

*TATA STEEL INTERNATIONAL
(THAILAND) LIMITED*

Financial Statements

Year ended March 31, 2015

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS TATA STEEL INTERNATIONAL (THAILAND) LIMITED

We have audited the financial statements of Tata Steel International (Thailand) Limited, which comprise the statement of financial position as at March 31, 2015, and the statement of income and statement of changes in shareholders' equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Tata Steel International (Thailand) Limited as at March 31, 2015, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

Emphasis of Matter

We draw attention to Notes 1 and 13, on July 15, 2015, the Board of Directors' Meeting passed a resolution to the closure of the Company. The Company thus changed its basis of accounting in preparation of the financial statements for the year ended March 31, 2015 from the going concern basis to the net realizable value basis. Our opinion is not qualified in respect of this matter.



Dr. Kiatniyom Kuntisook
Certified Public Accountant (Thailand)
Registration No. 4800

BANGKOK
July 30, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

TATA STEEL INTERNATIONAL (THAILAND) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

BAHT

	Notes	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	654,244	3,263,214
Trade and other receivables	5	34,669	4,786
Value-added-tax refundable		321,480	491,347
Deposits		132,870	-
Other current assets		32	29
Total Current Assets		1,143,295	3,759,376
NON-CURRENT ASSETS			
Leasehold improvement and equipment	6	-	158,269
Deposits		-	132,870
Total Non-current Assets		-	291,139
TOTAL ASSETS		1,143,295	4,050,515

Notes to the financial statements form an integral part of these statements



TATA STEEL INTERNATIONAL (THAILAND) LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2015

		BAHT	
	Notes	2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accrued expenses	7	1,330,593	737,722
Short-term borrowing	8	1,829,109	-
Other current liabilities		11,473	8,619
Total Current Liabilities		3,171,175	746,341
NON-CURRENT LIABILITIES			
Provision for dismantling cost of leasehold improvement	6,9	-	141,829
Employee benefit obligations	10	-	174,267
Total Non-current Liabilities		-	316,096
TOTAL LIABILITIES		3,171,175	1,062,437
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
10,251 preference shares of Baht 100 each		1,025,100	1,025,100
9,849 ordinary shares of Baht 100 each		984,900	984,900
Paid-up share capital			
10,251 preference shares of Baht 100 each, fully paid		1,025,100	1,025,100
9,849 ordinary shares of Baht 100 each, fully paid		984,900	984,900
PREMIUM ON ORDINARY SHARES		86,198,000	86,198,000
RETAINED EARNINGS (DEFICITS)			
Unappropriated (Deficits)		(90,235,880)	(85,219,922)
TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)		(2,027,880)	2,988,078
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,143,295	4,050,515

Notes to the financial statements form an integral part of these statements



TATA STEEL INTERNATIONAL (THAILAND) LIMITED
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2015

	BAHT	
	2015	2014
REVENUES		
Other income	18,180	2,855
Gain on exchange rate - net	-	347,108
Total Revenues	18,180	349,963
EXPENSES		
Cost of rendering services	2,919,661	3,122,000
Administrative expenses	2,108,220	2,326,432
Loss on exchange rate - net	6,257	-
Total Expenses	5,034,138	5,448,432
NET LOSS	(5,015,958)	(5,098,469)

Notes to the financial statements form an integral part of these statements



TATA STEEL INTERNATIONAL (THAILAND) LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2015

BAHT

	Paid-up Share Capital		Premium on Ordinary Shares	Retained Earnings (Deficits) Unappropriated (Deficits)	Total Shareholders' Equity (Capital deficiency)
	Preference Shares	Ordinary Shares			
For the year ended March 31, 2014					
Beginning balance as at April 1, 2013	1,025,100	984,900	86,198,000	(80,121,453)	8,086,547
Net loss	-	-	-	(5,098,469)	(5,098,469)
Ending balance as at March 31, 2014	<u>1,025,100</u>	<u>984,900</u>	<u>86,198,000</u>	<u>(85,219,922)</u>	<u>2,988,078</u>
For the year ended March 31, 2015					
Beginning balance as at April 1, 2014	1,025,100	984,900	86,198,000	(85,219,922)	2,988,078
Net loss	-	-	-	(5,015,958)	(5,015,958)
Ending balance as at March 31, 2015	<u>1,025,100</u>	<u>984,900</u>	<u>86,198,000</u>	<u>(90,235,880)</u>	<u>(2,027,880)</u>

Notes to the financial statements form an integral part of these statements



**TATA STEEL INTERNATIONAL (THAILAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

1. THE COMPANY'S OPERATIONS AND OTHER INFORMATION

Tata Steel International (Thailand) Limited ("the Company") was registered as a limited company under the Thai laws on January 17, 1995. The registered office is located at 66 Q. House Asoke Building, 14th Floor, Soi Asoke, Sukhumvit 21 Road, Kwaeng North Klongtoey, Khet Wattana, Bangkok and on March 1, 2015, the Company has changed office to Rasa Tower, Bangkok. The principal activities of the Company are to provide marketing and supporting services to its related companies.

The Company is owned by TSIA Holdings (Thailand) Limited and Tata Steel International (Singapore) Holdings Pte Ltd which were incorporated in Thailand and Singapore, respectively, holding 51% and 49% of the Company's shares, respectively.

The ultimate parent of the group is Tata Steel Limited, which was incorporated in the Republic of India.


The Company has extensive transactions and relationships with the related companies. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Company had operated without such affiliations.

On July 15, 2015, the Board of Directors' Meeting passed a resolution to the closure of the Company. The Company thus changed its basis of accounting in preparation of the financial statements for the year ended March 31, 2015 from the going concern basis to the net realizable value basis (see Notes 2 and 13).

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs) issued by the Federation of Accounting Professions and accounting practices generally accepted in Thailand.
- 2.2 The financial statements of the Company are prepared in compliance with the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554".
- 2.3 The financial statements for the year ended March 31, 2015 prepared on the net realizable value basis (see Note 1). Therefore, assets and liabilities in the statement of financial position as at March 31, 2015 are presented under the current assets and current liabilities.

The financial statements for the year ended March 31, 2014, which are presented as comparative information are prepared based on the historical cost convention except as disclosed in the significant accounting policies.



3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are summarized as below:

3.1 Cash and cash equivalents

Cash and cash equivalents are cash in hand and all types of deposits at banks with original maturities of three months or less from the date of acquisition excluding deposits at banks used as collateral, (if any).

3.2 Trade accounts receivable

Trade accounts receivable is carried at original invoice amount less allowance for doubtful receivables.

An allowance for doubtful receivable is based on a review of all outstanding amounts which are uncollectible at the statement of financial position date. The amount of the allowance (if any) is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts which are identified during the year are recognized as an expense in the statement of income.

3.3 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at historical cost less accumulated depreciation and allowance for diminution, (if any).

Cost of leasehold improvement includes the initial estimate of the costs dismantling and removal.

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Leasehold improvement	Lease term
Furniture and fixture	5 years
Office equipment	5 years

If there is an indicator that the value of an item of leasehold improvement and equipment has permanently declined, the Company shall recognize a loss on diminution of an item of leasehold improvement and equipment in the statement of income.

3.4 Employee benefit obligations

Employee benefit obligations are made for employees who reach their retirement age in accordance with the Labor Protection Act. The employee benefit obligations are calculated using assumptions, such as employee salary and years of services as at the statement of financial position date and other relevant information.

3.5 Revenue recognition and expenses

Revenue from rendering services is recognised when all the following conditions are satisfied:

- 1) The amount of revenue can be measured reliably, the Company recognises revenue from rendering services on a cost plus margin basis.
- 2) It is probable that the economic benefits associated with the transaction will flow to the Company.
- 3) The stage of completion of the transaction at the end of the reporting period can be measured reliably.
- 4) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

For the years ended March 31, 2015 and 2014, the Company has given an intent not to collect the debts for services from the related companies. Therefore, the Company did not recognize revenue from rendering services provided to the related companies as the criteria of revenue recognition under No. 2) above is not met (see Note 5).

Other income is recognized on an accrual basis unless collectible is in doubt.

Expenses are recognized on an accrual basis.

3.6 Operating lease

The Company leases assets under which all the risks and rewards of ownership of assets effectively retained by the lessor. The leases are classified as operating leases. Payments under the operating leases are recognized as expenses over the lease term in the statement of income.


When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

3.7 Foreign currency transactions

Transactions incurred during the year denominated in foreign currencies are recorded in Baht at the rates of exchange prevailing on the transaction dates. Monetary assets and liabilities outstanding at the statement of financial position date denominated in foreign currencies are converted into Baht at the reference exchange rates as determined by the Bank of Thailand at that date. Gains or losses on exchange arising on settlements and conversion are recognized as income or expenses in the statement of income.

3.8 Income tax expense

Income tax expense, if any, is based on tax paid and accrued for the year.



3.9 Use of accounting estimate

The preparation of financial statements in conformity with TFRS for NPAEs also requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at March 31, consist of:

	2015 Baht	2014 Baht
Bank deposits in current accounts	100,000	100,000
Bank deposits in savings accounts	554,244	3,163,214
	<u>654,244</u>	<u>3,263,214</u>

5. TRADE AND OTHER RECEIVABLES

Trade and other receivable as at March 31, consist of:

	2015 Baht	2014 Baht
Other Receivables	21,241	-
Prepaid expenses	13,428	4,786
	<u>34,669</u>	<u>4,786</u>

For the years ended March 31, 2015 and 2014, advances to a related company of Baht 262,264 and Baht 582,247, respectively, was written-off to be bad debts and recognized as a part of administrative expenses in the statements of income as the Company waived the debts to such related company.

For the years ended March 31, 2015 and 2014, the Company did not recognize revenue from rendering services provided to the related companies of Baht 4,287,552 and Baht 4,864,525, respectively, as the Company has no intention to collect the debts (see Note 3.5). However, such service fees were recognized as income for corporate income tax purpose and were subject to value-added-tax.

6. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at March 31, consist of the following:

	Balances as at April 1, 2014 Baht	Additions Baht	Disposals Baht	Balances as at March 31, 2015 Baht
Cost :				
Leasehold improvement	427,102	-	(427,102)	-
Furniture and fixture	360,864	-	(332,435)	28,429
Office equipment	435,714	-	(310,916)	124,798
Total cost	<u>1,223,680</u>	<u>-</u>	<u>(1,070,453)</u>	<u>153,227</u>
Accumulated depreciation :				
Leasehold improvement	(323,123)	(103,975)	427,098	-
Furniture and fixture	(356,345)	(3,633)	331,552	(28,426)
Office equipment	(385,943)	(16,449)	303,190	(99,202)
Total accumulated depreciation	<u>(1,065,411)</u>	<u>(124,057)</u>	<u>1,061,840</u>	<u>(127,628)</u>
	158,269			25,599
Less Allowance for impairment of assets	-	(25,599)	-	(25,599)
Leasehold improvement and equipment	<u>158,269</u>			<u>-</u>
	Balances as at April 1, 2013 Baht	Additions Baht	Disposals Baht	Balances as at March 31, 2014 Baht
Cost :				
Leasehold improvement	427,102	-	-	427,102
Furniture and fixture	360,864	-	-	360,864
Office equipment	401,078	34,636	-	435,714
Total cost	<u>1,189,044</u>	<u>34,636</u>	<u>-</u>	<u>1,223,680</u>
Accumulated depreciation :				
Leasehold improvement	(167,463)	(155,660)	-	(323,123)
Furniture and fixture	(352,545)	(3,800)	-	(356,345)
Office equipment	(365,260)	(20,683)	-	(385,943)
Total accumulated depreciation	<u>(885,268)</u>	<u>(180,143)</u>	<u>-</u>	<u>(1,065,411)</u>
Leasehold improvement and equipment	<u>303,776</u>			<u>158,269</u>
Depreciation for the years ended March 31,				
2015			Baht	<u>124,057</u>
2014			Baht	<u>180,143</u>

On July 15, 2015, the Board of Directors' Meeting passed a resolution to the closure of the Company (see Note 13). Thus, for the year ended March 31, 2015, the Company recorded loss on impairment of assets of Baht 25,599 as a part of administrative expense in the statement of income.

As at March 31, 2014, the Company recorded the initial estimate of the costs of dismantling and removal existing leasehold improvement of Baht 141,829 as a part of leasehold improvement.

7. ACCRUED EXPENSES

Accrued expenses as at March 31, consist of:

	2015 Baht	2014 Baht
Accrued expenses	713,841	737,222
Accrued compensation expense for termination benefit (see Note 10)	616,752	-
	<u>1,330,593</u>	<u>737,222</u>

8. SHORT-TERM BORROWINGS FROM RELATED COMPANY

On November 1, 2014, the Company entered into a Loan Agreement with Tata Steel International (Asia) Limited, a related company, with a credit facility of Baht 4.00 million without interest bearing and the maturity date on October 31, 2015.

9. PROVISION FOR DISMANTLING COST OF LEASEHOLD IMPROVEMENT

Provision for dismantling cost of leasehold improvement as at March 31, are as follows:

	2015 Baht	2014 Baht
Beginning balances	141,829	141,829
Increase during the year	-	-
Payment during the year	(141,829)	-
Ending balances	<u>-</u>	<u>141,829</u>

10. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations as at March 31, are as follows:

	2015 Baht	2014 Baht
Beginning balances	174,267	116,762
Increase during the year	442,485	57,505
Transfer of employee benefit obligations to accrued compensation expense for termination benefit (see Note 7)	(616,752)	-
Ending balances	<u>-</u>	<u>174,267</u>

Under the Labour Protection Act of Thailand, all employees with the employment period exceeded 120 days are entitled to receive the severance pay upon termination in accordance with the terms of the Labour Protection Act and upon retirement which the Company set the employee's retirement age at 60 years old.

11. SHARE CAPITAL

Each ordinary shareholder has one vote per share and preference shareholder has one vote for every five preference shares. The preference shares are cumulative dividend preference shares which will receive dividend at a fixed rate of 12% per annum of paid-up share capital. In the year which the Company does not pay dividend, the dividend will be cumulative and to be paid in the year of dividend declaration.

When there is a liquidation of the Company, the preference shareholder has the right to receive the return of the remaining contributions before the ordinary shareholder at the amount not exceeding the paid-up share capital of preference shares.

12. COMMITMENTS

The Company has commitments as follows:

12.1 Commitments on agreements

On April 1, 2014, the Company entered into a Services Agreement with Tata Steel International (Asia) Limited, a related company, for the Company to assist the related company with certain services as stated in the agreement to promote the sale of products in Thailand. The Company will receive a service fee which is calculated on a cost plus a percentage as specified in the agreement. This agreement shall be in effect for a period of 1 year commencing from April 1, 2014 to March 31, 2015. Subsequently, on April 1, 2015, this agreement was extended for one year which is matured on March 31, 2016. This agreement may be terminated by either party, subject to 30 days prior written notice to the other party.

12.2 Long-term operating lease agreements

The Company has long-term operating lease agreements for office and utility services, with the future lease payment as at March 31, as follows:

	2015	2014
	Baht	Baht
Not later than 1 year	-	354,320
Later than 1 year and not later than 5 years	-	-
	<u>-</u>	<u>354,320</u>

13. EVENT AFTER THE REPORTING PERIOD

On July 15, 2015, the Board of Directors' Meeting passed a resolution to the closure of the Company.

14. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the authorized director of the Company on July 30, 2015.

