# T STEEL HOLDINGS PTE LTD

*(Incorporated in Singapore. Registration Number: 200609769D)*

# ANNUAL REPORT

*For the financial year ended 31 March 2019*

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*(Incorporated in Singapore)*

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*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 6 to 30 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
Mr Ranganath Raghupathy Rao
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:

| Name of directors and Company in which interests are held | Holdings registered in name of director | | Holdings in which a director is deemed to have an interest | |
|---|---|---|---|---|
| | At 31.03.2019 | At 1.4.2018 or date of appointment, if later | At 31.03.2019 | At 1.4.2018 or date of appointment, if later |
| **Tata Steel Limited** (No.of ordinary shares of Rs10 each) | | | | |
| Sandip Biswas | 3,868 | 3,868 | | |

## Share options

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

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

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

## Independent auditors

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 T Steel Holdings Pte Ltd**

## Report on the Audit of the Financial Statements

### Our Opinion

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

What we have audited

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

### Basis for Opinion

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

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

### Other Matter

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

### Independence

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

### Other Information

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

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

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

### Responsibilities of Management and Directors for the Financial Statements

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 2019

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

| | Note | 2019 £'000 | 2018 £'000 |
|---|---|---|---|
| Other income | | | |
| - Interests | 4 | - | 169 |
| Other gains/(losses) | | | |
| - Others | 5 | 6,836 | (3) |
| Expenses | | | |
| - Administrative | 6 | (5) | (11) |
| - Finance | 7 | (18,304) | (169) |
| Profit before income tax | | (11,473) | (14) |
| Income tax expense | 8 | - | - |
| Loss after income tax, representing total comprehensive loss for the year | 8 | (11,473) | (14) |

## BALANCE SHEET
*As at 31 March 2019*

| | Note | **2019** **£'000** | 2018 £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and bank deposits | 9 | 178 | 182 |
| **Non-current assets** | | | |
| Subsidiary | 10 | 1,811,433 | 845,831 |
| **Total assets** | | 1,811,611 | 846,013 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 11 | 8 | 10 |
| **Non-current liabilities** | | | |
| Borrowings | 12 | 928,009 | 349,742 |
| **Total liabilities** | | 928,017 | 349,752 |
| **NET ASSETS** | | 883,594 | 496,261 |
| **EQUITY** | | | |
| Share capital | 13 | 5,931,767 | 5,931,767 |
| Equity portion of Preference Shares | 12 | 603,194 | 204,389 |
| Retained earnings | | (5,651,368) | (5,639,895) |
| **Total equity** | | 883,594 | 496,261 |

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

**T STEEL HOLDINGS PTE LTD**

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

| | Note | Share capital £'000 | Other Equity £'000 | Retained profits £'000 | Total equity £'000 |
|---|---|---|---|---|---|
| **2019** | | | | | |
| **Balance as at 31 March 2018** | | 5,931,767 | 204,389 | (5,639,895) | 496,261 |
| Adoption of FRS 115 | 2.1(a) | - | - | - | - |
| Adoption of FRS 109 | 2.1(b) | - | - | - | - |
| **Balance as at 1 April 2018** | | 5,931,767 | 204,389 | (5,639,895) | 496,261 |
| Profit for the year | | - | - | (11,473) | (11,473) |
| Equity portion of redeemable preference shares issued | 12 | - | 398,805 | - | 398,805 |
| **End of financial year** | | **5,931,767** | **603,194** | **(5,651,368)** | **883,593** |
| **2018** | | | | | |
| **Beginning of financial year** | | 5,931,767 | - | (5,639,881) | 291,886 |
| Profit for the year | | - | - | (14) | (14) |
| Equity portion of redeemable preference shares issued | | - | 204,389 | - | 204,389 |
| **End of financial year** | | **5,931,767** | **204,389** | **(5,639,895)** | **496,261** |

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

## STATEMENT OF CASH FLOWS
*For the financial year ended 31 March 2019*

| | Note | 2019 £'000 | 2018 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | (11,473) | (14) |
| Adjustments for: | | | |
| - Interest income | | - | (169) |
| - Interest expense | | 18,304 | 169 |
| - Unrealised foreign exchange loss/(gain) | | (6,834) | - |
| | | (3) | (14) |
| Changes in working capital: | | | |
| - Trade and other payables | | (1) | (11) |
| **Net cash used in operating activities** | | (4) | (25) |
| **Cash flows from investing activities** | | | |
| Investment in Subsidiaries & Other Capital Contribution | | (949,333) | (554,131) |
| Interest received | | - | 169 |
| **Net cash used in investing activities** | | (949,333) | (553,962) |
| **Cash flows from financing activities** | | | |
| Issue of non-cumulative redeemable preference shares | | 949,333 | 554,131 |
| Finance costs paid | | - | (169) |
| **Net cash provided by/ (used in) financing activities** | | 949,333 | 553,962 |
| **Net decrease in cash and cash equivalents** | | (4) | (25) |
| **Cash and cash equivalents** | | | |
| Beginning of financial year | 9 | 182 | 207 |
| **Cash and cash equivalents at end of financial year** | 9 | 178 | 182 |

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

## STATEMENT OF CASH FLOWS
*For the financial year ended 31 March 2019*

### Reconciliation of liabilities arising from financial activities

| | | | | | Non-cash changes £'000 | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 April £'000 | Proceeds from borrowings £'000 | Principal and interest payments £'000 | Equity portion of compound financial instrument | Interest expense | Foreign exchange movement | Modification of bank borrowings | 31 March £'000 |
| Bank borrowings/ICD | | | | | | | | |
| | | | | | | | | |
| 2019 | 349,742 | 949,333 | - | (398,805) | 18,304 | 9,435 | - | 928,009 |
| 2018 | - | 554,131 | (169) | (204,389) | 169 | - | - | 349,742 |

*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. 200609769D) 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 Great Britain Pound.

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

The principal activities of the subsidiary are disclosed in Note 10 to the financial statements.

## 2. Significant accounting policies

### 2.1 Basis of preparation

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

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

**Interpretations and amendments to published standards effective in 2019**

On 1 April 2018, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year.
The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years

*(a)* Adoption of FRS 109 Financial Instruments

The Company has already adopted in the previous FY 2018, so there arises no impact on adoption of FRS 109 in FY 2019.

### 2.2 Revenue from contracts with customers

*(a)* *Interest income*

Interest income is recognised using the effective interest rate method.

## 2.3 Borrowing costs

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

## 2.4 Exemption from Consolidation

The financial statements of the subsidiaries have not been consolidated with the Company's financial statements as the Company itself is a wholly-owned subsidiary of Tata Steel Limited, incorporated in India, which prepares consolidated financial statements on a worldwide basis. Such financial statements are publicly available.

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

## 2.5 Subsidiary

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

Control is achieved when the Company:

- holds the right, directly or indirectly, to appoint or remove the directors or equivalent persons of the company or foreign company who hold a majority of the voting rights at meetings of the directors or equivalent persons on all or substantially all matters;

- holds, directly or indirectly, more than 25% of the rights to vote on those matters that are to be decided upon by a vote of the members or equivalent persons of the company or foreign company; or

- has the right to exercise, or actually exercises, significant influence or control over the company or foreign company.

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

Investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

## 2.5 Offsetting of 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.

## 2.6 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

**2.7 Loans and Receivables**

Cash and cash equivalents

Cash and cash equivalents are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

**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 Borrowing costs**

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

**2.10 Income taxes**

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

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

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.

## 2.11 Financial assets

(a) The accounting for financial assets before 1 January 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.

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

**(i) Loans and receivables** (continued)

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

**(ii) Financial assets, available-for-sale**

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

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

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.

**2. Significant accounting policies** (continued)

**2.11 Financial assets** (continued)

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

**(ii) Financial assets, available-for-sale** (continued)

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 January 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)

**2.11 Financial assets** (continued)

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

*(i)* *At initial recognition*

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

*(ii)* *At subsequent measurement*

1. Debt instrument

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

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

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

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

**2. Significant accounting policies** (continued)

**2.11 Financial assets** (continued)

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

*(ii)* *At subsequent measurement* (continued)

1. Debt instrument (continued)

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

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

2. Equity investments

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

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

**2. Significant accounting policies** (continued)

**2.11 Financial assets** (continued)

(b) The accounting for financial assets from 1 January 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.

**2.12 Impairment of Financial assets**

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

Derecognition of financial assets

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

**2.13 Financial liabilities and Equity Instruments**

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

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

**2.14 Impairment of Non-Financial Assets**

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

## 2.15 Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

## 2.16 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)

### 2.17 Currency translation

The financial statements are presented in Great Britain Pound, which is the functional currency of the Company.

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

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

### 2.18 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.

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

Management is of the opinion that any instances of application of judgments are not expected to have a significant effect on the amounts recognised in the financial statements.

### (ii) Key sources of estimation uncertainty

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

## 3. Critical accounting estimates, assumptions and judgements (continued)

Investment in subsidiary

Investments in subsidiaries are stated at cost less impairment loss. The Company follows the guidance of FRS 36 Impairment of Assets to determine when its investment in subsidiaries is impaired. This determination requires significant judgement and estimates. In making this judgement, the Company evaluates, among other factors, the market and economic environment in which the subsidiary operate, economic performance of the entity, the duration and extent to which the cost of investment in the entity exceed its net tangible assets value and fair value of investment less cost to sell.

For the year ended March 31, 2019, no provision for impairment is made with regard to investment in subsidiaries.

For the year ended March 31, 2018, no provision for impairment is made with regard to investment in subsidiaries.

## 4. Other income

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Interest income from financial assets measured at amortized cost | | |
| - Bank deposits | - * | - * |
| - Loan to related corporation | - | 169 |
| | - | 169 |

* Amount is less than £ 1,000

## 5. Other gains/(losses)

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Net currency exchange gains/(losses) | 6,836 | (3) |
| | **6,836** | (3) |

## 6. Expenses by nature

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Administrative expenses | (5) | (11) |
| Total administrative expenses | **(5)** | (11) |

## 7. Finance expenses

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Interest expense | | |
| - ultimate holding company (Note 15) | (18,304) | (169) |
| | **(18,304)** | (169) |

## 8. Income taxes

(a) Income tax expense

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

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Profit before tax | **(11,473)** | (14) |
| Tax calculated at tax rate of 17% (2018: 17%) | (1,950) | (2) |
| Effects of: | | |
| - statutory stepped income exemption | | |
| - expenses not deductible for tax purposes | 1,950 | 2 |
| Tax charge | - | - |

## 9. Cash and bank deposits

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Cash at bank and on hand | 178 | 182 |
| Short-term bank deposits | - | - |
| | **178** | 182 |

## 10. Subsidiary

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Unquoted equity shares, at cost | 4,849,414 | 4,849,414 |
| Other capital contributions | 1,019,027 | 1,019,027 |
| Investment on Preference Shares | 1,519,733 | 554,131 |

| | | |
|---|---|---|
| | 7,388,174 | 6,422,572 |
| Less: Provision for impairment loss in subsidiaries | (5,576,741) | (5,576,741) |
| | **1,811,433** | **845,831** |

During the year ended March 31, 2019, the company has subscribed for 5.6% non-cumulative redeemable preference shares amounting USD 1,258,000,000 (GBP 958,767,273) of its wholly-owned subsidiary T S Global Holdings Pte. Ltd. These preference shares are redeemable at the option of T S Global Holdings Pte. Ltd. and have a maturity period of 10 years.

During the year ended March 31, 2019, management carried out an assessment of the recoverable of subsidiary, T S Global Holdings Pte. Ltd. as at the end of the reporting period. There were no indicators of impairment found.

During the year ended March 31, 2018, the company has subscribed for 5% non-cumulative redeemable preference shares amounting GBP 554,131,297 of its wholly-owned subsidiary T S Global Holdings Pte. Ltd. These preference shares are redeemable at the option of T S Global Holdings Pte. Ltd. and have a maturity period of 10 years.

During the year ended March 31, 2018, management carried out an assessment of the recoverable of subsidiary, T S Global Holdings Pte. Ltd. as at the end of the reporting period. There were no indicators of impairment found

| Name of subsidiary | Country of incorporation and | Proportion of ownership interest and voting power held | | Principal activities |
|---|---|---|---|---|
| | | 2019 | 2018 | |
| | | % | % | |
| T S Global Holdings Pte. Ltd. (1) | Singapore | 100 | 100 | Investment holding |

(1) Significant subsidiaries of this Singapore incorporated Company are disclosed in the financial statements of this subsidiary.

## 11. Trade and other payables

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Trade payables to: | | |
| - Non-related parties | **8** | 10 |
| | **8** | 10 |

## 12. Borrowings

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Non-current | | |
| Preference Shares issued to Tata Steel Limited | 1,531,203 | 554,131 |
| Less: Equity Portion of Preference Shares | (603,194) | (204,389) |
| Total borrowings | **928,009** | 349,742 |

During the year ended 31st March, 2019, the company issued 5.6% Non-Cumulative Redeemable Preference Shares to its holding company Tata Steel Limited amounting USD 1,258,000,000 (GBP 958,767,273). These preference shares are redeemable at the option of T Steel Holdings Pte. Ltd. and have a maturity period of 10 years. The figure shown above only represents the present value of contractual obligation relating to this preference share including interest capitalised on debt portion of preference shares GBP 18,304,182.

During the year ended 31st March, 2018, the company issued 5% Non-Cumulative Redeemable Preference Shares to its holding company Tata Steel Limited amounting GBP 554,131,297. These preference shares are redeemable at the option of T Steel Holdings Pte. Ltd. and have a maturity period of 10 years. The figure shown above only represents the present value of contractual obligation relating to this preference share.

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Face Value of Preference Shares | **1,512,898** | 554,131 |
| Less: Equity Component of Preference Shares * | **(603,194)** | (204,389) |
| Add: Interest capitalised on the debt portion | **18,304** | - |
| | **928,008** | 349,742 |

* The equity component of preference shares has been presented on the face of the balance sheet.

## 13. Share capital

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

| | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|
| | Number of ordinary shares with no par value ('000) | | £'000 | £'000 |
| Issued and paid up: | | | | |
| At beginning and end of the year | 5,931,767 | 5,931,767 | 5,931,767 | 5,931,767 |

## 14. 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) *Foreign Exchange Risk Management*

The Company adopts the Great Britain Pound as its functional currency as its main investment is a sterling denominated asset. At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities that are not denominated in functional currency are as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 |
| Euro | 99 | 107 | - | - |
| Singapore dollars | * | * | 8 | 10 |
| United States dollars | 965,646 | 41 | 965,607 | - |

As the differences between its foreign currency denominated assets and liabilities base are small, management has determined that changes in foreign exchange rates would not have a material impact on the financial affairs of the Company and accordingly, no sensitivity analysis is prepared by management.

(ii) *Interest rate risk*

The Company is not exposed to interest rate risk as there are no significant interest-bearing liabilities or interest-bearing assets.

*Interest rate sensitivity*

No sensitivity analysis has been prepared by management as management is of the view that the Company is not exposed to material interest rate risk.

(b) *Credit risk*

The Company is an investment holding company and does not have significant credit risk exposures with outside parties.

(c) *Liquidity risk*

The Company relies on the holding company for financial support to fund its existing and continuing commitments. New investments are likely to be funded similarly.

The Company's financial assets and financial liabilities are non-derivative, non-interest bearing and due within 0 to 10 years.

(d) *Capital Risk*

The Company manages its capital structure to ensure that the Company will be able to continue as a going concern.

The capital structure of the Company comprises only issued capital. The Company's overall strategy remains unchanged from prior year.

(e) *Financial instruments by category*

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

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Loans and receivables (including cash & cash equivalents) | **178** | 182 |
| Investment in preference shares of subsidiary | **1,519,733** | 554,131 |
| Financial assets, at amortised cost | **291,700** | 291,700 |
| Amortised cost | **8** | 10 |
| Issue of Preference Shares to holding company | **1,531,203** | 554,131 |

(f) *Offsetting financial assets and financial liabilities*

The Company does not have any legally enforceable right to set off the intercompany balances with its immediate holding corporation and it does not intend to settle on a net basis.

## 15. 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. Related companies in these financial statements refer to members of the holding company's group of companies.

During the year, the Company has entered into the following significant transactions with related companies:

| | 2019 | 2018 |
|---|---|---|
| | £'000 | £'000 |
| Interest expense on loan from holding company | (18,304) | (169) |
| Preference shares issued to by holding company (including interest capitalised on debt portion) | 1,531,203 | 554,131 |

Outstanding balances as at March 31, 2019 arising from finance provided to subsidiary is disclosed in note 10.

## 16. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of T Steel Holdings Pte Ltd on ______

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

## 17. 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)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

As at the reporting date, there are no non-cancellable operating lease commitments.

The Company expects that net profit after tax will decrease by approximately Nil for 2019 as a result of adopting FRS116. Operating cash flows will increase and financing cash flows decrease by approximately Nil as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The new standard also introduces expanded disclosure requirements and changes in presentation.

## 24. New or revised accounting standards and interpretations(continued)

(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 April 2019.