

NATSTEEL ASIA PTE. LTD.

(Incorporated in Singapore. Registration Number: 200404147Z)

ANNUAL REPORT

For the financial year ended 31 March 2022

NATSTEEL ASIA PTE. LTD.
(Incorporated in Singapore)

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For the financial year ended 31 March 2022

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NATSTEEL ASIA PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2022

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2022.

In the opinion of the directors,

- (a) the financial statements as set out on pages 6 to 23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements

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 Wee Choo Peng

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:

NATSTEEL ASIA PTE. LTD

DIRECTORS' STATEMENT

For the financial year ended 31 March 2022

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>31.3.2022</u>	At 1.4.2021, or date of appointment, <u>if later</u>	At <u>31.3.2022</u>	At 1.4.2021, 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	-	-

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

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 2022 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 2022;
- the balance sheet as at 31 March 2022;
- 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 2022*

	Note	2022 US\$'000	2021 US\$'000
Other income			
- Interest	3	759	2,554
- Dividend	3	-	75,000
- Reimbursement	3	-	28,185
- Gain on sale of subsidiary	3	25,538	-
Other gains/(losses)	4	(60)	4,486
Expenses			
- Administrative		(21)	(110)
- Finance	5	(1,074)	(58,890)
Profit before income tax		25,142	51,225
Income tax expense	6(a)	(66)	(2)
Profit after income tax		25,076	51,223
Profit after tax and total comprehensive income for the year		25,076	51,223

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

NATSTEEL ASIA PTE. LTD.**BALANCE SHEET***As at 31 March 2022*

	Note	2022 US\$'000	2021 US\$'000
ASSETS			
Current assets			
Cash and bank deposits	7	537	87
Loans to related corporations	8	134,076	165,696
Other receivable	9	15	33
Investment held for sale	10	-	1,032
		134,628	166,848
Non-current assets			
Investment in associate	11	-	626,527
		-	626,527
Total assets		134,628	793,375
LIABILITIES			
Current liabilities			
Trade and other payables	12	12	26,593
Borrowings	13	-	657,306
Income tax liabilities	6(b)	66	2
		78	683,901
Total liabilities		78	683,901
NET ASSETS		134,550	109,474
EQUITY			
Share capital	14	171,975	171,975
Exchange translation reserve	15	33,892	33,892
Accumulated losses		(71,317)	(96,393)
Total equity		134,550	109,474

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 2022*

	Note	Share capital US\$'000	Exchange translation reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
2022					
Beginning of financial year		171,975	33,892	(96,393)	109,474
Profit after tax and total comprehensive income for the financial year		-	-	25,076	25,076
Transactions with owners, recognised directly in equity					
- Arising from fair value of long term interest-free loan		-	-	-	-
End of financial year		171,975	33,892	(71,317)	134,550
2021					
Beginning of financial year		171,975	33,892	(145,675)	60,192
Profit after tax and total comprehensive income 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

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 2022

	Note	2022 US\$'000	2021 US\$'000
Cash flows from operating activities			
Profit/(Loss) before tax		25,142	51,225
Adjustments for:			
- Deemed interest income	3	(295)	(2,521)
- Gain on sale of subsidiary	3	(25,538)	-
- Interest income	3	(464)	(33)
- Dividend income	3	-	(75,000)
- Interest expense	5	1,074	58,844
- Unrealised foreign currency exchange	4	60	(3,565)
		(21)	28,950
Changes in working capital:			
- Trade and other payables		(10)	23,635
Cash generated from operations		(31)	52,585
Taxes paid		(2)	-
Net cash provided by/(used in) operating activities		(33)	52,585
Cash flows from investing activities			
Repayment of loan to related corporation		32,252	45,403
Redemption of preference shares		633,760	984,823
Loan to related corporation		-	(129,690)
Interest received		483	-
Dividend received		-	75,000
Net cash provided by investing activities		666,495	975,536
Cash flows from financing activities			
Repayments of borrowings to related corporation		(643,346)	-
Repayments of borrowings to external banks		(646,544)	(984,712)
Proceeds of borrowings from related corporation		626,129	-
Interest paid to external banks		(2,056)	(43,322)
Interest paid to related corporation		(196)	-
Net cash used in by financing activities		(666,013)	(1,028,034)
Net increase/(decrease) in cash and cash equivalents		449	87
Cash and cash equivalents at beginning of financial year	7	87	-
Effect of currency translation on cash and cash equivalents		1	-
Cash and cash equivalents at end of financial year	7	537	87

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						
2022	657,306	626,129	(1,292,142)	1,074	(7,633)	-
2021	1,595,631	-	(1,028,034)	58,844	30,865	657,306

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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 2 venture drive, #19-23 vision exchange, Singapore 608526.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021

On 1 April 2021, 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.

2.2 Investment in associate

Investment in associate is stated at cost less accumulated impairment losses in the balance sheet. On disposal of such investments, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.3 Revenue recognition

Interest income

Interest income is recognised using the effective interest rate method.

2.4 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.

2.5 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

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

Deferred income tax is 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.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(ii) At subsequent measurement

Debt instrument

Debt instruments of the Company mainly comprise of cash and bank deposits, other receivables 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:

- 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 gains/(losses)".

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

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

For cash and bank deposits, other receivables and loans to a related corporation, 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 2022

2. Significant accounting policies (continued)

2.8 Trade and other payables

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

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

2.9 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.

2.10 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.

2.11 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 2022

2. Significant accounting policies (continued)

2.12 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.

2.13 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

3 Other income

	2022	2021
	US\$'000	US\$'000
Interest income from financial assets measured at amortised cost		
- interest income from related corporation	464	33
- deemed interest income arising from loan to related corporation	295	2,521
Dividend income from associate	-	75,000
Reimbursement income from associate	-	28,185
Gain on sale of subsidiary (Note No – 10)	25,538	-
	26,297	105,739

4. Other gains/(losses)

	2022	2021
	US\$'000	US\$'000
Foreign currency exchange gain/(loss)	(60)	4,486

5. Finance expenses

	2022	2021
	US\$'000	US\$'000
Interest expense		
- bank borrowings	879	41,880
- amortisation of bank facility fee	-	16,964
- from related corporation	195	-
Bank charges	-	46
	1,074	58,890

NATSTEEL ASIA PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2022*

6. Income taxes

(a) Income tax expense

	2022 US\$'000	2021 US\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	66	2
	66	2

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

	2022 US\$'000	2021 US\$'000
Profit before tax	25,142	51,225
Tax calculated at tax rate of 17% (2021: 17%)	4,274	8,708
Effects of:		
- profit that is exempt from taxation and tax rebate	(9)	(4)
- revenue that is exempt from taxation	(4,392)	(17,970)
- expenses not deductible for tax purposes	193	9,268
Tax charge	66	2

(b) Movements in current income tax liabilities

	2022 US\$'000	2021 US\$'000
Beginning of financial year	2	-
Income tax paid	(2)	-
Tax expense	66	2
End of financial year	66	2

7. Cash and cash equivalents

	2022 US\$'000	2021 US\$'000
Cash at bank	537	87

NATSTEEL ASIA PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2022***8. Loans to related corporations**

	2022 US\$'000	2021 US\$'000
Loans to related corporations		
- Current ^{(i) and (ii)}	134,076	165,696
	134,076	165,696

Loans to related corporations

- (i) During the financial year ended 31 March 2022, the company provided loans to a related corporation, T S Global Holdings Pte. Ltd. amounting to S\$ 5,939,000 (US\$ 4,386,000) (2021: interest free S\$ 48,799,000, equivalent to US\$ 36,305,000). The loan was unsecured and bore interest at the rate 90 basis points per annum and is repayable in March 2023.
- (ii) During the financial year ended 31 March 2022, the Company provided loans to a related corporation, T S Global Procurement Company Pte. Ltd. (TSGP) amounting to US\$129,690,000 (2021: USD US\$ 129,690,000). The loan was unsecured and bore interest rate of 200 basis points per annum and are repayable in March 2023.

9. Other receivable

	2022 US\$'000	2021 US\$'000
Interest receivable from loan to related corporations	15	33

10. Investment in subsidiary/Investment held for sale

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

Name of subsidiary	Country of incorporation	Proportion of ownership interest and voting power held		Principal activities
		2022 %	2021 %	
TS Asia (Hong Kong) Limited	Hong Kong	-	100	Trading of chrome products

Reclassification to investment held for sale

In November 2020, the Company received a cash consideration of US\$26,570,000 (Note 12) from TSGP, for the purchase of its entire investment in TS Asia (Hong Kong) Limited. The completion of the transfer in shareholdings from the Company to TSGP was pending approval from the Inland Revenue Department of Hong Kong as at balance sheet date.

On 28 April 2021 the company received approval from Inland Revenue Department of Hong Kong for transfer of the Company's entire shareholdings in TS Asia (Hong Kong) Limited to TSGP.

NATSTEEL ASIA PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2022*

11. Investment in associate

	2022 US\$'000	2021 US\$'000
Unquoted preference shares, at cost	-	626,527

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

Name of associate	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2022 %	2021 %	
TS Global Holdings Pte. Ltd.	Singapore	-	28.5	Investment holding

During the financial year ended 31 March 2022, investment in preference shares of associate was redeemed and utilised for payment of external loan from First Abu Dhabi Bank PJSC.

On 30 March 2021, the terms of preference shares were amended to withdraw the right to redeem at the option of the holder, as well as to include voting rights for the holder and the right for the holder to appoint a board member. Subsequent to the amendment of the term sheet, management assessed the Company to have significant influence over TSGH and hence the subscription in preference shares were reclassified to Investment in associate.

12. Trade and other payables

	2022 US\$'000	2021 US\$'000
Advance payment from related corporation	-	26,570
Accrued expenses	12	23
	12	26,593

Advance payment from related corporation pertains to purchase consideration received in advance for the sale of the Company's subsidiary TS Asia (Hong Kong) Pte Ltd to TSGP (Note 10). Completion of sale from the Company to TSGP was approved by the Inland Revenue Department of Hong Kong on 28 April 2021.

NATSTEEL ASIA PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

13. Borrowings

	2022 US\$'000	2021 US\$'000
<i>Current</i>		
Accrued interest	-	1,177
Bank loan	-	656,129
	<u>-</u>	<u>657,306</u>

On 25 March 2021, the Company submitted a Notice of Voluntary Prepayment to First Abu Dhabi Bank PJSC, indicating its intention to make full repayment of the bank loan balance on 22 April 2021.

On 22 April 2021, borrowings from First Abu Dhabi Bank PJSC of US\$ 429,973,000 and € 167,055,000 (US\$ 194,860,000) were repaid

As at 31 March 2022, bank loan amounted to € Nil (US\$ Nil) and US\$ Nil [2021: €167,055,000 (US\$196,156,000) and US\$459,973,000].

14. Share capital

	2022 US\$'000	2021 US\$'000
Issued and paid up:		
At the beginning and end of the financial year	<u>171,975</u>	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.

15. 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.

16. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16. 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	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Singapore dollar	4,440	36,078	78	1,141
Euro	-	-	-	196,156

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:

	2022 US\$'000	2021 US\$'000
Impact of:		
Singapore dollar	436	3,494
Euro	-	(19,616)

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 2022

16. Financial risk management (continued)

(a) *Market risk* (continued)

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

The Company has certain current loan receivables due from a related corporation which are carried at amortised cost (Note 8) and interest rate and terms of repayment are disclosed in the note no 8.

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\$ Nil (2021: US\$3,280,645). Reasonably possible changes in interest rates on cash and cash equivalents (Note 7) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16. Financial risk management (continued)

Financial liabilities

	Less than 1 year US\$'000	Between 2 and 5 years US\$'000
At 31 March 2022		
Non-interest bearing	12	-
At 31 March 2021		
Non-interest bearing	26,593	-
Interest bearing	658,155	-

(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 2022 and 2021.

(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).

(f) Financial instruments by category

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

	2022 US\$'000	2021 US\$'000
Financial assets, at amortised cost	134,628	129,810
Financial assets, at FVPL	-	36,006
Financial liabilities, at amortised cost	12	683,899

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

17. 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.

18. 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:

	2022	2021
	US\$'000	US\$'000
Repayment of loans to a related corporation	32,252	45,403
Redemption of preference shares from related corporations	633,760	984,823
Loans to a related corporation	-	(129,690)
Receipt of advance payment from related corporation for sale of subsidiary	-	26,570
Proceeds of borrowings from related corporation	626,129	-
Repayment of borrowings to related corporation	(643,346)	-
Interest Income from related corporations	759	2,554
Interest expense to related corporations	(196)	-
Reimbursement income from associate	-	28,185
Dividend income from associate	-	75,000

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.

19. 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 ■.