pages 6 to 29, were approved by the board of directors on 07 May 2015 and were subsequently signed on its behalf by:

C Ramakrishnan
Director

BR Sabawala
Director

**TATA MOTORS (SA) PROPRIETARY LIMITED
REPORT OF THE DIRECTORS
for the year ended 31 March 2015**

DIRECTORS REPORT

The directors have pleasure in presenting their report on the activities of the company for the year ended 31 March 2015.

BUSINESS ACTIVITIES

The company manufactures and assembles commercial vehicles from the kits supplied by Tata Motors Limited, India and Tata Daewoo Commercial Vehicle Company Limited, South Korea. A site at Rosslyn has been obtained on lease from Tata Africa Holdings (SA) (Pty) Ltd. The commercial production of vehicles commenced during April 2012. The company sells its units to Tata Automobile Corporation (SA) (Pty) Ltd.

FINANCIAL STATEMENTS

The financial position of the company and the results of its operations for the year are set out in the attached annual financial statements on pages 6 to 29 and in the opinion of the directors require no further comment.

SHARE CAPITAL

The authorised share capital of the company is R 42 000 000 (2014: R 42 000 000). The issued share capital is R 19 837 000 (2014: R 19 837 000).

DIVIDEND

No dividend was declared or paid during the year (2014: R nil).

DIRECTORS

The directors of the company and during the year under review and up to the date of this report are:

R Pisharody *
C Ramakrishnan *
RT Wasan *
XS Gobile **
GTT Mbele *** (Resigned on 28 Feb 2015)
BR Sabawala * (Appointed on 28 Feb 2015)

* Indian
** French
*** South African

COMPANY SECRETARY

A company secretary has not been appointed and this position remains vacant.

HOLDING COMPANY

Tata Motors (SA) Proprietary Limited is a subsidiary of TML Holdings Pte. Ltd., which holds 60% of the company's ordinary shares. TML Holdings Pte. Ltd is incorporated in Singapore.

**TATA MOTORS (SA) PROPRIETARY LIMITED
REPORT OF THE DIRECTORS (continued)
for the year ended 31 March 2015**

POST BALANCE SHEET EVENTS

The directors are not aware of any events of a material nature that have occurred between the accounting date and the date of this report.

AUDITOR

Deloitte and Touche are the appointed auditor of Tata Motors (SA) Proprietary Limited.

REGISTERED OFFICE AND POSTAL ADDRESS

The registered and postal address of the company are:

Business address

39 Ferguson Road
Illovo
2196

Postal address

P.O. Box 55738
Northlands
2116

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TATA MOTORS (SA) PROPRIETARY LIMITED

We have audited the annual financial statements of Tata Motors (SA) Proprietary Limited, set out on pages 6 to 29, which comprise the statement of financial position as at 31 March 2015, and the statement of 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 Motors (SA) 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.

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 Report of the Directors for the purpose of identifying whether there are material inconsistencies between the report and the audited financial statements. The Report of the Directors is the responsibility of the preparer. Based on reading the report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the Report of the Directors and accordingly do not express an opinion on the report.

Deloitte & Touche
Registered Auditors

Per: M Bardopoulos
Partner
7 May 2015

National Executive: *LL 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
Office Managing Partner: *X Botha

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

TATA MOTORS (SA) PROPRIETARY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		<u>R</u>	<u>R</u>	<u>₹</u>	<u>₹</u>
Revenue	2	202 645 600	163 285 761	1 039 906 293	923 728 779
Cost of sales		(193 326 580)	(154 893 520)	(992 084 344)	(876 252 780)
Gross Profit		<u>9 319 020</u>	<u>8 392 241</u>	<u>47 821 949</u>	<u>47 475 999</u>
Other Income		239 107	776 598	1 227 013	4 393 313
Administrative and other expenses		<u>(8 398 734)</u>	<u>(6 938 686)</u>	<u>(43 099 363)</u>	<u>(39 252 047)</u>
Profit (Loss) from operations	3	1 159 393	2 230 153	5 949 599	12 616 265
Interest received	4	2 505 145	33 309	12 855 527	188 434
Finance costs	5	<u>(1 957 229)</u>	<u>(2 061 657)</u>	<u>(10 043 814)</u>	<u>(11 663 060)</u>
Profit (Loss) before taxation		1 707 309	201 805	8 761 312	1 141 639
Taxation	6	<u>861 463</u>	<u>(667 683)</u>	<u>4 420 727</u>	<u>(3 777 170)</u>
Total comprehensive profit (loss) for the year		<u>2 568 772</u>	<u>(465 878)</u>	<u>13 182 039</u>	<u>(2 635 530)</u>

TATA MOTORS (SA) PROPRIETARY LIMITED
STATEMENT OF FINANCIAL POSITION
at 31 March 2015

	Notes	2015 R	2014 R	2015 ₹	2014 ₹
Assets					
Non-current assets					
Property, plant and equipment	7	19 192 077	19 604 753	98 487 022	110 906 634
Intangible assets	7	670 065	1 515 764	3 438 539	8 574 877
		<u>19 862 142</u>	<u>21 120 517</u>	<u>101 925 561</u>	<u>119 481 511</u>
Total non-current assets					
Current assets					
Inventory	8	58 166 667	31 594 802	298 490 977	178 735 900
Tax Asset		-	1 844 318	-	10 433 547
Trade and other receivables	9	62 984 338	54 964 273	323 213 578	310 940 038
Cash and bank balances	10	7 899 801	2 368 530	40 539 014	13 399 083
		<u>129 050 806</u>	<u>90 771 923</u>	<u>662 243 569</u>	<u>513 508 568</u>
Total current assets					
Total Assets		<u><u>148 912 948</u></u>	<u><u>111 892 440</u></u>	<u><u>764 169 130</u></u>	<u><u>632 990 079</u></u>
Equity and liabilities					
Equity					
Share capital	11	19 837 000	19 837 000	101 796 541	112 220 488
Share application money					
Accumulated profit		2 207 174	(361 598)	11 326 444	(2 045 606)
		<u>22 044 174</u>	<u>19 475 402</u>	<u>113 122 986</u>	<u>110 174 882</u>
Total shareholders' equity					
Non-current liabilities					
Shareholders' loans	12	21 329 800	21 329 800	109 457 068	120 665 451
Deferred taxation	13	1 961 565	2 872 856	10 066 065	16 252 120
Deferred Income - Long Term	14	2 626 566	2 790 726	13 478 617	15 787 498
		<u>25 917 931</u>	<u>26 993 382</u>	<u>133 001 751</u>	<u>152 705 069</u>
Total non-current liabilities					
Current liabilities					
Trade and other payables	15	95 774 735	64 238 096	491 482 419	363 403 261
Bank Overdraft	10	4 390 848		22 532 295	
Provisions	16	621 100	1 021 400	3 187 268	5 778 193
Deferred income - Short Term	14	164 160	164 160	842 412	928 674
		<u>100 950 843</u>	<u>65 423 656</u>	<u>518 044 393</u>	<u>370 110 128</u>
Total current liabilities					
Total equity and liabilities		<u><u>148 912 948</u></u>	<u><u>111 892 440</u></u>	<u><u>764 169 130</u></u>	<u><u>632 990 079</u></u>

TATA MOTORS (SA) PROPRIETARY LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015

	Share capital	Accumulated loss	Total	Share capital	Accumulated loss	Total
	R	R	R	₹	₹	₹
Balance at 31 March 2013	19 837 000	104 280	19 941 280	101 796 541	535 129	102 331 671
Issue of ordinary shares	-	-	-	-	-	-
Total comprehensive profit / (loss) for the year	-	(465 878)	(465 878)	-	(2 390 723)	(2 390 723)
Balance at 31 March 2014	19 837 000	(361 598)	19 475 402	101 796 541	(1 855 593)	99 940 948
Issue of ordinary shares	-	-	-	-	-	-
Total comprehensive profit / (loss) for the year	-	2 568 772	2 568 772	-	13 182 039	13 182 039
Balance at 31 Mar 2015	19 837 000	2 207 174	22 044 174	101 796 541	11 326 445	113 122 987

TATA MOTORS (SA) PROPRIETARY LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31 March 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		R	R	₹	₹
Cash flow from operating activities					
Cash flow (utilised) generated from operations	16	(31 507)	(13 588 634)	(161 683)	(76 872 670)
Finance costs		(1 957 229)	(2 061 657)	(10 043 814)	(11 663 060)
Interest received		2 505 145	33 309	12 855 527	188 434
Taxation paid		<u>1 794 490</u>	<u>(1 919 377)</u>	<u>9 208 695</u>	<u>(10 858 166)</u>
Net Cash (outflow) inflow from operating activities		<u>2 310 899</u>	<u>(17 536 359)</u>	<u>11 858 725</u>	<u>(99 205 462)</u>
Cash flow from investing activities					
Grant received			3 447 366	-	19 502 196
Acquisition of property, plant and equipment and intangible assets to expand operations		<u>(1 170 476)</u>	<u>(1 062 711)</u>	<u>(6 006 473)</u>	<u>(6 011 896)</u>
Net Cash (outflow) inflow from investing activities		<u>(1 170 476)</u>	<u>2 384 655</u>	<u>(6 006 473)</u>	<u>13 490 300</u>
Net increase in cash and cash equivalents		1 140 423	(15 151 703)	5 852 252	(85 715 162)
Cash and cash equivalents at beginning of the period		<u>2 368 530</u>	<u>17 520 233</u>	<u>12 154 468</u>	<u>99 114 236</u>
Cash and cash equivalents at end of the period		<u>3 508 953</u>	<u>2 368 530</u>	<u>18 006 719</u>	<u>13 399 074</u>

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, the interpretations of the International Financial Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, and the requirements of the Companies Act of South Africa, 2008.

The financial statements have been prepared on the historical cost basis. The principle accounting policies are set out below.

1.2 Presentation of the annual financial statements

The annual financial statements are presented in South African Rands since that is the currency in which the majority of the company transactions are denominated.

1.3 Adoption of revised accounting standards

Standards and Interpretations effective in the current year

All the new or revised standards and interpretations with effective dates of annual periods beginning on or before April 2014 have been adopted in the current period, but were found not to effect the amounts reported.

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations applicable to the entity were in issue but not yet effective:

IFRS 9	Financial instruments: Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirement (effective for annual periods beginning on or after 1 January 2018)
IFRS 11	Joint Arrangements (effective for annual periods beginning on or after 1 January 2016)
IFRS 12	Disclosure of Interest in Other Entities
IFRS 13	Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)
IFRS 15	Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2017)
IAS 16	Property, plant and equipment (effective for annual periods beginning on or after 1 January 2016)
IAS 19	Employee benefits – Amended standards resulting from the post-employment benefits and termination benefits projects (effective for annual periods beginning on or after 1 July 2014)
IAS 24	Related party disclosures (effective for annual periods beginning on or after 1 July 2014)
IAS 32	Financial instruments: Presentation amendments relating to the offsetting of assets and liabilities
IAS 38	Intangible assets (effective for annual periods beginning on or after 1 January 2016)

The directors have not yet quantified the impact of the adoption of these standards and interpretations. However, the directors do not believe that these statements will have a material impact on the financial statements.

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

1.4 Summary of significant accounting policies

Plant and equipment

Assets in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such assets are classified to the appropriate categories of plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other asset categories, commences when the assets are ready for their intended use.

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to income on the straight-line basis so as to write off the cost or valuation of the assets to their estimated residual values over their estimated useful lives. The estimated useful lives and residual values are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates used are as follows:

Machinery	4 to 21 years
Furniture and fittings	4 to 21 years
Vehicles	9 years
Equipment	4 to 30 years
Leasehold improvements	5 to 30 years

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets relate to software and pre-operating expenses and are amortised over 4 to 5 years.

Inventories

Inventories are carried at the lower of cost, or net realisable value. Cost is calculated as the actual raw material cost and an appropriate proportion of variable and fixed overheads. Net realisable value presents the estimate selling price less all estimated cost of completion and cost to be incurred in marketing, selling and distribution.

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

1.4 Summary of significant accounting policies (continued)

Impairment

At each statement of financial position date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

1.4 Summary of significant accounting policies (continued)

Foreign currency

Transactions in currencies other than the company's reporting currency (South African Rands) are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the statement of financial position date. Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded are recognised as income or expenses in the year in which they arise.

Lease rentals

Operating lease rentals are charged to income in a systematic manner related to the years of use of the assets concerned.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such 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 the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

1.4 Summary of significant accounting policies (continued)

Taxation (continued)

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

Retirement benefit cost

Contributions to defined contribution retirement benefits plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company has become a party to the contractual provisions of the instrument.

Financial assets

The company's financial assets are 'loans and receivables' including cash and cash equivalents. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

1.4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) or payments through the expected life of the financial asset or liability (respectively), or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Financial assets, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

1.4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Trade and other payables

Trade and other payables and shareholders' loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Related party transactions

Related parties are defined as those parties that:

- (a) directly, or indirectly through one or more intermediaries:
 - (i) control, are controlled by, or are under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) have an interest in the entity that gives it significant influence over the entity; or
- (b) are members of the key management personnel of the entity or its parent including close members of the family.

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

1.4 Summary of significant accounting policies (continued)

Significant accounting judgements

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Residual value and useful life

The company depreciates their assets over their estimated lives taking into account residual values, which, following the adoption of International Accounting Standards (IAS16), Property, Plant and Equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Income taxes and deferred taxes

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

Other estimates made

The company also makes estimates for:

- the estimation of potential impairment of plant and equipment;
- the calculation of the doubtful debt allowance; and
- the calculation of any provision for claims, litigation and other legal matters.

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	R	R	₹	₹
2 Revenue				
Sale of vehicles	202 218 956	162 847 047	1 037 716 906	921 246 915
Sale of scrap	426 644	438 714	2 189 388	2 481 862
	<u>202 645 600</u>	<u>163 285 761</u>	<u>1 039 906 293</u>	<u>923 728 779</u>
3 Profit from operations				
Profit from operations are arrived at after taking the following items, amongst others, into account:				
Audit fees				
- current year	550 000	600 000	2 822 408	3 394 278
- prior year over provision	(150 653)	2 827	(773 098)	15 993
	<u>399 347</u>	<u>602 827</u>	<u>2 049 309</u>	<u>3 410 271</u>
Depreciation				
Machinery	256 546	232 171	1 316 504	1 313 424
Furniture and fittings	14 318	10 238	73 475	57 920
Vehicles	21 037	21 037	107 955	119 007
Equipment	841 043	703 975	4 315 938	3 982 478
Leasehold improvements	450 208	382 608	2 310 310	2 164 461
Intangible assets	845 699	853 379	4 339 831	4 827 676
	<u>2 428 851</u>	<u>2 203 408</u>	<u>12 464 013</u>	<u>12 464 966</u>
Consulting fees	1 646 947	1 458 513	8 451 556	8 250 997
Increase in provisions	385 909	412 400	1 980 350	2 333 000
Realised exchange rate differences	314 509		1 613 950	
	<u>3 775 215</u>	<u>3 073 321</u>	<u>14 009 869</u>	<u>13 047 463</u>
Rental of:				
- premises	2 000 000	2 000 000	10 263 300	11 314 260
- vehicles	356 273	468 641	1 828 268	2 651 161
	<u>2 356 273</u>	<u>2 468 641</u>	<u>12 091 568</u>	<u>13 965 421</u>
Company's Contribution to Pension Fund	969 915	1 107 451	4 977 264	6 264 995
Other Staff costs	17 226 944	18 235 865	88 402 647	103 162 657
Total Staff Costs	<u>18 196 859</u>	<u>19 343 316</u>	<u>93 379 911</u>	<u>109 427 653</u>

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	R	R	₹	₹
4 Interest received				
Interest on late payments for vehicles sold	2 346 523		12 041 535	
Bank Interest	158 622	33 309	813 993	188 434
	<u>2 505 145</u>	<u>33 309</u>	<u>12 855 527</u>	<u>188 434</u>
5 Finance costs				
Interest on long-term loans				
Tata Motors Limited		1 226 977		6 941 166
TML Holdings Pte Ltd	1 174 330	18 934	6 026 251	107 111
Tata Africa Holdings (SA) Proprietary Limited	782 899	815 746	4 017 564	4 614 783
	<u>1 957 229</u>	<u>2 061 657</u>	<u>10 043 814</u>	<u>11 663 060</u>
6 Taxation				
Income Tax for the year				
Current taxation	49 828		255 700	
Deferred taxation	(911 291)	667 683	(4 676 426)	3 777 170
	<u>(861 463)</u>	<u>667 683</u>	<u>(4 420 727)</u>	<u>3 777 170</u>
Reconciliation of South African tax rate	%	%		
SA normal tax rate	28%	28%		
Permanent differences	33%	-67%		
Assessed loss not raised		370%		
Assessed loss previously not raised, now utilized	-84%			
Other	-4%			
	<u>-27%</u>	<u>331%</u>		

No tax charge arose in the current and prior years as the company has not generated taxable income. The estimated tax losses available for set off against future taxable income amount to R1 097 925 (₹ 5 634 167) in the current year (2014: R2 709 654 – ₹ 15 328 865).

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

7 Plant and equipment and intangible assets

	Assets under construction	Machinery	Furniture and fittings	Vehicles	Equipment	Leasehold improvements	Total Property, plant and equipment	Intangible assets	Total
	R	R	R	R	R	R	R	R	R
2015									
Cost									
Balance at beginning of the year	-	4 936 040	178 049	186 000	9 180 787	9 712 933	24 193 809	4 083 582	28 277 391
Additions	142 800	20 272	1 403	-	901 975	104 026	1 170 476	-	1 170 476
Balance at end of year	142 800	4 956 312	179 452	186 000	10 082 762	9 816 959	25 364 285	4 083 582	29 447 867
Accumulated depreciation and amortisation									
Balance at beginning of the year	-	725 066	27 063	63 110	2 628 893	1 144 924	4 589 056	2 567 818	7 156 874
Depreciation	-	256 546	14 318	21 037	841 043	450 208	1 583 152	845 699	2 428 851
	-	981 612	41 381	84 147	3 469 936	1 595 132	6 172 208	3 413 517	9 585 725
Carrying value									
Beginning of the year	-	4 210 974	150 986	122 890	6 551 894	8 568 008	19 604 753	1 515 764	21 120 517
End of the year	142 800	3 974 700	138 071	101 853	6 612 826	8 221 827	19 192 077	670 065	19 862 142
	Assets under construction	Machinery	Furniture and fittings	Vehicles	Equipment	Leasehold improvements	Total Property, plant and equipment	Intangible assets	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
2015									
Cost									
Balance at beginning of the year	-	25 330 030	913 685	954 487	47 112 586	49 843 373	124 154 160	20 955 514	145 109 674
Additions	732 800	104 029	7 200	-	4 628 620	533 825	6 006 473	-	6 006 473
Balance at end of year	732 800	25 434 058	920 885	954 487	51 741 206	50 377 198	130 160 633	20 955 514	151 116 147
Accumulated depreciation and amortisation									
Balance at beginning of the year	-	3 720 785	138 878	323 858	13 490 559	5 875 349	23 549 429	13 177 143	36 726 572
Depreciation	-	1 316 504	73 475	107 955	4 315 938	2 310 310	8 124 182	4 339 831	12 464 013
	-	5 037 289	212 353	431 813	17 806 497	8 185 659	31 673 611	17 516 975	49 190 586
Carrying value									
Beginning of the year	-	21 609 246	774 808	630 629	33 622 026	43 968 019	100 604 729	7 778 373	108 383 102
End of the year	732 800	20 396 769	708 532	522 674	33 934 709	42 191 539	98 487 022	3 438 539	101 925 561

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

7 Property, plant and equipment and intangible assets

	Assets under construction	Machinery	Furniture and fittings	Vehicles	Equipment	Leasehold improvements	Total Property, plant and equipment	Intangible assets	Total
	R	R	R	R	R	R	R	R	R
2014									
Cost									
Beginning of the year	-	4 676 141	159 586	186 000	8 933 222	9 205 930	23 160 878	4 083 582	27 244 460
Transfer from assets under construction	-	-	-	-	-	-	-	-	-
Additions	-	259 899	18 463	-	277 346	507 003	1 062 711	-	1 062 711
Disposals	-	-	-	-	(29 781)	-	(29 781)	()	(29 781)
Balance at end of year	-	<u>4 936 040</u>	<u>178 049</u>	<u>186 000</u>	<u>9 180 787</u>	<u>9 712 933</u>	<u>24 193 808</u>	<u>4 083 582</u>	<u>28 277 390</u>
Accumulated depreciation and amortisation									
Balance at beginning of the year	-	492 894	16 824	42 073	1 928 337	762 317	3 242 446	1 714 438	4 956 884
Depreciation	-	232 171	10 238	21 037	703 975	382 608	1 350 029	853 379	2 203 408
Disposals	-	-	-	-	(3 419)	-	(3 419)	-	(3 419)
Carrying value									
Beginning of the year	-	<u>4 183 246</u>	<u>142 762</u>	<u>143 927</u>	<u>7 004 885</u>	<u>8 443 613</u>	<u>19 918 432</u>	<u>2 369 144</u>	<u>22 287 576</u>
End of the year	-	<u>4 210 974</u>	<u>150 986</u>	<u>122 890</u>	<u>6 551 894</u>	<u>8 568 008</u>	<u>19 604 753</u>	<u>1 515 764</u>	<u>21 120 517</u>
	Assets under construction	Machinery	Furniture and fittings	Vehicles	Equipment	Leasehold improvements	Total Property, plant and equipment	Intangible assets	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
2014									
Cost									
Beginning of the year	-	26 453 535	902 800	1 052 226	50 536 396	52 079 141	131 024 098	23 101 354	154 125 453
Transfer from assets under construction	-	-	-	-	-	-	-	-	-
Additions	-	1 470 285	104 446	-	1 568 984	2 868 182	6 011 896	-	6 011 896
Disposals	-	-	-	-	(168 475)	-	(168 475)	(3)	(168 478)
Balance at end of year	-	<u>27 923 820</u>	<u>1 007 245</u>	<u>1 052 226</u>	<u>51 936 906</u>	<u>54 947 323</u>	<u>136 867 520</u>	<u>23 101 352</u>	<u>159 968 871</u>
Accumulated depreciation and amortisation									
Balance at beginning of the year	-	2 788 367	95 177	238 014	10 908 853	4 312 526	18 342 936	9 698 799	28 041 735
Depreciation	-	1 313 424	57 920	119 007	3 982 478	2 164 461	7 637 290	4 827 676	12 464 966
Disposals	-	-	-	-	(19 340)	-	(19 340)	-	(19 340)
Carrying value									
Beginning of the year	-	<u>23 665 168</u>	<u>807 622</u>	<u>814 213</u>	<u>39 627 543</u>	<u>47 766 615</u>	<u>112 681 162</u>	<u>13 402 556</u>	<u>126 083 717</u>
End of the year	-	<u>23 822 029</u>	<u>854 148</u>	<u>695 206</u>	<u>37 064 916</u>	<u>48 470 336</u>	<u>110 906 634</u>	<u>8 574 877</u>	<u>119 481 511</u>

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	R	R	₹	₹
8 Inventory				
Finished goods	14 468 187	15 653 469	74 245 672	88 553 709
Raw materials (Kits)	43 675 496	15 938 718	224 127 359	90 167 397
Inventory of Consumable Tools, Stores and Spares	22 984	2 615	117 946	14 794
	<u>58 166 667</u>	<u>31 594 802</u>	<u>298 490 977</u>	<u>178 735 900</u>

The cost of inventory recognised as an expense during the year was R193 326 580 (₹ 992 084 344) (2014: R154 893 520 – ₹ 876 252 779).

9 Trade and other receivables

Trade accounts receivable				
- Related Parties (note 20)	59 169 036	53 513 488	303 634 784	302 732 757
- External	592 867	1 080 086	3 042 386	6 110 185
	<u>59 761 903</u>	<u>54 593 574</u>	<u>306 677 170</u>	<u>308 842 943</u>
South African Revenue Service (VAT)	568 475		2 917 215	
Tata Automobile Corporation (SA) (Pty) Limited				
- interest receivable (note 20)	2 346 523		12 041 535	
Other	307 437	370 699	1 577 659	2 097 095
	<u>62 984 338</u>	<u>54 964 273</u>	<u>323 213 578</u>	<u>310 940 038</u>

Interest of 18% is charged on late payments received from Tata Automobile Corporation (SA) (Pty) Limited, in line with the Vehicle Purchase Agreement. No other interest is charged on the other trade receivables. Credit terms are 60 days.

The only overdue amount held is an amount of R8 870 216 (₹ 45 518 844) which less than 30 days overdue from Tata Automobile Corporation (SA) (Pty) Limited. Given the customer circumstances, credit history and the fact that it is a related party, the directors deem this amount to be fully recoverable and have not provided for it.

The carrying amount of the trade and other receivables is considered by key management to approximate their fair values and is deemed as Level 3, as defined by IFSR 13 Fair Value Measurement. Arm's length transactions are used to determine fair values.

There were no transfers between Levels 1, 2 and 3 during the financial year.

10 Cash and bank balances

Cash and bank balances	7 899 801	2 368 530	40 539 014	13 399 083
Bank Overdraft	(4 390 848)		(22 532 295)	
	<u>3 508 953</u>	<u>2 368 530</u>	<u>18 006 719</u>	<u>13 399 083</u>

Bank balances and cash comprise cash held by the company and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair value

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	R	R	₹	₹
11 Share capital				
<u>Authorised</u>				
42 000 000 ordinary shares of R1 each	<u>42 000 000</u>	<u>42 000 000</u>	<u>215 529 300</u>	<u>237 599 460</u>
<u>Issued</u>				
19 837 000 ordinary shares of R1 each	<u>19 837 000</u>	<u>19 837 000</u>	<u>101 796 541</u>	<u>112 220 488</u>
12 Shareholders' loans				
TML Holdings Pte Ltd	12 797 800	12 797 800	65 673 830	72 398 818
Tata Africa Holdings (SA) Proprietary Limited	<u>8 532 000</u>	<u>8 532 000</u>	<u>43 783 238</u>	<u>48 266 633</u>
	<u>21 329 800</u>	<u>21 329 800</u>	<u>109 457 068</u>	<u>120 665 451</u>

Tata Motors (SA) Proprietary Limited received loans from Tata Motors Limited, which was transferred to TML Holdings Pte Ltd in 2014. The loan is unsecured and Rand denominated, bears interest at PLR (prime lending rate) and is repayable in 2017.

Tata Motors (SA) Proprietary Limited received a loan from Tata Africa Holdings (SA) Proprietary Limited. This loan is unsecured and Rand denominated, bears interest at PLR and is repayable in 2017.

13 Deferred Taxation

Opening Balance	2 872 856	2 205 173	14 742 491	12 474 950
Provision for the year	<u>(911 291)</u>	<u>667 683</u>	<u>(4 676 426)</u>	<u>3 777 170</u>
Closing Balance	<u>1 961 565</u>	<u>2 872 856</u>	<u>10 066 065</u>	<u>16 252 120</u>
The deferred taxation liability is attributable to temporary differences relating to				
- Plant and equipment	2 931 834	3 433 282	15 045 146	19 422 524
- Provisions	(662 850)	(560 426)	(3 401 514)	(3 170 403)
- Assessed loss	<u>(307 419)</u>	<u></u>	<u>(1 577 567)</u>	<u></u>
	<u>1 961 565</u>	<u>2 872 856</u>	<u>10 066 065</u>	<u>16 252 121</u>

No deferred tax asset was raised in the prior year due to the improbability of future taxable profits.

14 Deferred income

Government Grants:				
- Non-current	2 626 566	2 790 726	13 478 617	15 787 498
- Current	<u>164 160</u>	<u>164 160</u>	<u>842 412</u>	<u>928 674</u>
	<u>2 790 726</u>	<u>2 954 886</u>	<u>14 321 029</u>	<u>16 716 173</u>

The government grants relate to EIP grants received for R3 447 366 (₹ 17 690 676) worth of capital expenditure in 2014. The income release to the statement of comprehensive income of R 164 160 (₹ 842412) (2014: R492 480 – ₹ 2 786 023) is reflected in other income.

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	R	R	₹	₹
15 Trade and other payables				
Trade payables				
- Related Parties (note 20)	91 134 398	58 583 247	467 669 833	331 413 043
- External	<u>1 913 899</u>	<u>3 565 138</u>	<u>9 821 460</u>	<u>20 168 451</u>
	93 048 297	62 148 385	477 491 293	351 581 494
Accrued interest on shareholders' loans (note 20)	919 588	548 211		
Payroll related accruals	497 323	418 496	2 552 088	2 367 486
Other payables	<u>1 309 527</u>	<u>1 123 004</u>	<u>6 720 034</u>	<u>6 352 980</u>
	<u>95 774 735</u>	<u>64 238 096</u>	<u>491 482 419</u>	<u>363 403 261</u>

The carrying value of the trade and other payables is considered to approximate their fair values due to the short maturity of these financial instruments. Credit terms are 120 days, and is no interest payable on overdue amounts.

Trade and other payables is deemed as Level 3, as defined by IFRS 13 Fair Value Measurement.

There were no transfers between Levels 1, 2 and 3 during the financial year.

16 Provisions

Opening Balance	1 021 400	609 000	5 241 467	3 445 192
Additions during the year	385 909	412 400	1 980 350	2 333 000
Utilisation	<u>(786 209)</u>	<u> </u>	<u>(4 034 549)</u>	<u> </u>
Closing Balance	<u>621 100</u>	<u>1 021 400</u>	<u>3 187 268</u>	<u>5 778 193</u>

The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the company's obligations for warranties under local sale of goods legislation.

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	R	R	₹	₹
17 Cash flow from operations				
Profit before taxation	1 707 309	201 805	8 761 312	1 141 639
Adjustments for:				
Income from EIP Grant	(164 160)	(492 480)	(842 412)	(2 786 023)
Assets Scrapped		26 362		149 133
Finance charges	1 957 229	2 061 657	10 043 814	11 663 060
Depreciation	1 583 152	1 350 029	8 124 182	7 637 288
Increase in provisions	(400 300)	412 400		
Amortisation	845 699	853 379	4 339 831	4 827 676
Interest income	(2 505 145)	(33 309)	(12 855 527)	(188 434)
	<u>3 023 784</u>	<u>4 379 843</u>	<u>15 517 001</u>	<u>24 777 340</u>
Adjustments for working capital changes:				
Increase in trade and other receivables	(8 020 065)	(25 626 526)	(41 156 167)	(144 972 589)
Increase in trade and other payables	31 536 639	6 276 348	161 834 994	35 506 115
Increase in inventory	(26 571 865)	1 381 701	(136 357 511)	7 816 465
	<u>(31 507)</u>	<u>(13 588 634)</u>	<u>(161 683)</u>	<u>(76 872 670)</u>
Cash flow (utilised) generated from operations	<u>(31 507)</u>	<u>(13 588 634)</u>	<u>(161 683)</u>	<u>(76 872 670)</u>

18 Financial instruments

Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The company monitors capital on a basis of debt to equity. Debt comprises interest bearing debt from shareholders. Equity comprises share capital and reserves.

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	R	R	₹	₹
The gearing ratio at end year end is as follows:				
Debt	21 329 800	21 329 800	109 457 068	120 665 451
Cash and cash equivalents	(7 899 801)	(2 368 530)	(40 539 014)	(13 399 083)
	<u>13 429 999</u>	<u>18 961 270</u>	<u>68 918 054</u>	<u>107 266 369</u>
Net debt	<u>13 429 999</u>	<u>18 961 270</u>	<u>68 918 054</u>	<u>107 266 369</u>
Accumulated profit (loss)	<u>2 207 174</u>	<u>(361 598)</u>	<u>11 326 444</u>	<u>(2 045 606)</u>

Tata Motors (SA) Proprietary Limited engages with the Board and shareholders to ensure the company is sufficiently funded.

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

18 Financial instruments (continued)

Interest rate risk

Interest rate risk

The company manages liquidity risk through the compilation and monitoring of cashflow forecasts, as well as ensuring that adequate borrowing facilities and resources are maintained within the company.

Interest rate sensitivity analysis

The sensitivity of the entity to changes in the interest rate has been determined based on the exposure to interest rates for financial instruments at the statement of financial position date.

If interest rates had been 100 basis points higher/lower and all other variables were held constant the difference to the loss for the year ended 31 March 2015 would increase/decrease by R213 298 (2014: R237 591).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties verifying their credit worthiness by performing credit checks, as a means of mitigating the risk of financial loss from defaults. The vast majority of customers are related parties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk management

The responsibility for liquidity risk management rests with Tata Motors (SA) Proprietary Limited management and ultimately the Board of Directors. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by monitoring actual cash flows. Tata Motors (SA) Proprietary Limited engages with the Board and shareholders to ensure that the company has adequate funds to cover its commitments over the next twelve months.

	<u><1 year</u>	<u>2 to 5 years</u>	<u><1 year</u>	<u>2 to 5 years</u>
	R	R	₹	₹
2015				
Trade and other payables	95 277 412		488 930 331	
Shareholders' loans		21 329 800		109 457 068
	<u><1 year</u>	<u>2 to 5 years</u>	<u><1 year</u>	<u>2 to 5 years</u>
	R	R	₹	₹
2014				
Trade and other payables	63 819 600		361 035 774	
Shareholders' loans		21 329 800		120 665 451

TATA MOTORS (SA) PROPRIETARY LIMITED
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18 Financial instruments (continued)

Liquidity risk management (continued)

	2015	2014	2015	2014
	R	R	₹	₹
Categories of financial instruments				
Loans and receivables				
Trade receivables	62 415 863	54 642 273	320 296 363	309 118 442
Cash and bank balances	7 899 801	2 368 530	40 539 014	13 399 083
Financial liabilities at amortised cost				
Trade and other payables	95 277 412	63 819 600	488 930 331	361 035 774
Bank Overdraft	4 390 848		22 532 295	
Shareholder's loans	21 329 800	21 329 800	109 457 068	120 665 451

19 Guarantees

	2015	2014	2015	2014
	R	R	₹	₹
The following bank guarantees exist:				
South African Revenue Service	1 420 000	1 420 000	7 286 943	8 033 125

20 Related party transactions

	2015	2014	2015	2014
	R	R	₹	₹
During the year, the company entered into the following transactions with related parties				
<u>Tata Automobile Corporation (SA) (Pty) Limited</u>				
- Payment for expenses incurred for TMSA	(727 216)	(1 157 294)	(3 731 818)	(6 546 963)
- Revenue sale of vehicles	202 218 956	162 847 047	1 037 716 906	921 246 914
<u>Tata Africa Holdings (SA) (Pty) Limited</u>				
- Rental of premises	(2 000 000)	(2 000 000)	(10 263 300)	(11 314 260)
- Insurance premium paid on leased assets	(136 824)		(702 133)	
- Interest on Loan	(782 899)	(815 746)	(4 017 564)	(4 614 783)
<u>Tata Daewoo Commercial Vehicle Company Limited</u>				
- Supply of SKD kits	50 241 000	5 210 100	257 819 228	29 474 213
- Supply of Capital items		27 179		153 753
<u>Tata Motors Limited</u>				
- Services rendered	1 082 759	2 993 057	5 556 340	16 932 111
- Supply of SKD kits	136 919 916	114 835 159	702 625 087	649 637 423
- Warranty Expenses	(786 209)		(4 034 549)	
- Interest on Loan		(1 226 977)		(6 941 166)
- Expenses incurred	(2 388 372)	(1 406 676)	(12 256 289)	(7 957 750)
<u>TML Holdings Pte. Ltd.</u>				
- Interest on Loan	(1 174 330)	(18 934)	(6 026 251)	(107 111)
<u>Tata Technologies Limited</u>				
- Services rendered	(819 845)	(592 043)	(4 207 158)	(3 349 262)

TATA MOTORS (SA) PROPRIETARY LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

20 Related party transactions (continued)

As at year end, the company had the following outstanding balances with related parties:

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	R	R	₹	₹
<u>Trade Receivables (note 9)</u>				
- Tata Automobile Corporation (SA) (Pty) Limited	56 479 076	50 724 999	289 830 850	286 957 913
- Tata Motors Limited	2 689 960	2 788 489	13 803 933	15 774 845
	<u>59 169 036</u>	<u>53 513 488</u>	<u>303 634 784</u>	<u>302 732 757</u>
<u>Other receivables - interest receivable (note 9)</u>				
- Tata Automobile Corporation (SA) (Pty) Limited	<u>2 346 523</u>		<u>12 041 535</u>	
<u>Trade Payables (note 15)</u>				
- Tata Motors Limited	59 780 481	53 293 947	306 772 505	301 490 784
- Tata Automobile Corporation (SA) (Pty) Limited	97 615	52 021	500 926	294 291
- Tata Daewoo Commercial Vehicle Company Limited	31 256 302	5 237 279	160 396 402	29 627 968
	<u>91 134 398</u>	<u>58 583 247</u>	<u>467 669 833</u>	<u>331 413 043</u>
<u>Accrued interest on shareholders' loans (note 15)</u>				
- Tata Africa Holdings (SA) (Pty) Limited	477 464	529 277	2 450 178	2 994 190
- TML Holdings Pte. Ltd.	442 124	18 934	2 268 826	107 111
	<u>919 588</u>	<u>548 211</u>	<u>4 719 004</u>	<u>3 101 301</u>
- Tata Technologies Limited	165 469	167 637	849 129	948 344
	<u>2 004 645</u>	<u>1 264 059</u>	<u>10 287 137</u>	<u>7 150 945</u>
<u>Shareholders' Loan</u>				
- TML Holdings Pte. Ltd.	12 797 800	12 797 800	65 673 830	72 398 818
- Tata Africa Holdings (SA) (Pty) Limited	8 532 000	8 532 000	43 783 238	48 266 633
	<u>21 329 800</u>	<u>21 329 800</u>	<u>109 457 068</u>	<u>120 665 451</u>

The above mentioned entities are related parties by virtue of being:

Tata Automobile Corporation (SA) (Pty) Limited	Fellow subsidiary within the Tata Group
Tata Africa Holdings (SA) (Pty) Limited	Shareholder
Tata Daewoo Commercial Vehicle Company Limited	Fellow subsidiary within the Tata Group
Tata Motors Limited	Fellow subsidiary within the Tata Group
TML Holdings Pte. Ltd.	Shareholder
Tata Technologies Limited	Fellow subsidiary within the Tata Group

21 Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the normal course of business.

TATA MOTORS (SA) PROPRIETARY LIMITED
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22 Customs issue

A Notice of Intent has been issued by SARS pertaining to customs duties applicable to the importation of cabs. Management is currently in the process of liaising with SARS with regards to this matter, with the assistance of an external consultant. Both management and the consultant consider the risk of actual exposure arising from this matter to be remote, and as such no contingent liability has been raised.

23 Events after reporting period

There were no significant events that took place after the reporting period.

24 Exchange Rates utilised

For the purpose of converting into Indian Rupees (₹), the following exchange rates have been used:

2015	5.13165
2014	5.65713