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

ANNUAL REPORT
For the financial year ended 31 March 2020

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Contents

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

DIRECTORS' STATEMENT
For the financial year ended 31 March 2020

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2020.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to ▪ are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

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

Directors

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

Mr Koushik Chatterjee
Mr Rajiv Mukerji
Mr Raghav Sud
Mr Dibyendu Bose
Mr Lu Kee Hong

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

Name of the director and company in which interests are held	At beginning of year	At end of year
Tata Steel Limited		
(Ordinary shares of Rupees 10 each)		
Koushik Chatterjee	1,531	1,531

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

Raghav Sud	**Koushik Chatterjee**
Director	Director

■/09/2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

In our opinion, the accompanying financial statements of T S Global Procurement Company Pte. Ltd. ("the Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the financial year ended 31 March 2020;
- the balance sheet as at 31 March 2020;
- the statement of changes in equity for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Other Information

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

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

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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, ■

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2020

	Note	**2020**	2019
		US$000	US$000
Revenue	4(a)	**4,165,382**	4,359,545
Cost of sales	4(b)	**(4,077,725)**	(4,283,776)
Gross profit		**87,657**	75,769
Other income			
- Interest	5	**103,676**	130,490
Other gains	6	**36,629**	38,819
Expenses			
- Administrative	4(b)	**(19,011)**	(5,833)
- Finance	7	**(196,560)**	(180,431)
Profit before tax		**12,391**	58,814
Income tax expense	8	**(5,802)**	(10,513)
Profit after tax and total comprehensive income for the year		**6,589**	48,301

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

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

BALANCE SHEET
As at 31 March 2020

	Note	2020 US$'000	2019 US$'000
ASSETS			
Current assets			
Cash and bank deposits	9	**7,353**	*
Trade and other receivables	10	**1,326,390**	1,474,153
Derivatives financial instruments	11	**69,505**	20,009
Inventories	12	**63,221**	136,911
Loan receivables	13	**2,346,278**	2,492,338
		3,812,747	4,123,411
Non-current assets			
Loan receivable	13	-	-
Investment in subsidiary	14	*	*
Equipment	15	**22**	42
Intangible assets	16	**186**	304
Right of use assets	17	**25,900**	-
Deferred tax asset	18	**220**	-
		26,328	346
Total assets		**3,839,075**	4,123,757
LIABILITIES			
Current liabilities			
Trade and other payables	19	**397,273**	490,963
Derivative financial instruments	11	**30,128**	-
Current income tax liabilities	8(b)	**5,678**	8,656
Loan payables	20	**728,937**	1,451,883
Bank loans	21	**460,245**	-
Lease liabilities	22	**24,973**	-
		1,647,234	1,951,502
Non-current liabilities			
Loan payables	20	**1,820,363**	1,821,015
Lease liabilities	22	**13,649**	-
		1,834,012	1,821,015
Total liabilities		**3,481,246**	3,772,517
NET ASSETS		**357,829**	351,240
EQUITY			
Share capital	22	**99,635**	99,635
Retained earnings		**258,194**	251,605
Total equity		**357,829**	351,240

*Amount is less than US$1,000

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

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2020

	Note	Share capital $'000	Retained earnings $'000	Total equity $'000
2020				
Beginning of financial year		**99,635**	**251,605**	**351,240**
Profit for the year		-	6,589	6,589
End of financial year		**99,635**	**258,194**	**357,829**
2019				
Beginning of financial year		**99,635**	**203,304**	**302,939**
Profit for the year		-	48,301	48,301
End of financial year		**99,635**	**251,605**	**351,240**

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2020

	Note	2020	2019
		US$'000	US$'000
Operating activities			
Profit before tax		**12,391**	58,814
Adjustments for:			
- Interest income		**(103,676)**	(130,490)
- Interest expense		**196,560**	180,431
- Depreciation and amortisation expense		**13,939**	226
- Amortisation cost		**(1,196)**	(1,402)
Operating cash flows before movements in working capital		**118,018**	107,579
Financial assets, at fair value through profit and loss		**(19,368)**	(32,873)
Inventories		**73,690**	(19,228)
Trade receivables		**145,452**	47,103
Other receivables		**(21,203)**	(7,266)
Trade payables		**(47,745)**	1,558
Other payables and accrued expenses		**(9,085)**	3,666
Cash generated from operations		**239,759**	100,539
Income tax paid		**(8,999)**	(5,356)
Net cash generated from/(used in) operating activities		**230,760**	95,183
Investing activities			
Interest received		**127,190**	131,295
Purchase of equipment and intangible asset		**(26)**	(139)
Loans to related companies		**(470,834)**	(610,907)
Repayments of loans to related companies		**467,805**	812,955
Loan to immediate holding company		**(15,265,875)**	(7,931,667)
Repayment of loan to immediate holding company		**14,306,456**	7,632,889
Debenture loans to subsidiary		**(1,431,402)**	(2,252,511)
Repayments of debenture loans to subsidiary		**2,539,910**	2,401,503
Net cash generated from investing activities		**273,224**	183,418
Financing activities			
Interest paid		**(234,474)**	(141,430)
Repayments of loans from related companies		**500,000**	-
Loans from immediate holding company		**13,017,967**	20,744,335
Repayments of loans from immediate holding company		**(13,240,369)**	(20,277,243)
Increase in bank loans		**1,555,609**	944,973
Repayments of bank loans		**(1,095,364)**	(1,614,336)
Net cash generated from financing activities		**(496,631)**	(343,701)

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

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2020

	Note	**2020**	2019
		US$'000	US$'000
Net (decrease)/increase in cash and cash equivalents		**7,353**	(65,100)
Cash and cash equivalents at beginning of financial		*****	65,100
Cash and cash equivalents at end of financial year	9	**7,353**	*

*Amount is less than US$1,000

Reconciliation of liabilities arising from financial activities

	Opening balance as at 1 April	Proceeds from borrowings	Principal and interest payments	Non cash changes - interest expense	Closing balance as at 31 March
	US $'000	US $'000	US $'000	US $'000	US $'000
2020	**3,334,133**	**14,573,576**	**-15,070,207**	**195,364**	**3,032,864**
2019	3,498,805	21,689,308	(22,034,411)	180,431	3,334,133

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

1. General information

The Company is incorporated in Singapore with its principal place of business and registered office at 22 Tanjong Kling Road, Singapore 628048.

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

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 2020

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

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

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

The Company has adopted the new standard using the retrospective approach with the cumulative impact of the adoption recognised in the opening retained earnings at 1 April 2018. Comparative information for 31 March 2018 are not restated.

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

(b) Adoption of FRS 109 Financial instruments

The Company has adopted the new standard retrospectively from 1 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 2018 and 1 April 2018 in the opening retained earnings.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.12.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

The adoption of FRS 115 and FRS 109 had no material effect on the amounts reported in the current year or prior financial year.

2.2 Revenue from contracts with customers

Revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Sales are presented, net of goods and services tax, rebates and discounts.

(a) Sale of goods

Revenue from sale of products is recognised at a point in time when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, the risks of loss has been transferred, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. Sale of products include related ancillary services, if any.

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(b) Service income

Revenue from rendering of services of short duration is recognised when the services are completed.

(c) Interest income

Interest income is recognised using the effective interest rate method.

(d) Dividend income

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

2.3 Employee compensation

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

(a) Defined contribution plans

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

2. Significant accounting policies (continued)

2.3 Employee compensation (continued)

(b) Employee leave entitlement

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

2.4 Borrowing costs

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

2.5 Income taxes

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

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. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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.

2.6 Exemption from preparing consolidated financial statements

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

2. Significant accounting policies (continued)

2.7 Investment in subsidiary

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

Control is achieved when the company:

(a) Has power over the investee;
(b) Is exposed, or has rights, to variable returns from its involvement with the investee; and
(c) Has the ability to use its power to affect its returns.

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.

2.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.9 Equipment

Equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

(a) Measurement

All items of equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Components of costs

The cost of an item equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs and any fair value gains or losses on qualifying cash flow hedges of equipment that are transferred from the hedging reserve.

(b) Subsequent expenditure

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

2. Significant accounting policies (continued)

2.9 Equipment (continued)

(c) Depreciation

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

Office equipment	3 years

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

(d) Disposal

On disposal of an item of equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.10 Intangible Assets

(a) Measurement

Intangible assets acquired separately are reported at cost less accumulated depreciation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(b) Amortisation

Amortisation on items of intangible asset is calculated using the straight-line method to allocate their amortisable amounts over their estimated useful lives as follows:

	Useful lives
Software	5 years

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

2. Significant accounting policies (continued)

2.11 Impairment of non-financial assets

Equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

If the recoverable amount of the asset or cash-generating units (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

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

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

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

2. Significant accounting policies (continued)

2.12 Financial assets

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

Loans and receivables

Cash and bank deposits
Trade and other receivables
Loan receivables

Bank balances, trade and other receivables and loan receivables 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.

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

The Company classifies all of its financial assets (except for derivative financial instruments referred in Note 2.13) into the amortised cost following measurement category.

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)

2.12 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

Debt instrument

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

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 manages 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 receivables (excluding trade receivables due from ultimate holding company and related companies), 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 trade receivables due from ultimate holding company and related companies, loan receivables, other receivables 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. Significant accounting policies (continued)

2.13 Derivative financial instruments

The company enters into foreign exchange forward contracts to manage its exposure to in foreign exchange rate risk. Further details are disclosed in Note 11 to the financial statements. A derivative financial instruments for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Company does not apply hedge accounting for its derivative financial instruments. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

2.14 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.

2.15 Borrowings

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

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

2.16 Provisions

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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Significant accounting policies (continued)

2.17 Fair value estimation of financial assets and financial 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.

2.18 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.

2.19 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.

2.20 Currency translation

The financial statements are presented in United States Dollar ("US$''), which is the functional currency of the Company.

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

Foreign exchange gains and losses impacting profit or loss are presented within 'other gains/losses'.

2.21 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) Expected credit losses (ECL) on receivables from related companies

The majority of the Company's receivables are due from ultimate holding company, related companies, immediate holding company and a subsidiary as disclosed in Notes 10 and 13.

These receivables are subject to ECLs which 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.

Where necessary, the Company makes allowances for impairment on its receivables due from ultimate holding company, related companies, immediate holding company and a subsidiary based on an assessment of their recoverability. The carrying amount of receivables due from ultimate holding company, related companies, immediate holding company and a subsidiary at the end of the reporting period are disclosed in Notes 10 and 13 to the financial statements. Allowances are applied to receivables due from ultimate holding company, related companies, immediate holding company and a subsidiary where it has been assessed based on management's best estimates that the counterparty will not be able to meet its contractual cash flows. Where expectations changes from the original estimate, such differences will impact the carrying value of receivables due from ultimate holding company, related companies, immediate holding company and a subsidiary and related allowance for impairment in profit or loss in the period in which such estimate changes.

As at the date of the balance sheet, management has assessed that there is no material ECLs that needs to be recorded on its receivables due from ultimate holding company, related companies, immediate holding company and a subsidiary.

4(a). Revenue from contracts with customers

	2020	2019
	US$'000	US$'000
Sale of goods to ultimate holding company	**1,326,742**	1,524,594
Sale of goods to related companies	**2,836,144**	2,833,649
	4,162,886	4,358,243
Service income arising from the purchase of debts of a related company from outside parties	**2,496**	1,302
	4,165,382	4,359,545

4(b). Expenses by nature

	2020 US$'000	2019 US$'000
Purchases	**3,751,505**	3,954,999
Freight and handling	**326,220**	328,777
Total cost of sales	**4,077,725**	4,283,776
Administration expenses	**19,011**	5,833
Total cost of sales and admin expenses	**4,096,736**	4,289,609

5. Other income

	2020 US$'000	2019 US$'000
Interest income from financial assets measured at amortised cost		
- Bank	**17**	14
- Loan to subsidiary	**65,539**	77,923
- Loan to immediate holding company	**27,651**	34,718
- Loan to related companies	**9,752**	17,835
- Leases	**717**	-
	103,676	130,490

6. Other gains

	2020 US$'000	2019 US$'000
Net fair value gains on derivative financial instruments (Note 11)	**19,368**	32,873
Net currency exchange gains	**15,742**	5,532
Other income from related companies	**1,519**	414
	36,629	38,819

7. Finance Expenses

	2020 US$000	2019 US$000
Interest expense on loans from:		
- Immediate holding company	**89,354**	68,800
- Related companies	**93,308**	97,928
Interest expense on bank loans	**11,603**	13,703
Interest expense on Lease	**2,295**	-
	196,560	180,431

8. Income taxes

(a) Income tax expense

	2020 US$'000	2019 US$'000
Current income tax		
- current year	**4,962**	8,305
- under provision in prior year	**1060**	21
Deferred tax (Note 18)		
- current year	**(220)**	2,187
Total tax expense	**5,802**	10,513

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

	2020 US$000	2019 US$000
Profit before tax	**12,391**	58,814
Income tax at statutory rate 17% (2019: 17%)	**2,106**	9,998
Effect of tax concession for GTP transactions	**2,481**	468
Under provision in prior year	**1,060**	21
Tax-exempt income and rebate	**(13)**	(13)
Other	**168**	39
	5,802	10,513

(b) Movements in current income tax liabilities

	2020 US$'000	2019 US$'000
Beginning of financial year	**8,656**	5,686
Income tax paid	**(8,999)**	(5,356)
Tax expense	**6,021**	8,305
Under-provision in preceding financial years		21
End of financial year	**5,678**	8,656

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

9. Cash and bank deposits

	2020 US$000	2019 US$000
Cash at bank	**7,353**	*

* Amount is less than US$ 1,000.

10. Trade and other receivables

	2020 US$000	2019 US$000
Trade receivables*		
Sales of goods to ultimate holding company	**111,873**	82,935
Sales of goods to related companies	**1,143,861**	1,315,425
Outside parties	**649**	3,475
	1,256,383	1,401,835

	2020 US$000	2019 US$000
Other receivables		
Accrued interest income on debenture loans to subsidiary (Note13)	**-**	18,743
Accrued interest income on loans to immediate holding company (Note13)	**419**	6,875
Accrued interest income on loans to related companies (Note13)	**7,403**	5,737
Accrued interest income on finance lease	**19**	-
Advances to a related company	**5,414**	8,389
Other receivables from related companies	**37,312**	13,888
Prepayments	**437**	940
Outside parties	**47**	13,440
Finance lease receivable from related companies	**11,429**	-
Deferred expenses	**7,527**	4,306
	70,007	72,318
Total trade and other receivables	**1,326,390**	1,474,153

***** The average credit period on sales of goods is 3 to 180 days (2019: 3 to 180 days).

11. Derivative financial instruments

	2020 **US$000**	2019 US$000
Asset:		
Forward foreign exchange contracts - unrealised fair value gain	**69,505**	20,009
Liability:		
Forward foreign exchange contracts - unrealised fair value loss	**(30,128)**	-

The company utilises currency derivatives to hedge significant future transactions and cash flows. The company is party to a variety of forward foreign exchange contracts in the management of its exchange rate exposures.

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:

	2020 **US$'000**	2019 US$'000
Forward foreign exchange contracts	**2,288,441**	2,439,394

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

Changes in the fair value of derivative financial instruments

	2020 **US$'000**	2019 US$'000
Opening fair value of derivative financial instruments	**20,009**	(12,864)
Fair value gains on derivative financial instruments recognised in profit or loss (Note 6)	**19,368**	32,873
Net closing fair value of derivative financial instruments	**39,377**	20,009

11. Derivative financial instruments (continued)

The following table details the forward foreign currency contracts outstanding as at 31 March 2020:

Outstanding contracts	Average exchange rate	Foreign currency	Contract value	Fair value gains / (losses)
		FC$'000	US$'000	US$'000
Sell GBP				
less than 3 months	1.27	1,555,971	1,968,629	**42,720**
Sell EUR				
less than 3 months	1.08	235,060	256,664	**(2,117)**
Buy SGD				
less than 3 months	0.72	11,060	7,987	**(225)**
Sell SGD				
less than 3 months	0.69	80,0000	55,161	**(1000)**
Total			2,288,441	**39,377**

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

Outstanding contracts	Average exchange rate	Foreign currency	Contract value	Fair value gains / (losses)
		FC$'000	US$'000	US$'000
Sell GBP				
less than 3 months	1.32	1,555,971	2,046,983	**17,555**
Sell EUR				
less than 3 months	1.12	286,805	325,298	**2,564**
Buy SGD				
less than 3 months	0.74	11,060	8,170	**(8)**
Sell SGD				
less than 3 months	0.74	80,000	58,943	**(102)**
Total			2,439,394	**20,009**

12. Inventories

	2020	2019
	US$'000	US$'000
Goods held for sale	**63,221**	136,911

13. Loan receivables

	2020	2019
	US$000	US$000
Immediate holding company (i) (ii)	**2,153,049**	1,193,630
Related companies (iii)	**193,229**	190,200
Debenture on loans to subsidiary (iv)	**-**	1,108,508
	2,346,279	2,492,338

Loan receivables consist of:

(i) As at 31 March 2020, loan receivables of US$ 2,153,049,000 (2019: US$803,630,000) from immediate holding company, T S Global Holdings Pte. Ltd. are under cash-pooling arrangement, unsecured, bear interest ranging from 0.43% to 0.60% (2019: 0.37% to 0.60%) per annum and are repayable upon demand.

(ii) As at 31 March 2020, a loan receivable of NIL (2019: US$390,000,000) is due from immediate holding company, T S Global Holdings Pte. Ltd. The loan was fully repaid in January 2020.

(iii) As at 31 March 2020, US$ 153,229,000 (2019: US$150,200,000) due from a related company, Tata Steel Europe Ltd and US$ 40,000,000 (2019: US$40,000,000) is due from Tata Steel Minerals Canada Limited.

Loan receivables from Tata Steel Europe Ltd are unsecured and bear interest at 12 months LIBOR + 4.00% per annum (2019: 12 months LIBOR + 4.00% per annum). These loans are repayable by September 2020 and March 2021. The related company has the option to repay the loans earlier without any penalty.

Loan receivables from Tata Steel Minerals Canada Limited are unsecured, bear interest at 7% and are repayable within 1 year from the balance sheet date. The related company has the option to repay the loans earlier without any penalty.

(iv) As at 31 March 2020, debenture loans of NIL (2019: US$1,108,508,000) to subsidiary, Proco Issuer Pte. Ltd. are unsecured. The debenture loans were fully repaid in March 2020.

14. Investment in subsidiary

	2020	2019
	US$000	US$000
Unquoted equity shares, at cost	*	*

Details of company's subsidiary at 31 March 2020 are as follows:

Name of subsidiary	**Country of incorporation and operation**	**Proportion of ownership interest and voting power held**		**Principal activities**
		2020	2019	
		%	%	
Proco Issuer Pte. Ltd.	Singapore		100	Dealing in factoring of accounts receivables

* Amount is less than US $ 1,000.

15. Equipment

	Office Equipments US$'000
Cost:	
At 1 April 2018	1,870
Additions	11
At 31 March 2019	1,881
Additions	9
At 31 March 2020	1,891
Accumulated depreciation:	
At 1 April 2018	1,719
Depreciation expense	120
At 31 March 2019	1,839
Depreciation expense	30
At 31 March 2020	1,869
Carrying amount:	
At 31 March 2020	22
At 31 March 2019	42

16. Intangible assets

	Software US$'000
Cost:	
At 1 April 2018	528
Additions	128
At 31 March 2019	656
Additions*	16
At 31 March 2020	673
Accumulated amortization:	
At 1 April 2018	247
Amortization expense	106
At 31 March 2019	353
Amortization expenses	134
At March, 2020	487
Carrying amount:	
At 31 March 2020	186
At 31 March 2019	304

*Intangible assets under development as at 31 March 2020, US$ NIL (2019: 128,000).

17. Right to use assets

	Right of use Buildings US$'000	Right of use Plant and Machinery US$'000	Total US$'000
Cost:			
At 31 March 2019	-	-	-
Additions	276	39,399	39,675
At 31 March 2020	276	39,399	39,675
Accumulated depreciation:			
At 31 March 2019	-	-	-
Depreciation expense	74	13,701	13,775
At March, 2020	74	13,701	13,775
Carrying amount:			
At 31 March 2020	202	25,698	25,900

18. Deferred tax asset

	2020 US$'000	2019 US$'000
Beginning of financial year	**-**	2,187
Tax charged to:		
- profit or loss (Note 8)	**220**	(2,187)
End of financial year	**220**	-

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

	On initial recognition of leases	Unrealized fair value gain on derivative financial instruments	Total
	US$'000	US$'000	US$'000
At 1 April 2018	-	2,187	2,187
Credited / charged to profit or loss for the year (Note 8(a))	-	(2,187)	(2,187)
At 31 March 2019	-	-	-
Credited / charged to profit or loss for the year (Note 8(a))	220	-	220
At 31 March 2020	220	-	220

19. Trade and other payables

	2020	2019
	US$000	US$000
Trade payables*		
- Non-related parties	**350,120**	399,293
- Related parties	**7,416**	5,988
	357,536	405,281
Accrued interest expense on loans from:		
Immediate holding company	**11,199**	44,635
Related companies	**11,775**	16,600
Accrued interest expense on short-term bank loans	**324**	-
Withholding tax payable	**320**	-
Other payable to:		
Immediate holding company	**-**	4
Related companies	**2,070**	16,209
Other payables and accrued expenses	**6,188**	3,183
Deferred income	**7,861**	5,051
	39,737	85,682
	397,273	490,963

***** The credit period on trade payables ranges from 3 to 60 days (2019: 3 to 60 days). Interest is not charged on the outstanding balances.

20. Loan payables

	2020	2019
	US$'000	US$'000
Immediate holding company (i)	**1,558,936**	1,781,338
Related companies (ii)	**990,364**	1,491,560
	2,549,300	3,272,898
Less: Loan payables due in more than 12 months(i) and (ii)	**(1,820,363)**	(1,821,015)
	728,937	1,451,883

Loan payables consist of:

(i) As at 31 March 2020, short-term loan payables of US$ 418,937,000 (2019: US$951,338,000) due to the immediate holding company, T S Global Holdings Pte. Ltd. under the cash-pooling arrangement are unsecured, bear interest ranging from 0.43% to 3.71% (2019: 0.90% to 3.54%) per annum and are repayable upon demand.

As at 31 March 2020, short-term loan payables of US$ 110,000,000 (2019: NIL) and US$ 200,000,000 (2019: NIL) due to the immediate holding company, T S Global Holdings Pte. Ltd. are unsecured, bear interest at 3.28% and 2.97% per annum, and are repayable by July 2020 and March 2021 respectively.

As at 31 March 2020, long term loans payable amounting to US$ 530,000,000 and US$ 300,000,000 due to the immediate holding company, T S Global Holdings Pte. Ltd are unsecured, bear interest at 5.65% and 4.65% per annum, and are repayable by January 2028 and July 2023 respectively.

20. Loan payables (continued)

(ii) As at 31 March 2020, long-term loans from a related company, Abja Investment Co. Pte. Ltd. amounting US$ NIL (2019: US$500,000,000) and US$988,000,000 (2019: US$988,000,000) is unsecured, bear interest at 6.92% per annum, and is repayable by July 2024 respectively. Long term loan of US$500,000,000 was repaid during the year.

This long-term loan is measured at an amortised cost of US$ 990,363,000 (2019: US$991,015,000) and based on effective interest method with effective interest rate 6.88% (2019: 6.88%) per annum.

21. Bank loans

	2020	2019
	US$'000	US$'000
Bank loans	**460,245**	-

As at 31 March 2020, bank loans of US$ 460,245,000 (2019: NIL) were unsecured and bore interest at rates ranging from 1.65% to 4.76% per annum.

22. Lease liabilities

	2020	2019
	US$'000	US$'000
Non-related parties leases	**204**	-
Related parties leases	**38,418**	-
	38,622	-
Less: Lease payable due in more than 12 months		
Non-related parties leases	**(55)**	
Related parties leases	**(13,594)**	-
	24,973	-

23. Share capital

The Company's share capital comprises fully paid-up 99,635,239 (2019: 99,635,239) ordinary shares amounting to a total of US$ 99,635,239 (2019: US$ 99,635,239). The ordinary shares have no par value and carry a right to one vote per share and equal rights to dividends.

	Number of ordinary shares			
	2020	2019	**2020**	2019
			US$000	US$000
Issued and paid up:				
At beginning and end of year	**99,635,239**	99,635,239	**99,635**	99,635

24. Financial risk management

Financial risk factors

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

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

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

23. Financial risk management (continued)

Financial risk factors (continued)

(a) Market Risk

(i) Currency risk

The company transacts business in various foreign currencies, including the British pound ("GBP"), Singapore dollar ("SGD") and Euro and therefore is exposed to foreign exchange risk. These exposures are managed, to the extent possible by offsetting financial assets and liabilities that are denominated in the same currencies. The company also uses forward contracts to hedge its exposure to foreign currency risk in the local reporting currency. Further details on these derivative financial instruments are found in Note 11 to the financial statements.

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

	Assets		Liabilities	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
British pound	**1,966,372**	1,816,100	**5,489**	5,161
Singapore dollar	**37,692**	42,412	**13**	654
Euro	**354,357**	230,591	**102,885**	35,653

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

	Impact to profit or loss	
	2020	2019
	US$'000	US$'000
British pound	**(196,088)**	(181,094)
Singapore dollar	**(3,768)**	(4,176)
Euro	**(25,147)**	(19,494)

23. Financial risk management (continued)

Financial risk factors (continued)

(a) Market Risk (continued)

(i) Interest rate risk

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Company in the current and future years.

The Company's exposure to fluctuation in interest rates is limited to the floating rate loan receivables (Note 13).

Interest rate sensitivity

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

If interest rates had been 50 basis points higher and all other variables were held constant, the company's profit for the year ended 31 March 2020 would increase by US$1,894,000 (2019: US$2,898,000) respectively. This is mainly attributable to the company's exposure to its variable rate loan receivables (Note 13).

(b) Credit risk

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

The maximum exposure to credit risk for each class of financial instruments in the carrying amount of that class of financial instruments presented on the balance sheet. The Company's major classes of financial assets are trade receivables and loan receivables.

The Company's trade receivables are mainly due from the ultimate holding company and related companies.

The Company's loan receivables are due from immediate holding company, related companies and subsidiary.

The Company does not associate these companies with any material credit risk.

23. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

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

The maximum exposure to credit risk for each class of financial instruments in the carrying amount of that class of financial instruments presented on the balance sheet. The Company's major classes of financial assets are trade receivables and loan receivables.

The Company's trade receivables are mainly due from the ultimate holding company and related companies.

The Company's loan receivables are due from immediate holding company, related companies and subsidiary.

The Company does not associate these companies with any material credit risk.

Impairment of financial assets

The Company has no financial assets that are subject to more than immaterial credit losses where the expected credit loss model has been applied.

The Company has applied 3 stage general approach to measure the expected credit losses for amount due from ultimate holding company, related companies and subsidiary.

The Company has assessed the amounts due from ultimate holding company, related companies and subsidiary to have immaterial credit loss given the financial strength of these companies.

In 2018, the impairment of the financial assets were assessed based on the incurred loss impairment model.

The Company considered that there was evidence if any of the following indicators were present:

- There is significant difficulty of the debtor.
- Breach of contract, such as default or past due event
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The risk of default on the amounts due from ultimate holding company, related companies and subsidiary was minimal given the financial strength of the ultimate holding company, related companies and subsidiary.

23. Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk

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

Non-derivative financial assets

	Average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
As at March 2020						
Non-interest bearing		1,319,768	-	-	-	1,319,768
Variable interest rate instrument	3.54	2,318,243	-	-	(11,964)	2,306,279
Fixed interest rate instrument	5.81	41,750	-	-	(1,750)	40,000
		3,679,761	-	-	(13,714)	3,666,047

	Average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
As at March 2019						
Non-interest bearing	-	1,459,296	-	-	-	1,459,296
Variable interest rate instrument	4.63	2,153,516	-	-	(91,176)	2,062,340
Fixed interest rate instrument	8.13	455,030	-	-	(25,030)	430,000
		4,067,842	-	-	(116,206)	3,951,636

23. Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

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

Non-derivative financial liabilities

	Average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
As at March 2020						
Non-interest bearing		374,676	-	-	-	374,676
Variable interest rate instrument	6.08	947,758	-	-	(68,577)	879,181
Fixed interest rate instrument	6.23	455,993	1,698,257	592,635	(577,899)	2,168,986
		1,778,427	1,698,257	592,635	(646,476)	3,422,843
As at March 2019						
Non-interest bearing	-	465,868	-	-	-	465,868
Variable interest rate instrument	2.55	973,481	-	-	(22,142)	951,339
Fixed interest rate instrument	6.21	638,819	745,530	1,656,977	(719,767)	2,321,559
		2,078,618	745,530	1,656,977	(741,909)	3,738,766

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$ 39,377,000 (2019: net cash inflow amounting to US$20,009,000) (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 safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

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

23. Financial risk management (continued)

(e) Fair value measurement

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

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

	Level 1 US $'000	Level 2 US $'000	Level 3 US $'000	Total US $'000
As at 31 March 2020				
Derivative financial instruments	**-**	39,377	-	**39,377**
As at 31 March 2019				
Derivative financial instruments	-	20,009	-	20,009

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.

(f) Financial instruments by category

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

	2020 **US$'000**	2019 US$'000
Loans and receivables		-
Financial assets, at amortised cost	**3,666,047**	3,951,636
Financial assets, at FVPL	**69,505**	20,009
Financial liabilities, at amortized cost	**3,422,843**	3,738,766
Financial liabilities, at FVPL	**30,128**	-

23. Financial risk management (continued)

(g) Offsetting financial assets and financial liabilities

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

2020

Financial asset

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

2019

Financial asset

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

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

24. Holding company and related company transactions

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

25. Related company transactions

The transactions and arrangements are between members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand except as disclosed in Notes 13 and 19 to the financial statements.

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

	2020	2019
	US$'000	US$'000
Sales of goods to ultimate holding company	**(1,326,742)**	(1,524,594)
Service received from ultimate holding company	**67**	166
Interest paid/payable to immediate holding company	**89,354**	68,800
Interest received/receivable from immediate holding company	**(27,651)**	(34,718)
Service received from immediate holding company	**34**	16
Interest received/receivable from subsidiary	**(65,539)**	(77,923)
Sales of goods to related companies	**(2,836,144)**	(2,833,649)
Service income from related companies	**(479)**	(414)
Service rendered to related companies	**(380)**	-
Service income arising from the purchase of debts of a related company from an outside party	**(2,496)**	(1,302)
Service received from a related company	**103,871**	84,961
Interest income from related companies	**(9,752)**	(17,835)
Interest paid/payable to related companies	**93,308**	97,928

Compensation of directors and key management personnel

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

26. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of T S Global Procurement Co. Pte. Ltd. on [redacted] September 2020.