T S GLOBAL HOLDINGS PTE LTD
(Incorporated in Singapore. Registration Number: 200813139E)

ANNUAL REPORT
For the financial year ended 31 March 2019

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DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

The directors present their statement to the members together with the audited financial statements for the financial year ended 31 March 2019.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 40 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(b) 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.

Directors

The directors of the Company in office at the date of this statement are as follows:

Mr Koushik Chatterjee
Mr Sandip Biswas
Mr Ranganath Raghupathy Rao
Ms Simran Sethi

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.03.2019	At 1.4.2018 or date of appointment, if later	At 31.03.2019	At 1.4.2018 or date of appointment, if later
Tata Steel Limited (No. of ordinary shares of Rs. 10 each)				
Koushik Chatterjee	**1,320**	1,320		
Sandip Biswas	**3,868**	3,868		

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

Simran Sethi	**Sandip Biswas**

[Date]

Independent Auditor's Report to
The Members of the T S Global Holdings Pte Ltd

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of T S Global Holdings Pte. Ltd. (the "Company") as at 31 March 2019, and of the financial performance, changes in equity and cash flows for the year ended on that date.

What we have audited

The Company's financial statements comprise:

- the statement of financial position of the Company as at 31 March 2019;
- the statement of profit or loss and other comprehensive income of the Company for the year then ended;
- the statement of changes in equity of the Company for the year then ended;
- the statement of cash flows of the Company for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Other Matter

The financial statements for the preceding financial year were reported on by audit firm PricewaterhouseCoopers LLP. The auditor's report dated________, 2019 issued by the predecessor audit firm on the financial statements for the financial year ended March 31, 2019 was unqualified.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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's 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 provision of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 2019

T S GLOBAL HOLDINGS PTE LTD

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2019

	Note	**2019 £'000**	2018 £'000
Other income			
- Interests	4	**313,043**	214,414
- Dividends	4	**22,300**	419,000
Other gains/(losses)			
- Impairment losses of financial assets		**-**	(127,500)
- Others	5	**(95,265)**	132,514
Expenses			
- Administrative	6	**(24,876)**	(34,210)
- Finance	7	**(168,760)**	(92,764)
Profit before income tax		**46,442**	511,454
Income tax expense	8	**(33,053)**	(22,338)
Profit for the year, representing total comprehensive income for the year		**13,389**	489,116

The accompanying notes form an integral part of these financial statements.

T S GLOBAL HOLDINGS PTE LTD

BALANCE SHEET
As at 31 March 2019

	Note	2019 £'000	2018 £'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**3,157**	30,029
Other receivables	10	**50,206**	2,036
Derivative financial instruments	11	**-**	2,439
Loan to related corporation	12	**1,360,724**	962,144
		1,414,087	996,648
Non-current assets			
Loan to related corporation	12	**2,876,077**	2,098,491
Investments in subsidiary	13	**846,995**	818,888
Other receivables	10	**434,746**	197,040
Property, plant and equipment	14	*****	*
		4,157,818	3,114,419
Total assets		**5,571,905**	4,111,067
LIABILITIES			
Current liabilities			
Trade and other payables	15	**35,618**	34,989
Derivative Financial Instruments	11	**36**	199
Current income tax liabilities	8(b)	**1,120**	1,232
Borrowings	16	**1,584,718**	885,204
		1,621,492	921,624
Non-current liabilities			
Borrowings	16	**3,152,867**	2,839,471
Deferred income tax liabilities	17	**123,127**	89,351
		3,275,994	2,928,822
Total liabilities		**4,897,486**	3,850,446
NET ASSETS		**674,421**	260,621
EQUITY			
Share capital	18	**4,849,414**	4,849,414
Equity Portion of Preference Shares	13	**603,194**	204,389
Capital Reserve		**1,068,832**	1,065,038
Retained Earnings		**(5,847,019)**	(5,585,220)
Total equity		**674,421**	260,621

* Amount is less than £ 1,000

The accompanying notes form an integral part of these financial statements.

T S GLOBAL HOLDINGS PTE LTD

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2019

	Note	Share capital £'000	Other Equity £'000	Capital reserve £'000	Retained profits £'000	Total equity £'000
2019						
Balance as at 1 April 2018		4,849,414	204,389	1,065,038	(5,858,220)	260,621
Profit for the year, representing total comprehensive income for the year		-	-	-	11,201	11,201
Equity portion of redeemable preference shares issued	16	-	398,805	-	-	398,805
Transaction with owners, Recognised directly in equity:						
Deemed Capital Contribution	19	-	-	3,794	-	3,794
End of financial year		**4,849,414**	**603,194**	**1,068,832**	**(5,847,091)**	**674,421**
2018						
Beginning of financial year		4,849,414	-	1,060,603	(6,347,336)	(437,319)
Profit for the year, representing total comprehensive income for the year		-	-	-	489,116	489,116
Equity portion of redeemable preference shares issued	16	-	204,389	-	-	204,389
Transaction with owners, Recognised directly in equity:						
Deemed Capital Contribution	19	-	-	4,435	-	4,435
End of financial year		**4,849,414**	**204,389**	**1,065,038**	**(5,858,220)**	**260,621**

The accompanying notes form an integral part of these financial statements.

T S GLOBAL HOLDINGS PTE LTD

STATEMENT OF CASH FLOWS

For the financial year ended 31st March 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit before tax		**46,442**	511,454
Adjustments for:			
- Depreciation		*****	1
- Fair value (gain)/loss on derivative financial instruments		**2,276**	(2,096)
- Interest income		**(313,043)**	(214,414)
- Dividend income		**(22,300)**	(419,000)
- Interest expense		**168,759**	92,764
- Impairment loss in subsidiaries		**-**	127,500
- Unrealised foreign exchange loss/(gain)		**(6,439)**	(232,819)
		(124,305)	(136,610)
Changes in working capital:			
- Trade and other receivables		**119**	(45)
- Trade and other payables		**(3,402)**	13,211
Cash generated from operations		**(127,946)**	(123,444)
Income tax paid		**(1,578)**	(1,264)
Net cash provided by operating activities		**(129,166)**	(124,708)
Cash flows from investing activities			
Investment in subsidiaries		**-**	(317,182)
Loans and advances due from subsidiaries		**(2,122,372)**	(1,696,052)
Repayment of loans due from subsidiaries		**959,303**	837,046
Dividends received		**22,300**	419,000
Interest received		**24,627**	17,650
Net cash used in investing activities		**(1,116,143)**	(739,538)
Cash flows from financing activities			
Loans and advances due to subsidiaries		**11,042,868**	1,829,697
Repayment of loans due to subsidiaries		**(11,825,485)**	(1,431,865)
Interest paid		**(122,184)**	(98,491)
Issue of non-cumulative redeemable preference share		**949,333**	554,131
Issue of compulsorily convertible preference share		**1,316,626**	-
Redemption of compulsorily convertible preference share		**(142,720)**	-
Net cash provided by/(used in) financing activities		**1,218,438**	853,472
Net increase in cash and cash equivalents		**(26,872)**	(10,774)
Cash and cash equivalents			
Beginning of financial year	9	**30,029**	40,803
Cash and cash equivalents at end of financial year	9	**3,157**	30,029

* Amount is less than £ 1,000

STATEMENT OF CASH FLOWS

For the financial year ended 31st March 2019

Reconciliation of liabilities arising from financial activities

	1 April £'000	Proceeds from borrowings £'000	Principal and interest payments £'000	Equity portion of compound financial instrument	Non-cash changes £'000 Modification of bank borrowings £'000	Interest Expense £'000	Foreign exchange movement £'000	31 March £'000
Bank borrowings/ICD								
2019	3,737,010	13,308,827	(12,090,389)	(398,805)	20,575	148,184	28,549	4,753,951
2018	3,238,478	2,383,828	(1,530,356)	(204,389)	6,463	86,301	(243,315)	3,737,010

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company (Registration No. 200813139E) 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 Great Britain Pounds.

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

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The financial statements of the Company for the year ended March 31, 2019 were authorised for issue by the Board of Directors on………

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2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below:

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2019

On 1 April 2018, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The management has evaluated the potential impact of the FRS 109 in the financial statements of the company and the effect of the same has already been taken in the books.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

The management has evaluated the potential impact of the FRS 115 in the financial statements of the company and the effect of the same has already been taken in the books.

Basis of consolidation

The financial statements of the subsidiaries have not been consolidated with the Company’s financial statements as the Company itself is a wholly-owned subsidiary of Tata Steel Limited, incorporated in India, which prepares consolidated financial statements on a worldwide basis. Such financial statements are publicly available.

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

SUBSIDIARIES - A subsidiary is an entity that is controlled by another entity.

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.

Investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Provisions

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

2.2 Revenue from contracts with customers

(a) Interest income

Interest income is recognised using the effective interest rate method.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

2.3 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.4 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.5 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Office equipment	1 to 3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.7 Financial assets

(a) The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

(i) Loans and receivables

Cash and bank deposits
Trade and other receivables
Loan to related corporation

Bank balances, trade and other receivables and loan to related corporation are initially recognised at fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets are reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(a) The accounting for financial assets before 1 January 2018 under FRS 39 are as follows: (continued)

(ii) Financial assets, available-for-sale

Financial assets, available-for-sale are initially recognised at fair values plus transaction costs and subsequently carried at fair values. Changes in fair values are recognised in other comprehensive income and accumulated in the fair value reserve within equity.

These financial assets are recognised on the date which the Company commits to purchase the asset. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired. Significant or prolonged decline in the fair value of an equity security below its cost is objective evidence that the security is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through the profit or loss in subsequent period.

On disposal, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(b) The accounting for financial assets from 1 January 2018 under FRS 109 are as follows:
The Company classifies its financial assets into the following measurement categories:

• Amortised cost;
• Fair value through other comprehensive income (FVOCI); and
• Fair value through profit or loss (FVPL).

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.
The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(b) The accounting for financial assets from 1 January 2018 under FRS 109 are as follows: (continued)

(i) *At initial recognition*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) *At subsequent measurement*

1. Debt instrument

Debt instruments of the Company mainly comprise of cash and bank deposits, trade receivables and loan to related corporation.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(b) The accounting for financial assets from 1 January 2018 under FRS 109 are as follows: (continued)

(ii) *At subsequent measurement* (continued)

1. Debt instrument (continued)

For trade receivable, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For loan to related corporation and cash and bank deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Equity investments

The Company subsequently measures all its equity investments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gain/(losses)”, except for those equity securities which are not held for trading.

The Company has elected to recognise the changes in fair value of equity investments not held for trading in other comprehensive income as these are strategic investments and the Company considered this to be more relevant. Movement in fair values of investments classified as FVOCI are presented as “fair value gain and losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

Regular way purchases and sales of these financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

On disposal, the differences between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and the sale proceed amount would be recognised in other comprehensive income and transferred to retained earnings along with the amount previously recognised in other comprehensive income relating to that asset.

2.8 Derivative financial instruments

A derivative financial instruments for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

2.9 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.10 Borrowing

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of FRS 115; and

(b) the amount of expected loss computed using impairment methodology under FRS 109.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amount payable to the banks in the event it is probable that the Company will reimburse the bank.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current

2. Significant accounting policies (continued)

borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.14 Currency translation

The financial statements are presented in Great Britain Pound, which is the functional currency of the Company.

Transactions in a currency other than Great Britain Pound ("foreign currency") are translated into Great Britain Pound using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance cost'. All other foreign exchange gains and losses impacting profit or loss are presented within 'other gains/losses'.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions 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.

(i) (a) 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.

(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:

Assessment of impairment of investment in subsidiaries and receivables due from 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 and estimates. 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 ended March 31, 2019, no impairment was assessed to be necessary for the subsidiaries based on the recoverable amount.

During the year ended March 31, 2018, the management carried out an estimate of the recoverable amount of three of its material subsidiaries, Tata Steel Europe Limited, T S Global Minerals Pte Ltd and NatSteel Holdings Pte. Ltd. as indicators of impairment existed. The recoverable amount of Tata Steel Europe Limited and T S Global Minerals Pte Ltd was determined based on the estimation of the value in use of cash generating units of the underlying subsidiaries of Tata Steel Europe Limited and T S Global Minerals Pte Ltd. The recoverable amount of NatSteel Holdings Pte Ltd was determined based on the carrying amount of the investee's net assets.

The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. The cash flow forecasts were derived from the most recent financial budgets approved by the management, for 15 years at zero growth rate of the cash generating units for Tata Steel Europe Limited and a period of 16 years at zero growth rate of the cash generating units for T S Global Minerals Holdings Pte. Ltd. Discount rate of 8.2% and discount rates in the range of 8.25% to 10.1% are used to discount the future cash flows of the cash generating units for Tata Steel Europe Limited and T S Global Minerals Holdings Pte. Ltd respectively.

Based on the assessment performed, management had made a provision for impairment loss of £127,500,000 in T S Global Minerals Holdings Pte. Ltd. No impairment was assessed to be necessary for other subsidiaries based on the recoverable amount.

4. Other income

	2019	2018
	£'000	£'000
Interest income from financial assets measured at amortised cost		
- Bank	**959**	776
- Loan to related corporation (Note 21)	**311,335**	212,785
- Subsidiaries (Note 13)	**749**	662
Imputed interest income arising from long term interest free loan to a subsidiary	**-**	191
	313,043	214,414
Dividend income from subsidiary	**22,300**	419,000
	335,343	633,414

5. Other gains/(losses)

	2019	2018
	£'000	£'000
Net fair value gains/(losses) on derivative financial instruments	**(2,276)**	2,096
Net currency exchange gains/(losses)	**(93,091)**	130,103
Others - Service income from subsidiaries	**102**	315
	(92,265)	132,514

6. Administrative Expenses

	2019	2018
	£'000	£'000
Depreciation of property, plant and equipment	*	1
Other expenses	**24,876**	34,209
Total administrative expenses	**24,876**	34,210

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* Amount is less than £ 1,000

7. Finance Expenses

	2019	2018
	£'000	£'000
Interest expense		
- Bank borrowings	**42,563**	44,934
- Related corporation (Note 21)	**54,865**	6,970
- Subsidiary (Note 13)	**28,247**	29,732
Imputed interest expense arising from fair value of long-term interest free loan from a related company (Note 16)	**4,205**	4,665
Interest on debt portion of preference shares (Note 16)	**18,304**	-
Bank facility and arrangement fees	**20,575**	6,463
	168,759	92,764

8. Income taxes

(a) Income tax expense

	2019	2018
	£'000	£'000
Tax expense attributable to profit is made up of:		
- Current income tax	**1,466**	1,357
- Deferred income tax (Note 17)	**33,775**	20,981
	35,241	22,338

8. Income taxes

(a) Income tax expense (continued)

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2019	2018
	£'000	£'000
Profit before tax	**46,442**	511,454
Tax calculated at tax rate of 17% (2018: 17%)	**7,895**	86,947
Effects of:		
- profit that is exempt from taxation and tax rebate	**(10)**	(19)
- revenue that is exempt from taxation	**(3,791)**	(71,262)
- under provision of tax	**(346)**	-
- expenses not deductible for tax purposes	**31,493**	6,673
Tax charge	**35,241**	22,338

(b) Movements in current income tax liabilities

	2019	2018
	£'000	£'000
Beginning of financial year	**1,232**	1,139
Income tax paid	**(1,736)**	(1,268)
Tax expense	**1,120**	1,361
Forex (gain)/loss	**158**	-
Under-provision in preceding financial years	**346**	-
End of financial year	**1,120**	1,232

9. Cash and cash equivalents

	2019	2018
	£'000	£'000
Cash at bank	**3,157**	30,029
	3,157	30,029

10. Other receivables

	2019	2018
	£'000	£'000
Accrued interest income on loan receivables from related corporation and subsidiaries (Note 12 and 21)	**50,182**	1,893
Others	**11**	15
Subsidiary (Note 13)	**14**	128
Total current portion	**50,207**	2,036

Accrued interest income on loan receivables from related company and subsidiaries	**959,219**	721,512
Less: Allowance for impairment of receivables [(1)]	**(524,472)**	(524,472)
Total non-current portion	**434,747**	197,040

(1) This relates to accrued interest income on interest-bearing long-term loans to subsidiaries which is only due for repayment by December 2021. The accrued interest is charged at the same interest rate applicable to the loans (Note 12). The accrued interest is fully provided for in 2017.

11. Derivative financial instruments

Derivative financial instruments comprise of the Singapore Dollar currency forwards used to manage the exposure from loan receivables in foreign currencies. The contracted notional principal amount of the derivative outstanding at balance sheet date is £35,829 (2018: £ 2,240,193).

	2019	2018
	£'000	£'000
Asset:		
Forward foreign exchange contracts - unrealised fair value gain	**-**	2,439
Liability:		
Forward foreign exchange contracts - unrealised fair value loss	**36**	199

The company utilizes currency derivatives to hedge significant future transactions and cash flows. The company is party to a variety of forward foreign exchange contracts in the management of its exchange rate exposures.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the company is committed are as follows:

	2019	2018
	£'000	£'000
Forward foreign exchange contracts	**68,233**	530,265

These arrangements are designed to address significant exchange exposure during the financial year.

Changes in the fair value of derivative financial instruments

	2019	2018
	£'000	£'000
Opening fair value of derivative financial instruments	**2,240**	144

Fair value gains/(losses) of derivative financial instruments recognized in profit or loss (Note 5)	**(2,276)**	2,096
Net closing fair value of derivative financial instruments	**(36)**	2,240

The following table details the forward foreign currency contracts outstanding as at March 31, 2019

Outstanding contracts	**Average exchange rate**	**Foreign currency**	**Contract Value**	**Fair value (losses)**
		FC$'000	**£'000**	**£'000**
Buy USD				
less than 3 months	**0.77**	**88,873**	**68,216**	**(36)**
Total			**68,216**	**(36)**

The following table details the forward foreign currency contracts outstanding as at March 31, 2018.

Outstanding contracts	Average exchange rate	Foreign currency	Contract Value	Fair value (losses) gains
		FC$'000	£'000	£'000
Sell EUR				
less than 3 months	0.88	185,000	163,060	1,049
Sell GBP				
less than 3 months	1.00	300,000	301,426	1,390
Buy USD				
less than 3 months	0.71	92,220	65,779	(199)
Total			530,265	2,240

12. Loan to related corporation

	2019	2018
	£'000	£'000
Related corporation (Note 21)	**35,159**	50,159
Allowance for doubtful receivables due from related	**(35,159)**	(35,159)
Subsidiaries (Note 13)	**1,360,724**	946,631
Current portion	**1,360,724**	946,631
Related corporation (Note 21)	**16,733**	-
Subsidiaries (Note 13)	**4,199,874**	3,439,021
Allowance for doubtful receivables due from subsidiary	**(1,340,530)**	(1,340,530)
Non-current portion	**2,876,077**	2,114,004
Total loan receivables	**4,236,801**	3,060,635

Loan receivables consist of:

(i) A short-term loan to a related company, Tata Steel Asia (Hong Kong) Ltd, of £9,643,000 which is interest-free, unsecured and repayable on demand, was fully provided for in 2016.

(ii) A short-term loan to a related company, Tata Steel (KZN) Pty Ltd, of £25,516,000 which is interest free, unsecured and repayable on demand, was fully provided for in 2016.

(iii) The long-term loan of US$21,800,000 (equivalent to £16,733,000) [2018 : US$21,800,000 (equivalent to £15,513,000)] was given to a related company, Abja Investment Co. Pte. Ltd, which is unsecured, bears interest rate of 1.50% + 6 months USD LIBOR with interest rates of 4.33% (2018 : 3.45%) per annum. In 2019, the maturity date of the loan was extended from January 26, 2020 to January 25, 2021.

(iv) A short term loan of AU$12,999,567 (equivalent to £7,070,000) [2018 : AU$12,999,567 (equivalent to £7,096,000)] to a subsidiary, T S Global Minerals Holdings Pte. Ltd. which is interest-free, unsecured and repayable on demand.

(v) Short-term loan receivables of £735,783,000 (2018 : £939,536,000) due from subsidiaries which are under a cash-pooling arrangement, unsecured, bear interest ranging from 0.90% to 3.54% (2018 : 0.90% to 2.65%) per annum and are repayable upon demand.

(vi) A loan of SGD120,000,000 (equivalent to £67,954,000) [2018 : SGD120,000,000 (equivalent to £65,087,000)] was given to a subsidiary, NatSteel Holdings Pte. Ltd., which is unsecured bears interest rate of 2.90% + 1 month SGD SORF with interest rates of 4.22% to 4.83% (2018 : interest rate of 2.90% + 3 month SGD SORF with interest rates 3.57% to 4.22%) per annum, which is repayable by June 1, 2019.

(vii) Various long-term loans of £2,162,815,000 (2018 : £1,992,990,000) to a subsidiary, Tata Steel Europe Limited, which are unsecured and repayable by December 20, 2021. Interest is charged at 6 months LIBOR + 500 basis points (2018 : 6 months LIBOR + 500 basis points), with interest rate ranging from 4.72% to 6.03% (2018 : 5.40% to 5.82%) per annum during the year.

Allowance for loan receivables due from subsidiary of £1,340,530,000 is partially provided for in 2017.

(viii) Various long-term loans of Euro 1,102,500,000 (equivalent to £949,977,000) [2018 : Euro 1,063,400,000 (equivalent to £930,944,000)] to a subsidiary, Tata Steel Europe Limited, which are unsecured and repayable by December 20, 2021. Interest is charged at 6 months EURIBOR + 500 basis points, with interest rate of 5.00% per annum during the year.

(ix) A long-term loan of £450,000,000 (2018 : £450,000,000) to a subsidiary's subsidiary ,Tulip UK (No.3) Holdings Limited which is unsecured and repayable by December 20, 2021. Interest is charged at 6 months LIBOR + 500 basis points (2018:6 months LIBOR + 500 basis points), with interest rates ranging from 5.58% to 6.03% (2018 : 5.45% to 5.82%) per annum during the year.

(x) A long-term loan of $530,000,000 (equivalent to £406,812,000) to a subsidiary T S Global Procurement Co. Pte Ltd which is unsecured and repayable by January 24, 2028.Interest is charged at the rate of 565 basis points per annum during the year.

(xi) A long-term loan of $300,000,000 (equivalent to £230,270,000) to a subsidiary T S Global Procurement Co. Pte Ltd which is unsecured and repayable by July 23, 2023.Interest is charged at the rate of 465 basis points per annum during the year.

(xii) A short-term loans of Euro 635,113,223 (equivalent to £547,250,000) [2018 : Euro NIL (equivalent to £ NIL)] to a subsidiary, Tata Steel Europe Limited, which are unsecured and repayable by May 30, 2019. Interest is charged at 12 months EURIBOR + 358 basis points per annum during the year.

(xiii) Various short-term loan of €3,095,000 (equivalent to £2,667,000) to a subsidiary Orchid Netherlands B.V., which is unsecured and repayable by June 28, 2019.Interest is charged at EURIBOR + 400 basis points per annum during the year.

Movements in the allowance for doubtful receivables:

	2019	2018
	£'000	£'000
At beginning of the year	**1,375,689**	1,375,689
Charge to profit or loss for the year	**-**	-
At end of the year	**1,375,689**	1,375,689

13. Investments in Subsidiaries

	2019	2018
	£'000	£'000
Unquoted equity shares, at cost	5,334,391	5,334,391
Quoted equity shares, at cost	123,661	123,661
Non-cumulative redeemable preference shares	407,789	379,682
Other capital contributions	183,618	183,618
	6,049,459	6,021,352
Less: Provision for impairment loss in subsidiaries	(5,202,464)	(5,202,464)
	846,995	**818,888**

Information on impairment loss is disclosed in Note 3.

(1) As at March 31, 2019, provision for impairment loss in unquoted equity shares consists of USD 52,100,000 (2018: USD 52,100,000) for NatSteel Holdings Pte Ltd ("NSH"), USD 4,560,782,000 (2018: 4,560,782,000) for Tata Steel Europe Limited ("TSE") and USD 589,582,000 (2018: 589,582,000) for T S Global Minerals Holdings Pte Ltd ("TSGMH")

Other capital contributions relates to long-term advances to certain subsidiaries which are deemed to be investments in these subsidiaries.

Details of the Company's significant subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2019	2018	
		%	%	
T S Global Minerals Holdings Pte. Ltd. *	Singapore	100	100	Investment holding
Tata Steel (Thailand) Public Company Ltd *	Thailand	68	68	Manufacturing and trading in iron and steel products
NatSteel Holdings Pte. Ltd. *	Singapore	100	100	Manufacturing and trading in iron and steel products
Tata Steel International (Singapore) Holdings Pte. Ltd. *	Singapore	100	100	Investment holding
Tata Steel Europe Limited	United Kingdom	100	100	Investment holding
Orchid Netherlands (No.1) B.V.	Netherlands	100	100	Investment holding
T S Global Procurement Company Pte. Ltd. *	Singapore	100	100	Investment holding and trading in coal
Tata Steel UK Holding Limited	United Kingdom	100	100	Investment holding
Tata Steel Netherlands Holdings B.V.	Netherlands	100	100	Investment holding
Corus Group Limited	United Kingdom	100	100	Investment holding
Tata Steel IJmuiden BV	Netherlands	100	100	Manufactures and sales of steel throughout the world
Tata Steel Nederland BV	Netherlands	100	100	Investment holding

* Significant subsidiaries of these companies are disclosed in the financial statements of the respective companies.

14. Property, plant and equipment

	Office equipment £ '000
2019	
Cost	
Beginning of financial year	20
Additions	-
Disposals	-
End of financial year	20
Accumulated depreciation	
Beginning of financial year	19
Depreciation charge (Note 7)	*
Disposals	-
End of financial year	19
***Net book value* End of financial year**	*
2018	
Cost	
Beginning of financial year	20
Additions	-
Disposals	-
End of financial year	20
Accumulated depreciation	
Beginning of financial year	18
Depreciation charge (Note 7)	1
Disposals	-
End of financial year	19
***Net book value* End of financial year**	**1**

* Amount is less than £ 1,000

15. Other payables

	2019 £'000	2018 £'000
Accrued Expenses		
- Non-related parties	**19,248**	22,654
- Ultimate holding corporation	**4**	-
Accrued interest expense on loans from:		
- Subsidiaries	**5,512**	4,357
- Related corporations	**10,854**	6,507
Accrued interest expense on bank loans	**-**	1,471
	35,618	34,989

16. Borrowings

	2019	2018
	£'000	£'000
Current		
Related corporation (Note 21)	**113,147**	-
Subsidiaries (Note 13)	**1,471,571**	885,204
	1,584,718	885,204
Non-current		
Bank borrowings	**-**	1,046,844
Related corporation (Note 21)	**1,003,503**	1,087,078
Subsidiaries (Note 13)	**-**	355,806
Preference shares issued	**2,752,558**	554,131
Less: Equity portion of preference shares	**(603,194)**	(204,389)
	3,152,867	2,839,470
Total borrowings	**4,737,585**	3,724,674

Loan payables consist of:

(i) The loans payable to a related corporation, NatSteel Asia Pte. Ltd. which are interest-free, unsecured and with maturity that was extended from July 31, 2019 to July 31, 2020.During the year, the loan has been reclassified from long-term to short-term.

In 2018, the maturity date of the loan was extended from July 31, 2018 to July 31, 2019.

The loans are measured at amortised cost using the effective interest method. The effective interest rate applied is based upon the borrowing rate which the management expects would be available to the Company.

The outstanding amortised cost of the loans at March 31, 2019 is SGD 199,806,000 (equivalent to £113,147,000) [(2018 : SGD 288,117,000 (equivalent to £156,271,000)] based on effective interest method with effective interest rates of 2.5% (2018 : 2.5%) per annum.

(ii) Short-term loan payables of £1,139,214,000 (2018: £874,530,000) due to subsidiaries under a cash-pooling arrangement are unsecured, bear interest ranging from 0.01% to 0.70% (2018 : 0.01% to 0.81%) per annum and are repayable upon demand.

(iii) Short-term loan payable of USD NIL (£ NIL) (2018: USD 15,000,000, equivalent to £10,674,000) due to Tata Steel International (Asia) Limited which was unsecured, bearing interest rate at 2.04% per annum was repaid in June 2018.

(iv) As at March 31, 2019, a long term loan with original value of SGD26,457,000 (equivalent to £14,982,000) [(2018 : SGD26,457,000 (equivalent to £14,350,000)] from a related corporation, Abja Investments Co. Pte. Ltd. The loan is unsecured, bears interest rate at 5.10% per annum and is repayable by December 20, 2021.

(v) As at March 31, 2019, a long term loan with original value of USD 990,00,000 and USD 297,860,000 (equivalent to £759,893,000 and £ 228,628,000 respectively) [(2018: USD 990,00,000 and USD 297,860,000 (equivalent to £704,496,000 and £211,961,000 respectively)] from a related corporation, Abja Investments Co. Pte. Ltd. The loan is unsecured, bears interest rate at 5.65% and 4.65% per annum and is repayable by January 24, 2028 and July 24,2023 respectively.

(vi) As at March 31, 2019, a long term loan with original value of USD 500,000,000, present outstanding USD 390,000,000 (equivalent to £299,352,000) [2018: USD 500,000,000 (equivalent to £355,806,000) from a subsidiary, T S Global Procurement Co. Pte. Ltd. The loan is unsecured, bears interest rate at 6.75% per annum and is repayable by January 30, 2020. Partial prepayment of USD 110,000,000 is made in FY 2019.

(vii) Long term syndicate loans from banks with original value of USD1,500,000,000 which were unsecured and bearing interest at (a) USD LIBOR + 215 basis points on USD750,000,000 (repayable by November 2020) and (b) USD LIBOR + 250 basis points on USD750,000,000 (repayable by November 2021), were fully repaid during the year ended March 31,2019. [2018: USD1,469,180,000 (equivalent to £1,046,844,000)] as at March 31, 2018.

(viii) Short-term loan payable of USD 32,000,000 and USD 11,000,000 (equivalent to £24,562,000 and £ 8,443,000) due to a subsidiary, Tata Steel International (Singapore) Holdings Pte Ltd which is unsecured, bears interest rate at 3.25% and 2.80% per annum and is repayable on December 27,2019 and March 30,2020 respectively.

During the year ended 31st March 2019, the company issued 5.6% Non-Cumulative Redeemable Preference Shares to its holding company T Steel Holdings Pte Ltd amounting to USD 1258,000,000 (equivalent to £1512,898,000). These preference shares are redeemable at the option of T S Global Holdings Pte Ltd and have a maturity period of 10 years. The figure shown above only represents the present value of contractual obligation relating to this preference shares including interest capitalised on debt portion of preference shares GBP 18,304,182

During the year ended 31st March 2018, the company issued 5% Non-Cumulative Redeemable Preference Shares to its holding company T Steel Holdings Pte Ltd amounting to GBP 554,131,000. These preference shares are redeemable at the option of T S Global Holdings Pte Ltd and have a maturity period of 10 years. The figure shown above only represents the present value of contractual obligation relating to this preference shares.

	2019	2018
	£'000	£'000
Face Value of Preference Shares	**1,512,898**	554,131
Less: Equity Component of Preference Shares *	**(603,194)**	(204,389)
Add: Interest capitalised on the debt portion	**18,304**	-
	928,008	349,742

* The equity component of preference shares has been presented on the face of the balance sheet.

(ix) During the year ended 31st March 2019, the company issued Compulsorily Convertible Preference Shares to its related corporation NatSteel Asia Pte Ltd amounting to USD 1260,000,000 and EUR 468,508,000 (equivalent to £ 967,137,000 and £403,693,000 respectively). These preference shares are redeemable at the option of T S Global Holdings Pte Ltd and NatSteel Asia Pte Ltd and have a maturity period of 10 years.
Out of the above Compulsorily Convertible Preference Shares amounting to USD 138,338,000 and EUR 50,242,000 were redeemed during the year (equivalent to £ 106,184,000 and £ 43,292,000 respectively).

17. Deferred income taxes

	2019	2018
	£'000	£'000
Beginning of financial year	**89,351**	68,370
Tax (credited)/charged to:		
- profit or loss (Note 8(a))	**33,776**	20,981
End of financial year	**123,127**	89,351

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) during the financial year is as follows:

Deferred income tax liabilities

	Other	Total
	£'000	£'000
2019		
Beginning of financial year	**89,351**	**89,351**
(Credited)/charged to:		
- profit or loss	**33,776**	**31,587**
End of financial year	**123,127**	**120,938**
2018		
Beginning of financial year	68,370	68,370
(Credited)/charged to:		
- profit or loss	20,981	20,981
End of financial year	89,351	89,351

18. Share capital

The Company's share capital comprise fully paid-up 4,849,414,175 (2018: 4,849,414,175) ordinary shares with no par value, carry one vote per share and carry right to dividends, amounting to a total of £ 4,849,414,175 (2018: £4,849,414,175).

	2019	2018	2019	2018
	Number of ordinary shares with no par value		£'000	£'000
Issued and paid up:				
At beginning and end of the year	4,849,414,175	4,849,414,175	4,849,414	4,849,414

19. Capital reserves

	2019	2018
	£'000	£'000
Beginning of the year	1,065,038	1,060,603
Additions [(1)]	3,794	4,435
At end of the year	1,068,832	1,065,038

[(1)] This relates to adjustments from day-one fair value accounting treatment under Financial Reporting Standard 109 *Financial Instruments: Recognition and Measurement* on an unsecured interest-free long-term loan payable to a related company (Note 21).

20. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) Market risk

(i) Foreign Exchange risk

The Company has determined that Great Britain Pounds is its functional currency as its main investment is a sterling denominated asset.
At the year end, the carrying amounts of significant monetary assets and monetary liabilities that are not denominated in functional currency are as follows:

	Assets		Liabilities	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Singapore dollars	**64,850**	68,741	**160,775**	203,542
United States dollar	**1,381,658**	782,553	**1,442,939**	2,452,892
Australia dollars	**11,223**	11,231	**4,078**	4,078
Euro	**1,580,303**	1,103,159	**50,915**	84,584
Hong Kong dollars	**-**	27	**-**	27

If the Great Britain Pound strengthens by 10% against the relevant foreign currency, loss before tax will decrease/(increase) by:

	Profit or loss	
	2019	2018
	£'000	£'000
Singapore dollars	**9,592**	13,480
United States dollar	**6,128**	167,034
Australia dollars	**(715)**	(715)
Euro	**(152,939)**	(101,858)

If the Great Britain Pound weakens by 10% against the relevant foreign currencies, the impact on profit for the year will be converse of the above.

(ii) Interest rate risk

Interest rate risk refers to the risk faced by the Company as a result of fluctuation in interest rates. The Company is exposed to interest rate risk associated with certain of its loan receivables and loan payables which have floating rates. The interest rate and terms of repayment are as disclosed in Notes 12 and 16 to the financial statements respectively. Management monitors these exposures on a regular basis.

Interest rate sensitivity

The sensitivity analyses below have been determined based on year-end balance which is subject to floating interest rates at the end of the reporting period.
If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended March 31, 2019 would increase/decrease by £3,966,000 (2018: increase/decrease by £2,804,000).

(b) Credit risk

The Company is an investment holding company and does not have significant credit risk exposures with outside parties. The management is of the opinion that adequate allowances have been made for credit risks from intercompany receivables. Management monitors these exposures on a regular basis.

(c) Liquidity risk

The Company relies on the ultimate holding company for financial support to fund its existing and continuing commitments. New investments are likely to be funded similarly.

<u>Non-derivative financial liabilities</u>

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

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	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	£'000	£'000	£'000	£'000	£'000
2019						
Non-interest bearing	-	148,764	-	-	-	148,764
Fixed interest rate instruments	2.80-6.75	404,347	266,329	1,109,560	(444,375)	1,335,861
Variable interest rate instruments	3	1,139,247	-	-	(32)	1,139,214
Preference Shares	5.0 – 5.6	-	-	2,149,363	-	2,149,363
		1,692,358	266,329	3,258,923	(444,408)	4,773,202
2018						
Non-interest bearing	-	34,989	156,271	-	-	191,260
Fixed interest rate instruments	1.7-6.75	85,113	588,822	1,112,129	(488,776)	1,297,288
Variable interest rate instruments	2.40	918,040	1,141,508	-	(138,174)	1,921,374
Preference Shares	5.0	-	-	349,742	-	349,742
		1,038,14 2	1,886,601	1,461,871	(626,950)	3,759,664

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the Company's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	£'000	£'000	£'000	£'000	£'000
2019						
Non-interest Bearing	-	57,277	434,746	-	-	492,023
Variable interest rate instruments	3.81	1,518,291	2,560,034	748,176)	(593,613)	4,232,887
		1,575,567	2,994,781	748,176)	(593,613)	4,724,910
2018						
Non-interest Bearing	-	9,131	197,040	-	-	206,171
Variable interest rate instruments	4.36	1,099,524	2,399,905	-	(414,860)	3,083,569
		1,108,655	2,596,945	-	(414,860)	3,289,740

Derivative financial instruments

As at the end of the reporting period, the company's derivative financial instruments comprise of foreign exchange forward contracts with contracted net cash outflow amounting to £ 36 (2018 : net cash inflow amounted to £2,240,000) (Note 11). Further information of these derivative financial instruments is disclosed in Note 11.

(d) *Capital Risk*

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

The Board of Director's monitors its capital based on net debt and total capital. Net debt is calculated as borrowings plus other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

	2019	2018
	£'000	£'000
Net debt	**4,770,046**	3,729,635
Total equity	**674,421**	260,621
Total capital	**5,444,467**	3,990,256

The Company is not subject to any externally imposed capital requirements.

(e) *Fair value measurements*

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
As at 31 March 2019				
Derivative financial instruments		(36)		(36)
Total assets/ (liabilities) (Net)		**(36)**		**(36)**
As at 31 March 2018				
Derivative financial instruments	-	2,240	-	2,240
Total assets /(liabilities)(Net)	-	2,240	-	2,240

The fair value of financial instruments traded in active markets (financial assets, at FVOCI/ Available-for-sale, listed equity investments) are determined based on quoted current bid prices at the balance sheet date. These instruments are included in Level 1 fair value measurement hierarchy.

20. Financial risk management (continued)

(e) Fair value measurements (continued)

The fair value of financial instruments that are not traded in an active market (over-the-counter currency forwards) is determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2.

There were no transfers between level 1 and level 2 fair values during the year.

The carrying amounts of financial assets and financial liabilities approximate their respective net fair values due to the relatively short-term maturity of these financial instruments, other than the non-current other receivables, loan receivables and loan payables. Management estimates that the carrying amounts of the non-current other receivables, loan receivables and loan payables approximate their fair values as the management expects the borrowing rates to be similar to those made available to the company at the end of the reporting period.

(f) Financial instruments by category

The carrying amounts of financial assets measured at fair value (financial assets, at FVOCI, Available-for-sale and fair value through profit and loss) are disclosed on the face of the balance sheet and in Note 11 to the financial statements.

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised cost are as follows:

	2019	2018
	£'000	£'000
Financial assets, at amortised cost	**4,724,909**	3,292,179
Financial liabilities, at amortised cost	**4,773,238**	3,759,863

(g) *Offsetting financial assets and financial liabilities*

There were no offsetting or netting arrangements in 2019 and 2018 for financial assets and liabilities.

21. Holding Company and Related Company Transactions

The Company is a wholly-owned subsidiary of T Steel Holdings Pte. Ltd. incorporated in Singapore. The Company's ultimate holding company is Tata Steel Limited, incorporated in India. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Many of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the period, other than as disclosed elsewhere in the notes to the financial statements, the Company entered into the following significant transactions with related companies:

	2019	2018
	£'000	£'000
Interest expense to:		
Subsidiaries	**28,247**	29,732
Related corporation	**54,865**	6,970
Immediate Holding Company	**18,304**	-
Interest income to:		
Subsidiaries	**(311,335)**	(212,785)
Related corporation	**(749)**	(662)
Service income from subsidiaries	**(102)**	(315)

23. Contingent Liabilities

During the financial year ended March 31, 2019, no further contingent liability has been incurred the company.

As at financial year ended March 31, 2018, the Company had 2 separate guarantee and indemnity agreements with its indirect, wholly-owned subsidiaries and 1 separate guarantee and indemnity agreement with its related corporation whereby the Company agreed to act as guarantor to guarantee the underlying amounts under the facility/financing arrangement of these related companies for amounts up to Euro 50,320,000, Euro 151,020,000 and USD 460,000,000.

The fair value of the corporate guarantee provided by the Company is not material to the financial statements of the Company and therefore is not recognised

24. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2019 and which the Company has not early adopted:

(a) FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

As at the reporting date, there are no non-cancellable operating lease commitments.

The Company expects that net profit after tax will decrease by approximately Nil for 2019 as a result of adopting FRS116. Operating cash flows will increase and financing cash flows decrease by approximately Nil as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The new standard also introduces expanded disclosure requirements and changes in presentation.

24. New or revised accounting standards and interpretations(continued)

(b) INT FRS 123 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains 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:

i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored

iii) that the entity 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

iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and

v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company does not expect additional tax liability to be recognised arising from the uncertain tax positions as disclosed in Note 3(a) on the adoption of the interpretation on 1 April 2019.