

NATSTEEL ASIA PTE. LTD.

(Incorporated in Singapore. Registration Number: 200404147Z)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

NATSTEEL ASIA PTE. LTD.
(Incorporated in Singapore)

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The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2021.

In the opinion of the directors,

- (a) the financial statements as set out on pages 8 to 26 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 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 Hriday Nair
Mr Raghav Sud
Ms Samita Shah
Mr Lu Kee Hong

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:

Directors' interests in shares or debentures (continued)

	Holdings registered in <u>name of director</u>		Holdings in which a director is <u>deemed to have an interest</u>	
	At <u>31.3.2021</u>	At 1.4.2019, or date of appointment, <u>if later</u>	At <u>31.3.2021</u>	At 1.4.2019, or date of appointment, <u>if later</u>
Ultimate holding corporation - Tata Steel Limited (Ordinary shares of Rupees 10 each)				
Mr Hriday Nair	63	63	214	214
Mr Raghav Sud	17	17	-	-
(11.5% debentures of Rupees <u>1,000,000 each</u>)				
Ms Samita Shah	3	3	-	-

Share options

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

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

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

Independent auditor

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

On behalf of the directors

Samita Shah
Director

Raghav Sud
Director

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NATSTEEL ASIA PTE. LTD.

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Natsteel Asia Pte. Ltd. ("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 ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2021 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 2021;
- the balance sheet as at 31 March 2021;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NATSTEEL ASIA PTE. LTD. (continued)

Other Information (continued)

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

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NATSTEEL ASIA PTE. LTD. (continued)

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
▪ Singapore,

NATSTEEL ASIA PTE. LTD.**STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 March 2021*

	Note	2021 US\$'000	2020 US\$'000
Other income			
- Interest	3	2,554	3,541
- Dividend	3	75,000	-
Other gains/(losses)	4	32,671	(5,521)
Expenses			
- Administrative		(110)	(3)
- Finance	5	(58,890)	(68,682)
Profit/(Loss) before income tax		51,225	(70,665)
Income tax credit/(charge)		(2)	29
Profit/(Loss) after income tax		51,223	(70,636)
Profit/(Loss) after tax and total comprehensive			
Profit/(Loss) for the year		51,223	(70,636)

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

NATSTEEL ASIA PTE. LTD.**BALANCE SHEET***As at 31 March 2021*

	Note	2021 US\$'000	2020 US\$'000
ASSETS			
Current assets			
Cash and bank deposits	6	87	-
Loans to a related corporation	7	165,696	26,516
Other Receivable	8	33	-
		<u>165,816</u>	<u>26,516</u>
Non-current assets			
Loans to a related corporation	7	-	1,631,233
Investment in subsidiary	9	1,032	1,032
Investment in Associates	10	626,527	-
		<u>627,559</u>	<u>1,632,265</u>
Total assets		<u>793,375</u>	<u>1,658,781</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	26,593	2,958
Borrowings	12	657,306	2,618
Current income tax liabilities		2	-
		<u>683,901</u>	<u>5,576</u>
Non-current liabilities			
Borrowings	12	-	1,593,013
Total liabilities		<u>683,901</u>	<u>1,598,589</u>
NET ASSETS		<u>109,474</u>	<u>60,192</u>
EQUITY			
Share capital	13	171,975	171,975
Exchange translation reserve	14	33,892	33,892
Accumulated losses		(96,393)	(145,675)
Total equity		<u>109,474</u>	<u>60,192</u>

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

NATSTEEL ASIA PTE. LTD.**STATEMENT OF CHANGES IN EQUITY***For the financial year ended 31 March 2021*

	Note	Share capital US\$'000	Exchange translation reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
2021					
Beginning of financial year		171,975	33,892	(145,675)	60,192
Total comprehensive loss for the financial year		-	-	51,223	51,223
Transactions with owners, recognised directly in equity					
- Arising from fair value of long term interest-free loan		-	-	(1,941)	(1,941)
End of financial year		171,975	33,892	(96,393)	109,474
2020					
Beginning of financial year		171,975	33,892	(71,843)	134,024
Total comprehensive loss for the financial year		-	-	(70,636)	(70,636)
Transactions with owners, recognised directly in equity					
- Arising from fair value of long term interest-free loan		-	-	(3,196)	(3,196)
End of financial year		171,975	33,892	(145,675)	60,192

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

NATSTEEL ASIA PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

	Note	2021 US\$'000	2020 US\$'000
Cash flows from operating activities			
Loss before tax		51,225	(70,665)
Adjustments for:			
- Deemed interest income	3	(2,521)	(3,538)
- Interest income	3	(33)	(3)
- Dividend income	3	(75,000)	-
- Interest expense	5	58,844	68,631
- Unrealised foreign currency exchange		(3,458)	5,749
		<u>29,057</u>	<u>174</u>
Changes in working capital:			
- Trade and other payables		23,528	(2,547)
Net cash (used in)/provided by operating activities		<u>52,585</u>	<u>(2,373)</u>
Cash flows from investing activities			
Repayment of loan to related corporation		1,030,226	64,229
Loan to related corporation		(129,690)	-
Interest received		-	3
Dividend received		75,000	-
Net cash provided by/(used in) investing activities		<u>975,536</u>	<u>64,232</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayments of borrowings		(984,712)	-
Interest paid		(43,322)	(64,120)
Net cash (used in)/provided by financing activities		<u>(1,028,034)</u>	<u>(64,120)</u>
Net (decrease)/increase in cash and cash equivalents		87	(2,261)
Cash and cash equivalents			
Beginning of financial year	6	-	2,261
Cash and cash equivalents at end of financial year	6	<u>87</u>	<u>-</u>

Reconciliation of liabilities arising from financial activities

	1 April US\$'000	Proceeds from borrowings US\$'000	Principal, interest and facility fee payments US\$'000	Non-cash changes		31 March US\$'000
				Interest expense US\$'000	Foreign exchange movement US\$'000	
Borrowings						
2021	1,595,631	-	(1,028,034)	58,844	30,865	657,306
2020	1,602,343	-	(64,120)	68,631	(11,223)	1,595,631

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 22 Tanjong Kling Road, Singapore 628048.

The principal activity of the Company is that of an investment holding. The principal activity of its subsidiary is disclosed in Note 9 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Tata Steel Limited, an India incorporated company which produces consolidated financial statements available for public use. The registered office of Tata Steel Limited where the consolidated financial statements can be obtained is as follows: Bombay House, 24 Homi Mody Street, Fort, Mumbai – 400001.

Interpretations and amendments to published standards effective in 2019

On 1 April 2019, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.2 Revenue recognition

Interest income

Interest income is recognised using the effective interest rate method.

Dividend Income

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

2.3 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as The Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

2.4 Borrowing costs

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

2.5 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. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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.

2. Significant accounting policies (continued)

2.6 Financial assets

The Company classifies its financial assets into the amortised cost and fair value through profit or loss (FVPL) categories.

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 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 bank deposits and loans to related corporation.

There are two prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2.6 Financial assets (continued)

(ii) At subsequent measurement (continued)

Debt instrument (continued)

- 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.
- 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 (losses)/gains”.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.7 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.

2.8 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.

2.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.10 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 the functional currency ("foreign currency") are translated into the functional currency 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 under 'other (losses)/gains'.

NATSTEEL ASIA PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2.11 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 Other income

	2021	2020
	US\$'000	US\$'000
Interest income from financial assets measured at amortised cost		
- Bank	-	3
- interest income from related corporation	33	-
- deemed interest income arising from loan to related corporation	2,521	3,538
Dividend Income from related corporation	75,000	-
	77,554	3,541

4. Other gains

	2021	2020
	US\$'000	US\$'000
Foreign currency exchange gains	4,486	(5,521)
Other income	28,185	-
	32,671	(5,521)

5. Finance expenses

	2021	2020
	US\$'000	US\$'000
Interest expense		
- bank borrowings	41,880	64,430
- amortisation of bank facility fee	16,964	4,201
Bank charges	46	51
	58,890	68,682

6. Cash and bank deposits

	2021	2020
	US\$'000	US\$'000
Cash and bank balances	87	-

NATSTEEL ASIA PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

7. Loans to related corporation

	2021	2020
	US\$'000	US\$'000
Loan to a related corporation		
- current	165,696	26,516
- non-current	-	51,256
	165,696	77,772
Subscription of preference shares in related corporation		
- non-current	-	1,579,977
Total loans to a related corporation		
- current	165,696	26,516
- non-current	-	1,631,233
	165,696	1,657,749

Loan to related corporation

In the financial year ended 2009, the Company provided a loan to a related corporation, with an original value of S\$402,696,000 (US\$280,929,000). This loan was interest-free, unsecured and repayable in 5 years. The loan was measured at amortised cost using the effective interest rate of 3.2075% and arising from the discounting, a loss amounting of S\$56,649,000 (US\$39,594,000) was directly debited in equity.

Subsequent to the initial maturity, this interest-free, unsecured loan has been renewed on a yearly basis.

For the financial year ended 31 March 2021, the related corporation repaid US\$ 45,403,000 (2020: US\$ 64,229,000) of this loan and as at 31 March 2021, the balance of this loan is US\$ 36,305,000 (2020: US\$77,772,000) and is repayable within July 2021.

For the financial year ended 31 March 2021, the company provided loan to a related corporation T S Global Procurement Co Pte Ltd with value of US\$26,500,000 (2020: US\$ Nil) and US\$103,190,000 (2020: US\$ Nil) on 24 November 2020 and 31 March 2021 respectively. This loan was given at an interest rate LIBOR rate plus margin of 0.10% per annum and repayable along with interest within 1 year of its disbursement.

NATSTEEL ASIA PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

7. Loans to related corporation (continued)

Subscription of preference shares in related corporation

In April 2018 and May 2018, the Company entered into an agreement to subscribe to certain Compulsory Convertible Preference Shares (“CCPS”) issued by a related corporation amounting to US\$ 1,260,000,000 comprising 1,260,000,000 preference shares of US\$ 1 each and € 468,508,104 comprising 468,508,104 preference shares of € 1 each.

During the period T S Global Holdings Pte. Ltd. has redeemed Preference Shares amounting to US\$ 691,689,008 comprising 691,689,008 preference shares of US\$ 1 each and € 251,210,781 comprising 251,210,781 preference shares of € 1 each.

On 30 March 2021, terms of preference shares were amended to include voting rights and right to appoint a board member. Further, the right to redeem at the option of holder has been withdrawn. The preference shares were recorded as Investment in Associates.

8. Other Receivable

	2021 US\$'000	2020 US\$'000
Interest receivable from loan to related corporation	<u>33</u>	-

9. Investment in subsidiary

	2021 US\$'000	2020 US\$'000
Unquoted equity shares, at cost	<u>1,032</u>	<u>1,032</u>

Details of the Company's subsidiary at the end of the year is as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2021 %	2020 %	
TS Asia (Hong Kong) Limited	Hong Kong	100	100	Trading of chrome products

NATSTEEL ASIA PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2021***10. Investment in Associate**

	2021 US\$'000	2020 US\$'000
Unquoted preference shares, amortised cost	626,527	-

On 30 March 2021, terms of preference shares were amended to include voting rights and right to appoint a board member. Further, the right to redeem at the option of holder has been withdrawn. The preference shares were recorded as Investment in Associates.

11. Trade and other payables

	2021 US\$'000	2020 US\$'000
Other payables to related corporation	26,570	2,936
Accrued expenses	23	22
	26,593	2,958

Other payables to related corporation is purchase consideration received in advance from T S Global Procurement Co Pte Ltd (TSGP) against sale of subsidiary T S Asia Hong Kong Pte Ltd. Sale transaction would be concluded upon receipt of approval from Inland Revenue Department, Hong Kong.

12. Borrowings

	2021 US\$'000	2020 US\$'000
<i>Current</i>		
Accrued interest	1,177	2,308
Bank loan	656,129	-
<i>Non - Current</i>		
Bank loan	-	1,600,035
	657,306	1,602,343

On 29 March 2018, the Company entered into an agreement with First Abu Dhabi Bank PJSC for six years loan facilities amounting to US\$ 1,290,000,000 ("Facility A") and € 468,508,104 ("Facility B"). These loan facilities were fully drawn down on 19 April 2018 and guaranteed by T S Global Holdings Pte. Ltd.

The interest rate under Facility A is based on LIBOR rate plus margin of 2.00% per annum. The interest rate under Facility B is based on EURIBOR rate plus margin of 2.00% per annum.

NATSTEEL ASIA PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

During the year, the Company has repaid US\$ 691,689,000 and € 251,210,000 (US\$ 293,023,000) of Facility A and Facility B respectively.

Unamortised bank facilities fee amounting to US\$ 16,964,000 has been fully amortised during the year 2021.

As at 31 March 2021, bank loan amounted to EUR 167,055,000 (US\$ 196,554,000) and US\$ 459,973,000 (2020: EUR 418,266,000 (US\$ 458,315,000) and US\$ 1,151,662,000).

13. Share capital

	2021	2020
	US\$'000	US\$'000
Issued and paid up:		
At the beginning and end of the financial year	171,975	171,975

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

14. Exchange translation reserve

On 31 October 2016, the Company changed its functional currency from SGD to USD. The exchange translation reserve represents exchange differences arising from the translation of the financial statements due to functional currency being different from that of the presentation currency in the prior years.

15. 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.

NATSTEEL ASIA PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

15. Financial risk management (continued)

(a) *Market risk*

(i) *Currency risk*

The Company's foreign currency exposure arose mainly from the exchange rate movements of the Singapore dollar against the United States dollar, the functional currency.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities not denominated in United States dollar are as follows:

	Assets		Liabilities	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Singapore dollar	36,078	77,772	1,141	2,939
Euro	167,055	458,315	167,066	458,315

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign exchange against the functional currency of the Company. The 10% sensitivity rate represents management's assessment of the reasonable possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to related corporation where they gave rise to an impact on the Company's profit or loss.

If the relevant foreign currency strengthens by 10% against the functional currency of the Company, profit or loss for the year will increase by:

	2021 US\$'000	2020 US\$'000
Impact of:		
Singapore dollar	3,494	7,483
Euro	(1)	-

If the relevant foreign currency weakens by 10% against the Company's functional currency, the effect on profit or loss for the year will be the equal and opposite.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

15. Financial risk management (continued)

(a) *Market risk* (continued)

(ii) *Interest rate risk management* (continued)

The Company has certain current and non-current loan receivables due from a related corporation which are carried at FVPL (Note 7) and are interest-free or subject to discretionary dividends.

The Company has variable rate borrowings. Management periodically reviews these borrowings and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable fluctuations. Summary quantitative data of the Company's interest-bearing financial instruments can be found in Section (c) of this Note.

Interest rate sensitivity analysis

If interest rates had been 50 basis points higher or lower and all other variables were held constant, interest cost would increase or decrease by approximately US\$ 3,280,645 (2020: US\$ 7,965,065). Reasonably possible changes in interest rates on cash and cash equivalents (Note 6) are not expected to have a significant impact on operating results.

(b) *Credit risk*

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

(i) *Risk management*

The Company adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Company mitigates its credit risks by transacting only with counterparties high ratings independent rating agencies.

For the loans to a related corporation, The Company has performed assessment on the collectability of the outstanding amounts and have determined that the loans are fully recoverable.

Management is of the opinion that there is no material credit risk arising from its financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

15. Financial risk management (continued)

(c) *Liquidity risk*

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial liabilities

	Less than 1 year US\$'000	Between 2 and 5 years US\$'000
At 31 March 2021		
Non-interest bearing	26,593	-
Interest bearing	658,155	-
	<hr/>	<hr/>
At 31 March 2020		
Non-interest bearing	2,958	-
Interest bearing	2,618	1,745,676
	<hr/>	<hr/>

(d) *Capital Risk*

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

The Company is in compliance with all loan covenants attached to its borrowings for the financial years ended 31 March 2021 and 2020.

(e) *Fair value measurements*

Items that are measured at fair value or for which the fair value is disclosed are categorised by the fair value hierarchy levels as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

15. Financial risk management (continued)

(e) *Fair value measurements* (continued)

The financial assets of the Company measured at fair value amounting to US\$ 165,696,000 (2020: US\$: 1,657,749,000) which comprise loans in related corporation (Note 7) have been classified under level 3 of the fair value measurement hierarchy as the inputs for these assets not based on observable market data (unobservable inputs).

The level 3 financial instruments were valued using discounted cash flow analysis.

The key unobservable input for loan to a related corporation (Note 7) related to the risk-adjusted discount rate of 2.5% (2020: 2.5%). If the risk-adjusted discount rate were to increase, the fair value would decrease.

(f) *Financial instruments by category*

The aggregate carrying amounts of the different categories of financial instruments are as follows:

	2021	2020
	US\$'000	US\$'000
Financial assets, at amortised cost	120	-
Financial assets, at FVPL	165,696	1,657,749
Financial liabilities, at amortised cost	683,899	1,598,589

16. 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 corporation. Related corporations in these financial statements refer to members of the holding company's group of companies.

17. Related corporation transactions

The transactions and arrangements are between members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements.

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

NATSTEEL ASIA PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

	2021 US\$'000	2020 US\$'000
Repayment of loans to a related corporation	1,030,226	64,229
Loans to a related corporation	(129,690)	-

There are no key managerial personnel other than the directors of the Company. The remunerations of the directors are remunerated by the immediate holding company in their capacity as director/executives of the immediate holding company.

18 Significant event during financial year

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of measures to curb the COVID-19 outbreak have been and continues to be implemented in countries where the Company operates. The Company has assessed the impact of COVID-19 on the impairment of its financial assets and determined there to be immaterial credit losses. As at the date of these financial statements, the Company is not aware of any material impact on the financial statements arising from the COVID-19 outbreak.

The Company is closely monitoring the development of the COVID-19 outbreak and its related impact on the Company's businesses subsequent to the financial year end.

19. Subsequent Event

The Company has fully repaid bank loan facilities of EUR 167,055,000 and US\$ 459,973,000 along with interest on 22 April 2021.

The company has borrowed short term loan from a related corporation TSGH USD 429,973,000 and EUR 167,055,000 on 22 April 2021 with interest rate of 0.30% and 0.10% on each loan respectively.

Investment in Subsidiary (TSAHK) had been transferred to T S Global Procurement Co. Pte. Ltd. upon receipt of approval from Inland Revenue Department of Hong Kong on 28 April 2021.

20. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Natsteel Asia Pte. Ltd. on ■