T S GLOBAL PROCUREMENT COMPANY PTE. LTD.
(Incorporated in Singapore. Registration Number: 201008706C)

ANNUAL REPORT
For the financial year ended 31 March 2019

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Contents

DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

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

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 41 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Mr Koushik Chatterjee
Mr Sandip Biswas
Mr Ranganath Raghupathy Rao (resigned on 27th May 2019)
Ms Sethi Simran
Mr Rajiv Mukerji

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

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

Share options

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

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

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

Independent auditor

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

On behalf of the directors

Sethi Simran **Sandip Biswas**

[Date]

Independent Auditor's Report to
The Members of the T S Global Procurement Company Pte. Ltd.

Report on the Audit of the Financial Statements

Our Opinion

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

What we have audited

The Company's financial statements comprise:

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

Basis for Opinion

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

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

Other Matter

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

Independence

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

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 2019

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	**2019** **US$000**	2018 US$000
Revenue	4	**4,359,545**	3,885,608
Cost of sales		**(4,283,776)**	(3,814,892)
Gross profit		**75,769**	70,716
Other income			
- Interests	5	**130,490**	119,899
- Dividends	5	**-**	454,237
Other gains/(losses)			
- Impairment losses of financial assets			
- Others	6	**38,819**	22,546
Expenses			
- Administrative		**(5,833)**	(9,609)
- Finance	7	**(180,431)**	(148,080)
Profit before income tax		**58,814**	509,709
Income tax expense	8	**(10,513)**	(11,124)
Profit after income tax		**48,301**	498,585
Other comprehensive income, net of tax		**-**	-
Total comprehensive income		**48,301**	498,585

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

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

BALANCE SHEET
As at 31 March 2019

	Note	**2019 US$'000**	2018 US$'000
ASSETS			
Current assets			
Cash and bank deposits	9	**-**	65,100
Trade and other receivables	10	**1,474,153**	1,514,475
Derivatives financial instruments	11	**20,009**	-
Inventories	12	**136,911**	117,683
Loan to related corporation	13	**2,102,338**	2,044,600
		3,733,411	3,741,858
Non-current assets			
Loan to related corporation	13	**390,000**	500,000
Investments		*****	*
Property, plant and equipment	14	**42**	151
Intangible assets	15	**304**	281
Deferred tax asset	16	**-**	2,187
		390,346	502,619
Total assets		**4,123,757**	4,244,477
LIABILITIES			
Current liabilities			
Trade and other payables	17	**490,963**	446,417
Derivative Financial Instruments	11	**-**	12,864
Current income tax liabilities	8(b)	**8,656**	5,686
Loan payables	18	**1,451,883**	1,314,246
Bank loans	19	**-**	669,363
		1,951,502	2,448,576
Non-current liabilities			
Loan payables	18	**1,821,015**	1,492,962
		1,821,015	1,492,962
Total liabilities		**3,772,517**	3,941,538
NET ASSETS		**351,240**	302,939
EQUITY			
Share capital	20	**99,635**	99,635
Retained Earnings		**251,605**	203,304
Total equity		**351,240**	302,939

*amount is less than US$1000

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

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

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

	Note	Share capital $'000	Retained profits $'000	Total equity $'000
2019				
Balance as at 31 March 2018		**99,635**	**203,304**	302,939
Adoption of FRS 115	2.1(a)			
Adoption of FRS 109	2.1(b)			
Balance as at 01 April 2018		**99,635**	**203,304**	302,939
Profit for the year			48,301	48,301
Other comprehensive income for the year			-	-
Transfer upon disposal of equity investment at FVOCI	18		-	-
Total comprehensive income			**48,301**	**48,301**
Total transactions with owners, recognised directly in equity				
- Dividend paid	26	-	-	-
End of financial year		**99,635**	**251,605**	**351,240**
2018				
Beginning of financial year		**99,635**	**248,506**	**348,141**
Profit for the year		-	498,585	498,585
Other comprehensive income for the year				
Total comprehensive income			**498,585**	**498,585**
Total transactions with owners, recognised directly in equity				
- Dividends paid	26		(543,787)	(543,787)
End of financial year		**99,635**	**203,304**	**302,939**

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

1. General information

The Company (Registration No. 201008706C) 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 ("US$").

The principal activity of the Company is that of trading of raw materials for steel making purposes, investment holding and debt financing.

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

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2019

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

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2018 (continued)

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

(a) *Adoption of FRS 115 Revenue from Contracts with Customers*

The Company has adopted the new standard using the modified retrospective approach with the cumulative impact of the adoption recognised in the opening retained earnings at 1 January 2018. Comparative information for 2017 are not restated.

The accounting policies for revenue from contracts with customers under FRS 115 are disclosed in Note 2.2.

(b) *Adoption of FRS 109 Financial Instruments*

The Company has adopted the new standard retrospectively from 1 January 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2017 are not restated and the Company has recognised any difference between the carrying amounts at 31 December 2017 and 1 January 2018 in the opening retained earnings.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.10.

2.2 Revenue from contracts with customers

(a) *Interest income*

Interest income is recognised using the effective interest rate method.

(b) *Dividend income*

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

2. Significant accounting policies (continued)

2.3 Employee compensation

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

(a) 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.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.4 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.5 Borrowing costs

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

2.6 Income taxes

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

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

2. Significant accounting policies (continued)

2.6 Income taxes (continued)

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

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

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

2.7 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 Property, plant and equipment

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

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

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

	Useful lives
Renovations, furniture & fittings	3 years
Plant & Machinery	3 to 10 years
Office equipment	3 years
Motor vehicles	2-5 years

2. Significant accounting policies (continued)

2.8 Property, plant and equipment (continued)

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

2.9 Impairment of non-financial assets

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

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

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

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

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

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

2. Significant accounting policies (continued)

2.10 Financial assets

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

(i) Loans and receivables

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

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

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

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

(ii) Financial assets, available-for-sale

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

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

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

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

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

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

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

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

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

The classification of debt instruments depends on the Company’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

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

(i) At initial recognition

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

(ii) At subsequent measurement

1. Debt instrument

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

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

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

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

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

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

(ii) At subsequent measurement (continued)

1. Debt instrument (continued)

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

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

2. Equity investments

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

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

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

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

(ii) At subsequent measurement (continued)

2. Equity investments (continued)

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

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

2.11 Derivative financial instruments

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

2.12 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. Significant accounting policies (continued)

2.13 Borrowing

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

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

2.14 Offsetting financial instruments

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

2.15 Financial guarantees

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

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

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

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

2.16 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. Significant accounting policies (continued)

2.17 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.18 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

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

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

2.19 Share capital

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

3. Critical accounting estimates, assumptions and judgements

Allowances for bad and doubtful debts

The policy for allowances for bad and doubtful debts of the company is based on the evaluation of collectability and management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including the current creditworthiness, the past collection history of each customer and ongoing dealings with these customers. If the financial conditions of customers of the company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of trade receivables is disclosed in Note 10.

4. Revenue

	2019	2018
	US$'000	US$'000
Sale of goods to:		
Outside party	**-**	(209)
Ultimate holding company (Note 22)	**1,524,594**	1,633,066
Related companies (Note 22)	**2,833,649**	2,252,751
	4,358,243	3,885,608
Service income arising from the purchase of debts of a related company from outside parties (Note 22)	**1,302**	-
	4,359,545	3,885,608

5. Other income

	2019	2018
	US$'000	US$'000
Interest income from financial assets measured at amortised cost		
- Bank	**14**	28
- Loan to subsidiary	**77,923**	64,916
- Loan to immediate holding company	**34,718**	36,527
- Loan to related corporation	**17,835**	18,428
Dividend income from subsidiary	**-**	454,237
	130,490	574,136

No dividend was recognised for equity investments measured at FVOCI that were derecognised during the financial year.

6. Other gains/(losses)

	2019	2018
	US$'000	US$'000
Net fair value gains on derivative financial instruments	**32,872**	13,877
Net currency exchange gains/(losses)	**5,533**	7,983
Other income from related companies	**414**	686
	38,819	22,546

7. Finance expenses

	2019	2018
	US$000	US$000
Interest expense on loans from:		
- Immediate holding company	**68,800**	19,567
- Related companies	**97,928**	97,833
Interest expenses on bank loans	**13,703**	30,678
Bank overdrafts interest	**-**	2
	180,431	148,080

8. Income taxes

(a) Income tax expense

	2018	2017
	US$'000	US$'000
Current income tax		
- current year	**8,305**	6,459
- under provision in prior year	**21**	2,425
Deferred tax (Note 16)		
- current year	**2,187**	2,240
Total tax expense	**10,513**	11,124

The income tax varied from the amount of income tax determined by applying the Singapore income tax rate of 17% to profit before income tax as a result of the following differences:

	2019	2018
	US$000	US$000
Profit before tax	**58,814**	509,709
Income tax at statutory rate	**9,998**	86,651
Effect of tax concession for GTP transactions	**468**	(642)
Under provision in prior year	**21**	2,425
Tax-exempt income and rebate	**(13)**	(77,248)
Other	**39**	(62)
	10,513	11,124

8. Income taxes (continued)

(b) Movements in current income tax liabilities

	2019 **$'000**	2018 $'000
Beginning of financial year	**5,686**	7,987
Adoption of FRS 115 (Note 2.1a)	**-**	-
Balance after adoption of FRS 115	**5,686**	7,987
Income tax paid	**(5,356)**	(11,185)
Tax expense	**8,305**	6,459
Under-provision in preceding financial years	**21**	2,425
End of financial year	**8,656**	5,686

During the year ended March 31, 2018, the company was awarded an extension to its Global Trader Programme ("GTP") status by International Enterprise Singapore ("IE Singapore") for a period of 4 years 10 months, effective from June 1, 2017 and ending on March 31, 2022. Under the GTP status, the company enjoys a concessionary tax rate of 10% for profits derived from qualifying activities. Profits from non-qualifying sources, if any, are taxed at 17%.

9. Cash and bank deposits

	2019 **US$000**	2018 US$000
Cash at bank and on hand	*	65,100
	*	65,100

* Amount is less than US$1000.

10. Trade and other receivables

	2019	2018
	US$000	US$000
Related companies:		
Sales of goods to ultimate holding company	**82,935**	262,863
Sales of goods to related companies	**1,315,425**	1,183,930
Outside parties	**3,475**	2,145
Accrued interest income on debenture loans to subsidiary (Notes 22 and 13)	**18,743**	19,543
Accrued interest income on loans to immediate holding company	**6,875**	5,841
Accrued interest income on loans to related companies (Note 22)	**5,737**	6,775
Advances to a related company	**8,389**	7,501
Other receivable from related companies	**13,888**	10,405
Prepayments	**940**	384
Outside parties	**13,440**	15,088
Deferred expenses	**4,306**	-
	1,474,153	1,514,475

11. Derivative financial instruments

	2019	2018
	US$000	US$000
Asset:		
Forward foreign exchange contracts - unrealised fair value gain	**20,009**	-
Liability:		
Forward foreign exchange contracts - unrealised fair value loss	**-**	(12,864)

The company utilizes currency derivatives to hedge significant future transactions and cash flows.

The company is party to a variety of forward foreign exchange contracts in the management of its exchange rate exposures.

11. Derivative financial instruments (continued)

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

	2019	2018
	US$'000	US$'000
Forward foreign exchange contracts	**2,439,395**	2,089,182

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

Changes in the fair value of derivative financial instruments

	2019	2018
	US$'000	US$'000
Opening fair value of derivative financial instruments	**(12,864)**	(26,741)
Fair value gains/(losses) of derivative financial instruments recognized in profit or loss (Note 21)	**32,873**	13,877
Net closing fair value of derivative financial instruments	**20,009**	(12,864)

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

Outstanding contracts	Average exchange Rate	Foreign currency	Contract Value	Fair value (losses)
		FC$'000	US$'000	US$'000
Sell GBP				
less than 3 months	1.32	1,555,971	2,046,983	17,555
Sell EUR				
less than 3 months	1.12	286,805	325,298	2,564
Buy SGD				
less than 3 months	0.74	11,060	8,170	(9)
Sell SGD				
less than 3 months	0.74	80,000	58,943	(102)
Total			2,439,395	20,009

11. Derivative financial instruments (continued)

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

Outstanding contracts	Average exchange Rate	Foreign currency	Contract Value	Fair value (losses)
		FC$'000	US$'000	US$'000
Sell Euro				
less than 3 months	1.23	83,130	103,068	644
Buy GBP				
less than 3 months	1.41	66,068	93,204	(362)
Sell GBP				
less than 3 months	1.40	1,305,971	1,823,514	(13,381)
Buy SGD				
less than 3 months	0.75	11,060	8,296	137
Sell SGD				
less than 3 months	0.76	80,000	61,100	98
Total			2,089,182	(12,864)

12. Inventories

	2019	2018
	US$'000	US$'000
Goods held for sale	**136,911**	117,683

13. Loan to related corporation

	2019	2018
	US$000	US$000
Immediate holding company [(i)] [(ii)] (Note 22)	**1,193,630**	894,852
Related companies [(iii)] (Note 22)	**190,200**	392,248
Debenture on loan to subsidiary [(iv)] (Note 22)	**1,108,508**	1,257,500
	2,492,338	2,544,600
Less: Non-current portion of loan receivables from holding and related company [(ii)]	**(390,000)**	(500,000)
	2,102,338	2,044,600

Loan receivables consist of:

(i) As at March 31, 2019, loan receivables of US$803,630,000 (2018: US$394,852,000) from immediate holding company, T S Global Holdings Pte. Ltd. are under cash-pooling arrangement, unsecured, bear interest ranging from 0.37% to 0.60% (2018: 0.07% to 0.48%) per annum and are repayable upon demand.

(ii) As at March 31, 2019, an inter-company loan of US$390,000,000 (2018: US$500,000,000) is due from immediate holding company, T S Global Holdings Pte. Ltd. The said loan is unsecured, bears interests at 6.75% per annum and is payable on or before January 30, 2020.

(iii) As at March 31, 2019, loan receivables of US$190,200,000 (2018: US$392,248,000) due from a related company, Tata Steel Europe Ltd and Tata Steel Minerals Canada Limited.

Loan receivables from TSE are unsecured, bear interest at 12 months LIBOR + 4.00% per annum (2018: 12 months LIBOR + 4.00% per annum). These loans are repayable by September 2019 and January 2020. The related company has the option to repay the loans earlier without any penalty.

Loan receivables from Tata Steel Minerals Canada Limited are unsecured, bear interest at 7%. The related company has the option to repay the loans earlier without any penalty.

(iv) As at March 31, 2019, debenture loans of US$1,108,508,000 (2018: US$1,257,500,000) to subsidiary, Proco Issuer Pte. Ltd. are unsecured, bear interest ranging from 4.45% to 6% plus one month LIBOR per annum (2018: 4.45% to 6% plus one month LIBOR per annum) during the year and are repayable within 12 months (2018: 12 months) from the date of inception of the loans. The subsidiary has the option to repay the loans earlier without any penalty.

14. Property, plant and equipment

	US$'000
Cost:	
At April 1, 2017	1,870
Additions	-
At March 31, 2018	1,870
Additions	11
At March 31, 2019	1,881
Accumulated depreciation:	
At April 1, 2017	1,490
Depreciation expense	229
At March 31, 2018	1,719
Depreciation expense	120
At March 31, 2019	1,839
Carrying amount:	
At March 31, 2019	42
At March 31, 2018	151

15. Intangible assets

	US$'000
Cost:	
At April 1, 2017	528
Additions	-
At March 31, 2018	528
Additions*	128
At March 31, 2019	656
Accumulated amortization:	
At April 1, 2017	141
Amortization expense	106
At March 31, 2018	247
Amortization expenses	106
At March, 2019	353
Carrying amount:	
At March 31, 2019	304
At March 31, 2018	281

*Intangible assets under development as at March 31, 2019, US$ 128 (2018: Nil)

16. DEFERRED TAX ASSET/(LIABILITY)

	2019 $'000	2018 $'000
Beginning of financial year	**2,187**	4,427
Adoption of FRS 109 (Note 2.1b)	**-**	-
Balance after adoption of FRS 109	**2,187**	4,427
Tax (credited)/charged to:		
- profit or loss (Note 8)	**(2,187)**	(2240)
End of financial year	**-**	2,187

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

:

	Unremitted foreign source income US$'000	Unrealized fair value gain on derivative financial instruments US$'000	Total US$'000
At April 1, 2017	(119)	4,546	(453)
Credit to profit or loss for the year	119	(2,359)	4,880
At March 31, 2018	-	2,187	2,187
Credit (Debit) to profit or loss for the year	-	(2,187)	(2,187)
At March 31, 2019	-	-	-

On adoption of FRS 9, company is now required to calculate current tax on unrealized fair value gain on derivative financial instruments. Earlier company used to calculate the deferred tax on unrealized fair value gain on derivative financial instruments.

17. Trade and other payables

	2019	2018
	US$000	US$000
Trade payables to:		
- Non-related parties	**399,293**	394,763
- Related parties	**5,988**	8,960
Accrued interest expense on loans from:		
Immediate holding company	**130**	2,309
Related companies	**61,105**	16,600
Accrued interest expense on short-term bank loans	**-**	3,325
Withholding tax payable	**-**	487
Other payable to:		
Immediate holding company	**4**	25
Related companies	**16,209**	5,638
Other payables and accrued expenses	**3,183**	14,310
Deferred income	**5,051**	
	490,963	446,417

18. Loan payables

	2019	2018
	US$'000	US$'000
Immediate holding company [(i)]	**1,781,338**	1,314,246
Related companies [(ii)]	**1,491,560**	1,492,962
	3,272,898	2,807,208
Less: Loan payables due in more than 12 months	**(1,821,015)**	(1,492,962)
	1,451,883	1,314,246

Loan payables consist of:

(i) As at March 31, 2019, original short-term loan payables of US$951,338,000 (2018: US$1,314,246,000) due to the immediate holding company, T S Global Holdings Pte. Ltd. under the cash-pooling arrangement are unsecured, bear interest ranging from 0.90% to 3.54% (2018: 0.90% to 2.65%) per annum and are repayable upon demand.

As at March 31,2019, long term loan payable amounting to US$ 530,000,000 and US$ 300,000,000 (2018: US$ Nil) due to the immediate holding company, T S Global Holdings Pte. Ltd, unsecured, bear interest at 5.65% (2018: Nil) and 4.65% (2018: Nil) per annum, and are repayable by January 2028 and July 2023 respectively.

18. Loan payables (continued)

(ii) As at March 31, 2019, long-term loans from a related company, Abja Investment Co. Pte. Ltd. amounting US$500,000,000 and US$988,000,000 are unsecured, bear interest at 5.92% (2018: 5.92%) and 6.92% (2018: 6.92%) per annum, and are repayable by January 2020 and July 2024 respectively.

These long-term loans are measured at an amortized cost of US$500,544,000 (2018: US$501,247,000) and US$991,015,000 (2018: US$991,715,000) and based on effective interest method with effective interest rates of 5.79% (2018: 5.79%) and 6.88% (2018: 6.88%) per annum respectively.

19. Bank loans

	2019	2018
	US$'000	US$'000
Bank loans	**-**	669,363

As at March 31, 2019, bank loans of US$ Nil (2018:US$ 669,363,000) are unsecured, bear interest at rates ranging from Nil (2018: 1.65% to 4.21%) per annum.

20. Share capital

The Company's share capital comprises fully paid-up 99,635,239 (2018: 99,635,239) ordinary shares with no par value, amounting to a total of US$99,635,239 (2018: US$ 99,635,239).

	2019	2018	2019	2018
	Number of ordinary shares with no par value		US$000	US$000
Issued and paid up:				
At beginning and end of the year	99,635,239	99,635,239	99,635	99,635

21. Financial instruments, financial risks and capital risks management.

(a) Categories of financial instruments

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

	2019	2018
	US$'000	US$'000
Financial assets		
Loans and receivables (including cash and cash	**3,931,633**	4,116,689
Derivative financial instruments	**20,009**	-
Financial liabilities		
Amortized cost	**3,738,766**	3,909,071
Derivative financial instruments	**-**	12,864

Financial instruments subject to offsetting, enforceable master netting arrangement and similar agreements

2019

Financial asset			
	(a)	(b)	(c) = (a) - (b)
Type of financial asset	Gross amounts of recognized financial asset	Gross amounts of recognized financial liability set off in the statement of financial position	Net amounts of financial asset presented in the statement of financial position
	US$'000	US$'000	US$'000
Derivative financial instruments (Note 11)	22,616	2,607	20,009

Financial liability			
	(a)	(b)	(c) = (a) - (b)
Type of financial liability	Gross amounts of recognized financial Liability	Gross amounts of recognized financial asset set off in the statement of financial position	Net amounts of financial liability presented in the statement of financial position
	US$'000	US$'000	US$'000
Derivative financial instruments (Note 11)	-	-	-

21. Financial instruments, financial risks and capital risks management (continued)

(a) Categories of financial instruments (continued)

2018

Financial asset			
	(a)	(b)	(c) = (a) - (b)
Type of financial asset	Gross amounts of recognized financial asset	Gross amounts of recognized financial liability set off in the statement of financial position	Net amounts of financial asset presented in the statement of financial position
	US$'000	US$'000	US$'000
Derivative financial instruments (Note 16)	-	-	-

Financial liability			
	(a)	(b)	(c) = (a) - (b)
Type of financial liability	Gross amounts of recognized financial Liability	Gross amounts of recognized financial asset set off in the statement of financial position	Net amounts of financial liability presented in the statement of financial position
	US$'000	US$'000	US$'000
Derivative financial instruments (Note 11)	14,812	1,948	12,864

In reconciling the ‘Net amounts of financial asset and financial liability presented in the statement of financial position’ to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements.

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives

The company's overall risk management policy seeks to minimize potential adverse effects of 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.

i) Foreign exchange risk management

The company transacts business in various foreign currencies, including the British pound ("GBP"), Singapore dollar ("SGD"), Canadian dollar and Euro and therefore is exposed to foreign exchange risk. These exposures are managed, to the extent possible by offsetting financial assets and liabilities that are denominated in the same currencies. The company also uses forward contracts to hedge its exposure to foreign currency risk in the local reporting currency. Further details on these derivative financial instruments are found in Note 16 to the financial statements.

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:

	Assets		Liabilities	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
British pound	**1,816,100**	1,776,467	**5,161**	5
Singapore dollar	**42,412**	51,468	**654**	5,634
Euro	**230,591**	271,580	**35,653**	149,148

If the United States dollar strengthened/weakened by 10% against the relevant foreign currency, profit before tax will increase/(decrease) by:

	Profit or loss	
	2019	2018
	US$'000	US$'000
British pound	**(181,094)**	(177,646)
Singapore dollar	**(4,176)**	(4,583)
Euro	**(19,494)**	(12,243)

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

ii) <u>Interest rate risk management</u>

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the company in the current reporting period or in future years.

The interest rates of the debenture loans to subsidiary and a related company, loans from immediate holding company and related companies, and short-term bank loans are disclosed in Notes 9, 17 and 18 to the financial statements respectively. The company's exposure to interest rate risk is limited to the floating rate debenture loans due from subsidiary, loans due from a related company, loans due to immediate holding company and related companies, and short-term bank loans. Interest income from bank balances is insignificant.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher and all other variables were held constant, the company's profit for the year ended March 31, 2019 would increase by US$2,671,000 (2018: US$1,862,000) respectively. This is mainly attributable to the company's exposure to its variable rate investments in debentures.

iii) <u>Credit risk management</u>

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

The company's principal financial assets are cash and cash equivalents, trade and other receivables and loan receivables. Cash is placed with creditworthy financial institutions. The company sets credit terms and limits for customers and monitor compliance with these terms.

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

The company has significant receivables from related companies (Notes 13). Management considers the credit risk relating to these intercompany receivables to be low.

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

iv) <u>Liquidity risk management</u>

Liquidity risk reflects the risk that the company will have insufficient resources to meet its financial liabilities as they fall due. The company's strategy to manage liquidity risk is to ensure that the company has sufficient funds to meet its potential liabilities as they fall due. Adequate lines of credit are maintained with financial institutions to ensure necessary liquidity.

Liquidity and Interest risk analysis

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

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.

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

iv) Liquidity risk management (continued)

Non-derivative financial assets (continued)

	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
2019						
Non-interest bearing	-	1,304,206	-	-	-	1,304,206
Variable interest rate Instrument	3.64	955,026	-	-	(1,196)	953,830
Fixed interest rate Instrument	8.13	455,030	-	-	(25,030)	430,000
		2,714,262			(26,226)	2,688,036
2018						
Non-interest bearing	-	1,572,089	-	-	-	1,572,089
Variable interest rate Instrument	4.18	2,130,136	-	-	(85,536)	2,044,600
Fixed interest rate Instrument	6.75	33,750	528,500	-	(62,250)	500,000
		3,735,975	528,500	-	(147,786)	4,116,689

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

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

iv) Liquidity risk management (continued)

Non-derivative financial liabilities

	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
2019						
Non-interest bearing	-	465,868	-	-	-	465,867
Variable interest rate Instrument	2.55	975,632	-	-	(24,295)	905,946
Fixed interest rate Instrument	6.21	638,819	745,530	1,656,977	(723,327)	2,379,105
		2,080,319	745,530	1,656,977	(747,622)	3,750,918
2018						
Non-interest bearing	-	432,499	-	-	-	432,499
Variable interest rate Instrument	2.29	2,029,001	-	-	(45,391)	1,983,610
Fixed interest rate Instrument	6.68	99,330	803,036	1,081,581	(490,985)	1,492,962
		2,560,830	803,036	1,081,581	(536,376)	3,909,071

Derivative financial instruments

As at the end of the reporting period, the company's derivative financial instruments comprise of foreign exchange forward contracts with contracted net cash outflow amounting to US$20,009,000 (2018: net cash outflow amounted to US$12,864,000) (Note 11). Further information of these derivative financial instruments is disclosed in Note 11.

21. Financial instruments, financial risks and capital risks management (continued)

(b) Financial risk management policies and objectives (continued)

v) Fair value of financial asset and liability

Some of the company's financial asset and financial liability is measured at fair value at the end of each reporting period. The following table gives information about how the values of these financial asset and financial liability are determined, and where relevant, the valuation techniques and inputs used.

Financial Asset (liability)	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	2019	**2018**		
	Asset (Liability)	**Asset (Liability)**		
Derivative Financial Instruments (Note 11)				
Forward Foreign Exchange contract - unrealized fair value gain	22,616	1,948	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Forward foreign exchange contract - unrealized fair value loss	(2,607)	(14,812)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

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

21. Financial instruments, financial risks and capital risks management (continued)

(c) Capital 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 comprises only of issued capital, retained earnings, loans from related companies and short-term bank loans.
This overall strategy remains unchanged from prior year.

22. Holding company and related company transactions

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

Many of the company's transactions and arrangement are between members the group.
The intercompany balances are unsecured, interest-free and repayable on demand except as disclosed in Notes 13 and 17 to the financial statements.

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

	2019	2018
	US$'000	US$'000
With ultimate holding company		
Sales of goods to ultimate holding company	**(1,524,594)**	(1,633,066)
Service received from /(rendered to) ultimate holding	**-**	332
Purchase of intangible assets	**-**	-
With immediate holding company		
Interest paid/payable to immediate holding company	**68,800**	19,567
Interest received/receivable from immediate holding	**(34,719)**	(36,527)
Service rendered from immediate holding company	**16**	136
With subsidiary		
Interest received/receivable from subsidiary	**(77,923)**	(64,916)
Dividend received		(454,237)
With related companies		
Sales of goods to a related company	**(2,833,649)**	(2,252,751)
Service income arising from the purchase of debts of a related company from an outside party	**(1,302)**	-
Service income from related companies	**(536)**	(686)
Service rendered from a related company	**84,686**	64,931
Purchases of goods from a related company	**-**	-
Purchases of receivables from a related company	**-**	-
Interest income from related companies	**(17,835)**	(18,428)
Interest paid/payable to related companies	**97,928**	97,833

Compensation of directors and key management personnel

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