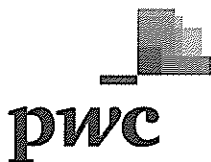


THE SIAM CONSTRUCTION STEEL COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2018



Independent Auditor's Report

To the Shareholders of The Siam Construction Steel Company Limited

My opinion

In my opinion, the financial statements of The Siam Construction Steel Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.



Auditor's responsibilities for the audit of the financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 the management.
- Conclude on the appropriateness of the management' 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Varaporn Vorathitikul', written in a cursive style.

Varaporn Vorathitikul
Certified Public Accountant (Thailand) No. 4474
Bangkok
24 April 2018

The Siam Construction Steel Company Limited

Statement of Financial Position

As at 31 March 2018

	Notes	2018 Baht	2017 Baht
Assets			
Current assets			
Cash and cash equivalents	7 a)	3,276,508	3,835,956
Short-term investments	8	-	21,000,000
Trade and other receivables	9	1,015,771,048	703,236,312
Short-term loans to a parent company	27 c)	1,756,778,353	1,589,835,012
Inventories	10	798,271,406	940,454,381
Other current assets		<u>32,257,657</u>	<u>21,996,298</u>
Total current assets		<u>3,606,354,972</u>	<u>3,280,357,959</u>
Non-current assets			
Other long-term investments	11	1,241	1,241
Property, plant and equipment, net	12	307,793,306	338,539,684
Intangible assets, net	13	83,602	40,907
Deferred tax assets, net	14	9,291,990	8,709,714
Other non-current assets	15	<u>2,368,754</u>	<u>22,353,481</u>
Total non-current assets		<u>319,538,893</u>	<u>369,645,027</u>
Total assets		<u><u>3,925,893,865</u></u>	<u><u>3,650,002,986</u></u>

The accompanying notes on pages 9 to 40 are an integral part of the financial statements.

The Siam Construction Steel Company Limited
Statement of Financial Position
As at 31 March 2018

	Notes	2018 Baht	2017 Baht
Liabilities and equity			
Current liabilities			
Short-term borrowings from financial institutions	16	943,217,511	995,861,942
Trade and other payables	17	447,218,389	500,530,728
Current income tax payable		45,715,955	89,354,256
Other current liabilities	18	5,756,812	6,165,404
Total current liabilities		<u>1,441,908,667</u>	<u>1,591,912,330</u>
Non-current liabilities			
Employee benefit obligations	19	45,875,999	41,452,104
Total non-current liabilities		<u>45,875,999</u>	<u>41,452,104</u>
Total liabilities		<u>1,487,784,666</u>	<u>1,633,364,434</u>
Equity			
Share capital			
Authorised share capital			
Ordinary shares, 17,500,000 shares at par value of Baht 100 each		<u>1,750,000,000</u>	<u>1,750,000,000</u>
Issued and paid-up share capital			
Ordinary shares, 17,500,000 shares paid-up at par value of Baht 100 each		1,750,000,000	1,750,000,000
Retained earnings			
Appropriated - legal reserve	20	175,000,000	175,000,000
Unappropriated		513,109,199	91,638,552
Total equity		<u>2,438,109,199</u>	<u>2,016,638,552</u>
Total liabilities and equity		<u>3,925,893,865</u>	<u>3,650,002,986</u>

The accompanying notes on pages 9 to 40 are an integral part of the financial statements.

The Siam Construction Steel Company Limited
Statement of Comprehensive Income
For the year ended 31 March 2018

	Notes	2018 Baht	2017 Baht
Revenue from sales		9,573,032,844	7,728,433,330
Cost of sales		<u>(8,835,169,887)</u>	<u>(6,869,916,165)</u>
Gross profit		737,862,957	858,517,165
Other income	21	42,291,447	46,670,426
Selling expenses		(2,570,246)	(28,929,383)
Administrative expenses		(222,251,300)	(251,333,254)
Finance costs		<u>(28,649,082)</u>	<u>(30,654,625)</u>
Profit before income tax expense		526,683,776	594,270,329
Income tax expense	23	<u>(106,474,553)</u>	<u>(206,431,387)</u>
Profit for the year		<u>420,209,223</u>	<u>387,838,942</u>
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		1,576,780	(565,589)
Income tax on items that will not be reclassified		<u>(315,356)</u>	<u>113,118</u>
Total items that will not be reclassified to profit or loss		<u>1,261,424</u>	<u>(452,471)</u>
Other comprehensive income (expense) for the year, net of tax		<u>1,261,424</u>	<u>(452,471)</u>
Total comprehensive income for the year		<u><u>421,470,647</u></u>	<u><u>387,386,471</u></u>
Earnings per share			
Basic earnings per share (Baht)	24	24.01	22.16

The accompanying notes on pages 9 to 40 are an integral part of the financial statements.

The Siam Construction Steel Company Limited
Statement of Changes in Equity
For the year ended 31 March 2018

	Notes	Issued and paid-up share capital Baht	Retained earnings		Total equity Baht
			Appropriated - legal reserve Baht	Unappropriated Baht	
Opening balance as at 1 April 2016		1,750,000,000	157,905,652	158,846,429	2,066,752,081
Changes in equity for the year					
Legal reserve	20	-	17,094,348	(17,094,348)	-
Dividend paid	25	-	-	(437,500,000)	(437,500,000)
Total comprehensive income for the year		-	-	387,386,471	387,386,471
Closing balance as at 31 March 2017		<u>1,750,000,000</u>	<u>175,000,000</u>	<u>91,638,552</u>	<u>2,016,638,552</u>
Opening balance as at 1 April 2017		1,750,000,000	175,000,000	91,638,552	2,016,638,552
Changes in equity for the year					
Total comprehensive income for the year		-	-	421,470,647	421,470,647
Closing balance as at 31 March 2018		<u>1,750,000,000</u>	<u>175,000,000</u>	<u>513,109,199</u>	<u>2,438,109,199</u>

The accompanying notes on pages 9 to 40 are an integral part of the financial statements.

The Siam Construction Steel Company Limited
Statement of Cash Flows
For the year ended 31 March 2018

	Notes	2018 Baht	2017 Baht
Cash flows from operating activities			
Profit before income tax expense		526,683,776	594,270,329
Adjustments :			
Dividend income	21	(14,400,000)	-
Depreciation and amortisation charge		75,030,541	87,551,614
Employee benefit obligations		8,832,047	5,096,799
Loss on foreign exchange rate		2,715,193	4,263,171
Other adjustments from non-cash items	7 b)	(474,502)	960,631
Interest income	21	(23,850,026)	(28,504,556)
Interest expense		28,649,082	30,654,625
		603,186,111	694,292,613
Changes in working capital			
Trade and other receivables		(316,338,915)	(80,993,380)
Inventories		131,244,947	(414,296,305)
Trade and other payables		(36,643,315)	(18,948,871)
Other cash received from operating activities	7 c)	6,483,404	92,445,077
Cash flows from operating activities			
Cash generated from operations		387,932,232	272,499,134
Adjustment of cash occurred from borrowings	7 d)	(29,626,670)	(28,738,112)
Income tax paid		(150,707,697)	(167,498,165)
		207,597,865	76,262,857
Net cash generated from operating activities			
Cash flows from investing activities			
Proceeds from (repayments for) short-term investments		21,000,000	(21,000,000)
Purchases of property, plant and equipment and intangible assets		(48,163,297)	(37,768,867)
Proceeds from disposals of property, plant and equipment		158,595	30,811
Payments from short-term borrowings to a parent company		(166,943,341)	(70,420,822)
Dividend received		14,400,000	-
Interest received		24,035,161	28,161,583
		(155,512,882)	(100,997,295)
Net cash used in investing activities			

The accompanying notes on pages 9 to 40 are an integral part of the financial statements.

The Siam Construction Steel Company Limited
Statement of Cash Flows
For the year ended 31 March 2018

	Notes	2018 Baht	2017 Baht
Cash flow from financing activities			
Proceeds (payments) from short-term borrowings from financial institutions		(52,644,431)	463,056,390
Dividend paid	25	-	(437,500,000)
Net cash generated from (used in) financing activities		<u>(52,644,431)</u>	<u>25,556,390</u>
Net increase (decrease) in cash and cash equivalents		(559,448)	821,952
Cash and cash equivalents at the beginning of the year		<u>3,835,956</u>	<u>3,014,004</u>
Cash and cash equivalents at the end of the year	7 a)	<u><u>3,276,508</u></u>	<u><u>3,835,956</u></u>

The accompanying notes on pages 9 to 40 are an integral part of the financial statements.

1 General information

The Siam Construction Steel Company Limited ("the Company") is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

Head Office: Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak Sub-district, Chatuchak District, Bangkok 10900.

Factory: Plot 1 Map TA Phut Industrial Estate. Mueang Rayong District, Rayong 21150.

The major shareholder is Tata Steel (Thailand) Public Company Limited a public company incorporated in Thailand and listed on the Stock Exchange of Thailand and holds 99.99% of the Company's shares. The Company is under Tata Steel Limited group, which is incorporated under the law of India.

The Company engages in manufacturing and distribution of construction steel.

The financial statements were authorised for issue by the authorised Board of Directors on 24 April 2018.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547.

The financial statements have been prepared under the historical cost convention

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current period.

An English version of the company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards which are effective for the accounting periods beginning on or after 1 January 2017 have no significant impacts on the Company's financial statements being presented.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Company. The Company has not yet adopted these revised standards.

TAS 7 (revised 2017) Statement of cash flows

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

The Company's management assessed and considered that the above revised standards will not have a material impact on the Company except for disclosure.

2.2.3 The FAP has announced new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not yet adopted this revised standard.

TFRS 15 will replace the following standards and interpretations:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- 1 identify contracts with customers
- 2 identify the performance obligations in the contract
- 3 determine the transaction price of the contract
- 4 allocate the transaction price to each of the separate performance obligations, and
- 5 recognise the revenue as each performance obligation is satisfied.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.3 The FAP has announced new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Company has not yet adopted this revised standard. (Cont'd)

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Company management is currently assessing the impact of initial adoption of this standard.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Baht, which is the Company's functional and the Company's presentation currency.

(b) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2 Accounting policies (Cont'd)

2.4 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Deposits pledged at bank are not included in cash and cash equivalents balance. In the statements of financial position, bank overdrafts are shown within loans in current liabilities.

2.5 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within operating expenses.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method for finished goods and work in process and by the moving average method for raw materials, spare parts, supplies and others. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.7 Investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale;
4. Investments in non-marketable equity securities are classified as general investments.

2 Accounting policies (Cont'd)

2.7 Investments (Cont'd)

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment method.

2.8 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land improvement	10 years
Buildings and structures	10, 20 years
Machinery and equipment	5, 10 years
Furniture, fixtures and office equipment	5, 10 years
Vehicles	5, 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income/expenses - net' in profit or loss.

2 Accounting policies (Cont'd)

2.9 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sell;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs and the rights to use computer software recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years and 10 years.

2.10 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Accounting policies (Cont'd)

2.11 Leases

Leases - where the Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.12 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as expense in the period in which they are incurred.

2 Accounting policies (Cont'd)

2.13 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Accounting policies (Cont'd)

2.14 Employee benefits

2.14.1 Post-employment

The Company operate various post-employment benefits schemes. The Company has both defined benefit and defined contribution plans.

2.14.1.1 Defined contribution

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions once the contributions have been paid even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company pays contributions to a separate fund which is managed by an external fund manager in accordance with the Provident Fund Act. B.E. 2530. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.14.1.2 Retirement benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in pertained earnings in the statement of changes in equity.

Past-service costs are recognised immediately in profit or loss.

2 Accounting policies (Cont'd)

2.14 Employee benefits (Cont'd)

2.14.2 Other long-term employee benefits

The Company has schemes to award gold to employees who have provided services to the Company at every 5 years anniversary, for a maximum of 7 times.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit or loss in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

2.14.3 Bonus plans

The Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.15 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Accounting policies (Cont'd)

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Other revenues are recognised on the following bases:

- Interest income is recognised using the effective interest method
- Dividend income is recognised when the right to received payment is established
- Scrap income is recognised when the scrap is actually sold.

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

3 Risk management

3.1 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by a central treasury department under policies approved by the board of directors. The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

3 Risk management (Cont'd)

3.1 Financial risk management (Cont'd)

Financial risk factors (Cont'd)

- Interest rate risk

The Company's income and operating cash flows are substantially in dependent of changes in market interest rates. The Company has no significant interest-bearing assets.

The Company borrows money for business operation at floating rates. However, the Company implemented risk counter-measures for managing interest rate risk by setting operation plans in advance so that the Company could have sufficient time to seek proper sources of credit lines with reasonable interest rates.

- Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

- Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

- Foreign exchange risk

The Company has exposure to foreign currency exchange fluctuations on purchasing of goods and services in the ordinary course of business. Entities in the Company use forward contracts to hedge their exposure to foreign correct risk in connection with measurement currency.

3.2 Accounting for derivative financial instruments and hedging activities

The Company is party to derivative financial instruments, foreign currency forward contracts. Such instruments are recognised in the financial statements on inception.

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Subsequently the Company measures each derivative financial instrument at its fair value. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes, and will be included in administrative expenses in profit or loss.

Disclosures about derivative financial instruments to which the Company is a party are provided in Note 26.

3 Financial risk management (Cont'd)

3.3 Fair value estimation

The different levels of financial instruments carried at fair value, by valuation method have been defined as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

Financial assets carried on the statement of financial position include cash and cash equivalents, trade and other receivables, short-term loans to parent. Financial liabilities carried on the statement of financial included short-term loans from financial institutions, trade and other payables.

Financial assets include cash and cash equivalents, trade and other receivables, short-term loans to parent and financial liabilities include short-term loans from financial institutions, trade and other payables. Such financial assets and liabilities are approximately to the carrying amounts due to their short maturities.

There was no transfer between level 1 and 2 during the year.

There were no change in valuation techniques during the year.

4 Critical accounting estimates, assumption and judgements

Estimates, assumption 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.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Property, plant and equipment and intangible assets

The management is the one who estimates useful life for buildings and equipment and intangible assets of the Company. The management revises depreciation expense whenever the useful life is different from the estimation in the prior period or there is a disposal or retirement.

5 Capital risk management

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 to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

6 Segment information

Operating segment information is reported in a manner consistent with the Company's internal reports that are regularly obtained and reviewed by the chief operating decision maker for the purpose of the allocation of resources to the segment and assess its performance.

The Company's operations involve the single business segment of the manufacture and distribution of long steel products, which is located in Thailand. Sales of the subsidiaries are mainly local sales whereas an export sales is not significant. As a result, all the revenues from sales of goods, cost of sales, gross margin, profit for the year and assets of segment are in accordance with the presentation of the financial statements.

During the year ended 31 March 2018, the Company has revenue from major customers which contributed equal to or over 10.0% of the Company's total revenue. The majority of revenue from sales to customers are from Tata group amounting to Baht 9,543 million (2017 : Baht 7,694 million).

	2018 Thousand Baht	2017 Thousand Baht
Segment revenue		
Local	8,961,371	7,363,283
Export	611,662	365,150
	<u>9,573,033</u>	<u>7,728,433</u>

7 Cash and cash equivalents

a) Cash and cash equivalents consist of:

	2018 Thousand Baht	2017 Thousand Baht
Cash on hand	-	2
Deposits at banks		
- current accounts	2,435	2,509
- savings accounts	842	1,325
	<u>3,277</u>	<u>3,836</u>
	<u>2018</u>	<u>2017</u>
	%	%

Interest rate

Deposits at banks - savings accounts	0.05 - 0.50	0.50
--------------------------------------	-------------	------

7 Cash and cash equivalents (Cont'd)

b) Other non-cash adjustment items for the years ended 31 March, consist of:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Reversal of income tax expense	(303)	-
Gain on disposal of plant and equipment	(172)	-
Loss from writing-off of plant and equipment	-	17
Loss from decrease in value of assets	-	944
	<u>(475)</u>	<u>961</u>

c) Other cash received from operating activities for the years ended 31 March, consists of:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Decrease in other current assets and other non-current assets	9,723	107,780
Decrease in other current liabilities and other non-current liabilities	(920)	(14,500)
Employee benefit obligations paid	(2,320)	(835)
	<u>6,483</u>	<u>92,445</u>

d) Adjustment of cash occurred from borrowings for the years ended 31 March, consists of:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Interest paid	<u>(29,627)</u>	<u>(28,738)</u>

e) Non-cash items from purchase and increase of plant and equipment and intangible assets for the year ended 31 March, are as follows:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Payables for plant and equipment and intangible assets brought forward	20,366	389
<u>Add</u> Purchases during the year	33,376	57,746
<u>Less</u> Payments during the year	<u>(48,163)</u>	<u>(37,769)</u>
Payables for plant and equipment and intangible assets carried forward	<u>5,579</u>	<u>20,366</u>

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8 Short-term investments

	2018	2017
	Thousand	Thousand
	Baht	Baht
Fixed deposits not over 12 months	-	21,000
Total	-	21,000

As at 31 March 2017, the fixed deposits not over 12 months carry interest at the rate of 0.50% per annum.

9 Trade and other receivables

	2018	2017
	Thousand	Thousand
	Baht	Baht
Trade receivables - related parties (Note 27 b))	1,006,519	699,468
Other receivables - other parties	626	584
- related parties (Note 27 b))	2,735	2,580
Prepayments	5,891	604
	<u>1,015,771</u>	<u>703,236</u>

The credit term for trade receivable normally requires 15 days to 30 days (2017 : 15 days to 30 days).

As at 31 March, the outstanding trade receivables can be analysed as follows:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Not yet due	836,893	597,790
Overdue:		
Under 3 months	169,626	101,678
	<u>1,006,519</u>	<u>699,468</u>

10 Inventories

	2018	2017
	Thousand	Thousand
	Baht	Baht
Raw materials	277,310	231,565
Work in progress	15,494	88,585
Finished goods	329,536	423,942
Spare parts	53,986	57,296
Supplies and others	115,558	97,341
	<u>791,884</u>	<u>898,729</u>
<u>Add</u> Goods in transit	6,387	41,725
	<u>798,271</u>	<u>940,454</u>

The cost of inventories recognised as expense and included in cost of sales in statement of comprehensive income amounting to Baht 8,835 million (2017 : Baht 6,870 million).

During the year ended 31 March 2018, amortisation of rolling mill which were categorised in supplies and others amounting to Baht 11 million is included in cost of sales in statement of comprehensive income (2017 : Baht 15 million).

11 Other long-term investments

The company invested in Siam Steel Mill services Company Limited at 24% of share capital. The Company has no significant influence to determine the financial and operating policies of and does not have any authorised director to sign on behalf of Siam Steel Mill Service Company Limited. The Company, therefore, recorded such investment as other long-term investment at cost of Baht 1,241.

Fair value of other long-term investment amounting to Baht 125,520,000 (2017 : Baht 109,440,000). Fair value of other long-term investment was determined using valuation techniques, discounted cash flow which assessed by independent valuer and are within level 3 of the fair value hierarchy.

The Siam Construction Steel Company Limited
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For the year ended 31 March 2018

12 Property, plant and equipment, net

	Land improvement Thousand Baht	Buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
As at 1 April 2016							
Cost	157,186	1,434,764	2,776,088	38,648	31	861	4,407,578
Less Accumulated depreciation	(157,186)	(1,331,131)	(2,534,284)	(30,961)	(31)	-	(4,053,593)
Net book amount	-	103,633	241,804	7,687	-	861	353,985
For the year ended 31 March 2017							
Opening net book amount	-	103,633	241,804	7,687	-	861	353,985
Additions	-	-	25,286	1,808	-	30,652	57,746
Transfer in (out)	-	-	665	-	-	(665)	-
Disposals - cost	-	-	(13,528)	(1,710)	-	-	(15,238)
- accumulated depreciation	-	-	13,528	1,663	-	-	15,191
Depreciation charge	-	(10,882)	(58,758)	(2,560)	-	-	(72,200)
Allowance for decrease in value of assets	-	(934)	-	(10)	-	-	(944)
Closing net book amount	-	91,817	208,997	6,878	-	30,848	338,540
As at 31 March 2017							
Cost	157,186	1,434,764	2,788,511	38,746	31	30,848	4,450,086
Less Accumulated depreciation	(157,186)	(1,342,013)	(2,579,514)	(31,858)	(31)	-	(4,110,602)
Allowance for decrease in value of assets	-	(934)	-	(10)	-	-	(944)
Net book amount	-	91,817	208,997	6,878	-	30,848	338,540

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12 Property, plant and equipment, net (Cont'd)

	Land improvement Thousand Baht	Buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
As at 1 April 2017							
Cost	157,186	1,434,764	2,788,511	38,746	31	30,848	4,450,086
Less Accumulated depreciation	(157,186)	(1,342,013)	(2,579,514)	(31,858)	(31)	-	(4,110,602)
Allowance for decrease in value of assets	-	(934)	-	(10)	-	-	(944)
Net book amount	-	91,817	208,997	6,878	-	30,848	338,540
For the year ended 31 March 2018							
Opening net book amount	-	91,817	208,997	6,878	-	30,848	338,540
Additions	-	-	754	978	-	31,568	33,300
Transfer in (out)	-	-	60,576	431	-	(61,007)	-
Disposals - Cost	-	(1,824)	(24,745)	(546)	-	-	(27,115)
- Accumulated depreciation	-	901	24,745	537	-	-	26,183
- Reversal of allowance for decrease in value of assets	-	934	-	10	-	-	944
Write-off - Cost	-	-	-	(575)	-	-	(575)
- Accumulated depreciation	-	-	-	575	-	-	575
Depreciation charge	-	(8,484)	(53,082)	(2,493)	-	-	(64,059)
Closing net book amount	-	83,344	217,245	5,795	-	1,409	307,793
As at 31 March 2018							
Cost	157,186	1,432,940	2,825,096	39,034	31	1,409	4,455,696
Less Accumulated depreciation	(157,186)	(1,349,596)	(2,607,851)	(33,239)	(31)	-	(4,147,903)
Net book amount	-	83,344	217,245	5,795	-	1,409	307,793

During the year ended 31 March 2018, the Company reversed the allowance for decrease in value of asset which was recognised in 2017 of Baht 0.9 million due to write-off and sale of such structures and equipment (2017 : Baht 0.9 million).

13 Intangible assets, net

	Software Thousand Baht
As at 1 April 2016	
Cost	2,625
<u>Less</u> Accumulated amortisation	<u>(2,494)</u>
Net book amount	<u>131</u>
For the year ended 31 March 2017	
Opening net book amount	131
Disposals - cost	(1,321)
- accumulated amortisation	1,321
Amortisation charge	<u>(90)</u>
Closing net book amount	<u>41</u>
As At 31 March 2017	
Cost	1,304
Accumulated amortisation	<u>(1,263)</u>
Net book amount	<u>41</u>
For the year ended 31 March 2018	
Opening net book amount	41
Additions	76
Disposals - cost	(205)
- accumulated amortisation	205
Amortisation charge	<u>(33)</u>
Closing net book amount	<u>84</u>
As At 31 March 2018	
Cost	1,175
<u>Less</u> Accumulated amortisation	<u>(1,091)</u>
Net book amount	<u>84</u>

14 Deferred tax assets, net

Deferred tax assets, net as at 31 March 2018 and 2017 comprise the following:

	2018 Thousand Baht	2017 Thousand Baht
Deferred tax assets		
- To be recovered within 12 months	511	-
- To be recovered more than 12 months	<u>9,175</u>	<u>8,956</u>
	<u>9,686</u>	<u>8,956</u>
Deferred tax liabilities		
- To be recovered within 12 months	<u>(394)</u>	<u>(246)</u>
	<u>(394)</u>	<u>(246)</u>
Deferred tax assets, net	<u>9,292</u>	<u>8,710</u>

The Siam Construction Steel Company Limited
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14 Deferred tax assets, net (Cont'd)

The gross movements in the deferred tax, net for the years ended 31 March 2018 and 2017 comprise the following:

	2018 Thousand Baht	2017 Thousand Baht
Opening balance	8,710	6,827
Increase to profit or loss	897	1,770
Increase (decrease) to other comprehensive income	(315)	113
Closing balance	<u>9,292</u>	<u>8,710</u>

The movements of deferred tax assets, net for the years ended 31 March 2018 and 2017 comprise the following:

	1 April 2017 Thousand Baht	(Charged) credited to profit or loss Thousand Baht	(Charged) credited to other comprehensive income Thousand Baht	31 March 2018 Thousand Baht
Deferred tax assets				
Allowance for decrease in value of assets	189	(189)	-	-
Employee benefit obligations	8,767	1,234	(315)	9,686
	<u>8,956</u>	<u>1,045</u>	<u>(315)</u>	<u>9,686</u>
Deferred tax liabilities				
Derivative assets	(246)	(148)	-	(394)
	<u>(246)</u>	<u>(148)</u>	<u>-</u>	<u>(394)</u>
Deferred tax assets, net	<u>8,710</u>	<u>897</u>	<u>(315)</u>	<u>9,292</u>
	1 April 2016 Thousand Baht	(Charged) credited to profit or loss Thousand Baht	(Charged) credited to other comprehensive income Thousand Baht	31 March 2017 Thousand Baht
Deferred tax assets				
Allowance for decrease in value of assets	-	189	-	189
Employee benefit obligations	7,702	952	113	8,767
	<u>7,702</u>	<u>1,141</u>	<u>113</u>	<u>8,956</u>
Deferred tax liabilities				
Derivative assets	(875)	629	-	(246)
	<u>(875)</u>	<u>629</u>	<u>-</u>	<u>(246)</u>
Deferred tax assets, net	<u>6,827</u>	<u>1,770</u>	<u>113</u>	<u>8,710</u>

15 Other non-current assets

	2018	2017
	Thousand	Thousand
	Baht	Baht
Income tax refundable	2,292	22,298
Others	77	55
	<u>2,369</u>	<u>22,353</u>

16 Short-term borrowings from financial institutions

The movements of short-term borrowings from financial institutions for the years ended 31 March 2018 and 2017 comprise the following:

	2018	2017
	Thousand	Thousand
	Baht	Baht
At the beginning of the year	995,862	532,806
Additions during the year	-	463,056
Repayments during the year	(52,644)	-
At the end of the year	<u>943,218</u>	<u>995,862</u>

As at 31 March 2018, short-term borrowings from financial institutions in amount of Baht 943 million (2017 : Baht 996 million) bear interest rate at BIBOR+2% per annum (2017 : interest rate at BIBOR+2% per annum) and due on 28 May 2018 and 18 June 2018 (2017 : 29 May 2017 and 28 June 2017).

17 Trade and other payables

	2018	2017
	Thousand	Thousand
	Baht	Baht
Trade payables - other companies	232,910	236,088
- related parties (Note 27 b))	25,117	61,398
Other payables - other companies	5,578	21,312
- related parties (Note 27 b))	25,612	10,651
Advance received from customers	1,064	1,543
Accrued expenses	156,937	169,539
	<u>447,218</u>	<u>500,531</u>

18 Other current liabilities

	2018	2017
	Thousand	Thousand
	Baht	Baht
Withholding tax payable	1,790	1,567
Other	3,967	4,598
	<u>5,757</u>	<u>6,165</u>

19 Employee benefit obligations

	2018	2017
	Thousand	Thousand
	Baht	Baht
Statement of financial position:		
Retirement benefits	41,177	39,037
Other long-term benefits	4,699	2,415
Liability in the statement of financial position	<u>45,876</u>	<u>41,452</u>
Profit or loss charge included in operating profit for:		
Retirement benefits	4,703	4,398
Other long-term benefits	3,618	699
	<u>8,321</u>	<u>5,097</u>
Remeasurement in:		
other comprehensive income	1,577	565
	<u>1,577</u>	<u>565</u>

Employee benefit obligations are final salary retirement plans, which provide benefits to employees in the form of a guaranteed level of pension payable. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement.

The movements of employee benefit obligations for the years ended 31 March 2018 and 2017 comprise the following:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Opening balance for the year	41,452	36,625
Current service cost	4,593	4,158
Past service cost	2,479	-
Interest cost	1,249	939
Remeasurements:		
Loss from change in demographic assumptions	67	579
(Gain) loss from change in financial assumptions	(1,972)	3,160
Experience (gain) loss	328	(3,174)
Employee benefit paid	(2,320)	(835)
Closing balance for the year	<u>45,876</u>	<u>41,452</u>

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19 Employee benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

	2018	2017
	%	%
Discount rates	2.99	2.54
Salary growth rate	5.00	4.95
Staff turnover rate	0.00 - 16.00	0.00 - 18.00

Sensitivity analysis for each significant assumption as at 31 March 2018 and 2017 are as follows:

	Change in assumption		Increase (decrease) to employee benefit obligations			
			Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
	%	%	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Discount rate	1.00	1.00	(4,778)	(4,444)	5,530	5,188
Salary growth rate	1.00	1.00	5,050	5,007	(4,440)	(4,379)
Staff turnover rate	1.00	1.00	(5,084)	(4,847)	2,634	2,686

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period).

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 12.52 years (2017 : 13.38 years).

20 Legal reserve

	2018	2017
	Thousand Baht	Thousand Baht
As at 1 April	175,000	157,906
Appropriation during the year	-	17,094
As at 31 March	<u>175,000</u>	<u>175,000</u>

Under the Civil and Commerce Code, the Company is required to set aside as a legal reserve at least 5% of profit arising from the business of the Company at each dividend distribution until the reserve reaches 10% of the authorised capital. The legal reserve is non-distributable.

21 Other income

	2018	2017
	Thousand Baht	Thousand Baht
Gain on exchange rate	286	1,118
Dividend received from other long-term investment	14,400	-
Interest income	23,850	28,505
Other	3,755	17,047
Total	<u>42,291</u>	<u>46,670</u>

22 Expense by nature

The following expenditure items for the year, classified by nature, have been charged in arriving at the operating profit:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Changes in inventories of finished goods and work in process	(167,497)	(403,791)
Raw material and consumables used	6,518,504	5,483,598
Store and supplies used	305,297	206,940
Depreciation and amortisation and amortisation of rolling mill expense	75,031	87,552
Impairment charges (Note 12)	(944)	944
Employee benefit expense	215,887	210,087
Utilities expense	1,010,939	771,709
Repair and maintenance expenses	215,173	197,662
Premium on forward foreign exchange contract	-	3,396
Management fees	178,620	184,320
Fuel	206,570	199,756
Contractor	65,226	66,928
Rental expenses	6,976	7,315

23 Income tax expense

	2018	2017
	Thousand	Thousand
	Baht	Baht
Current tax:		
Current tax on profits for the year	107,372	125,358
Total current tax	107,372	125,358
(Increase) in deferred tax assets (Note 14)	(1,045)	(1,141)
Increase (Decrease) in deferred tax liabilities (Note 14)	148	(629)
Total deferred tax	(897)	(1,770)
Write-off of refundable income tax of previous year	106,475	123,588
	-	82,843
Total income tax expense	106,475	206,431

23 Income tax (Cont'd)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic weighted average tax rate applicable to profit of the home country of the Company as follow:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Profit before income tax	526,684	594,270
Tax calculated at a tax rate of 20% (2017 : 20%)	105,337	118,854
Tax effect of:		
- Expenses not deductible for tax purpose	2,453	5,867
- Double tax expense deductible	(1,431)	(1,148)
- Temporary differences	116	15
Tax charge	106,475	123,588
	2018	2017
	Tax rate	Tax rate
	%	%
Effective tax rate	20.22	20.80

The tax charge/(credit) relating to component of other comprehensive income is as follows:

	2018			2017		
	Before tax	Tax charge/	After tax	Before tax	Tax charge/	After tax
	Thousand	(credit)	Thousand	Thousand	(credit)	Thousand
	Baht	Thousand	Baht	Baht	Thousand	Baht
Remeasurement on retirement benefit obligations	1,577	(315)	1,262	(565)	113	(452)
Other comprehensive income	1,577	(315)	1,262	(565)	113	(452)
Current tax		-			-	
Deferred tax (Note 14)		(315)			113	
		(315)			113	

24 Earnings per share

The basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company after deduction of the preference shares divided by the weighted average number of ordinary shares in issue during the year.

	2018	2017
For the year ended 31 March		
Net profit attributable to ordinary shareholders of the Company (Thousand Baht)	420,209	387,839
Weighted average number of ordinary shares outstanding (Share)	17,500,000	17,500,000
Basic earnings per share (Baht per share)	24.01	22.16

25 Dividend paid

On 7 March, 2017, the Board of Directors' Meeting of the Company passed a resolution to distribute an interim dividend from the retained earnings as at 28 February, 2017 at Baht 25 per share, totaling of Baht 437.5 million. Such dividend was paid on March 28, 2017.

26 Financial instruments

26.1 Financial assets and liabilities in foreign currency

As at 31 March, the Company has outstanding balances of financial assets and liabilities in foreign currency as follows:

Currency	2018			2017		
	Amount		Average exchange rate as at 31 March	Amount		Average exchange rate as at 31 March
	Financial assets Thousand Baht	Financial liabilities Thousand Baht		Financial assets Thousand Baht	Financial liabilities Thousand Baht	
US dollars	447,971	33,749	31.23	197,187	21,982	34.45
Euro	-	2,362	38.44	-	7,149	36.79
Pound sterling	-	-	-	-	78	43.02
Japanese Yen	-	78	29.39	-	82	30.77

26.2 Foreign exchange forward contracts

As at 31 March 2017, the Company has foreign exchange forward contracts due to purchase of goods with maturity contracts not over 3 months as follows:

	2018		2017	
	Foreign currency Amounts	Fair values favourable (unfavourable) Thousand Baht	Foreign currency amounts	Fair values favourable (unfavourable) Thousand Baht
Foreign exchange forward contracts US Dollars	-	-	3,754,396	(1,131)

As at 31 March 2018, the Company has foreign exchange forward contracts due to sell of goods with maturity contracts not over 3 months (2017 : 3 months) as follows:

	2018		2017	
	Foreign currency Amounts	Fair values favourable (unfavourable) Thousand Baht	Foreign currency amounts	Fair values favourable (unfavourable) Thousand Baht
Foreign exchange forward contracts US Dollars	8,200,000	1,047	4,000,000	1,251

The fair value of foreign exchange forward contracts is determined by using rates quoted by the Company's counter parties to terminate the contracts at the date of statement of financial position and are within level 2 of the value hierarchy.

27 Related party transactions

Individuals and entities that directly or indirectly control or are controlled by or are under common control with the Company, including investment entities, associates, joint venture and individuals or entities having significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship between company and related parties:

Name	Type of Business	Relationship
Tata Steel Limited	Manufacture steel	Ultimate parent company
Tata Steel (Thailand) Public Company Limited	Investing	Major shareholder
The Siam Iron and Steel (2001) Co., Ltd.	Manufacture wire rods and small section products	Common shareholders and management
N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distributions and trading of steel bars, wire rods and small section products	Common shareholder and management
The Siam Industrial Wire Co., Ltd.	Manufacture steel wire	Same group of shareholders
NatSteel Trade International Pte. Ltd.	Trading	Same group of shareholders
NatSteel Recycling Pte. Ltd.	Trading	Same group of shareholders
Tata International Metals Trading Asia Ltd.	Trading	Same group of shareholders
T S Asia (Hong Kong) Ltd.	Trading	Same group of shareholders
Tata Refractories Ltd.	Manufacture refractory	Same group of shareholders
NatSteel Holdings Pte. Ltd.	Manufacture steel	Same group of shareholders
Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
Tata International Singapore Pte. Ltd.	Trading	Same group of shareholders
Tata Steel IJmuiden BV	Manufacture steel	Same group of shareholders
Tata Consultancy Services (Thailand) Ltd.	Software services	Same group of shareholders
Tata Consultancy Services Ltd.	Software services	Same group of shareholders
Tata Services Limited	Training services	Same group of shareholders
Tata Sons Limited	Investment holdings and consultancy services	Same group of shareholders
Tata Steel Resources Australia Pte. Ltd.	Procurement	Same group of shareholders
Tata NYK Shipping Pte. Ltd.	Shipping	Same group of shareholders
Mjunction Services Limited	Trading and procurement	Same group of shareholders
T S Global Procurement Co. Pte. Ltd.	Trading	Same group of shareholders
Tata Steel International (UK) Ltd.	Shipping	Same group of shareholders
Tata Steel Nederland Services B.V.	Manufacture steel	Same group of shareholders
Tata South East Asia Limited	Manufacture steel	Same group of shareholders
TSN Wires Co., Ltd.	Manufacture galvanized steel wire	Same group of shareholders
Tata International Limited	Trading	Same group of shareholders
Tata Steel Processing and Distribution Limited	Processing and distribution steel	Same group of shareholders
Tata Projects Limited	Infrastructure projects	Same group of shareholders
Tata South East Asia (Cambodia) Ltd.	Trading	Same group of shareholders
Natsteel (Xiamen) Ltd.	Manufacture steel	Same group of shareholders
Tata Technologies (Thailand) Co., Ltd.	IT Services	Same group of shareholders
Tata Technologies Pte. Ltd.	IT Services	Same group of shareholders
Tata Communications (Thailand) Co., Ltd.	IT and Telecommunication Service	Same group of shareholders
Tata International West Asia DMCC	Trading	Same group of shareholders
Tata AIG General Insurance Co., Ltd	Insurance	Same group of shareholders
Tata Power Co., Ltd.	Generate, transmit and distribute electricity	Same group of shareholders

27 Related party transactions (Cont'd)

The following transactions were carried out with related parties:

a) Related party transactions for the year ended 31 March 2018 and 2017

For the years ended 31 March	2018	2017
	Thousand	Thousand
	Baht	Baht
Revenues		
Sales		
N.T.S. Steel Group Public Company Limited	8,488,938	7,285,539
The Siam Iron and Steel (2001) Co., Ltd.	444,121	43,939
Tata Steel Limited	610,013	364,383
	<u>9,543,072</u>	<u>7,693,861</u>
Total		
Interest income		
Tata Steel (Thailand) Public Company Limited	23,732	28,391
	<u>23,732</u>	<u>28,391</u>
	2018	2017
	Thousand	Thousand
	Baht	Baht
Expenses		
Purchases		
The Siam Iron and Steel (2001) Co., Ltd.	11,292	11,548
N.T.S. Steel Group Public Company Limited	123,687	175,946
NatSteel Holdings Pte. Ltd.	538,136	150,562
Tata International Metals Trading Asia Ltd.	-	180,128
Tata International Singapore Pte. Ltd.	14,514	3,485
Tata International West Aisa DMCC	34,842	-
	<u>722,471</u>	<u>521,669</u>
Total		
Management fee expenses		
Tata Steel (Thailand) Public Company Limited	178,620	184,320
	<u>178,620</u>	<u>184,320</u>
Dividend paid		
Tata Steel (Thailand) Public Company Limited	-	437,500
	<u>-</u>	<u>437,500</u>

The Company has made the service agreement with parent company which charges at cost plus method.

27 Related party transactions (Cont'd)

- b) Outstanding balance arising from sale/purchases of goods, services and others as at 31 March 2018 and 2017 are as follows:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Trade receivable - related parties		
The Siam Iron and Steel (2001) Co., Ltd.	34,469	-
N.T.S. Steel Group Public Company Limited	524,568	503,244
Tata Steel Limited	447,482	196,224
Total	1,006,519	699,468
Other receivables - related parties		
Tata Steel (Thailand) Public Company Limited	2,338	2,552
The Siam Iron and Steel (2001) Co., Ltd.	345	-
N.T.S. Steel Group Public Company Limited	52	28
Total	2,735	2,580
Trade payable - related parties		
Tata Steel (Thailand) Public Company Limited	15,633	34,443
The Siam Iron and Steel (2001) Co., Ltd.	679	610
N.T.S. Steel Group Public Company Limited	8,103	26,345
Tata International Singapore Pte. Ltd.	702	-
Total	25,117	61,398
Other payables - related parties		
Tata Steel (Thailand) Public Company Limited	13,085	9,050
The Siam Iron and Steel (2001) Co., Ltd.	73	22
N.T.S. Steel Group Public Company Limited	12,454	1,579
Total	25,612	10,651

- c) Short-term loans to the parent company

The movements of short-term loans to the parent company comprise the following:

	2018	2017
	Thousand	Thousand
	Baht	Baht
Opening balance	1,589,835	1,519,414
Additions of loans during the year	166,943	70,421
Closing balance	1,756,778	1,589,835

As at 31 March 2018, short-term loans to a subsidiary in amount of Baht 1,757 million (2017 : Baht 1,590 million) bear interest rate at 1.50% per annum (2017 : interest rate at 1.50% per annum), are non-collateralised loans and not specified maturity date.

28 Commitments

28.1 Letter of guarantee

Letters of guarantee issued by the financial institutions to the Revenue Department, Electricity Generating Authority of Thailand, Provincial Electricity Authority Industrial, Estate Authority of Thailand and Bureau of Indian Standards as at 31 March 2018 amounting to Baht 106.30 million (2017 : Baht 88.18 million) in the normal courses of business.

28.2 Capital commitments

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial information is as follows:

	2018 Thousand Baht	2017 Thousand Baht
	<hr/>	<hr/>
Buildings machinery and equipment	10,156	19,868

28.3 Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

The Company leases various land, office building, vehicles and office equipment. The minimum lease payments under these non-cancellable operating lease agreements are as follows:

	2018 Thousand Baht	2017 Thousand Baht
	<hr/>	<hr/>
Not later than 1 year	6,312	6,632
Later than 1 year but not later than 5 years	7,822	13,570
	<hr/>	<hr/>
	14,134	20,202

28.4 Commitments from letter of credit

Letters of credit opened but are not qualified as liabilities as at 31 March 2018 and 2017 are as follows:

	2018 Thousand	2017 Thousand
	<hr/>	<hr/>
Currency		
USD	-	3,911

28.5 Guarantee

As at 31 March 2018 and 2017, the Company and The Siam Iron and Steel (2001) Co., Ltd. have been the guarantors for the restructured trade payable of N.T.S. Steel Group Public Company Limited in the amount of Baht 6.3 million.

29 Contingent liabilities

For fiscal year ended 31 March 2014, The Company received the notifications from the Revenue Department informing the assessments of additional surcharge of Baht 16 million in respect of the half-year corporate income tax filing for the year ended 31 March 2008 which the Company under-estimated the net profit for that year by an amount exceeding 25 percent of the actual net profit. The Company considered that there was a reasonable event occurred in the second half of that year that caused the net-profit under-estimated. The Company has made the appeal to the Revenue Department and as at 31 March 2018, the result of this assessment has not been finalised. However, the Company expected that there would not be additional payment and has not recorded any provisions in the financial statements.

30 Fair value measurement

Certain financial assets and financial liabilities of the Company are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets and financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs for fair value measurement
	31 March 2018 Thousand Baht	31 March 2017 Thousand Baht		
<u>Financial assets</u>				
1. Foreign currency forward contracts (including in other current assets)	1,047	1,353	Level 2	Discounted cash flows The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
<u>Financial liabilities</u>				
1. Foreign currency forward contracts (including in other current liabilities)	-	1,233	Level 2	Discounted cash flows The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.