

**T S GLOBAL MINERALS
HOLDINGS PTE. LTD.**
(Registration No. 200720850Z)

**DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2018

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the Company for the financial year ended March 31, 2018.

In the opinion of the directors, the accompanying financial statements of the Company as set out on pages XX to XX are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Koushik Chatterjee
Sandip Biswas
Ranganath Raghupathy Rao
Dibyendu Bose
Sanjib Nanda

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and company in which interests are held	Shareholdings registered in name of director	
	At beginning of year	At end of year
<u>Tata Steel Limited</u>		
<u>Ordinary shares of Rupees 10 each</u>		
Koushik Chatterjee	1,320	1,320
Sandip Biswas	3,868	3,868
Sanjib Nanda	484	484
Dibyendu Bose	502	502

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

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

(b) *Options exercised*

During the financial year, there were no shares of the Company issued by virtue of the exercise of options to take up unissued shares.

(c) *Unissued shares under option*

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

5 AUDITORS

The auditors, XXXX, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

.....
Sandip Biswas

.....
Sanjib Nanda

Date:

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of T S Global Minerals Holdings Pte. Ltd. (the "company"), which comprise the statement of financial position of the company as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 42.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the company as at March 31, 2017 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

We conduct 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 are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2, 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 AUDITORS' REPORT TO THE MEMBER OF

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

- (e) 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 provisions of the Act.

Public Accountants and
Chartered Accountants
Singapore

[Date]

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

STATEMENT OF FINANCIAL POSITION
March 31, 2018

(Expressed in thousands United States Dollars)

	Note	2018 US\$'000	2017 US\$'000
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	6	5,832	5,758
Other receivables	10	105,825	104,435
Total current assets		111,657	110,193
Non-current assets			
Subsidiaries	7	173,061	356,061
Associate	8	-	-
Joint venture	9	-	-
Other non-current Investment	11	449,848	449,848
Other receivables	10	84,863	79,146
Total non-current assets		707,773	885,055
Total assets		819,430	995,248
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Tax payable		36	447
Loans from immediate holding company	12	12,827	12,524
Other payables	13	17	49
Total current liabilities		12,879	13,018
Non-current liabilities			
Deferred tax liability	14	6,588	4,519
Long term borrowings	15	449,848	449,848
		454,636	454,369
Capital, reserves and accumulated losses			
Share capital	16	1,319,190	1,319,190
Capital reserve	17	-	-
Equity Portion of Preference Shares		-	-
Accumulated losses		(969,074)	(791,329)
Total equity		350,115	527,861
Total liabilities and equity		819,430	995,248

See accompanying notes to financial statement

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended March 31, 2018

(Expressed in thousands United States Dollars)

	<u>Note</u>	<u>2018</u> US\$'000	<u>2017</u> US\$'000
Foreign exchange adjustment loss		1,937	1,198
Other operating expenses		(29)	(63)
Finance income	18	12,174	11,703
Allowance for receivables and impairment loss on investments	19	(189,667)	(5,852)
Finance costs	20	(58)	(53)
Profit/Loss before tax		(175,643)	6,933
Income tax expense	21	(2,107)	(1984)
Profit/Loss for the year	22	(177,750)	4,949
Other comprehensive loss:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Reclassification to profit or loss from investment revaluation reserve on full impairment of investment in associate		-	-
Total comprehensive loss for the year		(177,750)	(190,388)

See accompanying notes to financial statements.

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
Year ended March 31, 2018

(Expressed in thousands United States Dollars)

	Share capital	Capital reserve	Investment revaluation reserve	Accumulated Losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at March 31, 2016	1,153,653	-	-	(796,278)	357,375
<i>Total comprehensive loss for the year</i>					
- Loss for the year	-	-	-	4,949	4949
- Issuance of share capital (Note 14)	165,537	(165,537)	-	-	-
- Capital contribution from immediate holding company (Note 15)	-	165,537	-	-	165,537
Balance at March 31, 2017	1,319,190	-	-	(791,329)	527,861
<i>Total comprehensive loss for the year</i>					
- Loss for the year	-	-	-	(177,750)	(177,750)
- Issuance of share capital (Note 14)	-	-	-	-	-
- Capital contribution from immediate holding company (Note 15)	-	-	-	-	-
Total	-	-	-	4,949	170,486
Balance at March 31, 2018	1,319,190	-	-	(969,079)	350,110

See accompanying notes to financial statements.

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

STATEMENT OF CASH FLOWS

Year ended March 31, 2018

(Expressed in thousands United States Dollars)

	2018 US\$'000	2017 US\$'000
Cash flow from operating activities		
Loss before income tax	(176,142)	6,933
Adjustments for:		
Finance income	(12,174)	(11,703)
Finance costs	58	53
Provision for impairment loss in subsidiaries	183,661	275
Provision for audit fee and interest rollover	4,156	-
Allowance for doubtful advances and interest receivables	6,335	5,577
Unrealised foreign exchange losses	(1,662)	(1,239)
Operating cash flows before movements in working capital	4,232	(104)
Other receivables	(4,178)	-
Other payables	187	(3)
Cash generated from operations	241	(107)
Direct taxes paid	(463)	(1,044)
Interest received	442	6,618
Net cash from operating activities	220	5,467
Investing activities		
Other capital contributions to subsidiaries ⁽¹⁾	(161)	(100,275)
Loan repaid by related company		89,521
Loan provided to subsidiary		(65,537)
Loan repaid during the year by subsidiaries		294
Loan provided to holding company		(95,146)
Loans to a joint venture		-
Net cash used in investing activities	(161)	(171,143)
Financing activities		
Capital contribution from immediate holding company	-	165,537
Proceeds from loans from immediate holding company	71	101
Repayments of loans from immediate holding company	-	-
Interest paid	(58)	(53)
Net cash used in financing activities	13	165,585
Net decrease in cash and cash equivalents	74	(91)
Exchange Difference on revaluation of cash & Bank balances	(1)	(4)
Cash and cash equivalents at the beginning of the financial year	5,759	5,853
Cash and cash equivalents at the end of the financial year	5,832	5,758

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

STATEMENT OF CASH FLOWS (cont'd)
Year ended March 31, 2018

(Expressed in thousands United States Dollars)

Non-cash transactions:

2018

- (1) During the year ended March 31,2018, the redeemable preference shares of US\$449,848,000 from a related company i.e NatSteel Asia was pre-paid directly by the holding company i.e T S Global Holding Pte Ltd.
- (2) In return for the amount paid by T S Global Holding Pte Ltd. T S Global Minerals Holdings Pte Ltd issued redeemable preference shares of US\$449,848,000.

2017

- (3) During the year ended March 31,2017, the company was allotted additional shares of US\$2,218,000 in Black Ginger (461) Proprietary, a wholly owned subsidiary of the Company by converting the other capital contribution to a subsidiary (Note 7)
- (4) During the year ended March 31,2017, the redeemable preference shares of US\$449,848,000 from a related company was paid directly to a subsidiary as an investment in compulsory convertible preference shares.

See accompanying notes to financial statements.

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(Expressed in thousands United States Dollars)

1 GENERAL

The Company (Registration No. 200720850Z) 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 United States dollars, which is the functional currency of the Company.

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

The principal activities of the subsidiaries, associate and joint ventures are disclosed in Notes 7, 8 and 9 to the financial statements respectively.

The financial statements of the Company for the year ended March 31, 2018 were authorised for issue by the Board of Directors on _____

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(Expressed in thousands United States Dollars)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2017, the company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

- FRS 109 *Financial Instruments* ¹
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* ¹
- FRS 116 *Leases* ²

¹ Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

² Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted

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

The management anticipates that the adoption of the above FRSs in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption except for the following:

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NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(Expressed in thousands United States Dollars)

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'.

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(Expressed in thousands United States Dollars)

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 is currently evaluating the potential impact of the FRS 109 in the financial statements of the company.

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 is currently evaluating the potential impact of the FRS 115 on the financial statements of the company.

BASIS OF CONSOLIDATION - The financial statements of the subsidiaries, associates and joint ventures have not been consolidated or equity accounted with the Company's financial statements as the Company itself is a wholly-owned subsidiary of another company. Consolidated financial statements are prepared by the ultimate holding company, Tata Steel Limited, incorporated in India, on a worldwide basis and such financial statements are publicly available.

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

T S GLOBAL MINERALS HOLDINGS PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(Expressed in thousands United States Dollars)

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

Definition of "significant control"

Control is achieved when, an individual or a legal entity has significant control over a company or foreign company if the individual or legal entity –

- (a) holds the right, directly or indirectly, to appoint or remove the directors or equivalent persons of the company or foreign company who hold a majority of the voting rights at meetings of the directors or equivalent persons on all or substantially all matters;
- (b) holds, directly or indirectly, more than 25% of the rights to vote on those matters that are to be decided upon by a vote of the members or equivalent persons of the company or foreign company; or
- (c) has the right to exercise, or actually exercises, significant influence or control over the company or foreign company.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Investments in subsidiaries in the financial statements of the company are carried at cost, less any impairment in net recoverable value that has been recognised in profit or loss.

ASSOCIATE - An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associate are stated at cost, less any impairment in net recoverable value.

INTERESTS IN JOINT VENTURES - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investments in joint ventures are stated at cost, less any impairment in recoverable value.

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

Financial assets

Financial assets comprise bank balances, loans and other receivables and available-for-sale financial assets. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(Expressed in thousands United States Dollars)

Cash and cash equivalents

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

Loans and other receivables

Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

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

Derecognition of financial assets

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

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March 31, 2018

(Expressed in thousands United States Dollars)

pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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 rate method, with interest expense recognised on an effective yield basis.

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

Derecognition of financial liabilities

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

IMPAIRMENT OF 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

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NOTES TO FINANCIAL STATEMENTS

March 31, 2018

(Expressed in thousands United States Dollars)

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.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

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

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

Interest income

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

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

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assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

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FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The financial statements of the Company is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Company are presented in United States dollar ("US dollar"), which is the functional currency of the Company.

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

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Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Management is of the opinion that any instances of application of judgments 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.

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Assessment of impairment of investment in subsidiaries, associate and joint ventures

Investments in subsidiaries, associates and joint ventures 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, associates and joint ventures are impaired. This determination requires significant judgement. In making this judgement, the Company evaluate, among other factors, the market and economic environment in which the subsidiaries, associates and joint ventures 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 value in use of investments.

Investment in subsidiaries (Note 7)

During the year ended March 31, 2018, the management carried out an estimate of the recoverable amounts of the following subsidiaries as indicators of impairment existed: Tata Steel Minerals UK Limited, Tata Steel Mineral Canada Limited and Black Ginger (461) Proprietary Limited.

- (a) The management had carried out an estimate of the recoverable amount of Tata Steel Minerals UK Limited, based on the estimation of the value in use of the cash-generating units of Tata Steel Minerals UK Limited which pertains to its subsidiary, Tata Steel Mineral Canada Limited. 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 are derived from the most recent financial budgets approved by the management for a period of 16 years of the cash generating units and a discount rate of 8.25% is used to discount the future cash flows of the cash generating units.
- (b) The management had carried out an estimate of the recoverable amount of Black Ginger (461) Proprietary Limited, based on the estimation of the value in use of the cash-generating units of Black Ginger (461) Proprietary Limited. 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 are derived from the most recent financial budgets approved by the management for a period of 16 years based on the life of the mine and a discount rate of 10.1% is used to discount the future cash flows of the cash generating units.

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Based on the assessments performed in 2018, management had made additional provision of US\$120,000 for Tata Steel Cote D'Ivoire and US\$40,551 for Kalimati Coal Company which had been fully provided for in prior year for the further amount remitted during the year to exit the project. Management had made an additional provision of US\$183,000,000 in Tata Steel Minerals UK Limited according to the impairment carried at TS Global Mineral Holdings Pte Ltd standalone level . No impairment is assessed to be necessary for the other subsidiaries.

Other receivables due from subsidiaries, associate, joint venture and related company

The Company has other receivables due from subsidiaries of US\$ 122,067,000(2017 : US\$114,133,000), due from joint venture of US\$140,348,000(2017 : US\$134,013,000), due from a related company of US\$0(2017 : US\$0) and due from holding company of US\$101,892,000(2017 : US\$102,153,000). Other than as disclosed below on allowance recorded, management had evaluated and considered the operations of the respective subsidiaries, associate, joint ventures and related company, and are of the view that the remaining receivables will be repaid when these entities generate cash flow from their operations.

Based on assessment performed in 2018, management has made an additional allowance US\$6,335,000 for interest receivable form Minas De Benga (Mauritius) Limitada at the end of the reporting period. No impairment is assessed to be necessary for the other receivables due from its other subsidiaries and related company.

Based on assessment performed in 2017, management has made an additional allowance for receivables of US\$ 825,000 for interest receivable from Tata Steel Mineral Canada and US\$5,204,000 for advances and interest receivable form Minas De Benga (Mauritius) Limitada at the end of the reporting period. No impairment is assessed to be necessary for the other receivables due from its other subsidiaries and related company.

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4 FINANCIAL RISKS, FINANCIAL INSTRUMENTS AND CAPITAL RISKS MANAGEMENT

The Company's overall risk management policy seeks to minimise potential adverse effects in the financial performance of the company.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures these risks.

(a) *Categories of financial instruments*

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

	2018	2017
	US\$'000	US\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	196,520	189,339
Financial liabilities		
Amortised costs	462,692	462,421

(b) *Financial risk management policies and objectives*

(i) Foreign exchange risk management

The Company has investments in foreign subsidiaries, associate and joint ventures, whose assets are exposed to currency translation risk. The Company does not hedge against currency exchange exposure arising from such investments as they are deemed to be long term in nature. Foreign currency sensitivity is performed for monetary assets and liabilities in foreign currency as foreign exchange rate would influence the Statement of Profit or Loss.

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

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	<u>Assets</u>		<u>Liabilities</u>	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Australian dollars	5,755	5,715	9,987	9,929
Canadian dollars			-	-
Singapore dollars	15	14	2,891	3,084
South African rand	16,893	13,672	-	-

If the United States dollars strengthen by 10% against the relevant foreign currency, loss before tax will increase or (decrease) by:

	2018	2017
	US\$'000	US\$'000
Australian dollars	(423)	(421)
Canadian dollars	-	-
Singapore dollars	(288)	(307)
South African rand	1,689	1,367

If the united States dollars weaken by 10% against relevant foreign currencies, the impact on profit/loss for the year will be converse of the above.

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Company as a result of fluctuation in interest rates that may have an adverse effect on the Company in the current reporting period and in the future years.

The Company is exposed to interest rate risk arising from loans to holding company, subsidiaries, joint venture and related parties and loans from immediate holding company as these amounts are charged at floating rates.

In respect of the above amounts for which are charged at floating rates, based on the balance at year end, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the impact on the Company's loss would be an increase/decrease of US\$ 1,333,000(2017 : US\$1,317,000).

(iii) Credit risk management

The Company's credit risk is primarily attributable to its cash at bank and other receivables. The Company places its cash with reputable financial institutions. Other than as disclosed in Note 3 (ii), management has assessed that credit risk arising from other receivables is not significant as the remaining amounts are due from the Company's subsidiaries and a related company which management has assessed are capable of

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repaying the advances over the period when these entities generate cash flow from their operations.

(iv) Liquidity risk management

The Company relies on the immediate holding company (Note 5) for financial support to fund its existing and continuing commitments. New investments and advances will be funded similarly.

All financial liabilities in 2018 and 2017 are non-derivative in nature, non-interest yielding and repayable on demand or due within 1 year from the end of the reporting period other than certain interest bearing loans from immediate holding company as disclosed in Note 11 to the financial statements.

All financial assets in 2018 and 2017 are non-derivative in nature, non-interest yielding and repayable on demand or due within 1 year from the end of the reporting period, except for certain other receivables which are due after 1 year as disclosed in Note 10 to the financial statements.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. 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 assets on the statement of financial position.

	Average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>2018</u>						
Non-interest bearing		3,963				13,906
Variable interest rate instrument	5.38	101,861	13,160			115,022
Fixed interest rate instrument	6.00		-	99,516	(27,814)	71,703
		<u>115,767</u>	<u>13,160</u>	<u>99,516</u>	<u>(27,814)</u>	<u>200,631</u>

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	Average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>2017</u>						
Non-interest bearing		8,072	-	-	-	8,072
Variable interest rate instrument	5.38	102,121	11,589	-	-	113,710
Fixed interest rate instrument	6.00	-	15,520	80,907	(28,870)	67,557
		<u>110,193</u>	<u>27,109</u>	<u>80,907</u>	<u>(28,870)</u>	<u>189,339</u>

(v) Fair values of financial assets and financial liabilities

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, loans from immediate holding company and other payables. Management estimates that the carrying amounts of the non-current other receivables, loans from immediate holding company and other 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.

(c) *Capital risk management policies and objectives*

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprise only of issued capital and capital reserves.

The Company's overall strategy remains unchanged from the previous financial year.

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5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a wholly-owned subsidiary of T S Global Holdings Pte. Ltd. which is incorporated in Singapore. The Company's intermediate holding company is T Steel Holdings Pte. Ltd. which is also 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. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

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

	2018	2017
	US\$'000	US\$'000
Interest income from subsidiaries	(5,397)	(4,203)
Interest income from a related company	-	(2,101)
Interest income from joint venture	(6,335)	(5,204)
Interest income from immediate holding company	(374)	(169)
Interest expense to immediate holding company	58	53
Investment in unquoted compulsory convertible preference shares in a subsidiary	449,848	449,847
Other capital contribution to subsidiaries	161	100,275

Compensation of directors and key management personnel

There are no key managerial personnel other than the directors of the Company. These directors are paid remuneration by either the ultimate holding company, immediate holding company or related companies in their capacity as directors and/or executives of these companies.

6 CASH AND CASH EQUIVALENTS

	2018	2017
	US\$'000	US\$'000
Cash at bank	5,832	5,758

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7 SUBSIDIARIES

	2018	2017
	US\$'000	US\$'000
Unquoted equity shares, at cost	51,553	51,553
Less: Provision for impairment loss ⁽¹⁾	(33,503)	(33,503)
	<u>18,050</u>	<u>18,050</u>
Other capital contributions ⁽²⁾	627,805	627,644
Less: Provision for impairment loss ⁽³⁾	(472,793)	(289,633)
	<u>155,011</u>	<u>338,011</u>
Total	<u>173,061</u>	<u>356,061</u>

(1) As at March 31, 2018 provision for impairment loss in equity shares in subsidiaries consists of US\$26,876,000 (2017 : US\$26,876,000) for Tata Steel Cote D'Ivoire, S.A. ("TSCI"), US\$5,351,000 (2017 : US\$5,351,000) for Kalimati Coal Company Pty. Ltd ("KCC") and US\$1,276,000(2017 : US\$1,276,000) for Al Rimal Mining LLC.

(a) The Company's subsidiary, TSCI had signed the Joint Venture Agreement dated December 11, 2007, as amended by Addendum No. 1 dated September 29, 2009 with Société pour le Développement Minier De La Cote D'Ivoire ("SODEMI") in Ivory Coast. Based on the feasibility study and exploration of Mt Nimba Deposits. The deal for Mount Nimba could not be achieved due to the environmental issues. As a result of this, SODEMI in consultation with the Government had agreed to allow TSCI at another deposit of Mt Gao to facilitate early start of work.

The Company had invested a total of US\$29,814,000 (including other capital contribution of US\$2,938,000) in TSCI for conducting prefeasibility studies in respect of the Bonglo project. Based on management's assessment, the entire investment is irrecoverable as the management intend to exit from the project held by the subsidiary in the view of the current market price and the uncertainty of further investment to bring in long term benefits and hence this investment was fully impaired and has made a provision for impairment loss in equity shares and other capital contributions of US\$26,876,000 (2017 : US\$26,876,000) and US\$ 2,938,188(2017 : US\$2,818,000) respectively for TSCI.

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- (b) The subsidiary, KCC holds 5% interest in Carborough Downs Joint Venture ("CDJV"), an unincorporated association, in Australia. CDJV operates coal mines in Australia in which Tata Steel Limited has the right to acquire 20% of its output at market rates. The Company sold its entire stake in CDJV and realised US\$5,504,000 after committed cash call and transaction cost in previous years.

During the year ended March 31, 2018, the management has made no provision for impairment loss in equity shares and has provided impairment loss of US\$41,000 in other capital contribution.

- (c) The Company and the members of the Al Bahja Group, a leading business house of Oman, formed a company, Al Rimal Mining LLC in 2008 for mining of limestone in the Uyun region. The Company has 70% stake in this entity with local shareholders holding remaining 30%.

While carrying out the exploration work including drilling on potential site it was found that it was not suitable for development of limestone due to technical, economic and environmental difficulties. The existing area was found to be not suitable for mechanised mining due to fraught with narrow ridges, deep wades and some environmental concerns. Also, the Company has been waiting for the approval from Ministry of Commerce and Industry for a new exploration license for last 3 years.

In order to continue with the project, further investment would be required to study the feasibility of the project and there is lack of clarity of further investing in the project as on date.

Based on the above situation, the Company decided to withdraw from the project. The net assets being entirely recoverable as per the liquidation clause mentioned in the shareholders' agreement, and on prudent basis the company wrote down its investment to the recoverable value.

Based on the assessments performed, management had made a provision for impairment loss of US\$1,276,000 for Al Rimal Mining LLC in previous years and no further impairment is required in 2018.

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- (2) Other capital contribution relates to long-term advances to certain subsidiaries and projects which are deemed to be investments in these subsidiaries. During the year ended March 31, 2018, an additional US\$161,000 (2017 : US\$100,275,000) of other capital contribution was invested in three subsidiaries.

During the year ended March 31, 2018, the Company made other capital contribution in its wholly-owned subsidiaries, KCC, for a total sum of US\$41,000 and Tata Steel Cote D'Ivoire, S.A. ("TSCI") for a sum of US\$120,000.

During the year ended March 31, 2017, the Company gave an advance against equity in its wholly-owned subsidiaries, Tata Steel Minerals UK Limited, for a total sum of US\$100,000,000 and Tata Steel Cote D'Ivoire, S.A. ("TSCI") for a sum of US\$275,000, as other capital contribution.

- (3) As at March 31, 2018, provision for impairment loss in other capital contributions consists of US\$ 2,938,000(2017 : US\$2,818,000) for Tata Steel Cote D'Ivoire, S.A. ("TSCI"), US\$7,122,000 (2017 : US\$7,082,000) for Kalimati Coal Company Pty. Ltd ("KCC"), US\$435,208,000 (2017 : US\$251,708,000) for Tata Steel Minerals UK Limited and US\$28,025,000 (2017 : US\$28,025,000) for Lab Mag & Ke Mag Project.

Details of Company's subsidiaries at 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
		2018 %	2017 %	
Black Ginger (461) Proprietary Limited ⁽¹⁾	South Africa	100	100	Investment holding for South African mining companies
Al Rimal Mining LLC	Oman	70	70	Mining of limestone and other mineral ores
Tata Steel Cote D'Ivoire, S.A.	Ivory Coast	85	85	Mining of iron ore
Kalimati Coal Company Pty. Ltd	Australia	100	100	Investment holding company

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Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2018 %	2017 %	
Tata Steel Minerals UK Limited	United Kingdom	100	100	Investment holding Company
Subsidiaries held by subsidiaries				
Sedibeng Iron Ore (Pty) Limited ⁽¹⁾	South Africa	64	64	Mining of iron ore
Tata Steel Minerals Canada Limited	Canada	78	78	Mining of iron ore
T S Canada Capital Ltd	Canada	100	100	Financing company

- ⁽¹⁾ In 2011, Black Ginger (461) Proprietary Limited ("BG"), a subsidiary of the Company, had acquired a 100% stake in Sedibeng Iron Ore (Pty) Limited ("SIO") from Sedibeng Mining (Pty) Limited (74%) and Four Rivers Trading 3 (Pty) Limited (26%) (together "sellers") at a purchase consideration of ZAR375 million (approximately US\$55.39 million). BG entered into an agreement on September 16, 2008 to on-sell a 26% interest in SIO to Cape Gannet Property 277 (Pty) Limited ("CG") for ZAR97.5 million and a 10% stake in SIO to Industrial Development Corporation of South Africa Limited ("IDC") for ZAR37.5 million. BG and sellers have agreed to pay and receive the purchase consideration in instalments and the first instalment of ZAR162.50 million and the initial deposit of ZAR10 million which was paid in February 2011. The first instalment includes 100% of IDC's share, and 40% of share of BG and CG. The second instalment of ZAR165 million was paid on March 31, 2012 which includes 48.99% of share of BG and CG. To secure the balance payment of ZAR 37.5 million, BG has hypothecated 10 shares of SIO (10% of its holding) and the Company provided a guarantee for ZAR 37.5 million (2017 : ZAR37.5 million) on behalf of BG to the sellers. In turn, Cape Gannet Property 277 (Pty) Limited has pledged its 4 shares (10% of its holding) to BG. IDC has not pledged any of its shares in SIO as they have made full payment in first instalment.

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8 ASSOCIATE

	2018	2017
	US\$'000	US\$'000
Quoted equity shares, at cost	71,073	71,073
Reclassification from investment revaluation reserve on full impairment of investment in associate (Note 16) ⁽¹⁾	(5,583)	(5,583)
Less: Provision for impairment loss in associate ⁽¹⁾	(65,490)	(65,490)
	<u>-</u>	<u>-</u>

As at March 31, 2018, the value of the above mentioned investment in associate based on quoted closing market prices on the last market day of the financial year was US\$ 2,943,000(2017 : US\$7,117,452).

⁽¹⁾ In 2015, the value of the above mentioned investment in associate, New Millennium Iron Corp. ("NML") was estimated to be irrecoverable by the management due to continued decline in the share prices of more than 50% over March 2014 and 80% over March 2013 along with the write down taken by NML in its books for a number of claims which did not represent any future economic value. Further, NML is unable to honour the cash calls made by Tata Steel Minerals Canada Limited ("TSMC") for the direct shipping ore project ("DSO projects") due to severe liquidity crunches. In addition to the above and considering the depressed global commodity prices and weak future forecast, the investment in the associate has been fully impaired since 2015.

Name of associate	Country of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2018	2017
			%	%
New Millennium Iron Corp. ("NML")	Canada	Mining Activities	26.18	26.18

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New Millennium Iron Corporation

On September 14, 2010, the Company exercised the option to participate in the direct shipping ore project ("DSO Project") pursuant to the Heads of agreement with NML and LabMag GP Inc (a subsidiary of NML). As part of the agreement, the Company will reimburse NML for 80% of NML's cost to date on the DSO Project; arrange funding for up to Canadian \$300 million of capital costs for the Project to earn its 80% share of the JV and commit to take 100% of the DSO project's iron ore products of specified quality, at world market prices, for the life of the mining operation. The Company has formed a company, Tata Steel Minerals Canada Limited ("TSMC") through its direct owned subsidiary, Tata Steel Minerals UK Limited, with an 80% shareholding interest for this purpose initially. During the year 31st March 2017, due to acquisition of 18% equity stake by Ressources Quebec Co(Government of Quebec) stake of NML in TSMC has been reduced from 6% to 4.32%.

In December 2011 the transaction was completed with transfer of DSO properties by NML to TSMC for a consideration of CAD52 million settled by issue of one share (CAD32 million) and settlement in cash of CAD21 million. The feasibility study estimated a proven and probable mineral reserve of 64.1 million tonnes. TSMC obtained the requisite approvals for mining and the Camp office was inaugurated in January 2012.

In addition, the Company had an exclusive right, as extended up to February 28, 2011 to participate in the LabMag and KeMag Project, known collectively as the Taconite Project an iron ore mining project located on the Millennium Iron Range near Howells River, Newfoundland and Labrador and Lac Harris, Québec province. The Company on March 6, 2011 had signed a binding heads of agreement (the "Binding HOA") with NML to develop the Taconite Project. The remainder of the Millennium Iron Range will be retained by NML.

Under the Binding HOA, the Company shall participate in the development of a feasibility study of the Taconite Project (the "Feasibility Study") and contribute towards 64% of the costs related thereto. The parties would enter into a binding joint venture agreement upon the successful completion of the Feasibility Study and the Company electing to develop one or both of the deposits. After formation of the joint venture, NML is expected to hold a 36% equity interest in the Taconite Project, including a 20% free carry equity interest. In addition, NML will have a 4% right of first refusal on future equity sales by the Company to increase its equity interest to a maximum of 40%.

The Company will arrange the required equity portion of the financing (excluding NML's optional equity interest) based on a maximum capital expenditure of up to CAD4.85 billion if both deposits are developed and up to CAD4.68 billion and up to CAD3.76 billion respectively, if only the KéMag or LabMag deposits are developed. Arranging debt financing for the project shall be the responsibility of the Company.

The Company had paid US\$24,376,000 in 2013 as its share of such exploration costs and this amount was recorded as other receivables (Note 10). During the year ended March 31, 2015, this amount was transferred to other capital contribution (Note 7) in subsidiaries upon the completion of the feasibility study for the Taconite Project.

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NOTES TO FINANCIAL STATEMENTS

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9 JOINT VENTURE

	2018	2017
	US\$'000	US\$'000
Unquoted equity shares, at cost	352,744	352,744
Less: Provision for impairment loss in joint venture ⁽¹⁾	(352,744)	(352,744)
	<u>-</u>	<u>-</u>

⁽¹⁾ During the year ended March 31, 2014, arising out of decrease in coal reserves, sharp decline in coal price, higher operational cost and logistics constraints, the management carried out an estimate of the recoverable amount of the underlying project of joint venture, Minas De Benga (Mauritius) Limited, as indicators of impairment existed. The recoverable amount of was determined based on the estimation of the value in use of the cash-generating units of Minas De Benga (Mauritius) Limited. 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.

Based on the assessment performed, management has made a full provision for impairment loss of US\$352,744,000 for Minas De Benga (Mauritius) Limited in prior years.

Details of Company's joint ventures at the end of reporting period are as follows:

Name of joint venture	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2018	2017	
		%	%	
Held by the Company				
Minas De Benga (Mauritius) Limited	Mauritius	35	35	Holding company
<u>Held by</u>				
<u>Minas De Benga (Mauritius) Limited</u>				
Minas De Benga Limitada	Mozambique	35	35	Mining activities

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The remaining equity interest in the above mentioned joint ventures are held by Riversdale Mining Pty Limited ("RMPL"). During 2015, the former shareholder for this joint venture, Rio Tinto Coal Mozambique ("RTCM") sold its interest in RTBML to RMPL.

Based on a shareholder's agreement, the shareholders have executed a deed of cross charges in favour of each other shareholder to secure the performance of obligation under the shareholders' agreement. The Company has entered into a fixed and floating charge for a maximum amount of US\$100 million, subject to the terms of the Joint Venture Agreements. This includes:

- (a) charges in favour of RMPL (previously RTCM) by way of a fixed charge with full title guarantee and as a continuing security for the payment and discharge of the Joint Venture funding requirements, all of the Company's present rights to and title and interest in and to all of RTBML shares; and
- (b) floating charges on:
 - (i) all dividends and other accretions paid in respect of or otherwise arising from shares of RTBML;
 - (ii) all of its present and future rights and benefits under each Joint Venture Agreement; and
 - (iii) the benefit of any financial accommodation made or provided by RMPL (previously RTCM) to RTBML.

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10 OTHER RECEIVABLES

	2018	2017
	US\$'000	US\$'000
<u>Current</u>		
Loans to subsidiary ⁽¹⁾	29,178	29,178
Less: Allowances for doubtful receivable ⁽²⁾	(29,178)	(29,178)
	-	-
Loan to a joint venture ⁽³⁾	120,107	120,107
Less: Allowances for doubtful receivable ⁽³⁾	(120,107)	(120,107)
	-	-
Interest accrued on loan to joint venture	13,906	13,906
Less: Allowance for interest receivable ⁽³⁾	(13,906)	(13,906)
Interest accrued on loan to joint venture	-	-
Interest accrued on loans to subsidiaries	7,459	5,809
Less: Allowance for interest receivable ⁽⁴⁾	(3,527)	(3,527)
	3,932	2,282
Loan to holding company ⁽⁵⁾	101,861	102,121
Interest accrued on loans to holding company	31	32
Interest accrued on deposits with bank	-	-
Loans to a related company	-	-
Interest accrued on loans to related company	-	-
	<u>105,825</u>	<u>104,435</u>
<u>Non-current</u>		
Loans to subsidiaries ⁽⁶⁾	84,863	79,146
Loans to a related company	-	-
Interest accrued on loans to subsidiary	-	-
	<u>84,863</u>	<u>79,146</u>

(1) As at March 31, 2018, loans to a subsidiary, Kalimati Coal Company Pty. Ltd of US\$29,351,000(2017 : US\$29,178,000) is unsecured, interest-free and repayable on demand.

(2) Relates to allowance for loan receivables of US\$29,351,000(2017 : US\$29,178,000) for the amount due from Kalimati Coal Company Pty. Ltd.

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NOTES TO FINANCIAL STATEMENTS

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- (3) As at March 31, 2018, loans of US\$120,107,000 (2017 : US\$120,107,000) to joint venture, Minas De Benga (Mauritius) Limited is unsecured, bear interest at three month LIBOR+3.00% per annum. Interest on overdue amount is calculated on monthly basis at 2% (2017 : 2.00%) per annum over and above the interest rate as mentioned.

The Company has made an allowance for loan receivables of US\$120,107,000 (2017 : US\$120,107,000) and interest receivable of US\$20,241,000 (2017 : US\$13,906,000) for the amounts due from Minas De Benga (Mauritius) Limited.

- (4) As at March 31, 2018 company made an allowance for interest receivable from Tata Steel Mineral Canada of US\$3,527,000(2017 : US\$3,527,000) on the loans which has been re-assigned to Tata Steel Minerals UK Limited.

- (5) As at March 31, 2018, loan receivables of US\$101,861,000 (2017 : US\$102,121,000) due from immediate holding company which are under a cash-pooling arrangement, are unsecured, bear interest 1.42% (2017 : 1.42%) per annum and are repayable upon demand.

- (6) As at March 31, 2018, this includes loans to a subsidiary, Black Ginger (461) Proprietary Limited of US\$13,160,000 (2017 : US\$11,589,000) which is treated as long-term, which the subsidiary will repay when it generates cash flows from its operations in the long term. Interest is charged at Johannesburg Interbank Agreed Rate ("JIBAR") plus 2.00% per annum.

As at March 31, 2018, this also includes loans to a subsidiary, Tata Steel Minerals UK Limited of US\$ 71,703,000 (2017 : 67,557,000) with maturity date of November 1,2023. Interest is charged at 6.00% per annum. During the year, interest receivable of US\$4,146,000 was converted to loans to a subsidiary.

Management estimates the fair values of other receivables to approximate its carrying amount.

Movements in the allowance for doubtful receivables:

	2018	2017
	US\$'000	US\$'000
At beginning of the year	166,718	161,141
Charge to profit or loss for the year	6,506	5,577
At end of the year	<u>173,225</u>	<u>166,718</u>

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11 Other non-current Investment

	2018	2017
	US\$'000	US\$'000
Non - Current		
Investment in preference shares ⁽¹⁾	449,849	449,849

(1) During the year ended 31st March, 2017 TSGMH has subscribed to the preference shares issued by TSMUK.

12 LOANS FROM IMMEDIATE HOLDING COMPANY

	2018	2017
	US\$'000	US\$'000
Current		
Loans from immediate holding company	12,827	12,524

The short term loans from immediate holding company consist of:

- (a) Short-term loan payable to immediate holding company amounting to US\$9,987,000 (2017 : US\$9,929,000) which is denominated in Australian dollar ("AUD"), is unsecured, interest-free and repayable on demand.
- (b) Loan payables of US\$2,840,000 (2017 : US\$2,595,000) to immediate holding company which are under a cash-pooling arrangement, are unsecured, bear interest ranging from **0.03% to 3.62%** (2017 : 0.03% to 3.62%) per annum and are repayable upon demand.

Management is of the opinion that fair value of these loans approximates the carrying value.

13 OTHER PAYABLES

	2018	2017
	US\$'000	US\$'000
Current		
Accrued expenses	11	43
Accrued interest on loans from immediate holding company	6	6
Withholding tax payables	-	-
Other payable to joint venture ⁽¹⁾	-	-
	17	49

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14 DEFERRED TAX LIABILITY

	2018	2017
	US\$'000	US\$'000
Deferred tax liability	6,588	4,519

The deferred tax liability is recognised by the Company in the current year on account of interest from foreign sources not remitted to Singapore. The movement during the reporting period is as follow:

	2018	2017
	US\$'000	US\$'000
At beginning of the year	4,518	3,128
Charge to profit or loss for the year (Note 20)	2,070	1,391
At end of the year	6,588	4,519

15 LONG TERM BORROWING

	2018	2017
	US\$'000	US\$'000
Long Term Borrowing ⁽¹⁾	449,848	449,848

(1) During the period the company has raised an amount from one of the group companies to meet the requirements of normal capital expenditure, debt repayment and working capital requirements, Investment in subsidiaries. The amount was raised by issuing compulsorily convertible preference shares.

The preference shares are issued at USD 1 par value and do not hold any voting rights. It is junior to all Secured Loans, Unsubordinated creditors, pari passu with any further issuance of Preference shares, senior only to ordinary Share capital and any other securities at par with ordinary Share capital of the Issuer.

Preference shares issued earlier to NSA was redeemed at par and fresh preference shares for the same value were issued to TSGH during the year.

Issuer or Holder can call for redemption of the preference shares together, before 10th year from the deemed date of allotment. It is compulsorily convertible at maturity after 10 years. Dividend is non-cumulative and discretionary at the option of the Board of Directors.

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Holder shall have the right to novate, transfer or assign all or part of its rights and/or the benefits in connection with the Preference Share. Issuer shall not assign or transfer any of its rights or obligations in connection with the Preference Share, except with the prior written consent of Holder.

16 SHARE CAPITAL

	2018	2017	2018	2017
	Number of ordinary shares		US\$'000	US\$'000
Issued and paid up:				
At beginning of the year	1,319,190,035	1,153,653,035	1,319,190	1,153,653
Transfer from capital reserve on issuance of share (Note 15)	-	165,537,000	-	165,537
At end of the year	<u>1,319,190,035</u>	<u>1,319,190,035</u>	<u>1,319,190</u>	<u>1,319,190</u>

Fully paid ordinary shares, par value US\$1, carry one vote per share and carry a right to dividends when declared by the Company.

17 CAPITAL RESERVE

	2018	2017
	US\$'000	US\$'000
At beginning of the year	-	-
Capital contribution during the year	-	165,537
Transfer to share capital on issuance of shares (Note 14)	-	(165,537)
At end of the year	<u>-</u>	<u>-</u>

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18 FINANCE INCOME

	2018	2017
	US\$'000	US\$'000
Interest income:		
Subsidiaries (Note 7)	5,397	4,203
A related company (Note 5)	-	2,101
Joint venture (Note 9)	6,335	5,204
Immediate holding company (Note 5)	374	169
Bank balances and fixed deposits	67	26
	<u>12,175</u>	<u>11,703</u>

19 ALLOWANCE FOR RECEIVABLES AND IMPAIRMENT LOSS ON INVESTMENTS

	2018	2017
	US\$'000	US\$'000
Provision for impairment loss in subsidiaries	183,161	275
Provision for impairment loss in an associate	-	-
Allowance for doubtful advances and interest receivables	6,506	5,577
	<u>189,667</u>	<u>5,852</u>

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20 FINANCE COSTS

	2018	2017
	US\$'000	US\$'000
Interest expense to immediate holding company (Note 5)	58	53

21 INCOME TAX EXPENSE

	2018	2017
	US\$'000	US\$'000
Current income tax		
- current year	38	593
Deferred tax (Note 13)		
- current year	2,069	1,391
Total tax expense	2,107	1,984

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

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

	2018	2017
	US\$'000	US\$'000
Loss before tax for the year	(175,643)	6,933
Tax Expense/benefit calculated at domestic tax rate of 17%	(29,859)	1,179
Effect of expenses not allowable under tax	32,089	1,005
Effect of profit that is exempt from taxation and tax rebate	(123)	(200)
Tax expense for the year	2,107	1,984

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22 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2018	2017
	US\$'000	US\$'000
Allowance for receivables and impairment loss on investments	<u>189,667</u>	<u>5,852</u>

The Company did not have any staff in its employment and no staff costs were incurred.

There are no key management personnel in the company other than the directors.

23 COMMITMENTS

Capital commitments

- (i) In relation to the Company's investment in Minas De Benga (Mauritius) Limited, the feasibility study on the Benga Project in Mozambique was completed on July 14, 2009. The total investment approved for the first and second phase of project will be US\$1,073 million and US\$125 million respectively and the Company's share will be US\$376 million and US\$44 million respectively. Of the above, US\$376 million (2017 : US\$376 million) has been paid as at March 31, 2018.
- (ii) As disclosed in Note 8, under the Binding HOA, the Company shall participate in the development of feasibility study of Taconite Project and contribute 64% (2017 : 64%) of the costs.

Other commitments

In relation to a joint venture (Note 9) of the Company, the Company had provided separate Letter of Support for up to its equity interest of 35% (2017 : 35%) on any outstanding payments relating to a contractor for the design and construction of a coal handling and processing plant.

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DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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Prepared on

The attached draft financial statements, which have been prepared by management of the Company, are subject to changes that may arise from the resolution of outstanding audit matters which are set out in the attached appendices and comments and adjustments from our engagement quality assurance review. The draft audit report included in the attached financial statements should not be provided to any other party or used for any purpose without our prior written permission.