



NATSTEEL ASIA PTE LTD
(Registration No. 200404147Z)

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

NATSTEEL ASIA PTE LTD

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

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NATSTEEL ASIA PTE LTD

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the financial year ended March 31, 2015.

1 DIRECTORS

The directors of the company in office at the date of this report are:

Vivek Madan Kamra
Ashish Anupam (Appointed on April 27, 2015)
Sanjib Nanda (Appointed on May 9, 2014)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the Register of Directors' Shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

<u>Name of directors and companies in which interests are held</u>	<u>Shareholdings registered in name of director</u>		<u>Shareholdings in which director are deemed to have an interest</u>	
	<u>At beginning of year or date of appointment if later</u>	<u>At end of year</u>	<u>At beginning of year or date of appointment if later</u>	<u>At end of year</u>
<u>Tata Steel Limited</u>				
Ordinary shares of Rupees 10 each				
Vivek Madan Kamra	104	104	240	240
Sanjib Nanda	484	484	-	-

NATSTEEL ASIA PTE LTD

REPORT OF THE DIRECTORS

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that the directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the company were granted.

(b) *Options exercised*

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

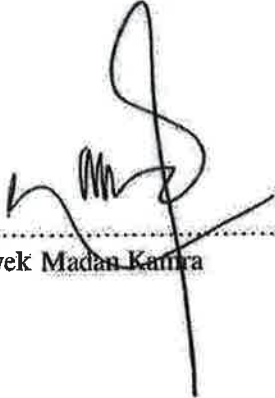
At the end of the financial year, there were no unissued shares of the company under option.

NATSTEEL ASIA PTE LTD

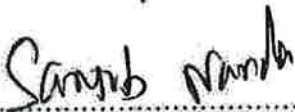
REPORT OF THE DIRECTORS

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.



Vivek Madan Kamra



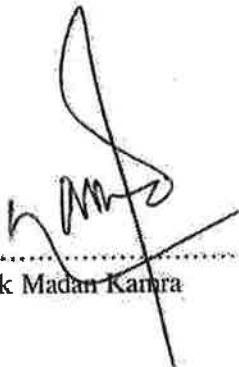
Sanjib Nanda

Date: 26 MAY 2015

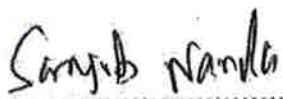
NATSTEEL ASIA PTE LTD

STATEMENT OF DIRECTORS

In the opinion of the directors, the financial statements of the company as set out on pages 7 to 29 are drawn up so as to give a true and fair view of the state of affairs of the company as at March 31, 2015, and of the results, changes in equity and cash flows of the company for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.



.....
Vivek Madan Kamra



.....
Sanjib Nanda

Date: 26 MAY 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

NATSTEEL ASIA PTE LTD

Report on the Financial statements

We have audited the accompanying financial statements of NatSteel Asia Pte Ltd (the "company") which comprise the statement of financial position of the company as at March 31, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 29.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore 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 judgement, 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 of financial statements that give a true and fair view 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
NATSTEEL ASIA PTE LTD**

Opinion

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at March 31, 2015 and of the results, changes in equity and cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

May 26, 2015

NATSTEEL ASIA PTE LTD

STATEMENT OF FINANCIAL POSITION
As at March 31, 2015

	<u>Note</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	7	3,085	5,039
Other receivables	8	-	61,591
Total current assets		<u>3,085</u>	<u>66,630</u>
Non-current assets			
Subsidiaries	9	1,437	1,437
Other receivables	8	346,787	346,787
Total non-current assets		<u>348,224</u>	<u>348,224</u>
Total assets		<u>351,309</u>	<u>414,854</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Bank loan	10	-	61,500
Other payables	11	7,002	9,008
Income tax payable		74	347
Total current liabilities		<u>7,076</u>	<u>70,855</u>
Capital and reserves			
Share capital	12	281,437	281,437
Retained earnings		62,796	62,562
Total equity		<u>344,233</u>	<u>343,999</u>
Total liabilities and equity		<u>351,309</u>	<u>414,854</u>

See accompanying notes to financial statements.

NATSTEEL ASIA PTE LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended March 31, 2015

	<u>Note</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
Other operating income - net	13	9,005	42,829
Reversal of impairment loss in associates		-	171
Administrative expenses		(16)	72
Finance costs		<u>(18)</u>	<u>(709)</u>
Profit before income tax		8,971	42,363
Income tax (expense) credit	14	<u>(209)</u>	<u>1</u>
Profit for the year, representing total comprehensive income for the year	15	<u>8,762</u>	<u>42,364</u>

See accompanying notes to financial statements.

NATSTEEL ASIA PTE LTD

STATEMENT OF CHANGES IN EQUITY

Year ended March 31, 2015

	<u>Share capital</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Balance at April 1, 2013	281,437	97,053	378,490
Profit for the year, representing total comprehensive income for the year	-	42,364	42,364
Transactions with owners, recognised directly in equity:			
- Dividends (Note 16)	-	(66,700)	(66,700)
- Arising from fair value of long-term interest-free loan (Note 17)	<u>-</u>	<u>(10,155)</u>	<u>(10,155)</u>
Total	<u>-</u>	<u>(76,855)</u>	<u>(66,700)</u>
Balance at March 31, 2014	281,437	62,562	343,999
Profit for the year, representing total comprehensive income for the year	-	8,762	8,762
Transaction with owners, recognised directly in equity:			
- Arising from fair value of long-term interest-free loan (Note 17)	<u>-</u>	<u>(8,528)</u>	<u>(8,528)</u>
Balance at March 31, 2015	<u>281,437</u>	<u>62,796</u>	<u>344,233</u>

See accompanying notes to financial statements.

NATSTEEL ASIA PTE LTD

STATEMENT OF CASH FLOWS
Year ended March 31, 2015

	<u>Note</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
Operating activities			
Profit before income tax		8,971	42,363
Adjustments for:			
Deemed interest income	13	(8,528)	(10,510)
Interest income	13	(35)	(761)
Finance costs		18	709
Gain on disposal of associates	13	-	(30,367)
Reversal of allowance for impairment loss on investment in associate	15	-	(171)
Deemed gain arising from early partial repayment of loan to related company	13	-	(1,085)
Dividend income from a subsidiary	13	(208)	-
Operating cash flows before movements in working capital		218	178
Other receivables		2	-
Trade payables		-	(53)
Other payables		(1,929)	(31,599)
Cash used in operations		(1,709)	(31,474)
Income tax paid		(482)	(27)
Net cash used in operating activities		(2,191)	(31,501)
Investing activities			
Interest received		124	710
Proceeds from disposal of associates		-	34,309
Dividend received		208	-
Repayment of loan by related companies		61,500	129,199
Net cash from investing activities		61,832	164,218
Financing activities			
Proceeds from bank borrowings		-	61,500
Repayments of bank borrowings		(61,500)	(124,000)
Dividend paid		-	(66,700)
Finance cost paid		(95)	(667)
Net cash used in financing activities		(61,595)	(129,867)
Net (decrease) increase in cash and cash equivalents		(1,954)	2,850
Cash and cash equivalents at beginning of year		5,039	2,189
Cash and cash equivalents at end of year		<u>3,085</u>	<u>5,039</u>

See accompanying notes to financial statements.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

1 GENERAL

The company (Registration No. 200404147Z) is incorporated in Singapore with its principal place of business and registered office at 22 Tanjong Kling Road, Singapore 628048. The financial statements are expressed in Singapore dollars.

The principal activity of the company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

The financial statements of the company for the year ended March 31, 2015 were authorised for issue by the Board of Directors on May 26, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described in Note 4(b)(v).

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after April 1, 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRS and amendments to FRS that are relevant to the company were issued but not effective:

- FRS 109 *Financial Instruments*
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)
- Improvements to Financial Reporting Standards (November 2014)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS and amendments to FRS in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption.

BASIS OF CONSOLIDATION - One set of consolidated financial statements of the company and its subsidiaries have not been prepared as the company is a wholly-owned subsidiary of Tata Steel Limited, incorporated in India, which prepares consolidated financial statements and are available for public use.

The registered office of Tata Steel Limited is at Bombay House, 24 Homi Mody Street, Mumbai 400001, India.

SUBSIDIARIES - A subsidiary is an entity controlled by the company. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Investments in subsidiaries are stated at cost, less any impairment in net recoverable value.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Other receivables

Other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. 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.

For financial assets carried at amortised cost, 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 original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is 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 profit or loss.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

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.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loan is initially measured at fair value, and is subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

IMPAIRMENT OF ASSETS - At the end of each reporting period, the company reviews the carrying amounts of its 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.

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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

Dividend income

Dividend income is recognised when the shareholders' rights to receive payment have been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - Interest expenses are recognised in profit or loss in the period in which they are incurred.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in statement of profit or loss and other 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 not taxable or tax deductible. The company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company operates by the end of the reporting period.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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 end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the company are measured and presented in Singapore dollars, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the company's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimates (see below).

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(a) Impairment in value of investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment loss. The company follows the guidance of FRS 36 *Impairment of Assets* to determine when its investments in subsidiaries are impaired. This determination requires significant judgement. In making this judgement, the company evaluates, among other factors, the market and economic environment in which the subsidiaries operate, economic performance of these entities, the duration and extent to which the cost of investments in these entities exceed their net tangible assets values and fair value of investments less cost to sell.

During the year, the company has considered and assessed the value of its investments in subsidiaries.

As at March 31, 2015, no impairment charge was recorded against the investment in subsidiaries (2014 : \$Nil) as management had assessed that there was no indicator of impairment (Note 9).

If the performance of the subsidiaries and/or market condition was to deteriorate which will affect the company's investments in subsidiaries, impairment may be required.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	<u>2015</u> \$'000	<u>2014</u> \$'000
<u>Financial assets</u>		
Loans and receivables (including cash and cash equivalents)	<u>349,872</u>	<u>413,417</u>
<u>Financial liabilities</u>		
Amortised cost	<u>7,002</u>	<u>70,508</u>

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS
AND CAPITAL RISKS MANAGEMENT (cont'd)**

(b) *Financial risk management policies and objectives*

Management monitors and manages the financial risks relating to the operations of the company to ensure appropriate measures are implemented in a timely and effective manner. The company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the company. In the current year, there has been no significant change to the company's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The company is exposed to changes in foreign exchange rates primarily with respect to the United States dollar.

At the reporting date, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the company's functional currency are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
United States dollar	<u>3,082</u>	<u>5,035</u>	<u>-</u>	<u>-</u>

Foreign currency sensitivity

The following sensitivity table details the company's sensitivity to a 10% increase and decrease in the relevant foreign exchange against the functional currency of the company for outstanding foreign currency denominated monetary items at the end of the reporting period. If the relevant foreign currency strengthens by 10% against the functional currency of the company, profit for the year will increase by:

	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Impact of:		
United States dollar	<u>308</u>	<u>504</u>

If the relevant foreign currency weakens by 10% against the company's functional currency, the effect on profit for the year will be vice versa.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS
AND CAPITAL RISKS MANAGEMENT (cont'd)**

(ii) Interest rate risk management

In 2015, the company does not have any significant interest bearing financial asset or financial liability and is therefore not exposed to significant interest rate risk.

In 2014, the company was exposed to minimal interest rate risk as the fixed deposit, short term bank loan and short term loan receivable from a related company carried fixed interest rate of 0.62%, 1.7543% and 1.8543% per annum respectively. Accordingly, no sensitivity analysis was prepared.

The terms of the fixed deposit, bank loan and loan receivables from related company are disclosed in Notes 7, 10 and 8 respectively, to the financial statements.

The company has certain non-current loan receivables due from a related company which are carried at amortised costs (Note 8) where effective interest rate has been fixed over the loan period.

(iii) Credit risk management

The company's ownership of financial assets involves the risk that counter parties may be unable to settle their financial and contractual obligations to the company, resulting in financial losses.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk.

The company's credit risk exposure arise mainly from receivables due from 1 (2014 : 2) related company which account for 100% (2014 : 99.9%) of total receivables. In respect of these receivables, management has assessed such credit risk to be minimal. The company is not exposed to credit risk from third parties.

(iv) Liquidity risk management

As at March 31, 2015, the company has current liabilities in excess of current assets. Management has assessed that the company has sufficient unused credit facilities as at year-end. In addition, funding arrangement from a related company is available as and when required by the company to meet its liabilities when they fall due. Based on the above, management has assessed that there are no material uncertainties on the company's ability to continue as a going concern

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS
AND CAPITAL RISKS MANAGEMENT (cont'd)

As part of the regional treasury arrangement, the company's funds are swept to a related company's designated bank account at the end of each working day. These funds are readily available and can be transferred back from its related company for working capital purpose as and when required.

Liquidity risk analysis

Financial liabilities

The following are the expected remaining contractual maturity of financial liabilities (including interest payables) which represents undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay:

In 2015, the financial liabilities of the company are due on demand or within 1 year and are non-interest bearing.

	Contractual cash flows (including interest payments)			Adjustment \$'000	Carrying amount \$'000
	On demand or within 1 year \$'000	Within 2 years to 5 years \$'000	Total amount \$'000		
<u>2014</u>					
Interest bearing	61,518	-	61,518	(18)	61,500
Non-interest bearing	<u>9,008</u>	<u>-</u>	<u>9,008</u>	<u>-</u>	<u>9,008</u>
	<u>70,526</u>	<u>-</u>	<u>70,526</u>	<u>(18)</u>	<u>70,508</u>

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NOTES TO FINANCIAL STATEMENTS

March 31, 2015

**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS
AND CAPITAL RISKS MANAGEMENT (cont'd)**

Financial assets

The following are the expected remaining contractual maturity of financial assets (including interest receivables) which represents undiscounted cash flows of financial assets based on the earliest date on which the company can be required to receive:

	Contractual cash flows (including interest payments)			Adjustment \$'000	Carrying amount \$'000
	On demand or within 1 year \$'000	Within 2 years to 5 years \$'000	Total amount \$'000		
<u>2015</u>					
Non-interest bearing	3,085	-	3,085	-	3,085
Deemed interest bearing	-	<u>349,661</u>	<u>349,661</u>	<u>(2,874)</u>	<u>346,787</u>
	<u>3,085</u>	<u>349,661</u>	<u>352,746</u>	<u>(2,874)</u>	<u>349,872</u>
<u>2014</u>					
Interest bearing	63,746	-	63,746	(25)	63,721
Non-interest bearing	2,909	-	2,909	-	2,909
Deemed interest bearing	-	<u>349,661</u>	<u>349,661</u>	<u>(2,874)</u>	<u>346,787</u>
	<u>66,655</u>	<u>349,661</u>	<u>416,316</u>	<u>(2,899)</u>	<u>413,417</u>

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, other current receivables, other payables and bank loan approximate their respective fair values due to the relatively short-term maturity of these financial instruments, except for certain long-term receivables due from a related company which are measured at amortised cost as disclosed in Note 8.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Management classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie: as prices) or indirectly (ie: derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(c) *Capital risk management policies and objectives*

The company manages its working capital structure to ensure that the company will be able to continue as a going concern. The capital structure of the company consists of issued capital, capital reserve and retained earnings. The company's overall strategy remains unchanged from the previous financial year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a wholly-owned subsidiary of Tata Steel Limited, incorporated in India, which is also the company's ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Other than as disclosed elsewhere in the financial statements, significant transactions with related companies during the year are as follows:

	<u>2015</u> \$'000	<u>2014</u> \$'000
Interest income arising from loan to a related company	19	750
Dividend income from a subsidiary	<u>208</u>	<u>-</u>

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

6 OTHER RELATED PARTY TRANSACTIONS

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Compensation of directors and key management personnel

There are no key management personnel other than the directors of the company. These directors are paid remuneration by related corporations, for their capacity as directors and/or executives of these related corporations.

7 CASH AND CASH EQUIVALENTS

	<u>2015</u> \$'000	<u>2014</u> \$'000
Cash and bank balances	3,085	2,818
Fixed deposits (unsecured)	-	<u>2,221</u>
	<u>3,085</u>	<u>5,039</u>

In 2014, short-term deposits at the end of the reporting period had a maturity of 6 months from the end of the financial year and bore an interest rate of 0.62% per annum.

8 OTHER RECEIVABLES

	<u>2015</u> \$'000	<u>2014</u> \$'000
Current portion:		
Related company (Note 5):		
Loan ⁽¹⁾	-	61,500
Others	-	<u>91</u>
Total current portion	<u>-</u>	<u>61,591</u>
Non-current portion:		
Loan to related company (Note 5) ⁽²⁾	<u>346,787</u>	<u>346,787</u>
Total current and non-current portion	<u>346,787</u>	<u>408,378</u>

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

8 OTHER RECEIVABLES (cont'd)

- (1) Balance at March 31, 2014 related to a loan provided to a related company of \$61,500,000 during the year. The loan was unsecured and bore fixed interest rate of 1.8543% per annum. It was fully paid in April 2014.
- (2) In financial year ended 2009, the company provided a loan to a related company, with an original value of \$402,696,171. This loan was interest-free, unsecured and repayable in 5 years. The loan was measured at amortised cost using the effective interest rate of 3.2075% and arising from the discounting was a fair value of \$56,649,266, which was directly debited in equity.

In July 2014, the tenure of loan was renewed for another 1 year at an effective interest rate of 2.50%, and repayable in July 2015. The amortised cost at March 31, 2015 was \$346,786,970. The effective interest rate applied is based upon the borrowing rate which the management expects would be available to the related company. Management is of the view that the carrying amount of the loan approximates its fair value.

Subsequent to year-end, the company has entered into an arrangement to renew the tenure of the loan for another 1 year with effect from the current maturity. Accordingly, the company has continued to classify the balance as non-current.

9 SUBSIDIARIES

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Unquoted equity shares, at cost	<u>1,437</u>	<u>1,437</u>

Details of the company's subsidiaries at the end of the reporting periods are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation and operation</u>	<u>Proportion of ownership interest and voting power held</u>		<u>Principal activities</u>
		<u>2015</u>	<u>2014</u>	
		%	%	
Tata Steel Resources Australia Pty Ltd ⁽¹⁾	Australia	100	100	Dormant
Tata Steel Asia (Hong Kong) Limited	Hong Kong	100	100	Trading of chrome products

- (1) Cost of investment in unquoted equity shares in subsidiary is less than \$1,000. The subsidiary is placed under voluntary liquidation.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

10 BANK LOAN

	<u>2015</u> \$'000	<u>2014</u> \$'000
Bank loan - Unsecured	<u>-</u>	<u>61,500</u>

In 2014, the bank loan was unsecured and bore interest rate at 1.7543% per annum. It was fully repaid on April 7, 2014. The carrying amount approximated its fair value due to its relatively short-term maturity.

11 OTHER PAYABLES

	<u>2015</u> \$'000	<u>2014</u> \$'000
Related company (Note 5)	6,990	8,927
Accrued operating expenses	<u>12</u>	<u>81</u>
	<u>7,002</u>	<u>9,008</u>

12 SHARE CAPITAL

	<u>2015</u> \$'000	<u>2014</u> \$'000
Issued and paid up:		
At the beginning and end of the year	<u>281,437</u>	<u>281,437</u>

Fully paid ordinary shares which have no par value, carry one vote per share and a right to dividend as and when declared by the company.

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

13 OTHER OPERATING INCOME - NET

	<u>2015</u> \$'000	<u>2014</u> \$'000
Deemed interest income arising from loan to a related company (Note 5)	8,528	10,510
Interest income arising from loan to a related company (Note 5)	19	750
Interest income from fixed deposit	16	11
Foreign currency exchange adjustment - net	234	(1)
Gain on sales of associates	-	30,367
Deemed gain arising from early partial repayment of loan to a related company (Note 5)	-	1,085
Dividend received from a subsidiary (Note 5)	208	-
Others	-	107
	<u>9,005</u>	<u>42,829</u>

14 INCOME TAX EXPENSE (CREDIT)

	<u>2015</u> \$'000	<u>2014</u> \$'000
Tax expenses comprises:		
Under (Over) provision of prior years' current tax	161	(1)
Tax for foreign interest remitted	48	-
Total tax expense (credit)	<u>209</u>	<u>(1)</u>

Domestic income tax is calculated at 17% of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	<u>2015</u> \$'000	<u>2014</u> \$'000
Profit before tax	<u>8,971</u>	<u>42,363</u>
Income tax expense calculated at 17%	1,525	7,202
Effect of profit that is not taxable	(1,450)	(7,162)
Effect on prior year income tax adjustment	161	(1)
Tax for foreign interest remitted	48	-
Others	(75)	(40)
Total income tax expense (credit)	<u>209</u>	<u>(1)</u>

NATSTEEL ASIA PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

15 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	<u>2015</u> \$'000	<u>2014</u> \$'000
Reversal of impairment loss on investment in associate	-	(171)
Net foreign exchange (gain) loss	<u>(234)</u>	<u>1</u>

There are no staff costs incurred in 2015 and 2014. Administrative service was performed by the company's related company.

16 DIVIDENDS

In 2014, the company declared a final tax-exempt one-tier dividend of \$21,700,000, equivalent to \$0.07711 per ordinary share of the company, in respect of the financial year ended March 31, 2013 and an interim tax-exempt one-tier dividend of \$45,000,000, equivalent to \$0.1599 per ordinary share of the company, in respect of the financial year ended March 31, 2014.

17 FAIR VALUE OF INTEREST-FREE LOAN

This relates to appropriate fair value accounting treatment under Financial Reporting Standard 39 *Financial Instruments: Recognition and Measurement* on an unsecured interest-free long-term loan to a related company (Note 5).