

T STEEL HOLDINGS PTE. LTD.
(Incorporated in Singapore. Registration Number: 200609769D)

ANNUAL REPORT
For the financial year ended 31 March 2023

T STEEL HOLDINGS PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT

For the financial year ended 31 March 2023

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T STEEL HOLDINGS PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2023.

In the opinion of the directors,

- (a) the financial statements as set out on pages 6 to 33 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023 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 Parvatheesam Kanchinadham
Mr Sanjib Nanda
Ms Samita Shah
Ms Swastika Basu
Mr Raghav Sud

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:

<u>Name of directors and Company in which interests are held</u>	<u>At beginning of the year or date of appointment, if later</u>	<u>At end of the year</u>
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Tata Steel Limited

(Ordinary shares of Rupees 10
each)

Raghav Sud	170	170
Sanjib Nanda	4,750	4,750
Swastika Basu	4,080	4,080

Rujuvalika Investments Ltd.

(Ordinary shares of Rupees 10
each)

Parvatheesam Kanchinadham	1	1
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T STEEL HOLDINGS PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

Tata Steel Advanced Materials Ltd.

(Ordinary shares of Rupees 10 each)

Parvatheesam Kanchinadham	1	1
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Tata Steel TABB Ltd.

(Ordinary shares of Rupees 10 each)

Parvatheesam Kanchinadham	1	1
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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 auditors

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

On behalf of the Directors

Sanjib Nanda
Director

Raghav Sud
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF T STEEL HOLDINGS PTE. LTD.

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements of T Steel Holdings Pte. Ltd. ("the Company") are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the financial year ended 31 March 2023;
- the balance sheet as at 31 March 2023;
- the statement of changes in equity for the financial year then ended;
- the statement of cash flows for the financial 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF T STEEL HOLDINGS PTE. LTD.
(continued)

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF T STEEL HOLDINGS PTE. LTD.
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

T STEEL HOLDINGS PTE. LTD.**STATEMENT OF COMPREHENSIVE INCOME**For the financial year ended 31 March 2023

	Note	2023	2022
		\$'000	\$'000
Other income			
- Interest	4	132,495	107,890
Other losses			
- Provision for impairment loss in a subsidiary	5	(530,600)	-
- Net currency exchange gain/(losses)	5	15	(3)
Expenses			
- Administrative	6	(22)	(24)
- Finance	7	(132,878)	(107,890)
Loss before tax		(530,990)	(27)
Income tax expense	8 (a)	-	-
Loss for the year and total comprehensive loss for the year		(530,990)	(27)

T STEEL HOLDINGS PTE. LTD.**BALANCE SHEET**

As at 31 March 2023

	Note	2023	2022
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	1,542	843
Other receivables	10	35	19
Loan receivables	11	200,000	200,000
		201,577	200,862
Non-current assets			
Other receivables	10	233,547	108,110
Loan receivables	11	3,915,000	3,915,000
Investment in subsidiary	12	2,395,482	2,926,082
		6,544,029	6,949,192
Total assets		6,745,606	7,150,054
LIABILITIES			
Current liabilities			
Current tax liability	8(b)	430	-
Other payables	13	1,125	738
Borrowings	14	200,000	200,000
		201,555	200,738
Non-current liabilities			
Other payables	13	233,547	108,110
Borrowings	14	3,915,000	3,915,000
		4,148,547	4,023,110
Total liabilities		4,350,102	4,223,848
NET ASSETS		2,395,504	2,926,206
EQUITY			
Share capital	15	14,102,724	14,102,724
Foreign currency translation reserve	16	(2,873,210)	(2,907,102)
Amalgamation Reserve	16	35,724	-
Other reserves	16	46,929	46,929
Accumulated losses		(8,916,663)	(8,316,345)
Total equity		2,395,504	2,926,206

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

T STEEL HOLDINGS PTE. LTD.**STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 31 March 2023

	<u>Share capital</u>	<u>Foreign Currency Translation Reserve</u>	<u>Amalgamation reserve</u>	<u>Other reserves</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023						
Beginning of financial year	14,102,724	(2,907,102)	-	46,929	(8,316,345)	2,926,206
On account of merger with NSA	-	33,892	35,724	-	(69,328)	288
Loss and total comprehensive loss for the year	-	-	-	-	(530,990)	(530,990)
End of financial year	14,102,724	(2,873,210)	35,724	46,929	(8,916,663)	2,395,504
2022						
Beginning of financial year	14,102,724	-	-	46,929	(8,316,318)	5,833,335
Loss on conversion of functional currency	-	(2,907,102)	-	-	-	(2,907,102)
Loss and total Comprehensive loss for the year	-	-	-	-	(27)	(27)
End of financial year	14,102,724	(2,907,102)	-	46,929	(8,316,345)	2,926,206

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

T STEEL HOLDINGS PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Loss before tax		(530,990)	(27)
Adjustments for:			
- Interest income	4	(132,495)	(107,890)
- Interest expense	7	132,878	107,890
- Unrealised foreign exchange losses	5	(15)	3
- Provision for impairment loss in a subsidiary	5	530,600	
		(22)	(24)
Changes in working capital:			
- Other payables		(680)	(869)
Net cash (used in)/provided by operating activities		(702)	839
Cash flows from investing activities			
Purchase of investments in Subsidiaries		(136,250)	-
Loans to subsidiary		-	(2,915,000)
Interest received from subsidiary		7,041	4,722
Net cash used in investing activities		(129,209)	(2,910,278)
Cash flows from financing activities			
Proceeds from borrowings from subsidiaries		136,250	-
Repayment of borrowings from subsidiaries		(105)	-
Proceeds from borrowings from holding company		-	2,915,000
Interest paid to holding company		(6,013)	(4,014)
Net cash provided by financing activities		130,132	2,910,986
Net (decrease)/increase in cash and cash equivalents		221	(185)
Cash and cash equivalents			
Beginning of financial year		843	1099
Effect of exchange rate on translation of foreign currency cash and cash equivalents		(2)	(71)
Cash received upon amalgamation		480	-
Cash and cash equivalents at end of financial year	9	1,542	843

Reconciliation of liabilities arising from financial activities

	Opening balance as at 1 April	Proceeds from borrowings	Interest payments	Non-cash changes			Closing balance as at 31 March
				Principal and Interest payment	Interest expense	Withholding Tax	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowings and accrued interest expense							
2023	4,223,129	136,250	(6,118)	(136,501)	132,878	(1,056)	4,348,582
2022	1,204,947	2,915,000	(4,014)		107,890	(694)	4,223,129

During the year following non cash transactions were undertaken:

- TSH borrowed USD 136,145,000 from NatSteel Asia Pte. Ltd. (NSA).
- TSH repaid USD 136,145,000 to T S Global Procurement Pte. Ltd. (TSGP)

Interest payable to NSA amounting to USD 356,000 was netted off against interest receivable by NSA upon amalgamation of TSH and NSA with TSH resulting in the surviving legal entity.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

1. General information

The Company is incorporated in Singapore with its principal place of business and registered office at 2 Venture Drive, #19-23 Vision Exchange, Singapore 608526. The financial statements are expressed in Great Britain Pound.

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

The principal activities of the subsidiary are disclosed in Note 12 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") 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.

Interpretation and amendments to published standards effective in 2021

On 1 April 2021 the Company has 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 as follows:

The Company has adopted the amendments to FRS 109, FRS 107 and FRS 116 Interest Rate Benchmark Reform –Phase 2 effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

Financial instruments measured at amortised cost

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretation and amendments to published standards effective in 2021

(continued)

Effect of IBOR reform

Following the global financial crisis, the reform and replacement of Inter-bank Offered Rates ("IBOR") has become a priority for global regulators. The Company's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings and loan receivables that are linked to the USD London Inter-bank Overnight Rate ("USD LIBOR").

6-month USD LIBOR will lose its representativeness and 12-month USD LIBOR will cease publication after 30 June 2023, and it is expected to be replaced by the Secured Overnight Financing Rate ("SOFR"). The Company has variable-rate USD borrowings and loan receivables which reference to 6-month and 12-month USD LIBOR and mature after 30 June 2023. The Company's communication with its debt and receivable counterparties is ongoing, but specific changes required by IBOR reform have not yet been agreed. The expected transition from USD LIBOR to SOFR had no effect on the amounts reported for the current and prior financial years.

The following table contains details of all the financial instruments that the Company holds at 31 March 2023 which are referenced to USD LIBOR and have not yet transitioned to new benchmark rates:

	USD LIBOR	
	Carrying Amount	Of which: Not yet transited to an alternative benchmark rate
	\$'000	\$'000
31 March 2023		
Loan receivables	3,915,000	3,915,000
Borrowings	(3,915,000)	(3,915,000)
Total	-	-

2.2 Revenue

Interest income is recognised using the effective interest rate method.

2.3 Exemption from consolidation

The financial statements of the subsidiaries have not been consolidated with the Company's financial statements. The Company is exempted from the preparation of the consolidated financial statements as the Company itself is a wholly-owned subsidiary of Tata Steel Limited, incorporated in India, which prepares consolidated financial statements that are publicly available. The registered address of Tata Steel Limited is Bombay House, 24 Homi Mody Street, Mumbai 400001, India.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.4 Investment in subsidiary

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

Control is achieved when the company:

- (a) Has power over the investee;
- (b) Is exposed, or has rights, to variable returns from its involvement with the investee and
- (c) 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.

2.5 Offsetting of 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.

2.6 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.8 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.

2.9 Borrowing costs

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

2.10 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 nor 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.11 Financial assets

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI)
- 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.

(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

Debt instrument

Debt instruments of the Company mainly comprise of cash and cash equivalents and other non-current investment.

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:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument 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 is included in interest income using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(ii) At subsequent measurement (continued)

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains/(losses)". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains/(losses)".

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.

For cash and cash equivalents, loan receivables, other receivables and non-current investment, 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.

2.12 Financial liabilities

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.

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.

Derecognition of financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.13 Impairment of non-financial 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).

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.

Management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. 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 any accumulated amortisation or depreciation) 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.

2.14 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.

2.15 Borrowings

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.16 Currency translation

The financial statements are presented in United States Dollar, 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 impacting profit or loss are presented within 'other gains/(losses)'.

2.17 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) Assessment of impairment of investment in subsidiary

As described in Note 12, during the financial year ended 31 March 2023, management carried out an assessment of the recoverability of the carrying amount of its investment in subsidiary, T S Global Holdings Pte. Ltd. as indicators of impairment existed at the end of the reporting period.

Management has assessed that impairment loss of USD 530,600,000 was required for the financial year ended 31 March 2023.

Further details on the impairment assessment and key assumptions are set out in Note 12.

(ii) Estimation of uncertainties relating to COVID-19

The Company has assessed the possible impact of COVID-19 on its financial statements based on the internal and external information available up to the date of approval of the financial statements and concluded no adjustment is required in these financial statements. The Company continues to monitor the future economic conditions.

T STEEL HOLDINGS PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**For the financial year ended 31 March 2023

4. Other income

	2023	2022
	\$'000	\$'000
Interest income from financial assets measured at amortised cost		
- Short-term loan to subsidiary	7,057	4,616
- Long-term loan to subsidiary	125,438	103,274
	132,495	107,890

5. Other losses

	2023	2022
	\$'000	\$'000
Provision for impairment loss in a subsidiary	(530,600)	-
Net currency exchange gains/(losses)	15	(3)
	(530,585)	(3)

6. Expenses by nature

	2023	2022
	\$'000	\$'000
Administrative expenses	(22)	(24)

7. Finance expenses

	2023	2022
	\$'000	\$'000
Interest expense		
- Short-term loan from holding company	(7,057)	(6,323)
- Long-term loan from holding company	(125,821)	(101,567)
	(132,878)	(107,890)

T STEEL HOLDINGS PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**For the financial year ended 31 March 2023

8. Income taxes

(a) Income tax expense

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

	2023	2022
	\$'000	\$'000
Loss before tax	(530,990)	(27)
Tax calculated at tax rate of 17%	(90,269)	(5)
Effects of:		
- expenses not deductible for tax purposes	112,793	17,562
- income not subject to tax	(22,524)	(17,557)
Tax charge	-	-

(b) Movements in current income tax liabilities

	2023	2022
	\$'000	\$'000
Beginning of financial year	-	-
Additions related to amalgamation (Note 20)	430	-
End of financial year	430	-

9. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash at bank and on hand	1,542	843

10. Other receivables

	2023	2022
	\$'000	\$'000
Accrued interest income on loan receivables from subsidiary – Current	35	19
Accrued interest income on loan receivables from subsidiary – Non-current	233,547	108,110
	233,582	108,129

T STEEL HOLDINGS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

11. Loan receivables

	2023	2022
	\$'000	\$'000
Current		
Loan to subsidiary ⁽ⁱ⁾	200,000	200,000
Non-Current		
Loan to subsidiary ^{(ii), (iii), (iv), (v), (vi), and (vii)}	3,915,000	3,915,000
	4,115,000	4,115,000

- (i) As at 31 March 2023, short-term loan of US\$ 200,000,000 [2022: US\$ 200,000,000] is receivable from subsidiary T S Global Holdings Pte. Ltd., and is unsecured, bears interest rate of 1.65% + 12 months USD Secured Overnight Financing Rate ("SOFR") (2022: 1.76% + 12 months SOFR), resulting in an interest rate of 6.3142% per annum (2022: 3.47251% per annum) and is repayable by 31 March 2024. In 2023, the maturity date of the loan was extended from 31 March 2023 to 31 March 2024.
- (ii) As at 31 March 2023, long-term loan of US\$ 1,000,000,000 [2022: US\$ 1,000,000,000] is receivable from its subsidiary, T S Global Holdings Pte. Ltd., which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at the rate of 6.75% + 6 months USD London Inter-bank Overnight Rate ("USD LIBOR") and both the principal and interest are repayable by February 2027.
- (iii) As at 31 March 2023, the Company has advanced a long-term loan of US\$ 345,000,000 to its subsidiary, T S Global Holdings Pte. Ltd., which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at rate of 3.96 % + 6 months LIBOR and is repayable by April 2027.
- (iv) As at 31 March 2023, the Company has advanced a long-term loan of US\$ 655,000,000 to its subsidiary, T S Global Holdings Pte. Ltd., which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at rate of 6.75 % + 6 months LIBOR and is repayable by April 2027.
- (v) As at 31 March 2023, the Company had advanced a long-term loan of US\$ 1,000,000,000 to its subsidiary, T S Global Holdings Pte. Ltd., which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at rate of 4.88 % + 6 months LIBOR and is repayable by June 2027.
- (vi) As at 31 March 2023, the Company had advanced a long-term loan of US\$ 250,000,000 to its subsidiary, T S Global Holdings Pte. Ltd., which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at rate of 2.99 % + 6 months LIBOR and is repayable by September 2029.
- (vii) As at 31 March 2023, the Company had advanced a long-term loan of US\$ 665,000,000 to its subsidiary, T S Global Holdings Pte. Ltd., which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at rate of 2.99 % + 6 months LIBOR and is repayable by October 2029.

T STEEL HOLDINGS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

12. Investment in subsidiary

	2023	2022
	\$'000	\$'000
Unquoted equity shares, at cost	9,498,136	9,498,136
Other capital contributions	1,337,441	1,337,441
	10,835,577	10,835,577
Less: Provision for impairment loss in subsidiary	(8,440,095)	(7,909,495)
	2,395,482	2,926,082

Provision for impairment loss in subsidiary

During the financial year ended 31 March 2023, management carried out an assessment of the recoverable amount of its investment in subsidiary, T S Global Holdings Pte. Ltd. (TSGH) as at the end of the reporting period as indicators of impairment such as operational losses in previous years, changes in outlook of future profitability among other potential indicators for impairment existed.

A significant amount of the Company's investment in TSGH has in turn been invested by TSGH into Tata Steel Europe Limited (TSE).

As at 31 March 2023, TSGH had a carrying amount of investment in TSE amounting to \$ 7,202,864,218 (gross cost of \$13,647,188,834 and accumulated impairment loss of \$6,444,324,615). TSE is a private limited company incorporated and domiciled in the United Kingdom which has various subsidiaries as well as interests in joint ventures and associated companies.

The recoverable amount of the Company's investment in TSGH was estimated based on the value in use of the underlying businesses of TSGH, which includes mainly TSE's businesses.

The recoverable amount of TSE is higher of the value in use (VIU) of the underlying businesses or the fair value less cost to sell of those businesses which inter-alia considers impact of switching the heavy end and other relevant assets to a more "green steel" capex base. The VIU computation uses cash flow forecasts based on most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out into perpetuity based on a steady state, sustainable cash flow reflecting average steel industry conditions between successive peaks and troughs of profitability. Key assumptions for the value in use computations are those regarding the discount rates, exchange rates, market demand, sales volume and sales prices, cost to produce etc. The projections are based on both past performance and the expectations of future performance and assumptions therein. The Company estimates discount rates using pre-tax rates that reflect the current market rates adjusted to reflect the way the European union steel market would assess the specific risk. The weighted average pre-tax discount rates used for discounting the cash flows projections is in range of 7.90% - 8.80% (2022: 6.30% to 7.00%). Beyond the specifically forecasted period, a growth rate of 1.70%-2.00% (2022: 1.80%) is used to extrapolate the cash flow projections. This rate does not exceed the average long-term growth rate for the relevant markets.

TSE is exposed to certain climate related risks which could affect the estimates of future cash flow projections. The cashflow projections include the impact of decarbonisation given that the Netherlands business in TSE has stated its plan to move away from the current production process and to transition to decarbonised production. Decarbonisation as a whole is likely to provide significant opportunities to TSE as it is likely to increase the

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

12. Investment in subsidiary (continued)

demand for steel as it is crucial as an infrastructure enabler for all technological transition within the wider economy (e.g. wind power, hydrogen, electric vehicles, nuclear etc.) and compares favourably to other materials when considering the life cycle emissions of the material. The technology transition and investments will be dependent on national and international policy and will also be driven by government decisions in the country of operation. Management's assessment is that generally, these potential carbon-related costs would be borne by the society, either through higher steel prices or through public spending/subsidies.

The outcome of the impairment assessment as on March 31, 2023 resulted in recognition of an impairment loss of USD 530,600,000 in respect investments in TSH which holds investments in TSE.

The Company has also conducted sensitivity analysis on the impairment tests including sensitivity in respect of discount rates. The management believes that no reasonably possible change in any of the key assumptions used in the assessment would cause the carrying value of investments to exceed its recoverable value after recording the aforesaid impairment loss.

The operational and financial performance of TSE, a wholly owned indirect subsidiary of TSH has assessed the potential impact of the economic downturn in Europe caused by external factors including higher inflation, higher interest rates and supply chain disruptions caused by the war in Ukraine on its future business outlook for UK and Mainland Europe (MLE) value chains.

The Board has considered reasonably possible scenarios to stress test the financial position of both the UK and MLE businesses, including the impact of lower steel margins against the Annual Plan and the mitigating actions the Group could take to limit any adverse consequences to liquidity in the annual impairment assessments.

Based on the assessment, the MLE business is expected to have adequate liquidity under all the reasonably possible scenarios considered. The outlook for Tata Steel UK Limited ("TSUK"), a wholly owned indirect subsidiary of TSE, however, is expected to be adversely impacted towards meeting its liquidity requirements and accordingly with respect to its ability to continue as a going concern. In response to the challenging market and business conditions, TSUK continues to implement various measures aimed at improving its business performance and conserving cash including but not limited to ensuring adequate liquidity, if required, through available financing options, management of working capital, implementation of cost reduction measures and discussions with the UK Government to seek adequate support for transition to Green Steel as part of its decarbonization strategy. The progress of discussions with the UK government is also being monitored closely given that

based on the initial and subsequent discussions it remains uncertain whether adequate support for the decarbonization strategy would be agreed. Given the risks and challenges associated with the underlying market and business conditions, the uncommitted nature of available financing options and the uncertainty with respect to whether adequate government support would be agreed, there exists a material uncertainty surrounding the impact of such adversities on the financial situation of TSUK.

The financial statements of TSE have been prepared on a going concern basis recognising the material uncertainty in relation to TSUK.

Whilst the Company's carrying amount of its equity investment in TSGH after recognizing aforesaid impairment, which holds TSE, is considered recoverable, the associated uncertainties have been explained above

T STEEL HOLDINGS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

12. Investment in subsidiary (continued)

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2023	2022	
<u>Directly held by the Company</u>		%	%	
T S Global Holdings Pte. Ltd.	Singapore	100	100	Investment holding
<u>Material subsidiaries indirectly held by the subsidiary of the Company</u>				
Tata Steel (Thailand) Public Company Ltd.	Thailand	68	68	Manufacturing and trading in iron and steel products
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
Al Rimal Mining LLC ⁽ⁱ⁾	Oman	51	70	Mining of limestone and other mineral ores
TSMUK Limited	United Kingdom	100	100	Investment holding
Tata Steel Minerals Canada Limited	Canada	82	82	Mining of iron ore
T S Canada Capital Ltd.	Canada	100	100	Financing company
The Siam Industrial Wire Co. Ltd.	Thailand	100	100	Manufacturing and Trading in iron and Steel products.

(i) Stake in Al Rimal Mining LLC was reduced to 51% during the financial year ended 31 March 2023.

13. Other payables

	2023	2022
	\$'000	\$'000
Accrued interest expense on loan from:		
- Holding company	35	19
Other payables to:		
- Non-related parties	1090	719
Total current portion	1,125	738
Accrued interest expense on loan from		
- Holding company	233,547	108,110
Total non-current portion	233,547	108,110

T STEEL HOLDINGS PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**For the financial year ended 31 March 2023

14. Borrowings

	2023	2022
	\$'000	\$'000
Current		
Holding company ⁽ⁱ⁾	200,000	200,000
Non-current		
Holding company ^{(ii), (iii), (iv), (v), (vi), and (vii)}	3,915,000	3,915,000
Total Borrowings	4,115,000	4,115,000

- (i) As at 31 March 2023, short-term borrowings of US\$ 200,000,000 [2022: US\$ 200,000,000] is payable to its holding company, Tata Steel Limited, and is unsecured, bears interest rate of 1.65% + 12 months SOFR (2022: 1.76% + 12 months SOFR), resulting in an interest rate of 6.3142% per annum (2022: 3.47251% per annum) and is repayable by 31 March 2024. In 2023, the maturity date of the borrowing was extended from 31 March 2023 to 31 March 2024.
- (ii) As at 31 March 2023, the Company has obtained a long-term borrowing of US\$ 1,000,000,000 [2022: US\$ 1,000,000,000] from its holding company, Tata Steel Limited, which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be payable at rate of 6.75% + 6 months USD LIBOR and both the principal and interest are repayable by Feb 2027.
- (iii) As at 31 March 2023, the Company has obtained a long-term loan of US\$ 345,000,000 from its holding company, Tata Steel Limited, which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at rate of 3.96 % + 6 months LIBOR and is repayable by April 2027.
- (iv) As at 31 March 2023, the Company had obtained a long-term loan of US\$ 655,000,000 from its holding company, Tata Steel Limited, which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at rate of 6.75 % + 6 months LIBOR and is repayable by April 2027.
- (v) As at 31 March 2023, the Company had obtained a long-term loan of US\$ 1,000,000,000 from its holding company, Tata Steel Limited, which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at rate of 4.88 % + 6 months LIBOR and is repayable by June 2027.
- (vi) As at 31 March 2023, the Company had obtained a long-term loan of US\$ 250,000,000 from its holding company, Tata Steel Limited, which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at rate of 2.99 % + 6 months LIBOR and is repayable by September 2029.
- (vii) As at 31 March 2023, the Company had obtained a long-term loan of US\$ 665,000,000 from its holding company, Tata Steel Limited, which is unsecured, with moratorium of interest for 2.5 years. Post moratorium period, interest will be charged at rate of 2.99 % + 6 months LIBOR and is repayable by October 2029.
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T STEEL HOLDINGS PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**For the financial year ended 31 March 2023

15. Share capital

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

	<u>No. of ordinary shares</u>	<u>Issued share capital</u> <u>\$'000</u>
2023		
Beginning and end of financial year	<u>8,570,121,292</u>	<u>14,102,724</u>
2022		
Beginning and end of financial year	<u>8,570,121,292</u>	<u>14,102,724</u>

16. Other reserves

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Other reserves	<u>46,929</u>	<u>46,929</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate 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) Currency risk

The Company adopts the United States dollar (USD) as its functional currency as its main investment is a United States dollar denominated asset. At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities that are not denominated in functional currency are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Euro	48	53	-	-
Singapore dollars	75	4	1,520	19
Great Britain Pounds	30	24	-	-

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

	<u>Impact to profit or loss</u>	
	2023	2022
	\$'000	\$'000
Euro	(5)	(5)
Singapore dollars	145	2

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk refers to the risk faced by the Company as a result of fluctuation in interest rates.

Interest rate sensitivity

No sensitivity analysis has been prepared by management as the Company's exposure to floating rate interest bearing assets or liabilities are off-setting in nature, thus having no material impact on Company's loss for the year ended 31 March 2023.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. The Company's major classes of financial assets are bank deposits, loan receivables and other receivables.

For banks and financial institutions, the Company mitigates its credit risk by transacting only with counterparties with high credit ratings as determined by international credit rating agency.

The cash and bank deposit are measured on 12-months expected credit loss and subject to immaterial credit loss.

Impairment of financial assets

The Company has no financial assets that are subject to more than immaterial credit losses.

The Company has applied 3 stage general approach to measure the expected credit losses for loan receivables.

The Company does not associate its loan receivables due from its subsidiary with any material credit risk.

T STEEL HOLDINGS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17. Financial risk management (continued)

(c) Liquidity risk

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

Non-derivative financial liabilities

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.

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>2023</u>						
Non-interest bearing	-	1,555	233,547	-	-	235,102
Fixed interest rate instruments	6.31	212,839	-	-	(12,839)	200,000
Variable interest rate instruments	3.14 – 6.97	35,526	3,721,014	959,133	(800,673)	3,915,000
		<u>249,920</u>	<u>3,954,561</u>	<u>959,133</u>	<u>(813,512)</u>	<u>4,350,102</u>

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>2022</u>						
Non-interest bearing	-	738	108,110	-	-	108,848
Fixed interest rate instruments	6.31	207,041	-	-	(7,041)	200,000
Variable interest rate instruments	3.14- 6.97	-	1,712,034	3,003,639	(800,673)	3,915,000
		<u>207,779</u>	<u>1,820,144</u>	<u>3,003,639</u>	<u>(807,714)</u>	<u>4,223,848</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17. Financial risk management (continued)

(c) Liquidity risk (continued)

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
<u>2023</u>						
Non-interest bearing	-	35	233,547	-	-	233,582
Fixed interest rate instruments	6.31	212,839	-	-	(12,839)	200,000
Variable interest rate instruments	0 - 6.97	37,068	3,721,014	959,133	(800,673)	3,916,542
		<u>249,942</u>	<u>3,954,561</u>	<u>959,133</u>	<u>(813,512)</u>	<u>4,350,124</u>
<u>2022</u>						
Non-interest bearing		19	108,110	-	-	108,129
Fixed interest rate instruments	3.47	207,041	-	-	(7,041)	200,000
Variable interest rate instruments	0 - 6.97	843	1,712,034	3,003,639	(800,673)	3,915,843
		<u>207,903</u>	<u>1,820,144</u>	<u>3,003,639</u>	<u>(807,714)</u>	<u>4,223,972</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17. Financial risk management (continued)

(d) Capital risk

The Company manages its capital structure to ensure that the Company will be able to continue as a going concern.

The Company's overall strategy remains unchanged from prior year.

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

The Board of Directors 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.

	2023	2022
	\$'000	\$'000
Net debt	4,348,560	4,223,005
Total equity	2,395,504	2,926,206
Total capital	6,744,064	7,149,211

The Company is not subject to any externally imposed capital requirements

(e) Fair value measurements

The carrying amounts of financial assets and liabilities approximate their respective fair value, due to maturity of these financial instruments.

(f) Financial instruments by category

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

	2023	2022
	\$'000	\$'000
Financial assets, at amortised cost	4,350,124	4,223,972
Financial liabilities, at amortised cost	4,350,102	4,223,848

18. Immediate and ultimate holding corporation

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.

NOTES TO THE FINANCIAL STATEMENTSFor the financial year ended 31 March 2023

19. Related party transactions

During the financial year, the Company has entered into the following significant transactions with related companies:

	2023	2022
	\$'000	\$000
Interest income from loans to subsidiary	132,495	107,890
Loan receivables from subsidiary	-	2,915,000
Interest expense on borrowings from holding company	132,495	107,890
Borrowings from holding company	-	2,915,000
Recharge by subsidiary	1	5

Outstanding as at 31 March:

	2023	2022
	\$'000	\$'000
Interest payable on borrowings from holding company	233,582	108,129
Borrowings from holding company	4,115,000	4,115,000
Interest receivable on loans to subsidiary	233,582	108,129
Loan receivable from subsidiary	4,115,000	4,115,000

Outstanding balances as at 31 March 2023 are disclosed in notes 10, 11, 13 and 14.

Compensation of directors and key management personnel

There are no key managerial personnel other than the directors of the Company. The directors are paid remuneration by related corporations in their capacity as directors and/or executives of those related corporations.

20. Business combinations under common control

A business combination is under common control if:

- i. the combining entities are ultimately controlled by the same party (or parties) both before and after the combination, and
- ii. common control is not transitory.

As a part of corporate restructuring within the Group, the following arrangement took place during the current year.

1. On 31 January 2023, the Company acquired 100% shareholding in Natsteel Asia Pte. Ltd. ("NSA") from Tata Steel Limited at a consideration of USD 136,250,000.
2. On 1 March 2023, Natsteel Asia Pte. Ltd. ("NSA"), a wholly owned subsidiary of the Company, amalgamated with the Company at Nil consideration, resulting in the Company being the surviving legal entity from the amalgamation.

The Company entered into this arrangement in order to simplify group structure and the above-mentioned combining entities are ultimately controlled by the same party (Tata Steel Limited) both before and after the combination, hence it is a common control transaction.

T STEEL HOLDINGS PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**For the financial year ended 31 March 2023

20. Business combinations under common control (continued)

The Company has accounted for the above transactions in point (1) and (2) using the predecessor accounting prospectively. The detailed application of this approach is that:

- i. assets and liabilities of the acquired entity are stated at predecessor carrying values.
- ii. any difference between the consideration given and the net carrying value of the assets and liabilities of the entities at the date of the transaction is included in equity as retained earnings or in a separate reserve which includes the share capital of NSA considered as capital contribution.

	NSA \$'000
(A) Purchase consideration	<u>136,250</u>
	NSA \$'000
(B) Effect on cash flows of the Company: Cash and cash equivalents in amalgamated entity	<u>480</u>
(C) Identifiable assets and liabilities acquired	
	NSA \$'000
ASSETS	
Current Assets	
Cash and bank deposits	480
Loan to related corporations	136,145
Other receivable	355
	<u>136,980</u>
Total assets	<u>136,980</u>
LIABILITIES	
Current Liabilities	
Trade and other payables	11
Current income tax liabilities	430
	441
Total Liabilities	<u>441</u>
Total identifiable net assets	<u>136,539</u>
Less: Retained earnings as of amalgamation date	(35,435)
Less: Purchase consideration	136,250
Amalgamation reserve	<u>35,724</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

21. New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

22. Event after the reporting period

From 1 April 2022, the Company has changed its functional currency from GBP to USD. Management has assessed this change in functional currency to be appropriate as:

- i) All existing funding to the Company and consequently its subsidiary, TSGH is now in the form of USD; and
- ii) Following the change in strategy of the Company's significant subsidiary, TSE, management now expects the future cash flows to be generated from TSE to be utilised fully for its own working capital purposes such that there will be no longer be any GBP distribution upwards from TSE.

23. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of T Steel Holdings Pte. Ltd. on XXXX 2023.