

THE SIAM IRON AND STEEL (2001) COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2020



Independent Auditor's Report

To the Shareholders of The Siam Iron and Steel (2001) Company Limited

My opinion

In my opinion, the financial statements of The Siam Iron and Steel (2001) Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

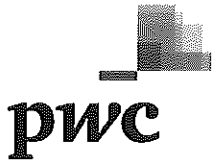
Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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.



Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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' 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

PricewaterhouseCoopers ABAS Ltd.

Varaporn Vorathitikul
Certified Public Accountant (Thailand) No. 4474
Bangkok
22 April 2020

The Siam Iron and Steel (2001) Company Limited
Statement of Financial Position
As at 31 March 2020

	Notes	2020 Baht	2019 Baht
Assets			
Current assets			
Cash and cash equivalents	7 a)	8,112,047	9,890,819
Trade and other receivables, net	8	247,645,350	431,831,278
Short-term loans to a parent company	22 c)	239,590,312	197,026,567
Inventories, net	9	915,732,509	948,754,578
Other current assets		6,054,800	4,670,416
Total current assets		1,417,135,018	1,592,173,658
Non-current assets			
Property, plant and equipment, net	10	308,394,478	322,909,130
Intangible assets, net	11	5,648,677	451,240
Deferred tax assets, net	12	15,639,453	10,192,655
Other non-current assets		10,391,754	10,394,207
Total non-current assets		340,074,362	343,947,232
Total assets		1,757,209,380	1,936,120,890

The accompanying notes on page 9 to 36 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Financial Position
As at 31 March 2020

	<u>Notes</u>	<u>2020</u> <u>Baht</u>	<u>2019</u> <u>Baht</u>
Liabilities and equity			
Current liabilities			
Short-term borrowings from financial institutions	13	114,507,051	188,833,502
Trade and other payables	14	292,155,416	473,672,734
Current income tax payable		6,163,955	-
Other current liabilities		2,271,560	3,460,967
Total current liabilities		<u>415,097,982</u>	<u>665,967,203</u>
Non-current liabilities			
Employee benefit obligations	15	67,994,769	40,860,118
Total non-current liabilities		<u>67,994,769</u>	<u>40,860,118</u>
Total liabilities		<u>483,092,751</u>	<u>706,827,321</u>
Equity			
Share capital			
Authorised share capital			
Ordinary shares, 1,200,000 shares at par value of Baht 100 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued and paid-up share capital			
Ordinary shares, 1,200,000 shares paid-up at par value of Baht 100 each		120,000,000	120,000,000
Retained earnings			
Appropriated - legal reserve	16	12,000,000	12,000,000
Unappropriated		1,142,116,629	1,097,293,569
Total equity		<u>1,274,116,629</u>	<u>1,229,293,569</u>
Total liabilities and equity		<u>1,757,209,380</u>	<u>1,936,120,890</u>

The accompanying notes on page 9 to 36 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Comprehensive Income
For the year ended 31 March 2020

	Notes	2020 Baht	2019 Baht
Revenue from sales		4,368,305,682	5,060,826,902
Cost of sales		<u>(4,203,261,604)</u>	<u>(5,003,878,273)</u>
Gross profit		165,044,078	56,948,629
Other income	17	6,463,980	33,362,638
Selling expenses		(1,710,492)	(1,122,790)
Administrative expenses		(102,446,256)	(106,222,385)
Finance costs		<u>(7,282,509)</u>	<u>(8,071,690)</u>
Profit (loss) before income tax expense		60,068,801	(25,105,598)
Income tax income (expense)	19	<u>(7,751,788)</u>	<u>699,738</u>
Profit (loss) for the year		<u>52,317,013</u>	<u>(24,405,860)</u>
Other comprehensive expense			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(9,367,441)	(436,941)
Income tax on items that will not be reclassified		<u>1,873,488</u>	<u>87,388</u>
Total items that will not be reclassified to profit or loss		<u>(7,493,953)</u>	<u>(349,553)</u>
Other comprehensive expense for the year, net of tax		<u>(7,493,953)</u>	<u>(349,553)</u>
Total comprehensive income (expense) for the year		<u>44,823,060</u>	<u>(24,755,413)</u>
Earnings (loss) per share			
Basic earnings (loss) per share (Baht)	20	43.60	(20.34)

The accompanying notes on page 9 to 36 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Changes in Equity
For the year ended 31 March 2020

	Issued and paid-up share capital Baht	Retained earnings		Total equity Baht
		Appropriated - legal reserve Baht	Unappropriated Baht	
Opening balance as at 1 April 2018	120,000,000	12,000,000	1,122,048,982	1,254,048,982
Changes in equity for the year				
Total comprehensive expense for the year	-	-	(24,755,413)	(24,755,413)
Closing balance as at 31 March 2019	<u>120,000,000</u>	<u>12,000,000</u>	<u>1,097,293,569</u>	<u>1,229,293,569</u>
Opening balance as at 1 April 2019	120,000,000	12,000,000	1,097,293,569	1,229,293,569
Changes in equity for the year				
Total comprehensive income for the year	-	-	44,823,060	44,823,060
Closing balance as at 31 March 2020	<u>120,000,000</u>	<u>12,000,000</u>	<u>1,142,116,629</u>	<u>1,274,116,629</u>

The accompanying notes on page 9 to 36 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Cash Flows
For the year ended 31 March 2020

	Notes	2020 Baht	2019 Baht
Cash flows from operating activities			
Profit (loss) before income tax expense		60,068,801	(25,105,598)
Adjustments :			
Depreciation and amortisation charge		52,481,918	48,314,246
Employee benefit obligations		22,556,700	5,298,980
(Gain) loss on foreign exchange rate		137,863	(93,853)
Other adjustments from non-cash items	7 b)	(2,681)	(293,025)
Interest income	17	(4,324,819)	(2,636,462)
Interest expense		7,282,509	8,071,690
		<u>138,200,291</u>	<u>33,555,978</u>
Changes in working capital			
Trade and other receivables		184,074,524	(87,491,460)
Inventories		20,770,949	180,088,240
Trade and other payables		(170,337,653)	103,150,035
Other cash received (paid) from operating activities	7 c)	<u>(7,272,372)</u>	<u>7,132,093</u>
Cash flows from operating activities			
Cash generated from operations		165,435,739	236,434,886
Adjustment of cash occurred from borrowings	7 d)	(7,996,965)	(8,372,095)
Income tax paid		<u>(5,161,143)</u>	<u>(10,137,952)</u>
Net cash generated from operating activities		<u>152,277,631</u>	<u>217,924,839</u>
Cash flows from investing activities			
Purchases of intangible assets	7 e)	(5,802,494)	(32,800)
Purchases of property, plant and equipment	7 e)	(35,802,636)	(84,049,277)
Proceeds from disposals of property, plant and equipment		2,700	293,892
Net increase in short-term borrowings			
to a parent company	22 c)	(42,563,745)	(39,854,716)
Interest received		<u>4,436,223</u>	<u>2,536,096</u>
Net cash used in investing activities		<u>(79,729,952)</u>	<u>(121,106,805)</u>

The accompanying notes on page 9 to 36 are an integral part of the financial statements.

The Siam Iron and Steel (2001) Company Limited
Statement of Cash Flows
For the year ended 31 March 2020

	<u>Notes</u>	<u>2020 Baht</u>	<u>2019 Baht</u>
Cash flow from financing activities			
Net repayments on short-term borrowings from financial institutions	13	<u>(74,326,451)</u>	<u>(94,615,317)</u>
Net cash used in financing activities		<u>(74,326,451)</u>	<u>(94,615,317)</u>
Net increase (decrease) in cash and cash equivalents		(1,778,772)	2,202,717
Cash and cash equivalents at the beginning of the year		<u>9,890,819</u>	<u>7,688,102</u>
Cash and cash equivalents at the end of the year	7 a)	<u><u>8,112,047</u></u>	<u><u>9,890,819</u></u>

The accompanying notes on page 9 to 36 are an integral part of the financial statements.

1 General information

The Siam Iron and Steel (2001) Company Limited ("the Company") is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

Head Office : Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak Sub-district, Bangkok 10900
Factory : 49 Moo11, Pattanapong Road, Bang Khamot Subdistrict, Ban Moh District, Saraburi 18270

The major shareholder and the parent company is Tata Steel (Thailand) Public Company Limited which is public company incorporated in Thailand and listed on the Stock Exchange of Thailand which holds 99.99% of the Company's shares. The ultimate parent company of the Company is under Tata Steel Limited group, which is company incorporated under the law of India.

The Company engages in manufacturing and distribution of wire rods and small sections products.

The financial statements were authorised for issue by the Board of Directors on 22 April 2020.

2 Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS").

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Company

2.2.1 The Company has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019

a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Company will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, Construction contracts, TAS 18, Revenue and related interpretations.

The Company has adopted the new TFRS 15, Revenue from contracts with customers from 1 April 2019 by applying the modified retrospective approach and the comparative figures have not been restated. The Company applies practical expedient relates to completed contracts and contract modifications as allowed by TFRS 15.

The adoption of TFRS 15 mainly affects the Company's accounting treatment on revenue recognition from sales and services:

- revenue from sales is recognised at point in time, when control of the goods transfers to the customer, and
- revenue from services is recognised over time, in a manner that best reflects the Company's performance obligation after control of goods transfers to the customer which are insurance and freight.

The transaction price will need to be allocated to the distinct performance obligations based on the relative standalone selling price of sales and services.

However, the effects of the Company's accounting treatment from adoption of TFRS 15 are immaterial to retained earnings as at 1 April 2019 in the financial statements.

There was no impacted amount by each financial statements line item in the current year from the adoption of the new revenue standard compared to the previous revenue standards.

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 March 2020 reporting period and have not been early adopted by the Company.

a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

b) TFRS 16, Leases

Where the Company is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

c) **Other new/amended standards**

The new and amended financial reporting standards that are relevant to the Company are:

TAS 12	Income tax
TAS 19	Employee benefits
TAS 23	Borrowing cost
TFRIC 23	Uncertainty over income tax treatments

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

Amendment to TAS 23, Borrowing costs - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Company should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored.
- that the Company should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

2.3 Foreign currency translation

a) **Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

b) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the date of revaluation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

2.4 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date and bank overdrafts.

In the statements of financial position, bank overdrafts are shown in current liabilities.

2.5 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditionally unless they contain significant financing components, when they are recognised at its present value. The Company presented trade receivables at cost less allowance for doubtful accounts.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value .

Cost is determined by the weighted average method for finished goods and work in process and by the moving average method for merchandise, raw materials, spare parts, supplies and others. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and directly attributable costs in bringing the inventories to their present location and condition.

2.7 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Company. Capitalised where there is future economic benefits. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost and the revalued amount to their residual values over their estimated useful lives, as follows:

Buildings and structures	20 years
Machinery and equipment	5, 10 years
Office equipment, furniture and fixtures	5, 10 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in other gain or loss - net.

2.8 Intangible assets

Acquired computer software

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives 3 years to 10 years.

Cost associated with maintaining computer software are recognised as an expense as incurred.

2.9 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

2.10 Leases

Leases - where the Company is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

2.11 Borrowings

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.12 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (assets that take a substantial period to get ready for its intended use or sale) are added to the cost of those assets less investment income earned from those specific borrowings. The capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Other borrowing costs are expensed in the period in which they are incurred.

2.13 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.14 Employee benefits

a) Short-term employee benefits

Liabilities for short-term employee benefits such as salaries, wages, bonuses, contributions to the social security fund and others, that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

b) Defined contribution plan

The Company pays contributions to a separate fund (under the Provident Fund Act B.E. 2530). The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

c) Defined benefit plans

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are presented as a separate item in statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

d) Other long-term benefits

The Company gives gold rewards to employees when they have worked for the Company at every 5 years anniversary, for a maximum of 7 times.

These obligations are measured similar to defined benefit plans except remeasurement gains and losses that are charged to profit or loss.

e) Termination benefits

The Company recognises termination benefits at the earlier of (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for the related restructuring. Benefits due more than 12 months are discounted to their present value.

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options (net of tax) are shown as a deduction in equity.

2.17 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Company's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectibility of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

Sale of goods

The Company manufactures and sells products. Sales are recognised when control of the products has transferred, being when the products are delivered, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The product is often sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term of 15 days to 30 days, which is consistent with market practice.

The Company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision and cost of sales.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Services

The Company recognised service contracts with a continuous service provision as revenue on a straight-line basis over the contract term, regardless of the payment pattern.

Payments to customers

Payments to customers or on behalf of customers to other parties, including credited or subsequent discounts, are recognised as a reduction in revenue unless the payment constitutes consideration of a distinct goods or service from the customer.

Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Other income

Other revenue are recognised on the following bases:

- interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.
- scrap income is recognised when the scrap is actually sold.

2.18 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. The treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

- **Interest rate risk**

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company has no significant interest-bearing assets.

The Company borrows money for business operation at floating rates. However, the Company implemented risk counter-measures for managing interest rate risk by setting operation plans in advance so that the Company could have sufficient time to seek proper sources of credit lines with reasonable interest rates.

- **Credit risk**

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

- Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

- Foreign exchange risk

The Company has exposure to foreign currency exchange fluctuations on purchasing of goods and services in the ordinary course of business. Entities in the Company use forward contracts to hedge their exposure to foreign exchange risk in connection with measurement currency.

3.2 Accounting for derivative financial instruments and hedging activities

The Company is party to derivative financial instruments, foreign currency forward contracts. Such instruments are recognised in the financial statements on inception.

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Subsequently the Company measures each derivative financial instrument at its fair value. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes, and will be included in other income/expense in statement of comprehensive income.

Disclosures about derivative financial instruments to which the Company is a party are provided in Note 21.

3.3 Fair value estimation

The different levels of financial instruments carried at fair value, by valuation method have been defined as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

There was no transfer between level 1 and 2 during the year.

There were no change in valuation techniques during the year.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1) Allowance for doubtful accounts

The Company has established the allowance for doubtful to reflect the impairment of trade receivables, related to the provision in loss from unbillable customer. The allowance for doubtful is the effect from the Company's estimation of inflow future cash flow, based up on the experience in pressed the claim, reputation, and default, and market trend.

2) Allowance for decrease in value of inventories

The Company has established the allowance for decrease in value of inventories to reflect the net realise value from inventories. The allowance for decrease in value of inventories is the effect from the Company's analysis of obsolete and slow-moving inventories. The balance of inventories will be written-off once they are obsoleted and unable to sell out.

3) Buildings and equipment and intangible assets

The management is the one who estimates useful life for buildings and equipment and intangible assets of the Company. The management revises depreciation expense whenever the useful life is different from the estimation in the prior period or there is a disposal or retirement.

4) Current and deferred income taxes

A deferred tax asset is recognised to the extent that it is probable that it will be utilised in the future. Such an assessment is based upon the probability that the Company will generate future taxable income sufficient to fully utilize the deferred tax assets. The Company's management use judgments based upon the likely timing and level of estimate future taxable income to determine the amount of deferred tax assets that can be recognised at the end of each reporting period.

5 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

6 Segment information

Operating segment information is reported in a manner consistent with the Company's internal reports that are regularly obtained and reviewed by the chief operating decision maker (Board of Directors) for the purpose of the allocation of resources to the segment and assess its performance.

The Company's operations involve the single business segment of the manufacture and distribution of long steel products, which is located in Thailand. Sales of the subsidiaries are mainly local sales whereas an export sales is not significant. As a result, all the revenues from sales of goods, cost of sales, gross margin, profit for the year and assets of segment are in accordance with the presentation of these financial statements.

For the year ended 31 March 2020, total revenue from sales and related services has timing of revenue recognition as a point in time amounting to Baht 4,368 million (2019 : Baht 5,061 million).

For the year ended 31 March 2020, the Company has revenue from 1 customer which contributed over 10% of the Company's total revenue (2019 : 1 customer). The revenue from sales to this customers is Baht 4,345 million (2019 : Baht 5,036 million).

	2020 Thousand Baht	2019 Thousand Baht
For the years ended 31 March		
Segment revenue - Local	4,368,306	5,060,827
	4,368,306	5,060,827

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

- e) Non-cash items from purchase and increase of plant and equipment and intangible assets for the years ended 31 March, are as follows:

	2020 Thousand Baht	2019 Thousand Baht
Payables for plant and equipment and intangible assets brought forward	11,056	6,252
<u>Add</u> Purchases during the years	30,913	88,886
<u>Less</u> Payments during the years	(41,605)	(84,082)
Payables for plant and equipment and intangible assets carried forward	364	11,056

8 Trade and other receivables, net

	2020 Thousand Baht	2019 Thousand Baht
Trade receivables - other parties	3,679	3,679
- related parties (Note 22 b))	246,165	427,818
<u>Less</u> Allowance for doubtful accounts	(3,679)	(3,679)
Trade receivables, net	246,165	427,818
Other receivables - other parties	168	658
- related parties (Note 22 b))	270	2,221
Prepayments	1,042	1,134
	247,645	431,831

The credit term for trade receivable normally requires 15 days to 30 days (2019 : 15 days to 30 days).

As at 31 March, the outstanding trade receivables can be analysed as follows:

	2020 Thousand Baht	2019 Thousand Baht
Not yet due	233,908	337,943
Overdue:		
Under 3 months	12,257	89,875
3 - 6 months	-	-
6 - 12 months	-	-
Over 12 months	3,679	3,679
	249,844	431,497
<u>Less</u> Allowance for doubtful accounts	(3,679)	(3,679)
	246,165	427,818

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

9 Inventories, net

	2020 Thousand Baht	2019 Thousand Baht
Raw materials	161,011	210,530
Work in progress	168,305	118,764
Finished goods	299,100	292,553
Spare parts	184,040	178,749
Supplies and others	93,746	137,690
	906,202	938,286
<u>Less</u> Allowance for obsolete inventories		
- Spare parts	(4,420)	(4,420)
- Supplies and others	(116)	(116)
	901,666	933,750
<u>Add</u> Goods in transit	14,067	15,005
	915,733	948,755

During the years ended 31 March 2020 and 2019, amounts recognised as cost of sales in profit or loss are as follows:

	2020 Thousand Baht	2019 Thousand Baht
Cost of sales and cost of services	4,203,262	5,003,878
Amortisation of rolling mill	12,252	12,825

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

10 Property, plant and equipment, net

	Land Thousand Baht	Buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, Fixtures, and equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
As at 1 April 2018							
Cost	84,084	108,938	1,891,529	25,567	1,126	13,542	2,124,786
Less Accumulated depreciation	-	(78,857)	(1,759,227)	(16,369)	(1,101)	-	(1,855,554)
Net book amount	84,084	30,081	132,302	9,198	25	13,542	269,232
For the year ended 31 March 2019							
Opening net book amount	84,084	30,081	132,302	9,198	25	13,542	269,232
Additions	-	-	3,926	1,979	-	82,981	88,886
Transfers	-	8,509	58,977	8,668	-	(76,154)	-
Disposals - cost	-	-	(18,243)	(8)	-	-	(18,251)
- accumulated depreciation	-	-	18,243	7	-	-	18,250
Depreciation charge	-	(5,767)	(25,192)	(4,242)	(7)	-	(35,208)
Closing net book amount	84,084	32,823	170,013	15,602	18	20,369	322,909
As at 31 March 2019							
Cost	84,084	117,447	1,936,189	36,206	1,126	20,369	2,195,421
Less Accumulated depreciation	-	(84,624)	(1,766,176)	(20,604)	(1,108)	-	(1,872,512)
Net book amount	84,084	32,823	170,013	15,602	18	20,369	322,909

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

	Land Thousand Baht	Buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, Fixtures, and equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
As at 1 April 2019							
Cost	84,084	117,447	1,936,189	36,206	1,126	20,369	2,195,421
Less Accumulated depreciation	-	(84,624)	(1,766,176)	(20,604)	(1,108)	-	(1,872,512)
Net book amount	84,084	32,823	170,013	15,602	18	20,369	322,909
For the year ended 31 March 2020							
Opening net book amount	84,084	32,823	170,013	15,602	18	20,369	322,909
Additions	-	-	2,974	1,510	-	20,627	25,111
Transfers	-	-	30,669	4,293	45	(35,007)	-
Disposals - cost	-	-	-	(398)	-	-	(398)
- accumulated depreciation	-	-	-	398	-	-	398
Depreciation charge	-	(5,872)	(28,263)	(5,482)	(9)	-	(39,626)
Closing net book amount	84,084	26,951	175,393	15,923	54	5,989	308,394
As at 31 March 2020							
Cost	84,084	117,447	1,969,832	41,611	1,171	5,989	2,220,134
Less Accumulated depreciation	-	(90,496)	(1,794,439)	(25,688)	(1,117)	-	(1,911,740)
Net book amount	84,084	26,951	175,393	15,923	54	5,989	308,394

On 14 June 2017, there was a fire occurred at the power sub-station of the Company. From this incident, building, machinery and equipment, which are fully depreciated were partially damaged. For the years ended 31 March 2019 and 2018, the Company received full amount of final damaged claim payment from insurance companies amounting to Baht 24 million and Baht 25 million, respectively which were recorded as other income in the statement of comprehensive income (Note 17).

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

11 Intangible assets, net

	Computer software Thousand Baht	Software under installation Thousand Baht	Total Thousand Baht
As at 1 April 2018			
Cost	3,601	-	3,601
<u>Less</u> Accumulated amortisation	(2,868)	-	(2,868)
Net book amount	733	-	733
For the year ended 31 March 2019			
Opening net book amount	733	-	733
Amortisation charge	(282)	-	(282)
Closing net book amount	451	-	451
As at 31 March 2019			
Cost	3,601	-	3,601
<u>Less</u> Accumulated amortisation	(3,150)	-	(3,150)
Net book amount	451	-	451
For the year ended 31 March 2020			
Opening net book amount	451	-	451
Additions	-	5,802	5,802
Transfers	5,802	(5,802)	-
Amortisation charge	(604)	-	(604)
Closing net book amount	5,649	-	5,649
As at 31 March 2020			
Cost	9,403	-	9,403
<u>Less</u> Accumulated amortisation	(3,754)	-	(3,754)
Net book amount	5,649	-	5,649

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

12 Deferred tax assets, net

Deferred tax assets, net as at 31 March 2020 and 2019 comprise the following:

	2020 Thousand Baht	2019 Thousand Baht
Deferred tax assets		
- To be recovered within 12 months	2,040	2,023
- To be recovered more than 12 months	13,599	8,172
	<u>15,639</u>	<u>10,195</u>
Deferred tax liabilities		
- To be recovered within 12 months	-	(2)
- To be recovered more than 12 months	-	-
	<u>-</u>	<u>(2)</u>
Deferred tax assets, net	<u>15,639</u>	<u>10,193</u>

The movements of deferred tax assets, net for the years ended 31 March 2020 and 2019 comprise the following:

	2020 Thousand Baht	2019 Thousand Baht
Opening balance for the year	10,193	9,406
Increase to profit or loss	3,573	700
Increase to other comprehensive income	1,873	87
	<u>15,639</u>	<u>10,193</u>

	1 April 2019 Thousand Baht	Credited (charged) to profit or loss Thousand Baht	Credited (charged) to other comprehensive income Thousand Baht	31 March 2020 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	736	-	-	736
Allowance for obsolete inventories	907	-	-	907
Employee benefit obligations	8,552	3,571	1,873	13,996
	<u>10,195</u>	<u>3,571</u>	<u>1,873</u>	<u>15,639</u>
Deferred tax liabilities				
Derivative assets	(2)	2	-	-
	<u>(2)</u>	<u>2</u>	<u>-</u>	<u>-</u>
Deferred tax assets, net	<u>10,193</u>	<u>3,573</u>	<u>1,873</u>	<u>15,639</u>

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

	1 April 2018 Thousand Baht	Credited (charged) to profit or loss Thousand Baht	Credited (charged) to other comprehensive income Thousand Baht	31 March 2019 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	736	-	-	736
Allowance for obsolete inventories	907	-	-	907
Employee benefit obligations	7,778	687	87	8,552
	9,421	687	87	10,195
Deferred tax liabilities				
Derivative assets	(15)	13	-	(2)
	(15)	13	-	(2)
Deferred tax assets, net	9,406	700	87	10,193

13 Short-term borrowings from financial institutions

The movements of short-term borrowings from financial institutions for the years ended 31 March 2020 and 2019 comprise the following:

	2020 Thousand Baht	2019 Thousand Baht
Opening balance for the year	188,834	283,449
Additions during the year	1,146,410	1,135,371
Repayments during the year	(1,220,737)	(1,229,986)
Closing balance for the year	114,507	188,834

As at 31 March 2020, short-term borrowings from financial institutions in amount of Baht 115 million (2019 : Baht 189 million) bear interest rate at BIBOR+2.1% per annum (2019 : BIBOR+2% - BIBOR+2.1% per annum) and due from 1 April 2020 to 29 May 2020 (2019 : 1 April 2019 to 3 June 2019).

14 Trade and other payables

	2020 Thousand Baht	2019 Thousand Baht
Trade payables - other companies	151,496	179,979
- related parties (Note 22 b))	31,095	207,912
Other payables - other companies	364	11,056
- related parties (Note 22 b))	2,869	478
Advance received from customers	267	32
Accrued expenses	106,064	74,216
	292,155	473,673

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

15 Employee benefit obligations

	2020 Thousand Baht	2019 Thousand Baht
Statement of financial position:		
Retirement benefits	60,191	35,474
Other long-term benefits	7,804	5,386
Liability in the statement of financial position	67,995	40,860
Loss charge included in operating profit for:		
Retirement benefits	19,586	4,329
Other long-term benefits	2,883	963
	22,469	5,292
Remeasurement for in other comprehensive expense	9,367	437
	9,367	437

Employee benefit obligations are final salary retirement plans, which provide benefits to employees in the form of a guaranteed level of pension payable. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement.

The movements of employee benefit obligations for the years ended 31 March 2020 and 2019 comprise the following:

	Retirement benefits		Other long-term benefits	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Opening balance for the year	35,474	32,072	5,386	4,922
Current service cost	5,777	3,367	1,094	819
Past service cost from amendment bill to the Labour Protection Law	13,042	-	-	-
Interest cost	767	962	98	141
Remeasurements:				
Loss from change in demographic assumptions	2,524	575	296	255
(Gain) loss from change in financial assumptions	10,683	(580)	1,732	(191)
Experience (gain) loss	(3,840)	442	(337)	(61)
Employee benefit paid	(4,236)	(1,364)	(465)	(499)
Closing balance for the year	60,191	35,474	7,804	5,386

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The amended law will become effective 30 days after its publication. The main amendment is that the compensation for employees who have retired and have more than or equal to 20 years of service has changed from 300 day's pay to 400 day's pay. The effects of the amendment resulted to increase in the employee benefit obligations of Baht 13 million.

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

The principal actuarial assumptions used were as follows:

	2020 %	2019 %
Discount rates	1.43	2.99
Salary growth rate	4.89	5.02
Staff turnover rate	0.00 - 6.00	0.00 - 8.00

Sensitivity analysis for each significant assumption as at 31 March 2020 and 2019 are as follows:

	Change in assumption		Increase (decrease) to employee benefit obligations			
			Increase in assumption		Decrease in assumption	
	2020 %	2019 %	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Discount rate	1.00	1.00	(8,841)	(4,577)	10,617	5,455
Salary growth rate	1.00	1.00	9,568	4,896	(8,122)	(4,173)
Staff turnover rate	1.00	1.00	(9,194)	(4,854)	5,520	2,930

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the retirement benefits recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 16.02 years (2019 : 13.51 years).

Expected maturity analysis of undiscounted retirement benefits and long service awards are as follows:

	Less than 1 year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
As at 31 March 2020					
Retirement benefits	1,988	170	184	275,311	277,653
Post-employment medical benefits	782	606	2,492	21,195	25,075
Total	2,770	776	2,676	296,506	302,728
As at 31 March 2019					
Retirement benefits	3,256	3,410	171	207,674	214,511
Post-employment medical benefits	451	688	1,944	17,901	20,984
Total	3,707	4,098	2,115	225,575	235,495

16 Legal reserve

Under the Civil and Commerce Code, the Company is required to set aside as a legal reserve at least 5% of profit arising from the business of the Company at each dividend distribution until the reserve reaches 10% of the authorised capital. The legal reserve is non-distributable.

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

17 Other income

	2020 Thousand Baht	2019 Thousand Baht
Gain on exchange rate, net	-	384
Interest income	4,325	2,636
Compensation from insurance company	-	24,395
Others	2,139	5,948
	<u>6,464</u>	<u>33,363</u>

18 Expenses by nature

	2020 Thousand Baht	2019 Thousand Baht
Change in finished goods and work in process	(56,087)	179,874
Raw materials and consumables used	2,899,962	3,344,214
Store and supplies	217,900	339,676
Fuel	147,231	169,098
Depreciation and amortisation and amortisation of rolling mill	52,482	48,314
Utility expenses	474,365	462,011
Repair and maintenance expenses	173,479	192,517
Contractor fees	51,010	58,109
Management fees	87,580	85,241
Rental expenses	2,920	2,639
Employee benefits expenses	196,934	174,131

19 Income tax (income) expense

Income tax expense (income) for the years ended 31 March comprise of

	2020 Thousand Baht	2019 Thousand Baht
Current tax:		
Current tax on profits for the year	11,325	-
Total current tax	<u>11,325</u>	<u>-</u>
Increase in deferred tax assets (Note 12)	(3,571)	(687)
Decrease in deferred tax liabilities (Note 12)	(2)	(13)
Total deferred tax	<u>(3,573)</u>	<u>(700)</u>
Total income tax (income) expense	<u>7,752</u>	<u>(700)</u>

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic weighted average tax rate applicable to profit of the home country of the Company as follows:

	2020 Thousand Baht	2019 Thousand Baht
Profit (loss) before income tax	60,069	(25,106)
Tax calculated at a tax rate of 20% (2019 : 20%)	12,014	(5,021)
Tax effect of:		
- Temporary differences and unused tax losses not accounted for as deferred tax assets	-	4,287
- Expenses not deductible for tax purpose	186	34
- Utilisation of tax loss carried forward which was not recognised as deferred tax asset	(4,448)	-
Tax charge	7,752	(700)
	2020 Tax rate %	2019 Tax rate %
Effective tax rate	12.90	(2.79)

The tax credit/(charge) relating to component of other comprehensive income is as follows:

	2020			2019		
	Before tax Thousand Baht	Tax credit/ (charge) Thousand Baht	After tax Thousand Baht	Before tax Thousand Baht	Tax credit/ (charge) Thousand Baht	After tax Thousand Baht
Remeasurement on retirement benefit obligations	(9,367)	1,873	(7,494)	(437)	87	(350)
Other comprehensive income	(9,367)	1,873	(7,494)	(437)	87	(350)
Current tax		-			-	
Deferred tax (Note 12)		1,873			87	
		1,873			87	

20 Earnings (loss) per share

The basic earnings (loss) per share is calculated by dividing the profit (loss) for the year attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue during the year.

	2020	2019
For the years ended 31 March		
Net profit (loss) attributable to ordinary shareholders of the Company (Thousand Baht)	52,317	(24,406)
Weighted average number of ordinary shares outstanding (Share)	1,200,000	1,200,000
Basic earnings (loss) per share (Baht per share)	43.60	(20.34)

21 Financial Instruments

21.1 Financial assets and liabilities in foreign currency

As at 31 March, the Company has outstanding balances of financial assets and liabilities in foreign currency as follows:

Currency	2020			2019		
	Amount		Average Exchange rate as at 31 March	Amount		Average Exchange rate as at 31 March
	Financial assets Thousand Baht	Financial liabilities Thousand Baht		Financial assets Thousand Baht	Financial liabilities Thousand Baht	
US dollars	92	10,620	32.67	402	6,716	31.81
Euro	-	2,933	35.96	-	2,525	35.72
Pound Sterling	-	-	40.28	-	312	41.61
Japanese Yen	-	49	0.30	-	43	0.29
Singapore Dollar	5	-	22.94	5	-	23.47

21.2 Foreign exchange forward contracts

As at 31 March 2019, the Company has foreign exchange forward contracts due to purchase of goods with maturity contracts not over 4 months as follows:

	2020		2019	
	Foreign currency amounts	Positive (negative) fair value Thousand Baht	Foreign Currency amounts	Positive (negative) fair value Thousand Baht
Foreign exchange forward contracts				
US Dollars	-	-	140,000	(6)

The fair value of foreign exchange forward contracts is determined by using rates quoted by the Company's counter parties to terminate the contracts at the date of statement of financial position and are within level 2 of the value hierarchy.

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

22 Related party transactions

Enterprises and individuals that directly or indirectly control or are controlled by or are under common control with the Company, including investment entities, associates, joint venture and individuals or entities having significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship between company and related parties:

Name	Type of Business	Relationship
Tata Steel Limited	Manufacture steel	Ultimate parent company
Tata Steel (Thailand) Public Company Limited	Investing	Major shareholder
The Siam Construction Steel Co., Ltd.	Manufacture steel bars	Common shareholders and managements
N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distributions and trading of steel bars, wire rods and small section products	Common shareholder and management
The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Same group of shareholders
NatSteel Trade international Pte. Ltd.	Trading	Same group of shareholders
NatSteel Recycling Pte. Ltd.	Trading	Same group of shareholders
Tata International Metals Asia Ltd.	Trading	Same group of shareholders
T S Asia (Hong Kong) Ltd.	Trading	Same group of shareholders
Tata Refractories Ltd.	Manufacture refractory	Same group of shareholders
NatSteel Holdings Pte. Ltd.	Manufacture steel	Same group of shareholders
Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
Tata International Singapore Pte. Ltd.	Trading	Same group of shareholders
Tata Steel IJmuiden BV	Manufacture steel	Same group of shareholders
Tata Consultancy Services (Thailand) Ltd.	Software services	Same group of shareholders
Tata Consultancy Services Ltd.	Software services	Same group of shareholders
Tata Services Limited	Training services	Same group of shareholders
Tata Sons Limited	Investment holdings and consultancy services	Same group of shareholders
Tata Steel Resources Australia Pte. Ltd.	Procurement	Same group of shareholders
Tata NYK Shipping Pte. Ltd.	Shipping	Same group of shareholders
Mjunction Services Limited	Trading and procurement	Same group of shareholders
T S Global Procurement Co. Pte. Ltd.	Trading	Same group of shareholders
Tata Steel International (UK) Ltd.	Shipping	Same group of shareholders
Tata Steel Nederland Services B.V.	Manufacture steel	Same group of shareholders
Tata South East Asia Limited	Manufacture steel	Same group of shareholders
TSN Wires Co., Ltd.	Manufacture galvanized steel wire	Same group of shareholders
Tata International Limited	Trading	Same group of shareholders
Tata Steel Processing and Distribution Limited	Processing and distribution steel	Same group of shareholders
Tata Projects Limited	Infrastructure projects	Same group of shareholders
Tata South East Asia (Cambodia) Ltd.	Trading	Same group of shareholders
Natsteel (Xiamen) Ltd.	Manufacture steel	Same group of shareholders
Tata Technologies (Thailand) Co., Ltd.	IT Services	Same group of shareholders
Tata Technologies Pte. Ltd.	IT Services	Same group of shareholders
Tata Motors (Thailand) Co.,Ltd.	Manufacture automobile	Same group of shareholders
Tata Communications (Thailand) Co.,Ltd.	IT and Telecommunication Services	Same group of shareholders
Tata International West Asia DMCC	Trading	Same group of shareholders
Tata AIG General Insurance Co., Ltd	Insurance	Same group of shareholders
Tata Power Co.,Ltd.	Generate, transmit and distribute electricity	Same group of shareholders

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

The following transactions were carried out with related parties:

- a) Related party transactions for the years ended 31 March 2020 and 2019

For the years ended 31 March	2020	2019
	Thousand	Thousand
	Baht	Baht
Revenues		
Sales		
N.T.S. Steel Group Public Company Limited	4,345,031	5,036,190
The Siam Construction Steel Co., Ltd.	15,144	11,278
Total	4,360,175	5,047,468
Interest income		
Tata Steel (Thailand) Public Company Limited	4,315	2,627
Expenses		
Purchases		
N.T.S. Steel Group Public Company Limited	119,544	289,963
The Siam Construction Steel Co., Ltd.	117,995	207,659
Tata International West Asia DMCC	21,680	5,264
Tata International Limited	18,518	13,976
Total	277,737	516,862
Interest expenses		
Tata Steel (Thailand) Public Company Limited	-	4
Management fee expenses		
Tata Steel (Thailand) Public Company Limited	87,580	85,241

The Company has made the service agreement with parent company which charges at cost plus method.

- b) Outstanding balance arising from sale/purchases of goods, services and others as at 31 March 2020 and 2019 are as follows:

	2020	2019
	Thousand	Thousand
	Baht	Baht
Trade receivable - related parties		
N.T.S. Steel Group Public Company Limited	244,822	426,537
The Siam Construction Steel Company Limited	1,343	1,281
Total	246,165	427,818
Other receivables - related parties		
Tata Steel (Thailand) Public Company Limited	270	399
N.T.S. Steel Group Public Company Limited	-	1,811
The Siam Construction Steel Company Limited	-	11
Total	270	2,221

The Siam Iron and Steel (2001) Company Limited
Notes to the Financial Statements
For the year ended 31 March 2020

	2020 Thousand Baht	2019 Thousand Baht
Trade payable - related parties		
N.T.S. Steel Group Public Company Limited	28,778	189,104
Tata Steel (Thailand) Public Company Limited	2,317	1,877
The Siam Construction Steel Company Limited	-	16,931
Total	31,095	207,912
Other payables - related parties		
N.T.S. Steel Group Public Company Limited	1,634	455
Tata Steel (Thailand) Public Company Limited	1,235	7
The Siam Construction Steel Company Limited	-	16
Total	2,869	478

c) Short-term loans to the parent company

The movements of short-term loans to the parent company for the years ended 31 March 2020 and 2019 comprise the following:

	2020 Thousand Baht	2019 Thousand Baht
Opening balance for the year	197,027	157,172
Net additions of loans during the year	42,563	39,855
Closing balance for the year	239,590	197,027

As at 31 March 2020, short-term loans to the parent company in the amount of Baht 240 million (2019 : Baht 197 million) bear interest rate at 1.50% per annum (2019 : 1.50% per annum), are non-collateralised loans and not specified maturity date.

23 Commitments

23.1 Letter of guarantee

Letters of guarantee issued by the financial institutions to the Electricity Generating Authority of Thailand and Provincial Electricity Authority as at 31 March 2020 and 2019 amounting to Baht 120 million and Baht 143 million, respectively, in the normal courses of business.

23.2 Capital commitments

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements is as follows:

	2020 Thousand Baht	2019 Thousand Baht
Buildings, machinery and equipment	8,381	8,125
Computer software	-	3,402

23.3 Operating lease commitments - where the Company is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

The Company leases various vehicles and office equipment. The minimum lease payments under these non-cancellable operating lease agreements are as follows:

	2020 Thousand Baht	2019 Thousand Baht
Not later than 1 year	2,948	892
Later than 1 year but not later than 5 years	4,950	1,816
	7,898	2,708

23.4 Commitments from letter of credit

Letters of credit opened but are not qualified as liabilities as at 31 March 2020 and 2019 are as follows:

	2020 Thousand	2019 Thousand
Currency		
US Dollars	42	187
Euro	187	-

24 Fair value measurement

Certain financial assets and financial liabilities of the Company are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets and financial liabilities	Positive (negative) fair value as at		Hierarchy	Valuation techniques and key inputs for fair value measurement
	31 March 2020 Thousand Baht	31 March 2019 Thousand Baht		

Financial liabilities

Foreign currency forward contracts (including in other current liabilities)	-	6	Level 2	Discounted cash flows. The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
---	---	---	---------	--