ABJA INVESTMENT CO. PTE. LTD.
(Incorporated in Singapore. Registration Number: **201309883M***)*

ANNUAL REPORT
For the financial year ended 31 March 2019

ABJA INVESTMENT CO. PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2019

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 06 to 34 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 Sandip Biswas
Ms Samita Jigar Shah
Ms Sethi Simran

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 31.03.2018	At 1.4.2017 or date of appointment, if later
Ultimate holding corporation				
Tata Steel Limited (Ordinary shares of Rupees 10 each)				
Sandip Biswas	3,868	3,868	-	-
Tata Steel Limited (11.5% Debentures of Rupees 1,000,000 each)				
Samita Jigar Shah	3	3	-	-

DIRECTORS' STATEMENT
For the financial year ended 31 March 2019

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

ABJA INVESTMENT CO. 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 ABJA Investment Co. 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 an audit firm other than PricewaterhouseCoopers LLP. The auditor's report dated September 25, 2018 for the financial year ended March 31, 2018 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ABJA INVESTMENT CO. PTE. LTD. (continued)

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, [Date]

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2019

	Note	**2019** **US $'000**	2018 US $'000
Other income			
- Interests	4	**184,492**	123,614
Other gains/(losses)			
- Others	5	**5,645**	(524)
Expenses			
- Others	6	**(7,167)**	(7,155)
- Finance	7	**(167,020)**	(110,746)
Profit before income tax		**15,950**	5,189
Income tax expense	8	**(2,689)**	(1,899)
Profit for the year, representing total comprehensive income for the year		**13,261**	3,290

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

ABJA INVESTMENT CO. PTE. LTD.

BALANCE SHEET
As at 31 March 2019

	Note	**2019 US $'000**	2018 US $'000
ASSETS			
Current assets			
Cash and bank deposits	9	**27,142**	19,593
Trade and other receivables	10	**36,426**	32,462
Derivatives financial instruments	11	**369**	-
Loan to related corporation	12	**500,544**	-
		564,481	52,055
Non-current assets			
Loan to related corporation	12	**2,470,250**	2,990,186
Derivatives financial instruments	11	**14,288**	2,574
		2,484,539	2,992,760
Total assets		**3,049,019**	3,044,815
LIABILITIES			
Current liabilities			
Trade and other payables	13	**40,154**	42,992
Current income tax liabilities	8(b)	**3,302**	2,307
Borrowings	14	**499,225**	-
Derivatives financial instruments	11		76
		542,681	45,375
Non-current liabilities			
Borrowings	14	**2,525,776**	3,030,805
Deferred income tax liabilities	15	**1,195**	1,603
Other Payables	13	**3,768**	2,788
Derivatives financial instruments	11	**-**	1,906
		2,530,739	3,037,102
Total liabilities		**3,073,420**	3,082,477
NET ASSETS		**(24,401)**	(37,662)
EQUITY			
Share capital	16	**200**	200
Foreign Currency Translation reserve		**(10)**	(10)
Retained earnings		**(24,591)**	(37,852)
Total equity		**(24,401)**	(37,662)

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

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

	Note	Share capital US $'000	FCTR reserve US $'000	Retained profits US $'000	Total equity US $'000
2019					
Balance as at 31 March 2018		**200**	**(10)**	**(37,852)**	**(37,662)**
Adoption of FRS 115	2.1(a)	-	-	-	-
Adoption of FRS 109	2.1(b)	-	-	-	-
Balance as at 1 April 2018		**200**	**(10)**	**(37,852)**	**(37,662)**
Profit for the year, representing total comprehensive income for the year		-	-	13,261	13,261
End of financial year		**200**	**(10)**	**(24,591)**	**(24,401)**
2018					
Beginning of financial year		**200**	**(10)**	**(41,142)**	**(40,952)**
Profit for the year, representing total comprehensive income for the year		-	-	3,290	3,290
End of financial year		**200**	**(10)**	**(37,852)**	**(37,662)**

ABJA INVESTMENT CO. PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Note	**2019 US $'000**	2018 US $'000
Cash flows from operating activities			
Profit before tax		**15,950**	5,189
Adjustments for:			
- Interest income		**(184,492)**	(123,614)
- Interest expense		**167,020**	110,746
- Guarantee Commission		**7,086**	7,086
- Unrealised currency translation (gains)/losses		**7,879**	(11,781)
		13,443	(12,374)
Changes in working capital:			
- Trade and other receivables		**-**	(1,287,936)
- Trade and other payables		**(2,612)**	1,940
- Derivative financial instruments		**(14,152)**	12,458
Cash generated from operations		**(3,321)**	(1,285,912)
Income tax paid		**(2,004)**	(1,530)
Net cash provided by operating activities		**(5,325)**	(1,287,442)
Cash flows from investing activities			
Interest received		**182,293**	123,500
Net cash used in investing activities		**182,293**	123,500
Cash flows from financing activities			
Proceeds from borrowings		**-**	1,289,292
Repayments of borrowings		**-**	(16,000)
Interest paid		**(162,563)**	(99,284)
Guarantee Commission paid		**(7,082)**	(7063)
Net cash provided by/ (used in) financing activities		**(169,645)**	1,166,945
Net increase in cash and cash equivalents		**7,323**	3,003
Cash and cash equivalents			
Beginning of financial year	9	**19,593**	16,233
Effects of currency translation on cash and cash equivalents		**226**	357
Cash and cash equivalents at end of financial year	9	**27,142**	19,593

	1 April US $'000	Proceeds from borrowings US $'000	Principal and interest payments US $'000	Non-cash changes US $'000 Interest expense	Foreign exchange movement	amortized Issue Expenses	31 March 2019 $'000
Borrowings							
2019	3,064,803	-	(162,563)	163,539	(9,285)	3,481	3,059,975
2018	1,761,082	1,289,292	(110,536)	108,219	14,219	2,527	3,064,803

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

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. 201309883M) 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 consists of provision of treasury services.

As at March 31, 2019, the Company has a capital deficiency of US$ 24,401,000(2018: US$37,662,000), current assets in excess of current liabilities of US$ 21,799,000(2018: current assets in excess of current liabilities of US$ 6,680,000) and current year total comprehensive income of US $13,261,000 (2018: total comprehensive income of US$ $3,290,000).

In February 2015, the loans of US$1,488,000,000 were re-assigned to a related company which bear higher interest rates and are repayable in the period from 2020 to 2024. The interest rates on these loan receivables were further revised upwards subsequent to the aforesaid financial year end as part of management's review. Management had assessed that the cash flows from interest income expected to be received from loans to related companies will be sufficient to cover the interest expenses that the Company expects to incur as the interest rate charges are higher than the interest rate payable on the debt. Management have assessed that future cash inflows estimated will cover the future interest outflows and related expenses. These will sufficiently cover the Company's existing net capital deficiency in the future.

During the year ended March 31, 2019, the Company earned interest income of US$ 184,492,000 (2018 : US$ 123,614,000) and incurred finance costs of US$ 167,020,000 (2018: US$ 110,746,000) and generated net profit of US$ 13,261,000 (2018: net profit of US$ 3,290,000) for the year. The interest rates for the long-term loans of US$988,000,000 and US$500,000,000 are revised from 6.45% to 6.92% and 5.35% to 5.92% per annum respectively with effect from April 1, 2016 until the end of the tenure of the loans (Note 12). Any future revision to interest rates due to market changes will be at mutual agreement of third parties.

Management had considered the above and assessed that (i) the total notes of US$ 3,003,201,000 (2018 : US$ 3,009,005,000) (Note 14) issued by the Company, including any current and future related interest payables, S$ 300,000,000 and US$ 1,500,000,000 notes are guaranteed by the ultimate holding company (Note 14); (ii) the cash flows from interest income expected to be received from loans to related companies will be sufficient to cover the interest expenses that the Company expects to incur as the interest rate charges are higher than the interest rate payable on the debt (iii) prior to the year end, the maturity date of the long-term loan of US$21,800,000 loan (Note 14) was extended to January 25, 2021; and (iv) On the above, management has assessed that there are no material uncertainties on the Company's ability to continue as going concern and the cash flows from interest income expected to be received from loans to related companies will be sufficient to cover the interest expenses that the Company expects to incur as the interest rate charges are higher than the interest rate payable on the debt which will sufficiently cover the Company's existing net capital deficiency in the future. In addition, management has also assessed that if required, funding's from the ultimate holding company will be available.

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 2018

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.

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.

(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 April 2018. Comparative information for 2018 are not restated.

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

There are no effects on adoption of FRS 115.

(b) *Adoption of FRS 109 Financial Instruments*

The Company has adopted the new standard retrospectively from 1 April 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2018 are not restated and the Company has recognised any difference between the carrying amounts at 31 March 2019 and 1 April 2018 in the opening retained earnings.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.5.

There are no effects on adoption of FRS 109.

2.2 Revenue from contracts with customers

(a) *Interest income*

Interest income is recognised using the effective interest rate method.

2. Significant accounting policies (continued)

2.3 Borrowing costs

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

2.4 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 nor loss at the time of the transaction.

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

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

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

2.5 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.

2. Significant accounting policies (continued)

2.5 Financial assets (continued)

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

(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.

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)

2.5 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.

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)

2.5 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.

2.6 Derivative financial instruments

A derivative financial instrument 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.

2.7 Trade and other payables

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

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

2.8 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. Significant accounting policies (continued)

2.9 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.

2.10 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 United States 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.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains / (losses) - net".

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.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Uncertain tax positions

The Company has no open tax assessments with tax authority at the balance sheet date. As management believes that the tax positions are sustainable, the Company has not recognised any additional tax liability.

(b) Expected credit losses (ECL) on trade receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL of trade receivables, the Company has used one year of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in Gross Domestic Product (GDP) and unemployment rate to reflect the current and forward looking information. Should ECL be calculated based on historical loss, the ECL on trade receivables would have been lowered by Nil.

As at date of balance sheet, the ECLs for trade receivables are $ Nil.

(C) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Loan receivables and interest receivables from related companies. The Company has interest receivables and loan receivables due from related companies of US$ 35,976,000(2018 : US$ 32,095,000) (Note 10) and US$ 2,470,250,000(2018 :US$ 2,990,187,000) (Note 12) respectively.

The policy for allowances for bad and doubtful receivables of the Company is based on the evaluation of collectability and management's judgement. Judgement is required in assessing the ultimate realisation of these receivables from these related companies. If the financial conditions of related companies were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Based on management's evaluation, no impairment is assessed to be necessary for loan receivables and interest receivables from these related companies. The carrying amount of interest receivables and loan receivables are disclosed in Notes 10 and 12 respectively.

4. Other income

	2019 US$'000	2018 US$'000
Interest income on loan receivables due from related companies (Note 12 and 19)	**183,474**	121,500
Interest income from bank	**29**	1,168
Interest income on derivative financial instruments	**989**	946
	184,492	123,614

5. Other gains/(losses)

	2019 US$'000	2018 US$'000
Net fair value gains on currency forwards (Note 11)	**12,786**	(10,196)
Net fair value gains on Interest rate Swaps (Note 11)	**1,280**	(2,262)
Net currency exchange gains/(losses)	**(8,421)**	11,934
	5,645	(524)

6. Expenses by nature

	2019 US$'000	2018 US$'000
Guarantee commission (Note 18)	**7,086**	7,086
Other expenses	**81**	69
	7,167	7,155

7. Finance expenses

	2019 US$'000	2018 US$'000
Interest expense		
- loan payable due to related company (Note 14 and 19)	**980**	880
- Guaranteed Notes(Note 14)	**94,709**	94,711
- Notes(Note 14)	**67,850**	12,628
Amortisation of borrowing costs	**3,481**	2,527
	167,020	110,746

8. Income taxes

(a) Income tax expense

	2019 US$'000	2018 US$'000
Tax expense attributable to profit is made up of:		
- Current income tax	**3,302**	2100
- Deferred income tax (Note 15)	**(408)**	(194)
Under/(over) provision in prior financial years		
- Current income tax	**(205)**	(7)
	2,689	1,899

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

8. Income taxes (continued)

	2019 US$'000	2018 US$'000
Profit before tax	**15,950**	5,189
Tax calculated at tax rate of 17% (2018: 17%)	**2,711**	882
Effects of:		
- statutory stepped income exemption	**(13)**	(27)
- expenses not deductible for tax purposes	**(1,017)**	215
- over provision of tax	**205**	7
- others	**803**	822
Tax charge	**2,689**	1,899

(b) Movements in current income tax liabilities

	2019 US$'000	2018 US$'000
Beginning of financial year	**2,307**	1,707
Adoption of FRS 115 (Note 2.1a)		
Balance after adoption of FRS 115	**2,307**	1,707
Income tax paid	**(2,004)**	(1,530)
Tax expense	**3,302**	2,100
Forex (Gain)/Loss	**(98)**	37
Under/(over)-provision in preceding years	**(205)**	(7)
End of financial year	**3,302**	2,307

9. Cash and bank deposits

	2019 US$'000	2018 US$'000
Cash at bank and on hand	**27,142**	19,593

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

	2019 US$'000	2018 US$'000
Cash and bank deposits (as above)	**27,142**	19,593
Cash and cash equivalents per statement of cash flows	**27,142**	19,593

10. Trade and other receivables

	2019 US$'000	2018 US$'000
Accrued interest income on loan receivables due from related companies	**35,976**	32,095
Interest receivables on derivative financial instruments	**450**	367
	36,426	32,462

11. Derivative financial instruments

	2019 US$'000	2018 US$'000
Current Assets:		
Forward foreign exchange contracts – unrealised fair value gains	**369**	-
	369	-
Non -Current Assets:		
Forward foreign exchange contracts – unrealised fair value gains	**11,981**	1,547
Interest rate swaps – unrealised fair value gains	**2,307**	1,027
	14,288	2,574
Current Liabilities:		
Forward foreign exchange contracts	**-**	76
	-	76
Non-Current Liabilities:		
Forward foreign exchange contracts	**-**	1,906
	-	1,906

Forward foreign exchange contracts

The Company uses currency derivatives in the management of its foreign exchange exposures.

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 US$'000	2018 US$'000
Forward foreign exchange contracts	**181,563**	205,227

Changes in the fair value of derivative financial instruments

	2019 US$'000	2018 US$'000
Opening fair value of derivative financial instruments	**(436)**	9,760
Net fair value gains (losses) of derivative financial instruments recognised in PL (Note 5) during the year	**12,786**	(10,196)
Closing fair value of derivative financial instruments representing unrealised net fair value gains (losses)	**12,350**	(436)

11. Derivative financial instruments (continued)

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

Outstanding contracts	Average exchange rate	Foreign currency FC$'000	Contract value US$'000	Fair value gains (losses) US$'000
Sell Euro with maturity date less than 1 year	1.67	3,600	4,039	369
Sell Euro with maturity date before 2023	1.73	4,950	5,554	544
Sell Euro with maturity date on May 2, 2023	1.76	75,000	84,155	7,289
Sell Euro with maturity date on May 2, 2023	1.73	75,000	84,155	4,114
Buy SGD with maturity on May 2, 2023	1.34	5,000	3,660	34
Total			181,563	12,350

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

Outstanding contracts	Average exchange rate	Foreign currency FC$'000	Contract value US$'000	Fair value gains (losses) US$'000
Sell Euro with maturity date less than 1 year	1.60	5,000	6,158	(76)
Sell Euro with maturity date before 2023	1.71	8,550	10,529	110
Sell Euro with maturity date On May 2, 2023	1.76	75,000	92,363	1,229
Sell Euro with maturity date On May 2, 2023	1.73	75,000	92,362	(1,907)
Buy SGD with maturity on May 2, 2023	1.34	5,000	3,815	208
Total			205,227	(436)

11. Derivative financial instruments (continued)

Interest rate swaps

The Company uses interest rate swaps to manage its exposure to interest rate movements. Contracts with nominal values of S$150,000,000 (2018: S$150,000,000) have been entered where it will pay fixed interest payments at an average rate of 4.789% (2018: 4.789%) on the Euro notional principal equivalent of S$150,000,000 (2018: S$150,000,000) and receive fixed interest receipt at 4.950% (2018: 4.950%) on the Singapore dollar notional principal of S$150,000,000 (2018: S$150,000,000). These contracts are for the period until May 2, 2023 (2018: May 2, 2023).

Changes in the fair value of derivative financial instruments

	2019 US$'000	2018 US$'000
Opening fair value of derivative financial instruments	**1,027**	3,289
Net fair value gains (losses) of derivative financial instruments recognised in profit or loss (Note 5) during the year / period	**1,280**	(2,262)
Closing fair value of derivative financial instruments representing unrealised net fair value gains	**2,307**	1,027

The following table details information on the interest rate swap contracts outstanding as at March 31, 2019

Outstanding floating for fixed contracts	National principal amount S$'000	Fair value gain US$'000
With maturity date on May 2, 2023	150,000	2,307

The following table details information on the interest rate swap contracts outstanding as at March 31, 2018

Outstanding floating for fixed contracts	National principal amount S$'000	Fair value gain US$'000
With maturity date on May 2, 2023	150,000	1,027

The interest rate swaps are settled net on a semi-annually basis.

12. Loan to related corporation

	2019	2018
	US$,000	US$'000
Current assets		
Loan receivables due from a related company (1)	**500,544**	-
	500,544	-
Non-current assets		
Notes due from a related company (2)	**172,010**	189,181
Loan receivables due from a related company (3)	**2,298,241**	2,801,005
	2,470,250	2,990,186

(1) (a) As at March 31, 2019, current maturity of long term loan of US$ 500,000,000 (2018: US$ 500,000,000) to a related company, T S Global Procurement Company Pte. Ltd. which bears interest rate at 5.920 %(2018: 5.920%) per annum and is repayable on January 30, 2020. This loan is unsecured and is measured at an amortised cost of US$ 500,544,000 (2018: US$ 501,246,000) based on the effective interest method with an effective interest rate of 5.79% (2018: 5.79%) per annum

(2) (a) Notes of Euro75,000,000 issued on December 20, 2013 to a related company, Tata Steel Netherlands Holdings B.V ("TSNH"), which is unsecured and repayable by May 2, 2023. The note bear interest rates of 6.601% per annum for the first interest period ending May 1, 2014, interest rate of Euribor + 6.250% per annum for the subsequent interest periods ending November 1, 2016, and interest rate of 8.250% per annum for further subsequent interest periods to maturity on May 2, 2023. As at March 31, 2019, this note is measured at an amortised cost of Euro 76,718,000 (equivalent to US$ 86,082,000) [2018: Euro 77,065,000 (equivalent to US$94,906,000)] based on the effective interest method with an effective interest rate of 7.579%(2018: 7.579%) per annum.

(b) Notes of Euro75,000,000 issued on March 20, 2014 to TSNH, which is unsecured and repayable by May 2, 2023. The note bear interest rates of 6.634% per annum for the first interest period ending May 1, 2014, interest rate of Euribor + 6.250% per annum for the subsequent interest periods ending November 1, 2016, and interest rate of 8.250% per annum for further subsequent interest periods to maturity on May2,2023. As at March 31, 2019, this note is measured at an amortised cost of Euro 76,626,000(equivalent to US$ 85,979,000) [2018: Euro 76,954,000 (equivalent to US$ 94,769,000) based on the effective interest method with an effective interest rate of 7.615% (2018: 7.615%) per annum.

12. Loan to related corporation (continued)

(3) (a) As at March 31, 2019, long-term loans of US$ 988,000,000 (2018:US$1,488,000,000) to a related company, T S Global Procurement Company Pte. Ltd. and Long-term Loan of US $ 1,307,225,000 (2018:US$1,306,800,000) T S Global Holdings Pte. Ltd. ("TSGH") consist of:

T S Global Procurement Pte. Ltd

- a long-term loan of US$988,000,000 which bear interest rate at 6.920%(2018: 6.920%) per annum and is repayable on July 30, 2024. This loan is unsecured and is measured at an amortised cost of US$ 991,015,000 (2018: US$991,715,000) based on the effective interest method with an effective interest rate of 6.88% (2018: 6.88%) per annum.

T S Global Holdings Pte. Ltd

- As at March 31, 2019, a long-term loan of S$ 26,457,000 (equivalent to US$ 19,365,000) [2018: S$ 26,457,000 (equivalent to US$18,940,000)] to a related company, T S Global Holdings Pte. Ltd. ("TSGH"), is unsecured, bears interest rate of 5.100% (2018: 5.100%) per annum and repayable by December 25, 2021.

  During the year ended 2019, long-term loan of US$ 990,000,000 and US$ 297,860,000 to a related company S Global Holdings Pte. Ltd. ("TSGH"), is unsecured, bears interest rate of 5.650% and 4.650% per annum and repayable by January 24, 2028 and July 24, 2023 respectively.

Management is of opinion that fair value of these loan receivables approximates the carrying values as these are either charged at floating rates or at approximate rates which the management expects would be available to the related companies based on transfer pricing studies by qualified tax specialist.

13. Trade and other payables

	2019 US$'000	2018 US$'000
Current		
Accrued interest expenses on Notes (Note 7)	**31,023**	31,211
Other payables		
- third Parties	**2,048**	4,666
- ultimate Holding company	**7,083**	7,115
	40,154	42,992
Non-Current		
Accrued Interest expense payable to Related Company(Note 14)	**3,768**	2,788

14. Borrowings

	2019 **US $'000**	2018 US $'000
Current		
- 2020 Notes (2)	**499,225**	-
	499,225	-
Non-current		
Loan Payable due to a related company (4)	**21,800**	21,800
Guaranteed notes at amortised cost		
- 2023 Notes (1)	**218,549**	227,579
- 2024 Notes (2)	**994,543**	993,521
- 2020 Notes (2)	**-**	498,295
Notes at amortised cost		
- 2023 Notes (3)	**298,091**	297,641
- 2028 Notes (3)	**992,793**	991,969
Total borrowings	**2,525,776**	3,030,805

(1) Guaranteed notes (the "2023 Notes") with principal amount of S$300,000,000 which bear interest rate at 4.95% per annum were issued on May 3, 2013 with maturity on May 3, 2023. These 2023 Notes are listed on the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). These 2023 Notes are unsecured senior obligations of the Company and are irrevocably guaranteed on an unsecured basis (the "Guarantee") by the Company's ultimate holding company, Tata Steel Limited (the "Guarantor"), provided that, at all times, the Guarantee shall be in respect of an amount not exceeding 125% of the outstanding principal amount of these 2023 Notes which shall be S$375,000,000 (the "Guaranteed Amount"). These 2023 Notes are unsecured obligations of the Company, will rank pari passu with all of its other existing and future unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of the Guarantor's subsidiaries.

These 2023 Notes bear interest at a rate of 4.95% per annum. Interest is paid on the 2023 Notes semi-annually in arrears on May 3 and November 3 of each year, beginning on November 4, 2013. Unless previously repurchased, cancelled or redeemed, these 2023 Notes will mature on May 3, 2023. Issue related costs amounted to approximately S$3,210,000 (equivalent to US$2,551,000).

As at March 31, 2019, these 2023 Notes are measured at an amortised cost of S$298,576,000 (equivalent to US$218,549,000) [2018 : S$298,300,000 (equivalent to US$227,579,000)].

(2) <u>Current</u>

Guaranteed notes with principal amount of US$500,000,000 which bear interest rate at 4.85% per annum (the "2020 Notes") was issued on July 31, 2014 with maturity on January 31, 2020.

<u>Non-current</u>

Guaranteed notes with principal amount of US$1,000,000,000 which bear interest rate at 5.95% per annum (the "2024 Notes") was issued on July 31, 2014 with maturity on July 31, 2024.

14. Borrowings (continued)

The above two guaranteed notes are listed on the Freiverkehr (Open Market) of the Frankfurter Wertpapierborse ("Frankfurt Stock Exchange").

The guaranteed notes are unsecured senior obligations of the Company and are irrevocably guaranteed on an unsecured basis (the "Guarantee") by the Company's ultimate holding company, Tata Steel Limited (the "Guarantor"), provided that, at all times, the Guarantee shall be in respect of an amount not exceeding 125% of the outstanding principal amount of the guaranteed notes which shall be US$625,000,000 and US$1,250,000,000 respectively (the "Guaranteed Amount"). These guaranteed notes are unsecured obligations of the Company, will rank pari passu with all of its other existing and future unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of the Guarantor's subsidiaries.

These 2020 Notes and 2024 Notes bear interest at a rate of 4.85% and 5.95% per annum respectively. Interest is paid on the 2020 Notes and 2024 Notes semi-annually in arrears on January 31 and July 31 of each year, beginning on January 31, 2015. Unless previously repurchased, cancelled or redeemed, these 2020 Notes and 2024 Notes will mature on January 31, 2020 and July 31, 2024 respectively. Issue related costs amounted to approximately US$15,347,000.

As at March 31, 2019, these 2020 Notes and 2024 Notes are measured at an amortised cost of US$499,225,000(2018:US$498,295,000) and US$ 994,543,000(2018 : US$ 993,520,000) respectively.

(3) Notes with principal amount of US$300,000,000 which bear interest rate at 4.45% per annum (the "2023 Notes") and US$1,000,000,000 which bear interest rate at 5.45% per annum (the "2028 Notes") were issued on January 24, 2018 with maturity on July 24, 2023 and January 24, 2028 respectively. These guaranteed notes are listed on the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Each of the US$300,000,000 4.45% Notes due 2023 (the "2023 Notes") and the US$1,000,000,000 5.45% Notes due 2028 (the"2028 Notes") will be the unsecured senior obligations of ABJA Investment Co. Pte. Ltd. (the "Issuer"), and will rank pari passu with all of its other existing and future unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries. Tata Steel has provided a non-binding letter of comfort to the Trustee on behalf of the note holders in connection with the issuance of the Notes.

The 2023 Notes will bear interest at a rate of 4.45% per year. Interest will be paid on the 2023 Notes semi-annually in arrears on January 24 and July 24 of each year, beginning on July 24, 2018. Unless previously repurchased, cancelled, exchanged or redeemed, the 2023 Notes will mature on July 24, 2023. The 2028 Notes will bear interest at a rate of 5.45% per year. Interest will be paid on the 2028 Notes semi-annually in arrears on January 24 and July 24 of each year, beginning on July 24, 2018.Unless previously repurchased, cancelled, exchanged or redeemed, the 2028 Notes will mature on January 24, 2028. Issue related costs amounted to approximately US$10,708,000.

As at March 31, 2019, these 2023 Notes and 2028 Notes are measured at an amortised cost of US$298,091,000 (2018: US$297,641,000) and US$ 992,793,000 (2018:US$ 991,969,000) respectively.

As at March 31, 2019, the fair values of the 2023 Notes, 2020 Notes, 2024 Notes,2023 Notes(US$300mn) and 2028 Notes approximates S$316,080,000 (equivalent to US$231,361,000), US$ 501,275,000, US$ 1,021,050,000, US$ 307,560,000 and US$ 1,056,300,000 respectively. The fair values are classified under Level 1 of the fair value hierarchy (Note 2).

As at March 31, 2018, the fair values of the 2023 Notes, 2020 Notes, 2024 Notes,2023 Notes (US$300mn) and 2028 Notes approximates S$ 313,410,000 (equivalent to US$239,107,000), US$ 504,975,000, US$ 1,014,450,000 US$ 292,680,000 and US$ 945,600,000 respectively.

14. Borrowings (continued)

(4) As at March 31, 2019, a long-term loan of US$21,800,000 (2018: 21,800,000) payable to a related company, T S Global Holdings Pte. Ltd., is unsecured, bears interest rate of 1.5% + 6 months USD LIBOR (2018: 1.5% + 6 months USD LIBOR) per annum and is repayable by January 25, 2021 (2018: January 24, 2020).
During the year ended March 31, 2019, the maturity date of the loan was extended from January 26, 2020 to January 25, 2021.

15. Deferred income taxes

	2019 **$'000**	2018 $'000
Beginning of financial year	**1,603**	1,797
Adoption of FRS 109 (Note 2.1b)	**-**	-
Balance after adoption of FRS 109	**1,603**	1,797
Tax (credited)/charged to:		
- profit or loss (Note 8(a))	**(408)**	(194)
End of financial year	**1,195**	1,603

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

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Fair value gains $'000	Other $'000	Total $'000
2019				
Beginning of financial year	**-**	**-**	1,603	1,603
(Credited)/charged to:				
- profit or loss	**-**	**-**	(408)	(408)
End of financial year	**-**	**-**	1,195	1,195
2018				
Beginning of financial year	-	-	1,797	1,797
(Credited)/charged to:				
- profit or loss	-	-	(194)	(194)
End of financial year	-	-	1,603	1,603

16. Share capital

	2019	2018	**2019**	2018
	Number of ordinary shares		**US$'000**	US$'000
Issued and paid up:				
At beginning and end of year	**20,000**	20,000	**200**	200

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

17. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) *Market risk*

(i) *Currency risk*

Certain of the Company's financial assets and financial liabilities are denominated in currencies other than its functional currency and hence the Company is therefore exposed to foreign exchange risk. The Company uses forward foreign exchanges contracts to manage its exposure to foreign currency risk in the local reporting currency. Further details on these derivative financial instruments are disclosed in Note 11.

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

	Liabilities		Assets	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Euro	1,938	2,127	184,576	198,596
Singapore dollar	223,892	233,134	23,052	23,732

	Hedged exposure		Unhedged exposure	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Euro	172,010	189,181	10,628	7,288
Singapore dollar	191,628	199,731	9,212	9,671

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

	Profit or loss	
	2019	2018
	US$'000	US$'000
Euro	(1063)	(729)
Singapore dollar	921	967

17. Financial risk management (continued)

If the United States dollar weakens by 10% against the relevant foreign currency, the net impact on profit for the year will be converse of the above.

(ii) Interest rate risk

Interest rate risk refers to the risk faced by the Company as a result of fluctuation in interest rates. The Company is exposed to interest rate risk associated with certain of its loan loan payables which have floating rates. The interest rate and terms of repayments for the notes payables are as disclosed in Note 12 and Note 14 respectively.

Interest rate sensitivity

The sensitivity analyses below have been determined based on year-end balance which is subject to floating interest rates at the end of the reporting period.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's Profit for the year ended March 31, 2019 would increase/ decrease by US$218,000 (2018: profit for the year would increase/decrease by US$218,000).

(b) Credit risk

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

The Company's credit risk is primarily attributable to its cash and cash equivalents, loan receivables and interest receivables due from related companies.

Cash balances are held with creditworthy financial institutions. At March 31, 2019, the Company has a concentration of credit risk from loan receivables and interest receivables due from 3 (2019: 3) related companies which account for 99.9% (2018: 99.9%), amounting to approximately US$ 3,006,771,000 (2019 : US$ 3,022,282,000) of total receivables. Management has evaluated the credit quality of these receivables and who the counterparties are and has assessed that the credit risk for these amounts to be manageable.

(c) Liquidity risk

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. As at March 31, 2019, the Company has a capital deficiency of US$ 24,401,000(2018: US$ 37,662,000), current assets in excess of current liabilities of US$ 21,799,000 (2018: current assets in excess of current liabilities of US$ 6,680,000), and management has assessed as disclosed in Note 1 that the Company will have sufficient funds to operate as a going concern. In addition, management is of the opinion that, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due

Financial liabilities

The Company's operations are largely financed by loan from a related company (Note 14). The Company's financial liabilities are due within one year, except for derivative financial instruments (Note 11), principal and interest-bearing loan from a related company (Note 14) repayable on January 2021 and interest-bearing notes (Note 14) which are repayable between January 2020 to January 2028.

17. Financial risk management (continued)

Non-derivative financial liabilities

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

	Average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000	US$'000
2019						
Non-interest bearing	-	40,154	3,768			43,922
Variable interest rate instrument	4.33	-	23,901	-	(2,101)	21,800
Fixed interest rate instrument	4.45 - 5.95	669,548	1,081,683	2,253,235	(1,001,265)	3,003,201
		709,702	1,109,352	2,253,235	(1,003,366)	3,068,923
2018						
Non-interest bearing	-	42,992	2,788			45,780
Variable interest rate instrument	3.45	-	23,400	-	(1,600)	21,800
Fixed interest rate instrument	4.85 - 5.95	170,045	1,096,421	2,882,430	(1,139,891)	3,009,005
		213,037	1,122,609	2,882,430	(1,141,491)	3,076,585

(c) *Liquidity risk* (continued)

Financial assets

The Company's financial assets comprise cash and cash equivalents, other receivables and loan receivables due from related companies as disclosed in Notes 9, 10 and 12 respectively.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statement of financial position.

17. Financial risk management (continued)

Non-derivative financial assets

	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		63,568				63,568
Fixed interest rate instrument	4.65 – 8.25	685,233	1,089,305	2,239,723	(1,043,466)	2,970,795
		748,801	1,089,305	2,239,723	(1,043,466)	3,034,363
2018						
Non-interest bearing		52,056				52,056
Fixed interest rate instrument	4.65 – 8.25	187,923	1,175,551	2,838,433	(1,211,722)	2,990,185
		239,979	1,175,551	2,838,433	(1,211,722)	3,042,241

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 inflow amounting to US$ 12,350,000 (2018 : net cash outflow amounted to US$ 436,000) (Note 11) and interest rate swaps with contracted net cash inflow amounting to US$ 2,307,000 (2018 : net cash inflow amounted to US$1,027,000) (Note 11). Further information of these derivative financial instruments is disclosed in Note 11.

(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 Board of Director's monitors its capital based on net debt and total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

	2019	2018
	US $'000	US $'000
Net debt	**3,041,782**	3,056,992
Total equity	**(24,401)**	(37,662)
Total capital	**3,017,381**	3,019,330

The Company is not subject to any externally imposed capital requirements.

17. Financial risk management (continued)

(e) *Fair value measurements*

The table below presents assets and (liabilities) measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
	US $'000	US $'000	US $'000	US $'000
As at 31 March 2019				
Derivative financial instruments		14,658		
As at 31 March 2018				
Derivative financial instruments		2,574		
Derivative financial instruments		(1,982)		
		592		

The fair value of financial instruments traded in active markets (financial assets, at FVOCI/ Available-for-sale, listed equity investments) are determined based on quoted current bid prices at the balance sheet date. These instruments are included in Level 1 fair value measurement hierarchy.

The fair value of financial instruments that are not traded in an active market (over-the-counter currency forwards) is determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2.

There were no transfers between level 1 and level 2 fair values during the year.

The carrying value less impairment provision of current trade receivables, trade payables and borrowings are approximate to their fair values. The fair value of non-current financial liabilities and financial asset are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The fair value of non-current borrowings and loan to related corporations are disclosed in Note 12 and Note 14 respectively.

(f) *Financial instruments by category*

The carrying amounts of financial assets measured at fair value (financial assets, at fair value through profit and loss) are disclosed on the face of the balance sheet and in Note 11 to the financial statements respectively.

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

	2019
	US $'000
Financial assets, at amortised cost	3,034,363
Financial liabilities, at amortised cost	3,068,923

	2018
	US $'000
Financial assets, at amortised cost	3,042,241
Financial liabilities, at amortised cost	3,076,585

17. Financial risk management (continued)

(g) *Offsetting financial assets and financial liabilities*

There were no offsetting or netting arrangements in 2019 and 2018 for financials asset and liability.

18. Immediate and ultimate holding corporation

The Company is a wholly-owned subsidiary of Tata Steel Limited, incorporated in India, which is also the Company's ultimate holding company.

Some of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

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

	2019	2018
	US$'000	US$'000
Guarantee commission expense on guaranteed notes charged by ultimate holding company	**(7,086)**	(7,086)

For outstanding balances, as at March 31,2019 arising from transactions with holding corporation refer note 6.

19. Related party transactions

(a) Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

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
Interest income from loan receivables due from related company	**183,474**	121,500
Interest expenses on loan payable due to a related company	**(980)**	(880)

19. Related party transactions (continued)

(b) Key management personnel compensation

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

For outstanding balances, as at March 31,2019 arising from transactions with related companies refer note 12,13 and 14.

20. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2019 and which the Company has not early adopted:

(a) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

As at the reporting date, the Company has no leases.

(b) INT FRS 123 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored

iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment

iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and

v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company does not expect additional tax liability to be recognised arising from the uncertain tax positions as disclosed in Note 3(a) on the adoption of the interpretation on 1 January 2019.

21. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of ABJA INVESTMENT CO. PTE. LTD. On XX.