

**TATA** STEEL (THAILAND)



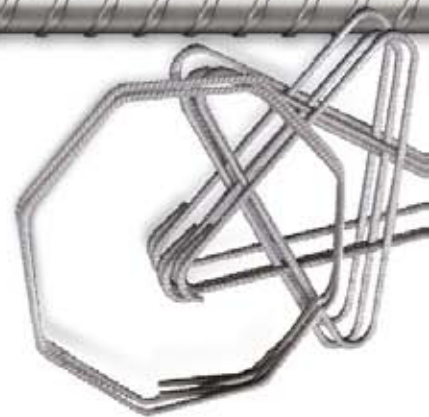
# Tata Steel (Thailand)

Public Company Limited



ANNUAL REPORT

**2013-2014**



**WORLD CLASS STEEL FOR THAIS**

# VISION & GOALS



## VISION

Tata Steel (Thailand) aims to become a value creating enterprise for its shareholders by strengthening presence in speciality and branded products while sustaining market leadership in long products in Thailand.

Customer Intimacy, Operations Excellence, Highest Standards of Corporate Citizenship, Happy and Enthused Employees will be our areas of focus to realise this Vision.

## GOALS 2015

### Value Creation

**Increase** Return on Invested Capital (ROIC) to 12%



### Safety

**Reduce** Lost Time Injury Frequency (LTIF) to 0.4



### Environment

**Maintain** Carbon Dioxide (CO<sub>2</sub>) emissions to less than 1.0 Ton/ton of liquid steel



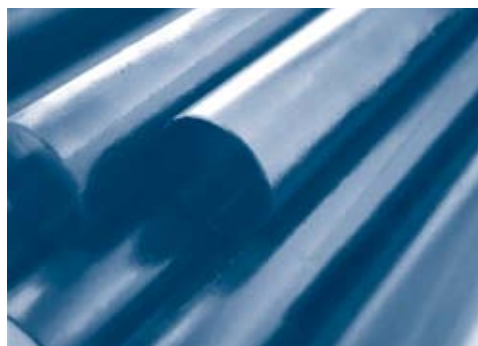
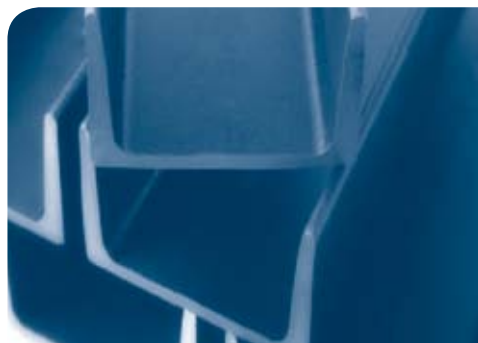
### Employer of choice

**In Top Quartile** across all industries





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# CONSOLIDATED FINANCIAL HIGHLIGHTS

Million Baht

Financial Statements	2014	2013	2012
<b>Statement of Income</b>			
Net Sales	25,362.71	25,014.52	26,223.03
Total Revenues	25,440.10	25,252.19	26,343.09
Gross Profit	1,125.98	289.96	*(406.00)
Earnings before Income Tax, Financial Charges, Depreciation and Amortization (EBITDA)	1,006.29	641.56	**257.98
Net Profit (Loss) Before Tax	83.80	(4,219.49)	(1,349.75)
Net Profit (Loss)	30.79	**** (4,545.47)	*** (1,580.59)
<b>Statement of Financial Position</b>			
Total Assets	16,195.04	18,101.05	22,959.90
Total Liabilities	7,178.57	9,129.30	9,432.54
Total Shareholders' Equity	9,016.47	8,971.75	13,527.36
Issued and Fully Paid of Share Capital	8,421.54	8,421.54	8,421.54

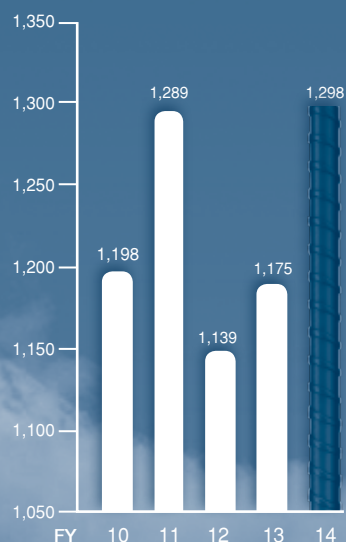
Financial Ratio	2014	2013	2012
Par Value (Baht)	1.00	1.00	1.00
Book Value per Share (Baht)	1.07	1.07	1.61
Earnings (Loss) per Share (Baht)	0.00	(0.56)	(0.19)
Current Ratio (Time)	1.17	1.34	1.70
Debt to Equity Ratio (Time)	0.80	1.02	0.70
Time Interest Earned Ratio (Time)	3.07	1.73	0.87
Return on Total Revenues (%)	0.12	(18.00)	(6.00)
Return on Assets (%)	0.18	(22.14)	(6.60)
Return on Equity (%)	0.34	(40.41)	(11.04)

Note

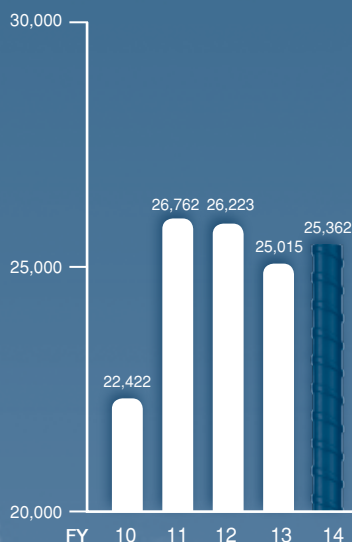
- \* One-time charge of ฿408 Mn from MBF Moth ball related expenditure and others.
- \*\* One-time charge of ฿175 Mn impacting EBITDA.
- \*\*\* One-time charge of ฿415 Mn from MBF Moth ball related expenditure and others, Deferred Tax Assets write-back of ฿272 Mn on account of reduction in corporate tax rate.
- \*\*\*\* One-time charge of impairment loss ฿3,600 Mn resulting from an impairment testing exercise, consistent with TAS No. 36, Deferred Tax Asset write - back of ฿286 Mn on account of the probability to taxable profit that cannot be utilised.

# CONSOLIDATED FINANCIAL HIGHLIGHTS

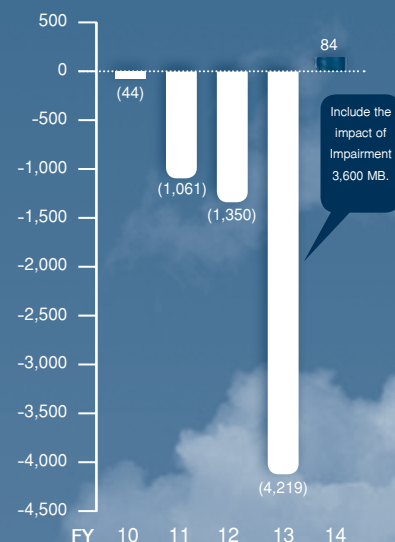
**Sales Volume**  
(Thousand Ton)



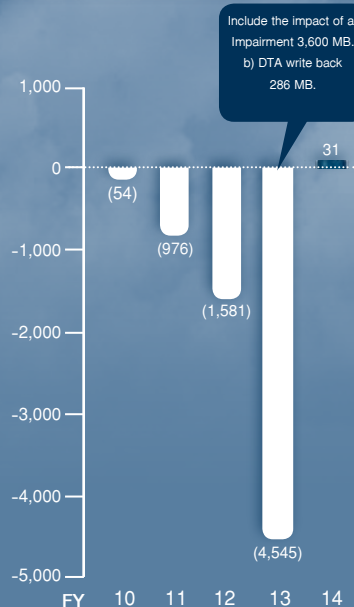
**Net Sales**  
(Million Baht)



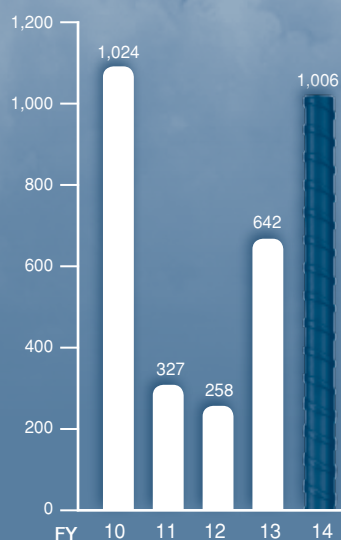
**Net Profit (Loss)**  
Before Tax (Million Baht)



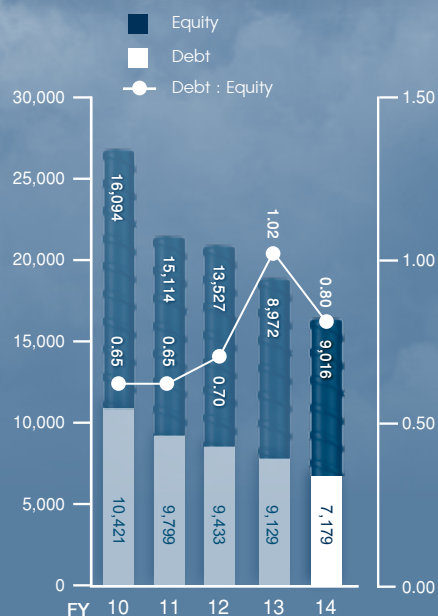
**Net Profit (Loss)**  
(Million Baht)



**EBITDA**  
(Million Baht)



**Debt to Equity**



# GENERAL INFORMATION OF COMPANY AND SUBSIDIARIES

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED

Registration No.	0107545000136
Business Type	Manufacturer and distributor of long steel products.
Established	July 12, 2002
Listing Date	November 29, 2002
Trading Date	December 18, 2002
Paid Up Capital	8,421,540,848 Baht
Par Value	1.00 Baht per share
Securities Trading Symbol	TSTH
ISIN Number	Local TH0692010000 Foreign TH0692010018 NVDR TH0692010R12
Head Office	555 Rasa Tower 2, 20/F Floor, Phaholyothin Road, Chatuchak, Bangkok 10900, Thailand Tel. 66 (2) 937-1000 Fax. 66 (2) 937-1224
Website	<a href="http://www.tatasteelthailand.com">http://www.tatasteelthailand.com</a>
Registrar	Thailand Securities Depository Company Limited 4, 6, 7/F, The Stock Exchange of Thailand Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. 66 (2) 229-2800 Fax. 66 (2) 359-1262-3
Auditors	Miss. Thanawan Anuratbodee (Certified Public Accountant Registration No. 3440) Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. Rojanakarn Building, 25/F, 183 South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, Thailand Tel. 66 (2) 676-5700 Fax. 66 (2) 676-5757
Investor Relations	Miss Pratana Sinhaneti Tel. 66(2) 937-1000 Ext. 1460 E-mail <a href="mailto:pratanas@tatasteelthailand.com">pratanas@tatasteelthailand.com</a>
Corporate Communications and Activity	Mrs. Arisara Na Ranong Tel. 66(2) 937-1000 Ext. 2420 E-mail <a href="mailto:arisaran@tatasteelthailand.com">arisaran@tatasteelthailand.com</a>



# GENERAL INFORMATION OF COMPANY AND SUBSIDIARIES

<b>Registration</b>	No. 0107536001273
<b>Business Type</b>	Manufacturer of bars, rebars and wire rods
<b>Established</b>	October 4, 1988
<b>Factory</b>	No. 351, Moo 6, 331 Highway, Hemaraj Chonburi Industrial Estate, Bowin, Sriracha, Chonburi 20230 Tel. 66 (3) 834-5355 Fax. 66 (3) 834-5350
<b>Paid Up Capital</b>	4,627,965,356.40 Baht
<b>Par Value</b>	1.20 Baht
<b>Held by TSTH</b>	99.76 %



**N.T.S. Steel Group Public Company Limited**

<b>Registration No.</b>	0105532094348
<b>Business Type</b>	Manufacturer of rebars
<b>Established</b>	October 4, 1989
<b>Factory</b>	Plot I-23, Map Ta Phut Industrial Estate, Ampher Muang, Rayong 21150 Tel. 66 (3) 868-3968 Fax. 66 (3) 868-3969
<b>Paid Up Capital</b>	1,750,000,000.00 Baht
<b>Par Value</b>	100 Baht
<b>Held by TSTH</b>	99.99 %



**The Siam Construction Steel Company Limited**

<b>Registration No.</b>	0105544085276
<b>Business Type</b>	Manufacturer of wire rods and small sections
<b>Established</b>	September 3, 2001
<b>Factory</b>	No. 49 Moo 11, Tambon Bang Khamode, Ampher Ban Mor, Saraburi 18270 Tel. 66 (3) 628-8000 Fax. 66 (3) 628-8002
<b>Paid Up Capital</b>	120,000,000.00 Baht
<b>Par Value</b>	100 Baht
<b>Held by TSTH</b>	99.99 %



**The Siam Iron and Steel (2001) Company Limited**

# MESSAGE FROM THE BOARD OF DIRECTORS



MR. KOUSHIK CHATTERJEE

Chairman

## DEAR SHAREHOLDERS,

### GREETINGS,

On behalf of Board of Directors of Tata Steel (Thailand) Public Company Limited, we are pleased to share with you the report for FY14. You are aware that the global economy in 2013 grew by 2.9%, slowest since 2009. The recession in Europe and the rebalancing of China's economy had dampened growth prospects across the world. Uncertainty in business was the main constraint that affected the growth in most parts of the world.

In terms of Global Steel scenario, the apparent steel consumption grew by 3.6%, especially due to recovery in H2 in developed countries. However continued volatility and uncertainty is still posing the risk in immediate future. In ASEAN, the steel growth dipped to 4.6% but the industry was exposed to the serious threat of cheap imports especially from China which surpassed 18 MT in 2013 for the region.

In Thailand, the total finished apparent steel consumption grew by 4.6% in 2013. The adverse impact from imports continued in FY14 as well. Thailand received around 12 Million Tons of imports in 2013, an increase of 8% over 2012. The impact was quite high in long product steel wherein the imports increased by 18%. The wire rods segment was the worst affected which led to a significant impact on the capacity utilization. Concomitantly, this has adversely affected the domestic steel players and is posing a big challenge on the economic viability of fresh investments to upgrade to new technology. This will have negative impact on the Thailand's capability to meet the high end steel requirement for the future applications. The overall finished steel production in Thailand dropped by 2.5% over previous year.

To address the concern of cheap Chinese imports, company had taken firm steps with Government authorities and a 4 month temporary anti-dumping duty on High carbon wire rods was sanctioned during August - December 2013. We are happy to inform you that the Ministry of Commerce has acknowledged the injury to the business due to cheap imports from China

and has recently announced the imposition of permanent anti-dumping duty for 5 years since May 2014.

The steel industry growth is largely dependent on the development of infrastructure as well as the overall growth in the construction sector. Last financial year has seen many upheavals in the Thailand economy with political disturbances and an uncertainty in the overall business atmosphere. The economy in second half of the year was adversely impacted by Bangkok shutdown and protests. This has affected all business sectors as infrastructure fund disbursement was delayed and some projects could not even get approved.

The construction sector growth in 2013 dropped to 1.2% in 2013 compared to 7.8% growth in the previous year. The real estate sector largely faced many challenges including land price, wages and uptrend in energy cost etc. On infrastructure development, some of the earlier sanctioned government infrastructure projects have been dropped due to funding issues.

We are happy to inform you that in spite of the tough and adverse business conditions this year, the company has performed well and returned back to profitability after 4 years.

Effective execution of the Turnaround program launched in 2011 has delivered satisfactory results. The key to success was the integrated implementation of operational and commercial excellence initiatives. All six improvement levers worked in tandem to meet the desired organizational goal. Another significant take away of this program was the proactive approach used for employee development and customer service. While enriched relationship with customer gave us extra edge in volatile cycle of business, the efforts put in for capability enhancement will go a long way to sustain the business competitiveness.

## SOME OF THE NOTABLE ACHIEVEMENTS OF FY14 ARE AS UNDER:

### SAFETY

Company has achieved best ever Safety performance with Loss time injury frequency rate of 0.33. One of the subsidiary NTS Steel group company limited has been awarded with Prime Minister Safety award in 2013. Plant has completed 2 years of injury free operation in March 2014. SISCO and SCSC unit also received appreciation under same category.

### ENVIRONMENT

Carbon dioxide emission of 0.59 ton per ton of steel is better than last year and best in five years. This year new project of EAF De dusting has been sanctioned at its subsidiary SISCO to improve the overall working environment. The joint initiatives for energy reduction across 3 sites have worked well to reduce energy consumption.



# MESSAGE FROM THE BOARD OF DIRECTORS

## RAW MATERIAL SOURCING

Company's current steel making operation is through 100% scrap melting in Arc furnace. Sourcing of higher domestic scrap helps to reduce the metallic cost. This year with the assistance of strategic vendor relationship and backward yard integration, company was able to collect 1.11 Million tons of domestic scrap which is best ever performance. Extended application of Value in Use model for the blending and other cost reduction initiatives helped company to achieve lowest billet cost in last 4 years.

## COMMERCIAL EXCELLENCE

The Tata Tiscon brand enrichment initiatives coupled with the relationship program with our key customers helped us to realize better than last year sales performance. Tata Tiscon Rebars sales at 0.86 Million tons is best ever annual sales so far. The growth in regional sales has been significant. The company's flexible supply chain capability proved useful to mitigate the risk pertaining to the cheap imports in wire rod segment. The company has also achieved best ever sales in our downstream product Cut and Bend. A new Cut and Bend plant is being set up at one of our subsidiary SCSC to meet the high potential demand in this segment.

## OPERATIONAL EXCELLENCE

This year the improvement framework envisaged having an integrated planning to enhance overall margin through joint working in commercial and operational area. The finished goods production and sales rose by approximate 10% over previous year. All 3 manufacturing sites delivered superior cost performance and operated under a tight working capital regime.

## EMPLOYEE ENGAGEMENT

Company has launched various new initiatives for active engagement of its employees in this financial year for their career progression and welfare. The talent mobility across South East Asia is a unique platform for cross learning within the group companies. The attrition rate has also come down significantly this year as compared to the previous year.

## CSR AND CORPORATE GOVERNANCE

The community development and social welfare activity is an integral part of the business planning at Tata Steel Thailand. The company was recognized by the Stock Exchange of Thailand for Outstanding CSR Award and CSRI Recognition award in 2013. Our "Grow smart with Tata Steel" initiative for the school children was further expanded to new provinces in Thailand. We have so far covered 179 schools in 36 provinces to provide book corner which is well appreciated by school administration and surrounding communities.



**MR. RAJIV MANGAL**  
President and CEO

## OUTLOOK FOR 2014

With global economy still in recovery, the factor of uncertainty is posing biggest challenge especially in developing economies. As China begins to implement new reform program, there is down side risk in GDP growth. This may have short term adverse impact due to high exports but will be good for steel business in longer term.

The ongoing political impasse in Thailand is also having serious threat to the GDP growth in the country. In absence of a fully functioning government, the H1 business environment continues to be tough and challenging. However we expect the situation to improve when a functional government is in place and provides necessary stimulus to the economy.

Construction sector is expected to grow in range of 2% to 4% in the current year due to ongoing projects. Automotive industry is also facing challenging times and is expected to deliver lower production this year.

While there are the ongoing challenges for the business, Company has taken a balanced approach to mitigate the risks in the coming financial year. The optimized product mix and enhanced capability for a few product grades will add better flexibility in a volatile market.

With the advent of ASEAN Economic Community in 2015, we expect competition to increase but it also affords an opportunity to have better penetration of Tata Tiscon brand in the region. We are optimistic to play a vital role in near future by leveraging our capability and transparent governance structure.

We are thankful to all our shareholders, lenders, employees and customers for their consistent support despite the adverse business conditions. Stakeholder's trust and belief is the source of inspiration and we will work in cohesive manner to deliver the best possible results.

# THE BOARD OF DIRECTORS AND MANAGEMENT



## MR. KUSHIK CHATTERJEE

Chairman

Age : 45

Date of Appointment : April 27, 2006

Shareholding : None

Relative : None

\* A director who is appointed as the Authorized Signatory in accordance with Company Affidavit.



## MR. MARIS SAMARAM

Independent Director,  
Chairman of the Audit Committee,  
Member of the Corporate Governance, Nomination  
and Remuneration Committee

Age : 71

Date of Appointment : July 29, 2002

Shareholding : None

Relative : None

## Highest Education

- Bachelor of Commerce (Honours)  
University of Calcutta, India
- F.C.A (Fellow Member of the Institute of Chartered Accountants of India), Institute of Chartered Accountants of India

## Experience

2013 - Present	Director, Tata Incorporated, New York
2013 - Present	Director, New Millenium Iron Corporation, Canada
2012 - Present	Executive Director & Group CFO, Tata Steel Ltd., India
2012 - Present	Director, Tata Steel Odisha Ltd., India
2010 - Present	Director, Tata Steel Global Procurement Co. Ltd., Singapore
2010 - Present	Director, ProCo Issuer Pte Ltd., Singapore
2009 - Present	Chairman & Director, Tata Metaliks Ltd.
2009 - Present	Director, Tata Steel Global Minerals Holdings Pte Ltd, Singapore
2006 - Present	Director, Tata Steel UK Ltd., UK
2006 - Present	Director, Tata Steel Europe Ltd.
2006 - Present	Director, Tulip UK Holding (No. 2) Ltd, UK
2006 - Present	Director, Tulip UK Holding (No. 3) Ltd, UK
2004 - Present	Chairman & Director, The Tinplate Company of India Ltd.

## Highest Education

- Bachelor of Accounting  
University of the East, Philippines
- Program for Management Development, Harvard Business School, USA

## Governance Training IOD

- Director Certificate Program (DCP : 33/2003)
- Board Failure and How to fix it
- Audit Committee Program (ACP : 3/2004)
- Monitoring the Internal Audit Function (MIA : 3/2008)
- Monitoring the System of Internal Control and Risk Management (MIR : 4/2008)
- The Responsibilities and Liabilities of Directors and Executives under the new SEC Act (May 2008)
- Handling Conflicts of Interest: What the Board should do? (2008)

## Experience

2013 - Present	Independent Director and member of the Audit Committee, Akara Resources PCL.
2010 - Present	Director, Indorama Ventures Ltd.
2005 - Present	Director, PAC Siam Co., Ltd.
2005 - Present	Director, Marsh PB Co., Ltd.
2003 - Present	Independent Director and Chairman of the Audit Committee, Siam Commercial Bank PLC.
2001 - Present	Advisor, M.E.D Co., Ltd.
2008 - 2011	Director and Vice Chairman of the Audit Committee, Indorama Polymers PLC.
2004 - 2010	Independent Director and member of the Audit Committee, Sub Sri Thai Warehouse PLC.

# THE BOARD OF DIRECTORS AND MANAGEMENT



## ASST. PROF. RAWEWAN PEYAYOPANAKUL

Independent Director,  
Member of the Audit Committee,  
Member of the Corporate Governance, Nomination  
and Remuneration Committee

**Age :** 66

**Date of Appointment :** July 29, 2002

**Shareholding :** 0% (22,000 Shares)

**Relative :** None

### Highest Education

- Master of Business Administration  
Michigan State University, USA
- Bachelor of Accounting  
Thammasat University

### Governance Training IOD

- Director Accreditation Program (DAP : 4/2003)
- Audit Committee Program (ACP : 4/2005)

### Experience

2008 - Present	Independent Director and Chairman of the Audit Committee, Sabina PLC.
2000 - 2013	Independent Director and member of the Audit Committee, Thai Cane Paper PLC.
1999 - Present	Independent Director and member of the Audit Committee, Thai Theparos Food Products PLC.



## MR. HATASAKDI NA POMBEJRA

Independent Director,  
Member of the Audit Committee

**Age :** 57

**Date of Appointment :** March 28, 2013

**Shareholding :** None

**Relative :** None

### Highest Education

- Master of Law in International Legal Study (Business)  
New York University, School of Law, USA
- Master of Comparative Law University of Miami, School of Law, USA
- Bachelor of Laws (Honors), Thammasat University

### Governance Training IOD

- Corporate Secretary (CSP 4/2003)
- Director Certification Program (DCP 33/2003)
- Audit Committee Program (ACP 13/2006)
- Monitoring the Internal Audit Function (MIA 1/2007)
- Monitoring the Quality of Financial Reporting (MFR 6/2008)
- Monitoring the System of Internal Control and Risk Management (MIR 2/2008)
- Role of the Compensation Committee Program (RCC 6/2008)
- Role of Chairman Program (RCP 20/2008)
- Director Certification Program Refresher Course
- Successful Formulation and Execution Strategy (SFE 1/2008)
- Monitoring Fraud Risk Management (MFM 1/2009)
- Chartered Director Class (CDC 7/2013)
- Successful Formulation & Execution Strategy (SFE 18/2013)
- How to Measure the Success of Corporate Strategy (HMS 2/2013)

### Experience

2014 - Present	Independent Director and Member of the Audit Committee, Board of Trade of Thailand
2014 - Present	Independent Director and Member of the Audit Committee, Thai Chamber of Commerce
2006 - 2009	Independent Director, member of the Audit Committee and Chairman of the Good Governance Committee, Surapon Foods PLC.

# THE BOARD OF DIRECTORS AND MANAGEMENT



## MR. TARATORN PREMSOONTORN

Director,  
Member of the Corporate Governance, Nomination  
and Remuneration Committee

Age : 51

Date of Appointment : July 29, 2002

Shareholding : None

Relative : None

\* A director who is appointed as the Authorized Signatory in accordance with  
Company Affidavit.



## MR. PEEYUSH GUPTA

Director,  
Member of the Executive Committee

Age : 45

Date of Appointment : October 23, 2011

Shareholding : None

Relative : None

### Highest Education

- Master of Business Administration  
Oklahoma City University, USA
- Bachelor of Economics  
Chulalongkorn University

### Governance Training IOD

- Director Accreditation Program (DAP : 2/2003)
- Finance for Non-Finance Directors Program (FND : 7/2003)
- Director Certification Program (DCP : 40/2004)

### Experience

1996 - Present	Senior Vice President, Bangkok Bank PCL.
2003 - 2009	Director, Prasit Patana PCL.
2001 - 2014	Director, Sriracha Harbour PCL.

### Highest Education

- Master of Business Administration  
McGill University, Montreal, Canada
- Bachelor of Engineer (Honors)  
Engineering College, Kota, Rajasthan
- Chevening Scholar, Leeds University, UK
- Advanced Management Program, CEDEP, France

### Experience

2014 - Present	Director, Tata Steel Processing & Distribution Company
2009 - Present	Director, Tata Martrade International Logistics Ltd.
2012 - 2013	President & CEO, Tata Steel (Thailand) PCL.
2011 - 2011	Joint CEO, Tata Steel (Thailand) PCL.
2007 - 2011	Chief (Marketing & Sales - Flat Products), Tata Steel Limited, India
2007 - 2007	Chief (Strategy & Integration - Long Products), Tata Steel Limited, India





## MR. VIVEK MADAN KAMRA

Director,  
Member of the Executive Committee

Age : 47

Date of Appointment : April 25, 2014

Shareholding : None

Relative : None

### Highest Education

- Bachelor of Technology in Metallurgically Engineering  
Indian Institute of Technology, Mumbai, India

### Experience

2010 - Present	President & CEO NatSteel Holdings Pte. Ltd., Singapore
2005 - 2010	Executive In Charge - Steel Pipes and Tubes Business, Tata Steel, India



## MR. RAJIV MANGAL

Director,  
Member of the Executive Committee,  
President & CEO

Age : 46

Date of Appointment : December 1, 2013

Shareholding : None

Relative : None

\* A director who is appointed as the Authorized Signatory in accordance with Company Affidavit.

### Highest Education

- Bachelor of Engineering (Metallurgy) (Honors)  
University of Roorkee, India
- PGDBM from XLRI, Jamshedpur, India
- Advance Management Program From CEDEP (INSEAD, France)

### Experience

2010 - 2013	Executive in Charge Tubes SBU, Tata Steel Limited, India
2008 - 2010	Chief Wire Division, Tata Steel Limited, India
2006 - 2008	Chief of Marketing & Sales, Wire Division, Tata Steel Limited, India

# THE BOARD OF DIRECTORS AND MANAGEMENT



## MR. THANA RUANGSILASINGHA

Chief Operating Officer

Age : 59

Date of Appointment : October 1, 2003

Shareholding : 0% (200,000 Shares)

Relative : None

### Highest Education

- Master of Engineering  
Ohio State University, USA
- Bachelor of Engineering  
Chulalongkorn University

### Experience

2010 - Present	Director, N.T.S. Steel Group PCL.
2004 - Present	Director, The Siam Construction Steel Co., Ltd.
2002 - Present	Director, The Siam Iron and Steel (2001) Co., Ltd.
2011 - 2012	Vice President - Operations, Tata Steel (Thailand) PCL.



## MR. SHISHIR VIJAY PIMPLIKAR

Chief Financial Officer

Age : 46

Date of Appointment : January 1, 2014

Shareholding : None

Relative : None

### Highest Education

- Bachelors in Commerce  
University of Mumbai, India
- Cost & Works Accountants  
Institute of Cost & Works Accountants of India
- Post Graduate Diploma in Management  
Xavier Institute of Management, Bhubaneswar, India

### Experience

2014 - Present	Director, The Siam Iron and Steel (2001) Co., Ltd.
2014 - Present	Director, The Siam Construction Steel Co., Ltd.
2011 - 2014	Sr. Financial Controller (Strategic Finance & Cost Management), Tata Steel (Thailand) PCL.
2009 - 2011	Head Business Analyst - Long Product, Tata Steel Limited, India



## MR. SIROTE MATEMANOSAK

Vice President - Human Resources & Corporate Affairs

Age : 51

Date of Appointment : January 1, 2010

Shareholding : 0% (220,000 Shares)

Relative : None

### Highest Education

- Master of Business Administration  
Kasetsart University
- Bachelor of Laws  
Thammasat University

### Experience

2012 - Present	Director, N.T.S Steel Group PCL.
2012 - Present	Director, The Siam Iron and Steel (2001) Co., Ltd.
2012 - Present	Director, The Siam Construction Steel Co., Ltd.



## MR. PAITHOON CHUESOOK

Vice President - Procurement

Age : 51

Date of Appointment : April 1, 2012

Shareholding : None

Relative : None

### Highest Education

- Bachelor of Engineering (Mechanical)  
King Mongkut's Institute of Technology North Bangkok, Thailand

### Experience

2012 - 2013	Director, The Siam Iron and Steel (2001) Co., Ltd.
2011 - 2012	Plant Manager - Saraburi, The Siam Iron and Steel (2001) Co., Ltd.
2010 - 2011	Senior Department Manager - Rolling Mill, The Siam Iron and Steel (2001) Co., Ltd.
2001 - 2010	Department Manager - Steel Plant, N.T.S. Steel Group PCL.

# THE BOARD OF DIRECTORS AND MANAGEMENT



## MR. BISWAJIT GHOSH

Vice President - Quality Assurance  
and Product Development

Age : 48

Date of Appointment : September 1, 2011

Shareholding : None

Relative : None



## MR. SONGSAK PIYAWANNARAT

Vice President - Marketing and Sales

Age : 43

Date of Appointment : January 1, 2013

Shareholding : None

Relative : None

### Highest Education

- Bachelor of Engineering (Metallurgical)  
Ranchi University, India

### Experience

2011 - 2012	Vice President - New Product Development, Tata Steel (Thailand) PCL.
2009 - 2011	Chief Technology (Steel & Mills), Tata Steel Limited, India
2001 - 2009	Head LP (Through Process Control), Tata Steel Limited, India.

### Highest Education

- Bachelor of Statistics (Insurance and Business Administration)  
Chulalongkorn University
- Master of Business Administration  
Thammasat University

### Experience

2012 - 2012	Vice President - Projects, TSN Wires Company Limited
2004 - 2012	Domestic Sales Department Manager, The Siam Industrial Wire Co., Ltd.





## MR. CHANDRA MOHAN VERMA

Vice President - Capital Projects and Business Excellence

Age : 48

Date of Appointment : July 1, 2013

Shareholding : None

Relative : None

### Highest Education

- Bachelor of Mechanical Engineering  
APS University, Rewa, India

### Experience

2012 - 2012	Senior Department Manager - Capital Projects and Business Excellence, Tata Steel (Thailand) PCL.
2011 - 2012	Senior Department Manager, President Office, Tata Steel (Thailand) PCL.
2008 - 2010	Head BAF/SPM, Cold Rolling Mill, Tata Steel Limited, India



## MR. ARUN KUMAR CHOWDHARY

Vice President - Chonburi Plant

Age : 54

Date of Appointment : April 1, 2012

Shareholding : None

Relative : None

### Highest Education

- Bachelor of Engineering (Mechanical)  
Bihar Institute of Technology, India

### Experience

2011 - 2012	Plant Manager - Chonburi Plant, N.T.S. Steel Group PCL.
2009 - 2011	Senior Department Manager - MD Office (MBF Operation), N.T.S. Steel Group PCL.

# THE BOARD OF DIRECTORS AND MANAGEMENT



## MR. WANLERT KANWIWAT

Vice President - Rayong Plant

Age : 49

Date of Appointment : April 1, 2012

Shareholding : None

Relative : None



## MR. CHAICHALERM BUNYANUWAT

Vice President - Saraburi plant

Age : 46

Date of Appointment : July 31, 2012

Shareholding : None

Relative : None

### Highest Education

- Bachelor of Engineering (Electrical)  
King Mongkut's Institute of Technology

### Experience

2012 - Present	Director, N.T.S Steel Group PCL.
2011 - 2012	Plant Manager - Rayong, Tata Steel (Thailand) PCL.
2010 - 2011	Senior Department Manager - Steel Plant, N.T.S Steel Group PCL.
2007 - 2010	Department Manager - Rolling Mill The Siam Iron and Steel (2001) Co., Ltd.

### Highest Education

- Bachelor of Mechanical Engineering  
University of Technology Thonburi

### Experience

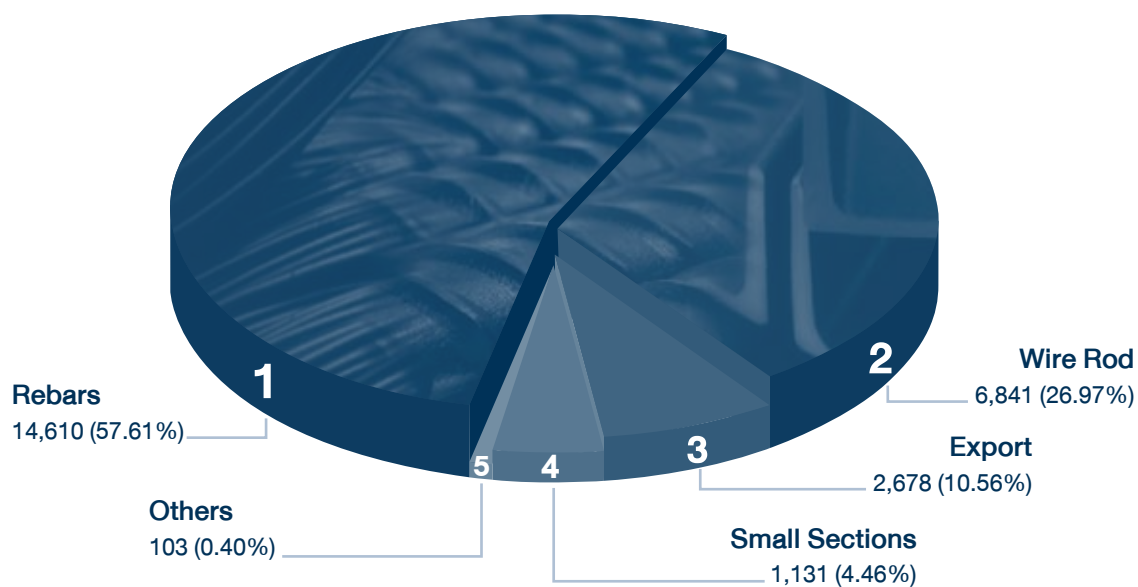
2012 - 2012	Plant Manager, Saraburi, The Siam Iron & Steel (2001) Co., Ltd.
2010 - 2012	Senior Department Manager - Steel Plant and Maintenance, N.T.S Steel Group PCL.
2010-2008	Senior Department Manager - Central Engineering, Tata Steel (Thailand) PCL.

## STRUCTURE OF REVENUES

The proportions of the Company's revenues from the sales by product lines, as produced by subsidiaries, are as follows:

Line of Product	Year 2013-2014			Year 2012-2013			Year 2011-2012		
	('000 Tons)	(MB)	%	('000 Tons)	(MB)	%	('000 Tons)	(MB)	%
<b>Domestic Market</b>									
Rebars	759	14,610	57.61	624	12,803	51.18	566	12,609	48.08
Wire Rods	346	6,841	26.97	415	9,167	36.65	440	10,543	40.20
Small Sections	52	1,131	4.46	59	1,452	5.81	44	1,109	4.23
Others	6	103	0.40	6	121	0.48	8	145	0.55
<b>Total Revenues from Domestic Sales</b>	<b>1,163</b>	<b>22,685</b>	<b>89.44</b>	<b>1,104</b>	<b>23,543</b>	<b>94.12</b>	<b>1,058</b>	<b>24,406</b>	<b>93.06</b>
<b>Export Market</b>									
Rebars	126	2,495	9.84	40	815	3.26	35	736	2.81
Wire Rods	8	164	0.64	30	641	2.56	46	1,081	4.13
Small Sections	-	-	-	-	-	-	-	-	-
Others	1	19	0.08	1	16	0.06	-	-	-
<b>Total Revenues from Export</b>	<b>135</b>	<b>2,678</b>	<b>10.56</b>	<b>71</b>	<b>1,472</b>	<b>5.88</b>	<b>81</b>	<b>1,817</b>	<b>6.94</b>
<b>Total Revenues</b>	<b>1,298</b>	<b>25,363</b>	<b>100.00</b>	<b>1,175</b>	<b>25,015</b>	<b>100.00</b>	<b>1,139</b>	<b>26,223</b>	<b>100.00</b>

## REVENUES FROM SALES 2013 - 2014 (MILLION BAHT)



# NATURE OF BUSINESS

## BUSINESS DESCRIPTION OF THE COMPANY AND ITS SUBSIDIARIES

Tata Steel (Thailand) Public Company Limited, formerly known as Millennium Steel Public Company Limited was established as a joint venture project between N.T.S Company whose shares were held by Horrungrueng Group and SISCO and SCSC Company whose shares were held by Siam Cement Holding Limited.

The company operates its business as a Holding company with shareholding in its three subsidiaries namely N.T.S, SISCO and SCSC. The three subsidiaries produce rebars, wire rods, small section, and Special Bar Quality Steel administered by a management team comprising of those who specialized in making steel from Tata Steel, India and a good knowledge management team from N.T.S, SISCO and SCSC Company.

The company's operation is undertaken as a group with the Company as the top policy maker and the 3 subsidiaries are responsible for carrying out the operation according to the prescribed policy of the Company with regard to marketing, production plan, raw material sourcing, finance, human resources management and other aspects of administration.

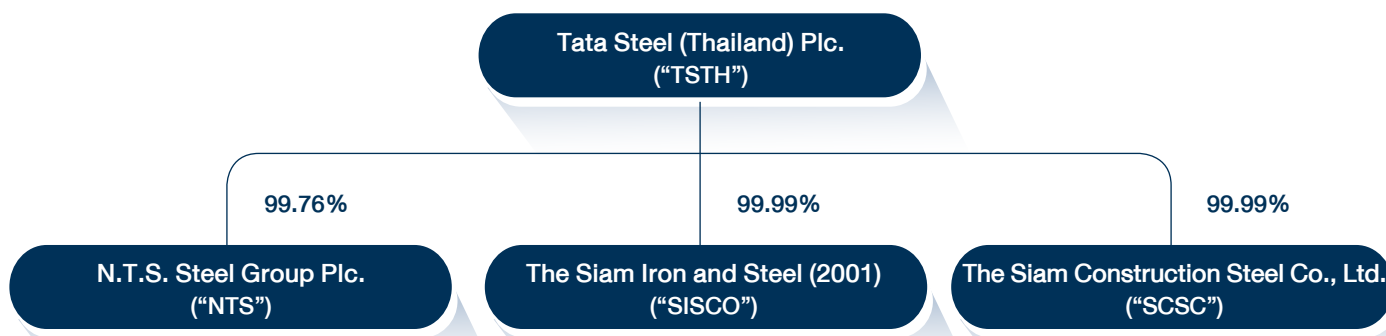
The Company's major shareholder is the Tata Steel Global Holdings Pte. Ltd. ("TSGH"), a wholly owned subsidiary of Tata Steel Limited ("TSL"), and

which operates its business as an investment company with its head office at Singapore. TSL is a registered company incorporated under Indian Laws and is among top three integrated steel producers of India. Though TSL (Indian operations) is in the same industry as the Thailand based Company, its product range is much more diversified and the company caters to a wide group of customers. TSL also extends support to TSTH in the business operations by providing assistance in technology, knowhow, treasury and finance, training of people and International sales through its network of offices. Along with Singapore operations, TSL drives the long products strategy in India & SE Asia in an integrated manner.

## POLICY ON DIVISION OF OPERATION BETWEEN COMPANIES WITHIN THE GROUP

The Company has a policy to allocate production at each of its subsidiary with an objective to maximize contribution of the company as a whole. The product mix is derived based on the technical and production capability of each plant and specific decisions to roll a particular product is based on the market needs and customer requirements.

## SHAREHOLDING STRUCTURE



## TYPE OF PRODUCTS

### 1. REINFORCEMENT BARS ("REBARS")

The product line consists of round bars and deformed bars with diameter in sizes 6-25 mm and 10-40 mm, respectively. The round bars are produced in accordance with Thai Industrial Standards Institute (TIS) No. 20-2543, grade quality: SR 24 and deformed bars are produced in accordance with Thai Industrial Standards Institute (TIS) No. 24-2548, grade quality, SD 30, SD 40 and SD 50. Rebars are used by the construction sector and primarily for reinforcement of concrete in applications such as roads, bridges, footing, buildings, houses and general use, etc.

Additionally, the Company developed and launched a new rebar product suitable for seismic zones under the brand umbrella of TATA TISCON and called it as Super Ductile rebars, with grade quality of SD 40 in diameters of 10 to 40 mm. The new rebar product complies with the international quality standard and provides higher safety and protection to the building structures in earthquake prone zones in and around Thailand.



## 2. LOW CARBON WIRE RODS (“LCWR”)

LCWR is of grade quality: SWRM 6-22, SWRY11 and SWRCH6A-22A. The size range is 5.5-16 mm and these are produced in accordance with Thai Industrial Standards Institute (TIS) No. 348-2540, JIS G3503 (1980) and JIS G3507 (1991) respectively. These are used as raw materials by the wire industry who in turn make wire products for construction & General Engineering sector for applications such as binding wire, nails, wire mesh, galvanized wire, barbed wire, welding wire, cold drawn wire, screw and nuts, etc.

## 3. HIGH CARBON WIRE RODS (“HCWR”)

HCWR conforms to : SWRH 27 - 82. The size range is 5.5 - 19 mm in diameter and these are produced in accordance with Thai Industrial Standards Institute (TIS) No. 349 - 2548. These are used as raw materials by the wire industry for construction, such as PC wires and PC strand, compression springs, extension springs, torsion springs, slings etc.

## 4. SMALL SECTIONS

Small sections have various forms such as angles and channels. These are produced in accordance with Thai Industrial Standards Institute (TIS)

No. 1227-2539, grade quality: SM400-570 and SS400-540. These products serve as end use products in construction sector with applications such as roof structures, electricity poles and billboards etc.

## 5. SPECIAL BARS QUALITY (“SBQ”)

SBQ is a round steel bar in plain carbon steel in the size range of 19 - 40 mm. These are produced in accordance with JIS G3101 (1995) for SS400 grade for General Engineering applications. For special usage, SBQ is produced to JIS G4051 (1979) spec in grades S10C - S50C. These products serve Automotive and General Engineering sector.

## 6. CUT AND BEND (“CAB”)

Cut and Bend products are ready to use products for the construction sector and have been developed for the customers to assist in time saving, labor, transportation cost reduction and to provide better yields. The raw material is rebars, which are then taken to a “Cut and Bend” centre set up by the company for this purpose. After converting into ready to use condition as per the designs given by the end customers, the products are sent to the construction sites.

## PRODUCTION CAPACITY OF TATA STEEL (THAILAND)

	NTS	SISCO	SCSC	Total
<b>Capacity (tons per annum)</b>				
- Rebars	400,000	-	500,000	900,000
- Wire rods	400,000	230,000	-	630,000
- Small Sections	-	170,000	-	170,000
<b>Total capacity</b>	<b>800,000</b>	<b>400,000</b>	<b>500,000</b>	<b>1,700,000</b>

Source : Tata Steel (Thailand) Plc

With the total finished goods production of 1,282,500 Ton, the production capacity utilization for the period ending in March, 2014 stood at 75%.

## MANAGEMENT STANDARD SYSTEM

All the three subsidiaries of the Company namely SISCO, SCSC and NTS are certified to ISO 9001:2008 (International Standard for quality management system), ISO 14001:2004 (International Standard for the environmental management system) and TIS 18001:2554 & OHSAS 18001:2007 (International Standard of occupational health and safety management system).

## TATA STEEL THAILAND PROCUREMENT DIVISION

Procurement Division of Tata Steel (Thailand) is responsible for the purchase of metallic scrap, steel billets, raw materials, goods for maintenance, repair and operations (MRO Goods), services and inbound logistics. The team consists of around 50 professionals, located at the Bangkok Head Office and at three plant sites in Chonburi (NTS), Saraburi (SISCO) and Rayong (SCSC).

Procurement division focuses on sourcing appropriate quality of products and services within required lead time to match with the inventory and production plan of the company so as to maximize value and benefit to the company.

Procurement team in consultation with Supply Chain department regularly forecasts product and service requirements to maintain inventory level suitable for production plan and support production process continually at the same time.

The local sourcing strategy is aligned to the procurement strategy of the Tata Steel Group and derives synergy in the market place by leveraging the Group procurement model. In addition, Tata Steel (Thailand) is focused on continuous improvement in procurement processes by implementing dedicated Procurement strategies per spend-category, increasing strategic sourcing contract coverage and enhancing supplier relationship management for select strategic vendors and categories. Automation of repetitive order items is an integral part of these change processes, aimed at reducing costs and time, which in turns allows for better engagement on strategic sourcing. This has been made possible due to development of suitable processes, techniques and people over a period of time.

Within Tata Steel Group which comprise of Tata Steel Limited, Tata Steel Europe, Nat Steel and Tata Steel (Thailand), procurement process is managed by recognized global standards or Procurement Operating Model (POM). Procurement strategy is consistent within the Tata Steel Group and has improved continuously over a period of time. The company recognizes the value of sourcing quality products and service and simultaneously keeps good relationships with vendors and stakeholders. Procurement team has implemented Supplier Relationship Project with strategic vendors to improve processes in collaboration with entire value chain namely suppliers, procurement team and end users. This facilitates regular exchange of knowledge and best practices across the stakeholders leading to reduction in system cost.

Tata Steel (Thailand) sources raw materials and products both from domestic market and through import by focusing on the quality at reasonable price. Proportion of domestic and import supply is approximately 75 percent and 25 percent respectively. Share of domestic buying is higher due to shorter lead time, lower transportation costs and to avoid risk due to fluctuation in currency exchange rate.

Scrap and other raw materials like Ferro Alloys account for a significant share of the production cost. Therefore, Tata Steel Group has set up lead buys that provide guidance, share information and practices on strategic buying approach to the respective scrap and raw material buyers.

## STRUCTURE OF TATA STEEL (THAILAND) PROCUREMENT

Procurement Division of the company is organized as per spend in major 5 functions, focusing on different spend categories described as under:

### 1. METALLICS

This represents over 75% of the total spend of Tata Steel (Thailand). Sub categories include domestic scrap, imported scrap and billets, in different grades. Basic strategy is to maximize domestic scrap sourcing and procure imported scrap in close co-operation with the global Tata Steel Group Procurement network. During 2013, Tata Steel (Thailand) has supplied domestic scrap accounting for almost 80% of the total scrap. Strategic partners play an important role in meeting scrap requirement of the company and service approximately 50% of total scrap volume. Moreover, the domestic scrap supply market is segmented in several vendor segments and the Metallic procurement team has developed tailored commercial strategies for these segments, thereby supporting the overall Metallic procurement strategy to drive optimum Value-in-Use at each of the three plants.

### 2. MAINTENANCE REPAIRS AND OPERATION GOODS

This department is predominantly working on sourcing (technical) MRO Goods, including Graphite Electrodes, Bearings, Rolls, Fuel and Fluid Systems, Water Treatment System, Natural Gases, Filter, Belt-Chain and etc. These categories typically require close co-operation between (plant) engineers and the procurement team.

### 3. RAW MATERIALS, INBOUND LOGISTICS AND COOPERATE SERVICES

Raw Materials team handles the procurement of Ferro Alloys, Refractory and other additives used in the Electric Arc Furnace. Most of these items are sourced in close cooperation with Hubs in India, Singapore, UK and the Netherlands. Key strategy is to find the right source of supply with optimum value and price combination suitable for Tata Steel (Thailand) operations.

Inbound Logistics and related services are structured to handle import cargoes. This team works in close co-operation with the Tata Steel Group Shipping & Logistics team. Key goal is to manage inbound logistics in such a way that all cargoes reach the end users on time, with optimal costs in the safe manner.

### 4. PLANT PROCUREMENT

Many service and supply activities pertain to the day to day operations of the plants. Therefore, Tata Steel (Thailand) has assigned a department to serve the internal end users with smooth and flexible procurement processes. The department has the staff stationed at the plant sites,

which allows close collaboration and ensures highest service levels to meet and exceed the internal customer's expectations.

## 5. PROCUREMENT DEVELOPMENT AND SUPPORT

In order to bring alignment with Tata Steel Group procurement policy, Procurement Development and Support is structured to develop and improve working process, master data maintenance and communicate procurement information in a clear and transparent manner to internal and external stakeholders.

## RISK FACTORS

### 1. METALLIC AND RAW MATERIAL PRICE FLUCTUATIONS

The main raw material for the production process is scrap, where price changes based on demand and supply from both domestic and import route. Scrap demand in Thailand is about 6.2 million ton per year while supply capacity is about 5.5 million ton per year. Thus Thailand has to import approximately 0.7 million ton scrap every year (data as of 2013). As scrap accounts for almost 70% of the product cost, any fluctuation in its price has significant impact on the profitability. To mitigate this risk, Tata Steel (Thailand) has developed integrated planning models that facilitate close working between sourcing of raw material and marketing of finished products to respond quickly to changes in market place. The process also supports the system inventory planning. Procurement team through its strong relationship channels with the suppliers and in the market forecast the price movement. The company operates on a lean inventory to minimize the impact of steep price fluctuation in scrap.

### 2. FLUCTUATION OF CURRENCY EXCHANGE RATE

The proportion of import (raw material and other products) is about 25% of the total spend for the company. Close liaison between the procurement team and Finance department helps to plan appropriate financial tool to hedge the risk of fluctuation in foreign exchange.

### 3. CONSISTENCY IN QUALITY AND QUANTITY OF RAW MATERIALS

One of the major risk in steel manufacturing process is the fluctuation in quality of raw materials specially ferro alloys. This is because ferro alloys cannot be easily substituted. This product is freely traded across the world and hence prices vary. Tata Steel Group has reduced the risk by setting up Lead buy through Singapore, India, Thailand and Europe to follow a consistent strategy within the Group and combine purchase volume to enjoy higher bargaining power. In the process, only reliable suppliers are contracted thereby reducing the risk of

inconsistency in quality and to ensure that required quantities are always available.

For other raw materials such as Natural gas which is used as fuel in production process, Tata Steel (Thailand) has entered into a long term contract with a leading company in Thailand. This ensures adequate quantity, required quality and stable price of fuel to the manufacturing sites.

## 4. LABOR SHORTAGE

The company engages two types of labor at the manufacturing sites: skilled and general worker. For skilled , Tata Steel (Thailand) has established labor policies as regular employees providing staff training, welfare and emphasizing on safety awareness in the workplace. The company has policy about other benefits such as overtime wages and additional compensation due to working in a hazardous environment (dust, smoke or heat). These facilitate building up employee motivation and skill development thereby increasing plant productivity.

For general workers, Tata Steel (Thailand) outsources contractor and has policy related to accident insurance. However, this category of labor is getting scarce in Thailand due to economic development of the country. Therefore, Tata steel Thailand compliments the shortage of general workers by engaging legal workers from nearby countries such as Myanmar, Laos and Cambodia to ensure that plant operations are not hampered due to manpower shortage.

## PROCUREMENT VISION AND CODE OF CONDUCT

Tata Steel (Thailand) has adopted Tata Code of Conduct (TCOC) and therefore drives strict compliance to the TCOC clauses across the procurement function. Some of the principles have been embedded as a "standard" across the Group Procurement details of which are as given below:

- Ensure a single face to the market
- Maximize value and innovation through our supplier & end user relationships
- Seek contract relationship that represents fair value for all stakeholders
- Align and integrate our objectives with those of our end users in the development of sourcing strategy
- To support deployment and use of common tools and standards across procurement
- To facilitate compliance across the business entities
- Maintain highest level of ethical standards, transparency in dealing and compliance to the Code of Conduct

## MARKET SITUATION AND COMPETITION

### MARKET

#### DOMESTIC MARKET

##### 1. REBARS

The product is distributed through a network of dealers in Bangkok metropolitan areas including in upcountry regions of Thailand. In terms of direct sales by the company sales executives, the product is sold directly to the contractors and project owners in greater Bangkok. Last year, the Company was able to increase its sales volume through dealers in upcountry provinces by 40% over the previous year, there by strengthening the position of TATA TISCON as the largest selling brand in Thailand with total market share at 33% (increase from 29%). This approach of selling in upcountry regions is unique and different from the approach adopted by most competitors who focus on sales in Bangkok metropolitan and its satellite areas. The sales volumes in these areas are less volatile and product commands a higher premium than the next best brand. In its endeavor to improve the product mix, last year the Company emphasizes on the development of the new seismic resistant rebar, TATA TISCON S Super Ductile for the upcountry market of Chiang Mai. The product, first time in Thailand, was launched to provide the customers with a new option to enhance safety of the building structures in higher seismic zones. The product has been well received and efforts are underway to increase the reach further to other high seismic zones.

##### 2. WIRE RODS

LCWR, the low carbon wire rods category is supplied to the producers of finished goods like nails, fences, mesh etc. The special wire rods like HCWR Y11 and CHQ are supplied to the wire drawers who make finished goods such as PC wire, PC strand, welding rods, electrodes fasteners, tire bead wire and wire springs. These products are sold directly to the customer accounts by sales team of the company.

##### 3. SMALL SECTIONS

The existing distribution channel for this product is through the dealers who in turn re-distribute this to the construction contractors and fabricators.

##### 4. SPECIAL BAR QUALITY

The company sells directly to the manufacturers who, in turn, serve automotive and general engineering sector and bright bar makers.

##### 5. CUT AND BEND

This is a special service provided to the contractors wherein a custom shaped steel is supplied directly to the project site based on the bar cut list schedule obtained from the customers. It can reduce loss from cutting and bending at the project site while efficiency and productivity can be improved with less labor expenses resulting in saving of time.

Further, the Company has a plan in place to develop and introduce new products regularly, especially the high-value special wire products in automotive sector such as rod ER70S-6 wire for using as CO<sub>2</sub> welding wire; SWRH77B wire for producing motorcycle's shock absorber; and 10B21, 10B22 wire for producing nuts and screws in automotive and construction sectors.

#### EXPORT MARKET

The company exports Rebars and Wire Rods to the neighboring countries such as Laos, Myanmar, Cambodia, Vietnam, Indonesia and the Philippines through existing and market specific distribution network, located in the foreign country. The Company also exports rebars products to India in consultation with Tata Steel India's distribution network for TATA TISCON rebars.

## INDUSTRY OUTLOOK AND COMPETITION

#### DOMESTIC MARKET

The Company's competitors can be divided into two groups namely, the manufacturers with Electric Arc Furnace (EAF) and Non-EAF manufacturers or re-rollers. Those who have EAF, procure the feedstock "scrap" from domestic and international sources as it is used as a raw material to produce semi-finished goods i.e. billets, which in turn are used to produce finished products i.e. rebars, wire rods, small sections and special bars. Non EAF manufacturers or Re-rollers, on the other hand, purchase billets from open market to produce the finished goods.

In terms of overall production capacity of the long steel industry, it is estimated that the supply far outstrip the local demand since there are many rebar producers in the market which results in severe competition in the rebar category. As for the domestic wire rod producers, while there are 3 to 4 local producers, the main competition is from imported wire rods from China, Japan, South Korea. Since 2011, there has been a significant surge of wire imports from the People's Republic of China. These products come in the category that allows importers to save 5% customs duty and these products fetch a 9% tax rebate from the Government of China for exporting alloy steel wire rods. This has caused domestic customers of wire rods to shift to imports causing partial to full closure of wire rod units in Thailand. The problem is also faced by other SE Asian countries and respective Governments have taken necessary steps to curb such imports. Government of Thailand has assessed the issue and imposed anti dumping duty ranging from 5.17% to 34% in high carbon wire rod category on different chinese mills.



## INTERNATIONAL MARKET – EXPORT

The company is engaged in exports to ASEAN countries like Laos, Myanmar, Cambodia, Vietnam, Indonesia and Philippines, including exports of rebars products to India, in order to increase its net revenues. A good distribution network set up has helped the company to achieve good prices for its brand TATA TISCON in neighbouring countries. Since we maintain a consistent presence, we get repeat business from our loyal customers in ASEAN. The competition is mainly from local domestic mills and China. Exports amount for about 10% of company's total sales.

## INDUSTRY OUTLOOK :

2013 was a challenging year for the global steel industry with apparent steel use growth at the slowest rate since 2009. This was mainly due to the Eurozone crisis which persisted throughout the year 2013 and whose impact was felt in the poor volume offtake and price volatility. Global steelmakers continued to witness supply growth outpacing demand, with capacity utilization rates remaining consistently below 80%. Subdued steel prices and a slowdown in demand growth from China continued to weigh on the global steel sector in 2012. Apparent steel use in China, the largest steel producer and consumer,

is expected to grow by 3% in 2014 following a 6% increase in 2013. However, underlying demand in the EU is expected to improve following the expected economic recovery in 2014.

Steel demand in the SE region recovered rapidly in 2013 and registered a robust 4.6% growth over 2012. The region is expected to show a similar growth in 2014. However, Capacity utilization remains the major concern for steel producers in the region exacerbated by unabated low priced imports from China. SE Asian countries have approached their respective Governments to support the local producers by imposing AD investigations against such imports. Thailand's economy in 2013 experienced slow economic growth in later half of the year due to political instability causing a delay in government investment, as well as lack of confidence in economic situation from the private sector and slow down of FDI pending for clear national solution. As a result, there is a growth of 2.9% over last year. This was reflected in the steel demand growth of 4.5% with total steel consumption touching 17.7 million tons in 2013. The rate of domestic consumption rises from 262 kilograms/person/year in 2012 to 274 kg/person/year in 2013. (Source: Iron and Steel Institute of Thailand)

## TOTAL LONG PRODUCT STEEL CONSUMPTION DURING 2011 – 2013

	Production (MT)	Growth (MT)	Imports (MT)	Growth (%)	Exports (MT)	Growth (%)	Apparent Consumption (MT)	Growth (%)
2013	3.96	-2.2	2.93	18.1	0.96	7.0	5.93	5.1
2012	4.05	11	2.48	25.9	0.89	3.5	5.64	18.5
2011	3.65	-0.3	1.97	14.5	0.86	13.2	4.76	3.0

Source: Iron and Steel Institute of Thailand

## STEEL INDUSTRY OUTLOOK FOR THE YEAR 2014–2015

Due to political issues and delay in government investment projects in 2014, GDP of Thailand is expected to grow only by 0 to 3.5%. Much of this growth will be due to the growth in infrastructure projects and export sector following the trends in Europe and the United States. The low inflation rate and stable interest rate regime has caused a steady flow of FDI into Thailand. Exports continue to be the forex earners for Thailand. Consequently, domestic steel consumption

is expected to cross 18 million Tons in 2014, an increase of around 2.5% over 2013. In terms of long products, the growth of domestic consumption is expected to cross 6.1 million tons showing a growth of around 2% over last year. The increased imports from China remain the biggest concern since these imports cause pressure on volume and price for the domestic producers.

At Tata Steel (Thailand), Risk management framework is an integral part of the Planning Process to enable organizational sustainability and the key business drivers are an integral part of management review process. Company has adopted a Risk Governance structure, which promotes a forward looking approach to risk management. This approach enables the Company to counter and mitigate various risks and simultaneously allows it to pursue underlying opportunities for the benefit of the business.

Being an enterprise in the steel business, quite expectedly, the company encounters several risks in its business operations. Accordingly, a risk portfolio matrix has been developed consisting of all known business risks, followed up with a detailed analysis of business environment, market condition and organisational capabilities. All attributes along with key learning in various functions are collated, undergoes a series of deliberation during executive committee meetings, validated through appropriate adequacy checks, and a mitigation strategy is evolved. The prioritization process along with functional implementation of specific assignments ensures effectiveness of the overall objective.

Since the last quarter of 2013, Thailand has seen political turmoil adversely affecting business sentiments and GDP of the country. To tide over the prolonged political uncertainty, the company has focused on following key areas i.e. building relationship with customer & supplier through cross functional team, cost control and tight working capital management. This has helped the company to stay more flexible and agile there by enabling the company to respond to customer & business requirements in a more efficient manner.

## 1. MARKET RISK

Like any other country, the Thai steel industry is vulnerable to the cyclical swings in the market demand and price volatility that stems from input raw materials as well as finished goods. Since, long products are predominantly consumed by the construction segment, GDP growth has a direct impact on the demand volatility. Further, Thailand promotes free trade regime and as such supply situation is severely influenced by imports leading to increased volatility in the finished goods prices. Even though the apparent steel consumption has seen an upward trend but most of this increase has been through continued growth in steel imports.

The company has taken concrete steps to mitigate the adverse effect of the market risk by focusing on having a "branded" play in one of the main product lines. Further, the company has steadily increased its presence in upcountry market as well as in neighboring countries. Along with consistent product quality the company has also focused on service levels. Better service levels have ensured

availability of required SKUs at the right time, right place & right quantity. The listening posts with customers are kept active to understand the customer needs in a more comprehensive manner.

On strategic front, new product development process has a robust mechanism to capture the specific customer requirement and proactively design such products to meet the customer specific needs. Development of such products is supported by the technical expertise that the company has from the resources at the local and Tata Steel group level. The technical expertise also provides inputs to customer to improve their operation there by providing complete solutions.

## 2. RISK OF RAW MATERIAL SUPPLY

Being 100% raw material dependent, like any other steel company, TSTH does have to address the risk arising from volatility in quantity and prices of input materials. Post MBF moth ball, the risk exposure of TSTH is limited to scrap. A mitigation approach of the company has build relationship with network of domestic vendors, its approach in the supply space to bring reliability in domestic collections. Apart from this, the company has also enhanced domestic scrap collection through yard management with key partners. Imports also provide a hedge to the risk since a timely contracting can help address both quantity and quality risk. TSTH has made significant strides in last two year in this area and has taken assistance of the resources at the Tata Steel Group level.

## 3. RISKS ASSOCIATED WITH MBF

Mini blast furnace project at NTS was commissioned to attain an enriched mix. However, the continued high prices of coke and iron ore compelled the company to mothball the furnace in August 2011. By ensuring a proper maintenance, the company has addressed the potential risk of problems in restart. All relationships with partner suppliers have been managed well in this period of mothball.

## 4. HEALTH, SAFETY AND ENVIRONMENT RISKS

Like any other steel making operation, the steel making operation has an inherent safety and workplace environment risk. While, steel operations per se do not involve hazardous materials, the operations are at high temperature and heavy loads are involved. Since, the steel plant has manning of contractor and own employees, it is essential to have a comprehensive safety management program. Accordingly, the company has implemented Safety Excellence Management program across all its three plants. In particular, the new Fatality Risk Control Program (FRCP) has helped in identifying the commonly accepted unsafe practices and effective countermeasures have

been put in place accordingly. The positive isolation implementation is the fool proof mechanism to eliminate possibility of any unsafe incidence due to man machine interface. In FY2014 Prime Minister Safety Excellence Award was given to NTS & certificates to SCSC and SISCO. To further strengthen the safety process the company has started capturing and reporting of near miss incidents. The “zero tolerance” approach has enabled rigorous implementation of contractor management safety initiatives to strengthen safe working practices in all outsourced activities. The safety excellence has also been extended to corporate offices wherein regular safety drills and training is carried out to bring in safety awareness and engagement.

The Company and its subsidiaries accord high priority to utilize resources effectively and efficiently with appropriate environmental management regulation to minimize adverse impact to the community. Industrial Estate Authority of Thailand (IEAT) and Department of Primary Industries and Mines, Ministry of Industry has recognized efforts of NTS and SCSC on environment front. The main raw material used across all three locations is ferrous scrap and is fully recyclable. Company has adopted TPM framework and under loss structure reporting, employees identify the areas of wastage and implement project to minimize the energy consumption. Company conducts yearly energy audit by experts from Tata Steel Group. This enables appropriate warning system for any related risk.

## 5. HUMAN RESOURCE RISKS

Operating out of industrial zone and in the low unemployment region of Bangkok, the company faces an obvious risk of attrition particularly in operating grade and supervisory grade employees. To an extent, the risk is self-mitigating in nature due to high churn experienced by almost all industries. However, the company provides career growth opportunities as well as extensive personnel development programs on functional and managerial needs to improve the

competency level of employees thereby inducing loyalty. Last year, a new initiative “LOT” (Leaders of tomorrow) was introduced to give a fast track career growth opportunity to employees for their development. In addition, Knowledge management system and IT related systems are used to retain the tacit and expressed knowledge thereby mitigating the risk associated with loss of critical resources. Deployment of best practices through working at operating site has been initiated.

## 6. RISK OF FOREIGN EXCHANGE VOLATILITY

The volatility in foreign exchange leads to potential business profitability risk in view of the increased ‘buy base’ from international markets. Albeit small when compared with the total business revenues of the company, the Forex volatility is being addressed through a Hedging mechanism in line with a structured hedging strategy, monitored by the Regional Treasury Committee, with update to Board on quarterly basis.

## 7. RISKS ASSOCIATED WITH NATURAL CALAMITY

Due to its location in 4 different geographies, the company’s inherent risk to natural calamity is relatively moderate. During the floods in FY2012, SISC plant at Saraburi stayed protected though had to be closed due to flooding of employee areas. The other two plants are in East of Thailand and as such relatively safe. However, the company is aware of the risk associated with operating in industrial area and has accordingly taken extensive insurance coverage related to natural calamity and all industrial risks. The company does emergency handling procedures at all its facilities, and a structured periodical ‘mock drills’ are done to ensure effectiveness of such procedures. Disruption to business operation is effectively addressed by flexible supply chain management and switching operation amongst the three production units.

# SIGNIFICANT DEVELOPMENTS

2002

- The Company established as a Public Company Limited named **“Millennium Steel Public Company Limited” (MS)**.
- Successfully merged the Company business among **NTS**, **SISC** and **SCSC**, last two of which were subsidiaries of Cementhai Holding Company Limited (CHC).
- The Stock Exchange of Thailand (SET) approved the Company securities as listing securities and started trading under the sector of **“REHABCO”** (Rehabilitation Plan).

2004

- The SET authorized the Company securities to resume trading at the sector of **“CONMAT”** (Construction and Furnishing Material)

2005

- CHC agreed to sell all MS shares pursuant to the Blinding Offer of **Tata Steel**.

2006

- Tata Steel Groups submitted their voluntary tender offer to all Company’s shareholders.
- The Company major shareholders changed from **“CHC”** to **“Tata Steel Group”**
- The Company name changed from “Millennium Steel Public Company Limited” to **“Tata Steel (Thailand) Public Company Limited”**.
- The SET announced the change in stock symbol trading from **“MS”** to **“TSTH”**.

2007

- The Company paid the annual dividend payment for the year 2006 to all preferred shareholders and ordinary shareholders at the rate of Baht 0.03 per share (38% of its net profit).

2008

- The Company paid the annual dividend payment for the year 2007-2008 to all preferred shareholders and ordinary shareholders at the rate of Baht 0.076 per share (20% of its net profit).

2009

- The Mini Blast Furnace (MBF) which is steel production project using iron ore as raw material was completed. This project is considered the first of its kind in Thailand and Southeast Asia.

2011

- The SET announced to regroup the Company securities to be under the sector of **“STEEL”**
- Mini Blast Furnace mothballed in August 2011 due to cost of imported raw materials.
- TATA Tiscon Branded rebar launched in August 2011.

2012

- The Company enters the Special Bar Quality steel market, only producer of this product in Thailand.
- The Company launches seismic **resistant rebar for earth quake prone areas**, first time in Thailand.

2013

- The Company was recognized by the Stock Exchange of Thailand for Outstanding CSR Award and CSRI Recognition award.
- NTS, one of the subsidiary has been awarded with Prime Minister Safety award.

## SHAREHOLDERS

Top ten major shareholders from 7,431 Shareholders on the book closing date on June 3, 2014 for the right to attend the Thirteenth Ordinary General Meeting of Shareholders are detailed below:

Name		Ordinary Shares	%
1.	TATA STEEL GLOBAL HOLDINGS PTE. LTD.	5,718,472,083	67.90
2.	MR. VEERAPHAN THEEPSUWAN	395,855,000	4.70
3.	BANGKOK BANK PLC	296,050,796	3.52
4.	MR. VIROJ UNGPAIBOON	210,000,000	2.49
5.	HORRUNGRUANG'S GROUP	43,032,240	0.51
6.	THE LAW DEBENTURE TRUST CORPORATION PLC.	24,422,935	0.29
7.	SALOMON BROTHERS INTERNATIONAL LTD.	19,256,543	0.23
8.	DEUTSCHE BANK AG, LONDON	7,283,611	0.09
9.	BANK OF AMERICA, N.A., LONDON BRANCH	4,508,849	0.05
10.	ROCHELLE FINANCE LTD. C/O SIMPSON FINANCIAL LTD.	2,254,425	0.03
<b>TOTAL</b>		<b>6,721,136,482</b>	<b>79.81</b>
11.	OTHER SHAREHOLDERS	1,700,404,366	20.19
<b>GRAND TOTAL</b>		<b>8,421,540,848</b>	<b>100.00</b>

- Remarks :
- There are shareholders in the account of Thailand Securities Depository Company Limited.  
Account name "Thailand Securities Depository Company Limited for Depositors" in the amount of 1,409,019,615 shares or 16.74%.
  - There are shareholders in the account of Thailand Securities Depository Company Limited.  
Account name "Thailand Securities Depository Company Limited for Depositors" in the amount of 277,412,602 shares or 3.29%.
  - As at June 3, 2014, TSTH has 7,202 of Non-Strategic Shareholders (Free Float), is equivalent to 2,702,842,471 of ordinary shares, calculated from the total paid up ordinary shares of 8,421,540,848 or 32.09%.

## DIVIDEND PAYMENT POLICIES OF THE COMPANY AND ITS SUBSIDIARIES

The Company has the policy for the dividend payment to the shareholders at the rate of not exceeding 40% of net profit after tax (after deduction of legal reserve) of consolidated financial statements by considering the relevant factors which shall not cause significant effect to the Company's business operation. Such factors are such as the operation performance, financial status, the Company's solvency, the business expansion, the obligations to complete the debts service according to the Company's restructuring loan agreements as well as other loan agreements including any other factors relevant to the business operation of the Company.

The consideration shall be consistent with the concept of maximizing long-term benefit for the shareholders but it shall also be subject to the approval from the Board of Directors and/or the Shareholders' meeting.

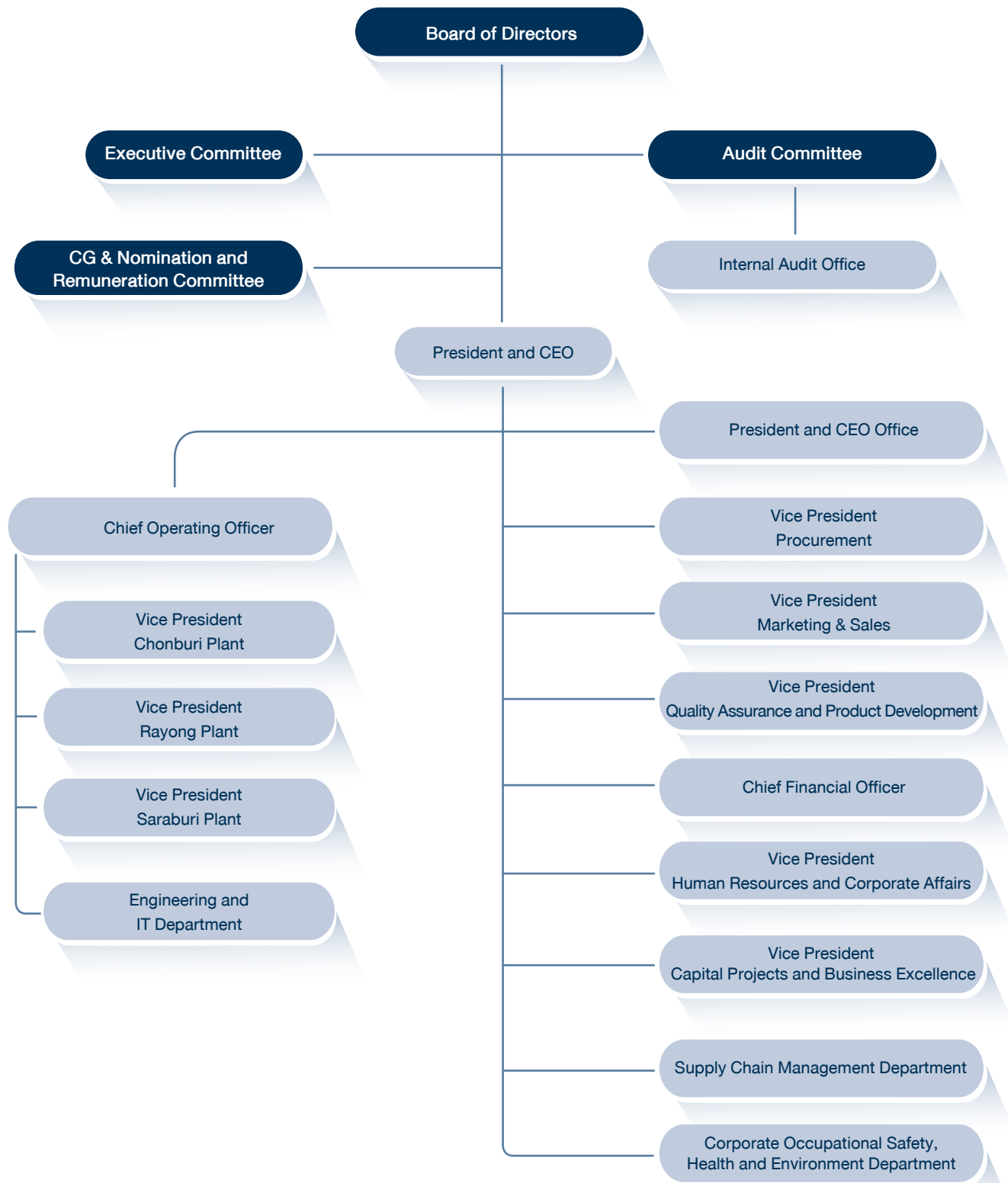
Dividend Policy of subsidiaries takes into account of each subsidiary's operating results; that is, a dividend will be declared when the subsidiaries are able to generate an adequate amount of the net profit and no retained deficits are reported. In addition, the subsidiaries refer to major factors mentioned earlier in consideration of a dividend payment.



# STRUCTURE AND MANAGEMENT

## ORGANIZATION OF THE COMPANY

Company's management structure consists of the Board of Directors and Committees namely, the Audit Committee, Executive Committee, Corporate Governance, Nomination and Remuneration Committee and Management.



## BOARD OF DIRECTORS

The Company's Article of Association specifies that The Board of Directors consists of not less than five and not more than 14 Directors. Currently, there are eight Directors with three Independent Directors.

**AS ON 31 MARCH 2014**

## THE BOARD OF DIRECTORS

Name			Positions	Attendance During 2013-2014	Number of Meetings
1.	Mr. Koushik	Chatterjee	Chairman	5	4 <sup>(a)</sup>
2.	Mr. Maris	Samaram	Independent Director	5	5
3.	Asst. Prof. Rawewan	Peyayopanakul	Independent Director	5	5
4.	Mr. Hatasakdi	Na Pombejra	Independent Director	5	4 <sup>(b)</sup>
5.	Mr. Taratorn	Premsoontorn	Director	5	5
6.	Mr. Vivek	Madan Kamra	Director	0	0
7.	Mr. Peeyush	Gupta	Director	5	5 <sup>(c)</sup>
8.	Mr. Rajiv	Mangal	Director	1	1

- Remarks :
- The substantial changes relating to company director during the year :
    - Mr. Hemant Madhusudan Nerurkar, Chairman, resigned on October 31, 2013.
    - Mr. Koushik Chatterjee, Vice Chairman, has been appointed as Chairman on November 1, 2013.
    - Mr. Rajiv Mangal, a new director, became President&CEO, replacing Mr. Peeyush Gupta on December 1, 2013.
  - Director meeting attendance
    - (a) Meeting through video conference 3 times, an apology for absence 1 time because of an urgent matter.
    - (b) An apology for absence 1 time because of an urgent matter.
    - (c) Meeting through video conference 1 time.
  - Mr. Maris Samaram and Asst. Prof. Rawewan Peyayopanakul, audit committee members have knowledge and experience in accounting and financial matters to review the credibility of the financial statements.
  - Mr. Vivek Madan Kamra has been appointed as a new director, replacing Mr. Peter John Hogg on April 25, 2014.

## THE AUDIT COMMITTEE

Name			Positions	Attendance During 2013-2014	Number of Meetings
1.	Mr. Maris	Samaram	Independent Director	4	4
2.	Asst. Prof. Rawewan	Peyayopanakul	Independent Director	4	3 <sup>(a)</sup>
3.	Mr. Hatasakdi	Na Pombejra	Independent Director	4	3 <sup>(b)</sup>

- Remarks :
- Director meeting attendance
- (a) An apology for absence 1 time because of an urgent matter.
  - (b) An apology for absence 1 time because of an urgent matter.

# STRUCTURE AND MANAGEMENT

## THE CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

Name			Positions	Attendance During 2013-2014	Number of Meetings
1.	Mr. Koushik	Chatterjee	Chairman	3	3 <sup>(a)</sup>
2.	Mr. Maris	Samaram	Committee	3	3
3.	Asst. Prof. Rawewan	Peyayopanakul	Committee	3	3
4.	Mr. Taratorn	Premsoontorn	Committee	3	3

Remark : Director meeting attendance

(a) Meeting through video conference 3 times.

## ANNUAL GENERAL SHAREHOLDER MEETING FOR YEAR 2013

Name			Positions	Attendance During 2013-2014	Number of Meetings
1.	Mr. Koushik	Chatterjee	Chairman	1	1
2.	Mr. Maris	Samaram	Independent Director	1	1
3.	Asst. Prof. Rawewan	Peyayopanakul	Independent Director	1	1
4.	Mr. Hatasakdi	Na Pombejra	Independent Director	1	1
5.	Mr. Taratorn	Premsoontorn	Director	1	1
6.	Mr. Vivek	Madan Kamra	Director	0	0 <sup>(a)</sup>
7.	Mr. Peeyush	Gupta	Director	1	1
8.	Mr. Rajiv	Mangal	Director	1	0 <sup>(b)</sup>

Remarks : (a) Mr. Vivek Madan Kamra has been appointed as a new director, replacing Mr. Peter John Hogg on April 25, 2014.

(b) Mr. Rajiv Mangal, a new director, became President&CEO, replacing Mr. Peeyush Gupta on December 1, 2013.

## AUTHORIZED DIRECTORS AND BINDING SIGNATORY PROCEDURES

Mr. Koushik Chatterjee, Chairman of the Executive Committee and Mr. Rajiv Mangal, the President & CEO jointly sign with the Company's seal affixed, or Mr. Koushik Chatterjee, Chairman of the Executive Committee or Mr. Rajiv Mangal, the President & CEO jointly sign with Mr. Taratorm Premsoontorn together with the Company's seal affixed.

## SCOPE OF AUTHORITY OF THE BOARD OF DIRECTORS

The Board of Directors has the duty and authority to manage the Company in compliance with the objectives, Articles of Association and resolutions of the shareholder's meeting. However, the Board may not approve or decide on the following issues unless acknowledged by the majority of the attending Directors in the meeting of the Company and/or Subsidiaries :

1. Any loan exceeding Baht 50 millions and not in the Group's annual budget.
2. Granting loans, collaterals, indemnifications, guarantees, letters of support or commitments to any persons and not in the Group's annual budget unless allowed in the contracts of the financial restructuring agreement or business rehabilitation plan of NTS.
3. Any investments exceeding Baht 50 millions and not in the Group's annual budget.
4. Sales, transfers, rent out or permissions related to any properties or assets with the book value exceeding Baht 50 millions and not in the group's annual budget.
5. Approvals or amendments of the Group's annual budget.
6. Any transactions with connected parties not regarding as normal business operation.
7. Changing of the accounting policy, approval of the annual consolidated financial statements, annual individual financial statements and quarterly group financial statements.
8. Changes related to the Group's business operation or termination of any business operation.

## SCOPE OF AUTHORITY OF THE AUDIT COMMITTEE

1. Supervise and review to ensure that the Company has a financial reporting system that complies with the accounting standard as specified by the laws with transparency, accuracy and adequacy.
2. Encouraging the development of a financial reporting system to meet with international accounting standards.
3. Review the Company's internal control and internal audit system for appropriateness and effectiveness.
4. Review the Company's risk management system.
5. Review the Company's compliancy with laws on securities and securities exchange and other laws and regulations related to Company's business.

6. Review internal control system, plans and audit procedures including auditing evaluation of the Company's various operations, in accordance with generally accepted principles and standards.
7. Disclosure of the Company's information in case of connected transaction or transaction that may induce conflict of interest for accuracy and completeness in compliant with the Securities Exchange's regulations. This is to ensure that those transactions are reasonable and to the best interest of the Company.
8. Review and provide recommendations on Internal Audit Office's performance and coordinate with the auditors.
9. Prepare report on business supervision of the Audit Committee and published in the Company's annual report. Such report must be signed off by Chairman of the Audit Committee and must contain at least the following information
  - Opinion on accuracy, completeness and credibility of the Company's financial reports.
  - Opinion on adequacy of the Company's internal control system.
  - Opinion on compliancy with the Securities and Exchange laws, Securities exchange regulations and other laws related to Company's business.
  - Opinion on appropriateness of the auditor.
  - Opinion on transactions that may induce conflict of interest.
  - Number of the Audit Committee meetings and attendances of each Committee member.
  - Opinion or overall remark perceived by the Audit Committee upon carrying out their duty according to the Charter.
  - Other transactions that should be noted by shareholders and general investors, under the scope of duties and responsibilities delegated to by the Board of Directors.
10. Consider, select, nominate and propose remuneration for Company's auditor. Attend meeting with the auditor, in the absence of the Management, at least once a year.
11. Appoint, revoke, transfer or terminate the Director of the Internal Audit Office (if any) or employ or change the employment of other Internal Audit Offices.
12. Consider budget and manpower of the Internal Audit Office (if any) or employment budget of other Internal Audit Offices.
13. Other functions as specified by laws or as delegated to by the Board of Directors.

## SCOPE OF AUTHORITY OF THE MANAGEMENT COMMITTEE

1. Define policies, strategies, management structure and authority to correspond with and support the economic situation for approval by the Board of Directors.
2. Consider and comment on the business plan and annual budget allocation proposed by the management to the Board of Directors for approval.
3. Supervise, oversee and monitor on the Company's operation to ensure its efficiency and appropriateness with the business situation for the benefit of the Company's operation to accomplish the objectives according to the policies and business plan prescribed by the Board of Directors.
4. Other functions as occasionally designated by the Board of Directors.

The Executive Committee may authorize any Executives with the authority to perform a specific function or functions deemed appropriate by the Executive.

## SCOPE OF AUTHORITY OF THE CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

### CORPORATE GOVERNANCE AND NOMINATION

1. To examine, review, and propose to the Board of Directors guidelines for corporate governance of the Company.
2. To advise the Board of Directors and the management in line with the Company's established corporate governance principles.
3. To present to the Board of Directors, norms and principles, as well as nominees for filling board vacancies as a result of directors' term completion or other cases. To join the Board, the nominees must obtain approval from the shareholders' Meeting.
4. To nominate prospective President to the Board of Directors for approval.
5. To facilitate directors in evaluating performance of the Board of Directors collectively and summarize the evaluation result to the Board of Directors so as to enhance the Board's supervision effectiveness.
6. Other duties assigned by the Board of Directors.

## REMUNERATION COMMITTEE

1. To review and recommend remuneration for the Board of Directors and other board appointed Committees and propose to the Board of Directors and shareholders' meeting for approval.
2. To review and recommend remuneration (including Salary increase and Bonus) for the President, Sr. Management (COO and VPs) of the Company and propose to the Board of Directors for approval.
3. To define guidelines, procedures and determination of such remuneration to correspond with the Company's operating result with regard to the various factors and other companies in the industry.
4. To review and recommend the budget for the salary increases, bonus and compensation for employees of the Company and its subsidiaries and propose it to the Board of Directors for approval.
5. To review and recommend salary increase and bonus for the President of the Company and propose to the Board of Directors for approval.
6. To approve salary increase and bonus for the Sr. Management (COO and VPs) of the Company and its subsidiaries based on the proposal given by the President.
7. Other duties assigned by the Board of Directors.



## THE MANAGEMENT AS ON 31 MARCH 2014

Name			Positions
1.	Mr. Rajiv	Mangal	President and CEO
2.	Mr. Thana	Ruangsilasingha	Chief Operating Officer
3.	Mr. Shishir	Vijay Pimplikar	Chief Financial Officer
4.	Mr. Sirorote	Matemanosak	Vice President - Human Resources & Corporate Affairs
5.	Mr. Paitoon	Chuesook	Vice President - Procurement
6.	Mr. Biswajit	Ghosh	Vice President - Quality Assurance and Product Development
7.	Mr. Songsak	Piyawannarat	Vice President - Marketing & Sales
8.	Mr. Arun	Kumar Chowdhary	Vice President - Chonburi Plant
9.	Mr. Wanlert	Kanwiwat	Vice President - Rayong Plant
10.	Mr. Chaichalerm	Bunyanuwat	Vice President - Saraburi Plant
11.	Mr. Chandra	Mohan Verma	Vice President - Capital Projects and Business Excellence

Remarks	The substantial changes relating to management during the year :
	1. Mr. Amir Ghosh, Chief Financial Officer, retired on December 31, 2013.
	2. Mr. Shishir Vijay Pimplikar, became Chief Financial Officer, replacing Mr. Amit Ghosh on January 1, 2014.

## SCOPE OF AUTHORITY OF THE MANAGEMENT

- Supervise, oversee and manage the normal business operation for the benefit of the Company with regards to the objectives, Articles of Association along with the regulations, resolutions, policies, plans and allocated and approved budget by the Board of Directors within related legal framework and scope of authority prescribed by the Board of Directors.
- Prepare annual business plan and budget in accordance with the Board of Directors' policies and present to the Executive Committee (Executive Directors) and the Board of Directors.
- Scrutinize information and facts on issues related to business operation before presenting to the Executive Committee (Executive Directors) and the Board of Directors.
- Has the authority to approve normal business transactions such as raw materials procurement, operating expenses, sales and administrative expenses and investment expenses within the authority limits defined by the Board of Directors.
- Other functions as occasionally designated by the Board of Directors.

## CORPORATE SECRETARY

On 21 July 2008, the Board passed a resolution to appoint Miss Pratana Sinhaneti as Company Secretary. She has knowledge and experience to carry out the functions of Company Secretary as well as being complete such the courses related to Company Secretary matter ie. Company Secretary Program, Fundamental Practice for Corporate Secretary. The Company

Secretary has a dual reporting line to the Board and its committees. The Company Secretary has the following duties and responsibilities:

- Organize and facilitate board and board committee meetings.
- Organize the annual general meeting of shareholders, and record and publish the related minutes.
- File all documents and related records.
- Monitor and ensure that the Board is in compliance with all related laws and regulations.
- Handle corporate governance issues and provide advice on these to the Board.
- Assist shareholders, directors and members of management with any board-related matters.
- Follow up on all resolutions passed and instructions given by the Board and shareholders' meetings.

## REMUNERATION OF DIRECTORS AND EXECUTIVES

The Company has clearly and reasonably set a policy and guideline on remuneration of Director and Executives so that competent Directors and Executives can be retained while not be over paid.

The Corporate Governance, Nomination and Remuneration Committee would propose the remuneration of the Board of Directors and Committees by considering the duties, responsibilities, overall performances and Company's operating result to shareholders for approval. The remuneration is appropriate when compared within the same industry.

# STRUCTURE AND MANAGEMENT

However, the Company has no policy to pay the remuneration to the Executive who takes the position of the Director of the Subsidiaries.

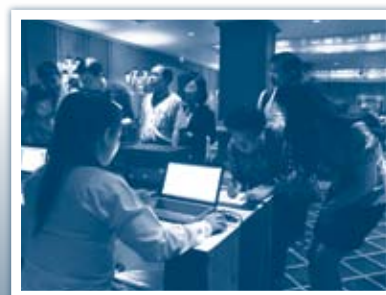
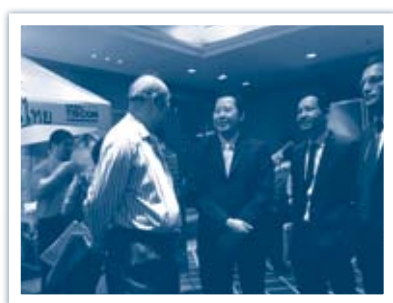
For remuneration of the President and Executives of the Company and its subsidiaries, the Board of Directors, by acknowledgement of the Corporate Governance, Nomination and Remuneration Committee, would consider on the duties, responsibilities, individual performance and Company's operating result in both short and long terms. The agreed baseline remuneration can create motivation in company's administration and implementation to achieve objectives and sustainable growth.

## TOTAL REMUNERATION OF THE BOARD OF DIRECTORS

There are two types of financial remuneration for the Directors. These are fixed remuneration that is paid every quarter and a meeting allowance, which would be paid only to the attending Directors after each meeting.

In case of the retiring or incoming Directors, they would be paid by calculating only for the days in office during that quarter.

Details of Director's remuneration in effective until resolved otherwise by the shareholders' meeting:		Remuneration (Baht/year)	Meeting Allowance (Baht/meeting)
Board of Directors	Chairman	630,000	42,000
	Vice Chairman	525,000	21,000
	Director	472,500	21,000
Chairman	Chairman	168,000	15,750
	Director	115,500	10,500
Executive Committee	Chairman	0	15,750
	Director	0	10,500
Corporate Governance & Nomination and Remuneration Committee	Chairman	150,000	15,750
	Director	75,000	10,500



## DETAILS OF THE DIRECTORS REMUNERATION IN 2013 – 2014

Name	Remuneration (Baht)				
	Board of Directors	Audit Committee	Executive Committee	Corporate Governance, Nomination and Remuneration Committee	Total
1. <b>Mr. Koushik Chatterjee</b> <sup>(a)</sup> Chairman Chairman of Executive Committee and Chairman of Corporate Governance, Nomination and Remuneration Committee	0.00	-	-	0.00	0.00
2. <b>Mr. Maris Samaram</b> Independent Director Chairman of Audit Committee and Member of Corporate Governance, Nomination and Remuneration Committee	598,500.00	231,000.00	-	117,000.00	946,500.00
3. <b>Asst. Prof. Rawewan Peyayopanakul</b> Independent Director Audit Committee and Member of Corporate Governance, Nomination and Remuneration Committee	598,500.00	147,000.00	-	117,000.00	862,500.00
4. <b>Mr. Hatasakdi Na Pombejra</b> Independent Director and Audit Committee	577,500.00	147,000.00	-	-	724,500.00
5. <b>Mr. Taratorn Premsoontorn</b> Director and Member of Corporate Governance, Nomination and Remuneration Committee	598,500.00	-	-	117,000.00	715,500.00
6. <b>Mr. Peter John Hogg</b> Director and Executive Director	535,500.00	-	-	-	535,500.00
7. <b>Mr. Peeyush Gupta</b> Director and Executive Director	577,500.00	-	-	-	577,500.00
8. <b>Mr. Rajiv Mangal</b> <sup>(b)</sup> Director, President and CEO	178,928.00	-	-	-	178,928.00
9. <b>Mr. Hemant Madhusudan Nerurkar</b> <sup>(c)</sup>	536,071.00	-	-	-	536,071.00
<b>Total</b>	<b>4,200,999.00</b>	<b>525,000.00</b>	<b>-</b>	<b>351,000.00</b>	<b>5,076,999.00</b>

Remarks (a) Informing not to receive director's remuneration since 1 March, 2013.  
(b) Becoming President&CEO in replace of Mr. Peeyush Gupta on December 1, 2013.  
(c) Resigning from Chairman on October 31, 2013.

# STRUCTURE AND MANAGEMENT

## THE AMOUNT AND TOTAL REMUNERATION OF DIRECTORS AND MANagements

### TOTAL REMUNERATION OF THE EXECUTIVES

Total remuneration in terms of salary and bonus for 2013-2014 (1 April 2013 - 31 March 2014) for 13 executives were Baht 36.25 million.

### TOTAL REMUNERATION OF THE BOARD OF DIRECTORS OF CORE BUSINESS SUBSIDIARIES

The Company does not pay remuneration to Directors of its subsidiaries.

### Total remuneration of executives of core business subsidiaries

Total remuneration in terms of salary and bonus for 2013-2014 (1 April 2013 - 31 March 2014) for three executives was included in the remuneration of the Company's executives.

## OTHER FORMS OF REMUNERATION

### OTHER REMUNERATION PAID TO DIRECTORS

There is no other remuneration i.e. bonus, pension and other privilege paid to directors.

## OTHER REMUNERATION PAID TO EXECUTIVES

### • Provident Fund

The Company has contributed to the provident fund of employees for executives of the Company and its subsidiaries approximately 10% of total payroll or equal to the contribution in 2013-2014 (1 April 2013 - 31 March 2014) for 13 executives totaling 3.41 million baht.

### • Company Car

The Company has provided company maintained cars to Company's Executives and Senior Management of the company.

Currently, the Company has no policy to offer Executives with the Employee Stock Option Program (ESOP) or Employee Joint Investment Program (EJIP), but has managed compensation for executives in other forms based on performance; Company's operating results, duties, responsibilities and potential of each Executive.

## EMPLOYEES

The number of employees of the company as at March 31, 2014 was 1,263 persons. For the year 2013-2014, the company has paid remuneration to its employees in the amount of 219.75 million baht. The remuneration included salary, overtime, variable bonus, cash allowance, social security and provident fund.

In addition, the three subsidiaries have also paid the same to their employees in the amount of 583.64 million baht.

## NUMBER OF THE EMPLOYEES AND REMUNERATION

2013-2014 (as of March 31, 2014)		Tata Steel (Thailand) Plc.	N.T.S. Steel Group Plc.	The Siam Iron & Steel (2001) Co., Ltd	The Siam Construction Steel Co., Ltd.
Operational Employee	(person)	66	329	230	241
Management Employee	(person)	46	10	7	7
Employee in Headquarter	(person)	168	57	53	49
<b>Total</b>	<b>(person)</b>	<b>280</b>	<b>396</b>	<b>290</b>	<b>297</b>
<b>Employee's Remuneration</b>	<b>(MB)</b>	<b>219.75</b>	<b>243.31</b>	<b>168.92</b>	<b>171.41</b>

During the past 3 years, the Company has never received any significant labor disputes.



## HUMAN RESOURCES AND DEVELOPMENT

The Company focuses on recruitment and selection of capable staff according to the qualifications specified for each Job Description, outlining knowledge, skills and other attributes for every responsible position to achieve the desired performance. In addition, the Company also stresses on the performance in compliance with core business values and corporate culture, including readiness for changes and adaptation to respond to new environment and new challenges.

The Company gives priority to continuous human resource development at all levels and takes responsibility for professional development and career growth of its staff by focusing on four areas, as follows:

- (1) Core foundation knowledge required for staff in all functions, i.e., safety, business ethics, Tata Values, Corporate Culture, Total Quality Management (TQM), Total Productive Maintenance (TPM);
- (2) Functional Development;
- (3) Business Development, and
- (4) Leadership Development.

Each year the Company will prepare the Individual Development Plan for each staff, covering multiple approaches for development for instance, classroom training, on the job training and self-learning. The focus is also on the development approach that can create meaningful experience for staff, including Job Rotation, Special Assignment, assigning to participate in constituted Task Force or Committee, Best Practice Sharing and Site Visit (both domestic and overseas). Any staff can request for a scholarship to continue the higher education such as a master degree in engineering and/ or business administration in local and overseas educational institutions.

The Company provides to staff appropriate career advancement opportunities in accordance with their potential and capability. Career Path for staff at each level has been clearly defined. During 2012-13, the Company initiated a new project called as "the Leaders of Tomorrow" with an objective to select highly capable employees who have proven performance and loyalty to the company and can take forward the company in future. A fast track advancement is extended to such chosen leaders and a long-term development plan for this group of employees has been prepared for their development. It is proposed to provide these selected people with mentors from senior management staff to guide them to become good leaders in the future.

The Company stresses on fair and appropriate remuneration to the employees, taking into account Internal Equity, External Equity and Individual Equity. Different human resources management tools and processes have been applied as deemed appropriate and under close review by their supervisors and the Human Resources Committee. The Company also gives priority to quality of life and well-being of staff and their families by providing various benefits and welfare funds for staff, families, staff' parents, covering for instance, holidays and paid leaves, health care both in-and-out patients, dental care, annual health check, provident fund, staff uniform, travelling allowances for business trips, emergency loan and etc. There are many religious and customary events organized for staff and their families to encourage participation through the year, for instance, making candles and candles procession during Buddhist Lent, Songkran festival and other sporting and entertaining activities. Birthday activities are also arranged for the staff. Others major activities that are carried out include Children's day, Valentine's day, Chinese New Year day, Father's day, Mother's day, Tata Group founders' day and others. Each year the Company conducts the Employee Engagement and Satisfaction Survey and the results are used for developing improvement plans and increasing the employee engagement and satisfaction.

The Company focuses on building good relationship between staff and the Company by promoting communications by providing an update on business performance to all staff regularly for their acknowledgment. The President and CEO along with key senior management personnel provides the briefing in a meeting with staff. During 2012-13, 3 such meetings were held at each of the three plants as well as at Bangkok. Open question and answer session is also held on this occasion to encourage free flow of communication between management and employees. Since last year, the company has also organized quarterly meet with the media and analysts to report on the company performance. Communication with people is also done regularly through notification, announcements, internal circulation of newsletters and magazines, intranet postings, etc.



## CORPORATE GOVERNANCE POLICY

The Company has documented its policy and principles of good corporate governance in the Company's "Good Corporate Governance Manual" since 2005. It has been reviewed and improved to make it up-to-date and aligned with the changing environment. The last update done was in 2009, and it is currently under on-going update. The Company's "Good Corporate Governance" comprises of 6 key elements as follows:

1. Good corporate governance policies and principle
2. Business ethics
3. Board structure
4. Roles, duties and responsibilities of the Board of Directors
5. Respect for the rights and treatment of shareholders and stakeholders
6. Information disclosure and transparency

## OTHER COMMITTEES

### STRUCTURE OF COMMITTEES

Currently the Board of Directors consists of eight members, three of whom are independent Directors as specified in the Company and SEC's regulation, together with five non-executive Directors and Directors representing major shareholders. The Company's Directors are knowledgeable and have broad experiences covering law, accounting, finance and steel business. The Company has defined that the Chairman, as the policy leader, and the President & CEO, as the leader of the business operation, should not be the same person to clearly segregate the roles and induce equilibrium in operation.

In addition, the Board of Directors has appointed three Committees to focus on particular matters and then submit their deliberations for further consideration or acknowledgement by the Board. They are the Audit Committee, the Executive Committee and the Corporate Governance, Nomination and Remuneration Committee.

List of member of each Committee and scope of authority appear in "Management Structure".

## SELECTION OF THE DIRECTORS AND EXECUTIVES INDEPENDENT DIRECTORS

The Corporate Governance, Nomination and Remuneration Committee is responsible for selection of Independent Directors, two independent directors out of four directors, before proposing to the Board of Directors and/or the shareholders' meeting for election or appointment. The selection would be in line with the guidelines and principles approved by the Board of Directors. The Company's definition of "Independent Director" is stricter than the one specified by the SEC so that they can act independently suitable with specific nature of the Company.

## QUALIFICATIONS OF DIRECTOR

1. Possess the qualifications with no prohibited characteristics as specified in the Company's Articles of Association, the Public Company Limited Act and the Securities Exchange regulations.
2. Persons with capabilities, experiences and diversity of skills, knowledgeable, competent, leadership, varied perspectives, ethical, record of transparency and ability to express opinions independently.
3. Persons who can devote sufficient time to attend Board meetings to monitor Company's operation. Holding of Board positions in other companies should be limited to an appropriate numbers.
4. Persons who are not Directors, Executives, shareholders or partners with substantial shareholding of the similar or competitive business operations or business operations that may provoke conflict of interest with the Company.
5. For Director who is also the President, selection consideration would also base on past performance and result of potentiality evaluation.

## QUALIFICATIONS OF INDEPENDENT DIRECTOR

- Holding not over 1% of the total voting shares of the Company, parent company, subsidiary company, associate company or juristic person who may have conflicts with, including shares held by related persons.
- No participation in the management nor being an employee, staff, salaried advisor, person with controlling power, parent company, subsidiary, associate or juristic person who may have conflict with, and not having interest in such activities for the previous 24 months prior to appointment.
- No kinship, marriage or legally registered as the father, mother, spouse brother/sisters and child, including child's spouse, with the Executive, major shareholder, person with controlling power or person who will be nominated as Executive or person with controlling power of the Company or subsidiaries.
- No business relationship with the Company, parent company, subsidiary, associate or juristic person who may have conflict with, in a way that may limit the exercise of independent judgement. This includes not being, or not having been a major shareholder, non-independent Director or Executive of an entity which have business relationship with the Company, parent company, subsidiary, associate or juristic person who may have conflict with, and not having direct or indirect interest in the following activities for the previous 24 months.

1. Transactions in the course of normal business operation such as merchandise sales, raw materials purchase or providing services value more than 3% of the Company tangible assets or within the 12 months period.
2. Transactions of renting or renting out of immovable properties.
3. Transactions related to assets or services such as acquisition or disposition of assets, rights or providing or receiving services.

4. Transactions related to granting or receiving financial assistance such as granting or receiving loans, guarantees or providing asset as collateral, including other similar practices which result in the obligation for debt repayment to other parties with value more than 3% of the net physical asset or more than Baht 20 millions, whichever the least within the period of 12 months. In case of transactions of granting or receiving financial assistance, debt obligation incurred during the period of one year prior to the date of business relationship of the same person should be accumulated.
- Not being an auditor of the Company, parent company, subsidiary, associate or juristic person who may have conflict with, and not being major shareholder, non-Independent Director, Executive or managing partner of the auditing office whose auditor works in the Company, parent company, subsidiary, associate or juristic person who may have conflict with, and should have no interest in such characteristics for the previous 24 months.
  - Not being a professional service provider, including being a legal advisor or financial advisor who receives service fee of more than Baht two millions from the Company, parent company, subsidiary, associate or juristic person who may have conflict with. In case the professional service provider is the juristic person, it should include being a major shareholder, non-Independent Director, Executive or managing partner of such professional service provider and not having interest in such characteristics for the previous 24 months.
  - Not being a Director appointed as representative of the Company's Director, major shareholders or shareholders related to major shareholders.
  - Not having characteristics that would make independent expression of opinion about Company's operation impossible.
  - Capable of taking care of every shareholder's interest equally.
  - Capable of managing conflict of interest.
  - Be able to attend the Board of Directors' meeting to make decision on matters independently.
  - Possess the qualifications with no prohibited characteristics specified by the Company's Article of Association and regulations of the Public Company Limited Act and the SEC.

## Retirement Age

- Independent and Non-Executive Directors who have completed the age of 70 years may continue as Directors at the discretion of the Board but in no case beyond the age of 75 years.
- The retirement age for Independent Directors would be 75 years.

## GUIDELINE AND VOTING PROCEDURES

In case the election of Company's Director is proposed to the shareholders' meeting for consideration, it would be proceeded according to the guidelines and procedures specified in the Company's Article of Association

such as shareholders will have one vote for each share held and in case of a tie, the Chairman of the meeting will have a deciding vote. However, for the election of Company's Director, voting for individual or multiple Directors may be applied but all voting rights equivalent to all the shares held must be exercised at one time and cannot be divided for various candidates.

In the event that a vacancy occurs due to any reason other than the retirement of a Director, the Board shall consider appointing a qualified person who is not prohibited by law to be a replacement Director at the following meeting. Exception is where the remaining term of the vacancy is shorter than two months. The replacement Director shall serve the remaining term of the vacancy. The Board's resolution for replacement shall be a two-thirds majority votes of remaining Directors.

## SELECTION OF DIRECTORS AND EXECUTIVES

The selection of Directors shall comply with the above description above in <sup>(1)</sup> The Executive Committee will make initial selection for individuals to be appointed as the President & CEO and senior executives, by filtering qualified persons having knowledge, skills and experiences beneficial to the Company. The candidates must have good understanding about business and be able to manage operations to achieve goal and targets formulated by the Board of Directors. The candidate will be further submitted to the Corporate Governance, Nomination and Remuneration Committee to be considered and then proposed for approval by the Board of Directors.

## CORPORATE GOVERNANCE OF SUBSIDIARIES AND AFFILIATES

The Board oversees the Company's subsidiaries in order to protect the holding company's interests as follows:

- Encourage them to adopt good corporate governance principles.
- Appoints representative directors and members of management to serve on the boards of subsidiaries.
- Oversees business operations through the appointed representative directors, members of management and a group-wide policy.
- Considers key matters such as strategic directions, business plans, capital increases or decreases, divestment and significant policies.
- Monitors operating results via members of management, the Executive Committee, and the Board itself.
- Monitors compliance with the rules and regulations regarding: related party transactions; acquisition and disposition of assets; and adequate and timely disclosure of information. This also includes maintaining proper accounting records and preparing financial reports in accordance with all applicable laws and generally accepted accounting principles.
- Assigns the Company's internal audit unit to conduct audits at the subsidiaries and affiliates in order to ensure the adequacy and effectiveness of their internal control systems.

## USE OF INSIDER INFORMATION

Besides the specified usage of insider information in the Company's "Code of Ethics," there are policies and measures to prohibit the use of insider information for the benefit of Directors and Executives by educating them about the responsibility to report on the proportion of Company's shareholding and any change of such proportion as specified by the announcement of the SEC and Capital Market Supervisory Board (CMSB), guidelines of the SET, including penalty for violation. In case there was a change in the proportion of Company's shareholding, the Corporate Secretary will summarize, compile and propose to the Board of Directors meeting for acknowledgement, the details of which are also disclosed in the Annual Report.

Moreover, the Company has implemented adequate internal control measures to supervise the use of insider information to comply with good corporate governance principles, and define a policy on prohibiting the use of insider information for personal gain (abusive self-dealing) such as trading with insider information (insider trading) of Directors, Executives and employees working in the unit with access to information of the Company and its subsidiaries (including spouse and underage children of such persons).

- Prohibit the above persons to trade Company's securities within two weeks prior to the disclosure of Company's quarterly financial statements and annual financial statements and within 24 hours after the disclosure of such financial statements to the SET (Blackout period).
- In case of other non-disclosed significant information which may have an affect on the price of Company's securities, the Board of Directors has prohibited trading of Company's securities until expiration of 24 hours after such information has been released to the public.

## AUDITOR'S FEE

### AUDIT FEE

For the period April 2013 - March 2014, the Company and its subsidiaries paid audit fee of Baht 4,080,000.

### NON-AUDIT FEE

For the period of April 2013 - March 2014, the Company and its subsidiaries paid a fee such as for audit procedures of the consolidated reporting packages (Indian GAAP), travelling, per diem, lodging etc. of Baht 2,418,323 to its auditor, the audit firm affiliated with the auditor, individuals or business entities related to the auditor and its affiliated audit firm.

## COMPLIANCE WITH GOOD CORPORATE GOVERNANCE PRINCIPLES IN OTHER MATTERS

The Company is determined to encourage and support the principles of good corporate governance along with its business operation because it realizes that good corporate governance would drive management system towards efficiency, transparency and accountability. This would enhance the confidence of the shareholders, investors, stakeholders and all relevant parties, which leads to a sustainable growth and increases value for the shareholders in the long term.

Apart from conducting business with high standard of conduct (both organization and personal behavior) according to "Tata Code of Conduct: TCOC", the company has followed the five categories of the principles of good corporate governance for listed companies issued by SET. The said principles are the same as the OECD Principles of Corporate Governance, comprising of five relevant principles and practices. This has been documented in the Company's "Good Corporate Governance Policy" since 2005. The principles were adapted for appropriate use in relation to Company's circumstances and have been reviewed and improved to make it up-to-date and correspond to the ever changing situation. The Company has been always rated as "very good" in the Corporate Governance evaluation.

## THE COMPANY'S CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013-2014 IS AS FOLLOWS:

### CATEGORY I SHAREHOLDERS' RIGHTS

The Company respects and realizes the importance of shareholders' rights, as owners of the investment. The Company has encouraged shareholders to fully exercise their rights in preserving the Company's interest and it will not violate or deprive the rights of shareholders.

1. basic rights such as rights to become registered shareholders, purchase/sales or transfer of shares, profit/dividend participation, receiving of sufficient information or report, for instance, changes to equity structure, changes to executive authority, and liquidations of company's major assets, including equal access share buy back and etc.
2. rights to vote during general meeting, i.e., election of directors and remuneration, profit allocation and dividend payment, assignment of auditor and setting audit fee, amendment to the Memorandum of Associations and regulations, changes to equity structure, and approval to key transactions affecting the Company's business operation.
3. any other rights according to the law. Apart from encouraging exercising those basic rights, the Company has made it convenient for shareholders to attend shareholders' meeting by implementing

mechanism for good meeting arrangement. The Company would provide information about the date, time, venue, meeting agenda, attending procedures, voting procedures and information on matters to be decided well in advance and would not in any way limit the opportunity to receive information or attend the meeting.

The Company also assigns the Corporate Secretary Office to treat and facilitate shareholders' rights exercise. Shareholders can contact the Corporate Secretary Office via telephone at 66(2)-937-1000 ext. 1460-1462.

The Company arranges shareholders' meeting called Annual General Meeting within four months after the end of Company's financial year (within July every year), other than the said meeting, an extraordinary general meeting may be called.

The annual general meeting for 2013 was held on July 31, 2013 at 09.30 AM at the Grand Hyatt Arawan Hotel, Bangkok. The Company used the Record Date method where shareholding at May 31, 2013 would be eligible for attending the meeting and compile a list according to Section 225 of the Securities and Securities Exchange Act and close the book for transfer suspension on June 3, 2013. There is no extraordinary general meeting called during 2013.

The Company assigned the Thailand Securities Depository Co., Ltd. ("TSD"), the Company's securities registrar, to send the invitation letter, together with relevant documents in both Thai and English to the shareholders 21 days in advance of the meeting. The accompanying documents are

1. Invitation letter for the Annual General Meeting in with details of the date, time, venue, agenda of the meeting whether for acknowledgement, approval or for consideration, together with the objectives, rationale and recommendations of the Board of Directors for each proposed issue. The information is considered sufficient for decision making.
2. Proxy forms as specified by the Ministry of Commerce, both simple Form A and the complicated Form B where shareholders can designate their voting decision whether it is "Agree", "Disagree" or "Abstained". Shareholders may vote for the election of individual Director during the related agenda.
3. Information of the Independent Directors assigned by the Company as proxy for shareholders such as names, ages, addresses and relative interest in the matters proposed.
4. Annual report with information in both Thai and English in CD Rom format (and in printed format to be sent to the desired shareholders).
5. Clarification on the credentials supporting attending right.
6. Company's Articles of Association in part related to shareholders' meeting.
7. Map of the meeting venue.

Moreover, the Company has

1. Advertised the meeting invitation announcement in Thai newspaper for 3 consecutive days at least 3 days in advance of the meeting date.
2. Publish information of such shareholders' meeting on Company's website in advance of the meeting so that shareholders may gain access to the information conveniently and promptly and have sufficient time to study the information before receiving printed materials from Company.
3. Allow all shareholders to submit their inquiries in advance by submission of written inquiries to the Board of Directors or Independent Directors through Corporate Secretary, during 3 months prior/after the end of Company's financial year, for proceeding to each Director or Independent Director. Inquiries related to the Company will be answered in the Annual General Meeting later.

The Company has informed shareholders of such schedule through SET news network ([www.set.or.th](http://www.set.or.th)). For 2013 Annual General Meeting of shareholders, no shareholder has submitted advance inquiries to the Company.

## CATEGORY II EQUITABLE TREATMENT OF SHAREHOLDERS

The Company realizes its duty to look after the interest of every shareholder, whether it is a major shareholder, institutional investor, foreign shareholder including minor shareholder by equitable treatments described as under:

### SHAREHOLDERS' MEETING

The Company provides non-complicated proceeding procedures and avoids unnecessary costs while being able to facilitate shareholders for the convenience of attending the meeting such as:

1. arrange a meeting venue that is conveniently accessible,
2. prepare explanation about credentials to verify attending right,
3. prepare sufficient competent officers and equipments to handle credential verification and registration,
4. allow unavailable shareholders to grant proxy to a person as he/she wishes or assign a proxy to a nominated Independent Director with no any complicated method,
5. prepare duty stamps to be affixed in the shareholders' proxy forms,
6. computerize registration to facilitate convenience and promptness, and
7. allow advance registration for two hours before the meeting starts.

Furthermore, after the meeting started, shareholders still can register to attend the meeting and have the right to vote the matter being considered or not yet passed the resolution.

In Annual General Meeting of 2013, there were 559 shareholders attended the meeting in person and via proxy accounting for 6,248,236,503 shares or 74.20% of the paid up shares of 8,421,540,848. The Chairman of the Board of Directors and Chairman of the Committees, namely, the Chairman of the Corporate Governance, Nomination and Remuneration Committee and all directors attended the meeting. Furthermore, executives, auditors including legal advisors have attended the meeting to explain and answer all inquiries.

## BEFORE THE MEETING

The Corporate Secretary informs shareholders of the Articles of Association related to the meeting and meeting procedures such as voting procedures, vote counting procedures and announcement of the result.

## DURING THE MEETING

The presiding Chairman conducts the meeting transparently according to the announced agendas with no additional agenda for consideration other than those specified on the Notification inviting shareholders to the Annual General Meeting. Appropriate and sufficient time would be allotted for consideration of each agenda before voting. Shareholders would be allowed to vote for election of individual Director and encouraged to provide comments, recommendations and ask questions freely.

The Company uses voting ballots for convenience of shareholders and arranges for auditors from the Audit Company to supervise vote counting for transparency according to law and Company's principles (Inspector). Vote counting would be done by computer, shareholder would have one vote per one share. Results of the vote for each agenda would be announced after resolving of each agenda item by slide projection. Moreover, the meeting would be recorded on a video media.

## AFTER THE MEETING

The Company announces the meeting resolution (agreement, disagreement or abstention) through SET news network ([www.set.or.th](http://www.set.or.th)) immediately after the meeting and prepares the meeting minutes within period specified by law. The minutes records details such as

1. names and positions of the attended Directors, Executives including related persons,
2. voting procedures and vote counting,
3. questions and answers, comments and recommendations,
4. meeting resolutions and voting result on each agenda, classified as agreement, disagreement and abstention.

Further, to enhance good relationship with shareholders, after the AGM, in September 2013, the Company has extended an invitation to shareholders

to visit one of the subsidiary's plant of Siam Steel (2001) in Saraburi. There were 36 shareholders who participated in the said visit.

## USE OF INSIDER INFORMATION

Details of the Company's policy and measures to prohibit the use of insider information for the benefit of Directors and Executives are in the item "Use of Insider Information", page 39

There has been no incident of the use of insider information for the benefit of securities trading by the Directors and Managements during the previous year.

## REPORT ON STAKEHOLDERS

The Company has specified that its Directors, Executives and related persons must declare their own interest in the form defined by the Board of Directors. When there is any appointment to be the Directors or Executives or changes in the report, the Corporate Secretary has been assigned to compile and present to Chairman of the Audit Committee and Chairman of the Board of Directors for acknowledgement such reports. The Company would use such information to monitor and supervise transactions that may lead to conflict of interest such as connected transactions.

## CONNECTED TRANSACTIONS

The Company clearly defined principle and procedure of the connected transactions and to be strictly complied with the regulation of the Securities and Exchanges Commission, Capital Market Supervisory Board and the Stock Exchange of Thailand regard to the conflict of connected transactions. The Directors and Executives having interests and/or connection on a matter will not attend the meeting and vote on such matter to make the fair decisions.

Besides, the Audit Committee is entrusted to review connected transactions on a quarterly basis to avert possible conflicts of interest. Disclosure of connected transactions is provided in the notes to the audited financial statements.

In the previous year, the Company never acted against the regulations of the SET and SEC on Connected Transactions or acquisition/disposition of assets, including a transaction of providing financial assistance to non-subsidiaries.

## CATEGORY III ROLE OF STAKEHOLDERS

The Company recognizes that encouraging a strong relationship and co-operation between Company and all stakeholders would be a factor to build wealth, stability and long term sustainability. It was adhered to the rights of all stakeholders in relation to its business operation, both defined by



law or mutual agreement, by being responsible to the internal and external stakeholders, whose rights have been violated, with strict fairness, as well as keep developing engagement mechanism for stakeholders.

The employees adhere to the company's Code of Ethics issued under the "Tata Code of Conduct (TCOC)". This has 25 clauses and defines guidelines and practices related to ethical business conduct with all stakeholders. Measures and channels for stakeholders to communicate/inform on unethical conducts are clearly spelt out along with process to protect the informant under the "Policy and Regulation regarding Whistle Blower" (Whistle Blower). The Company also endorses to the Declaration made by the Collective Action Coalition against Corruption (CAC) voicing the intention from the Thai Private Sector to counter all types of corruption.

Stakeholders can suggest/ report/ appeal on the above Code of Ethics in person/ by letter/ E-mail/ telephone/ fax by contact via the Chairman of the Audit Committee or the Ethic Counselor, details of whom are as given below:

## Chairman of the Audit Committee

Mr. Maris Samaram

80 Soi Prompan, Sukhumvit 39

Klongtan Nua, Khet Wattana Bangkok 10110

E-mail address : msamaram@gmail.com

## Ethic Counselor

Mr. Sirorote Metamanosak

Tata Steel (Thailand) Public Company Limited

Rasa Tower 2, 20th Floor,

555 Phaholyothin Road, Chatuchak, Bangkok 10900

Tel. : 66 (2) 937-1000 ext. 1810 Fax : 66 (2) 937-1224

E-mail address : sirorotem@tatasteeltailand.com

There has been no incident of the appeal against Company's "Code of Ethics" or deprivation of rights during the previous year.

Guidelines and responsibility to each group of stakeholders are:

## SHAREHOLDERS

The Company is committed to create value for all shareholders with fairness by operating business efficiently and treat shareholders with respect and as per the applicable laws and regulations. The Company shall inform shareholders of correct and complete information, including disclosing such information in accordance with relevant rules and agreement.

The details appear on Category I: Shareholders' Rights and Category II: Equitable Treatment of Shareholders.

## EMPLOYEES

The Company regards employees as a valuable asset. Therefore, emphasis is placed on training and development of employees at all levels and scope of works to strengthen the significant basis of the organization. Safety, occupational health and working environment for the employees is given high priority. Besides, the Company ensures that employees receive fair and appropriate remuneration and welfare to commensurate with their skills and qualifications and in line with the market. The Company also provides a provident fund for them. The details appear in section of "Human Resources and Development" and "Sustainability Report".

## CUSTOMERS

The Company has commitment to provide good quality products and services to customers in line with the stated requirements. This starts from collecting requirements from the customers and continues till the delivery of goods and after sales service. The Company has an endeavor to constantly work towards improving the customer satisfaction and takes an annual feedback from its customers to find areas of improvements in product quality, delivery, service, complaint handling and product development. The three plants comply with the relevant quality and environmental standards thereby ensuring the delivery of intended quality. The Company has a closed loop complaint handling system that allows expeditious resolution of complaints to the satisfaction of the distressed customer. The complaint handling system handles both product and service type complaints. The system provides easy access to the customers to raise the claim on the company should there be a deficiency in product or service. The Company has also followed a policy of sales return" in case of deficient or non-standard products.

## PARTNERS

The Company sets a clear policy and framework based on the TATA Code of Conduct (TCOC) for its business implementation with transparency and equitability in dealing with all partners. Its subsidiaries are also strictly compliance to the same TATA Code of Conduct. The Code covers joint operations between the Company and its partners, for instance, regular trainings on safety have been extended to transport contractors who work for the plants.

## CREDITORS

The Company strictly complies with the conditions and requirements of both Trade Creditors and Lender and pays debt on specified time, as well as following the affirmatives give to the creditors throughout the liable periods and provide information with accuracy, transparency, equity and fairness.

## COMMUNITY AND SOCIETY

The Company clearly states in its policy of carrying out business by being a good corporate citizenship with duty and responsibility to the surrounding communities and society. The Company does not regard its implementation according to the specified policy as an option, but it determines to incorporate them into its business plan.

The Company committed to promote and improve well-being of people in surrounding communities as well as in other areas of the country such as helping people in remote areas, disadvantage groups, and victims of natural disasters, including giving high priority to environmental conservation activities both at community level and broader level in the society. From that commitment, the Company has defined its activities for community and society into four categories:

1. supporting surrounding community activities,
2. developing children and youth in remote areas,
3. supporting non-profit organizations, and
4. environmental conservation.

Details of activities carried out by the Company in the year 2013 - 2014, appear in the section on "Sustainability Report".

## ENVIRONMENT

The focus is on environmental conservation in order to preserve the same by strictly conforming to laws, regulations, and various standards in every production process and steps of work. In particular efficient resources management (covering energy conservation, water resources management, air pollution management, greenhouse effect management, noise pollution management, waste management), re-use of resources in strict compliance with environmental laws and regulations are monitored. Tata Group has a stated policy on "Climate Change" or global warming issues. All subsidiaries of the company conduct studies to have deeper understanding and to be able to address issues promptly. More green technology is being opted for implementation. Therefore, the Company and subsidiaries set long-term goals to monitor and address carbon dioxide and other greenhouse effect gas emission not to exceeding the allowed level. The said goals bring about new environmental friendly process guidelines and research for new innovations in different areas. The "Green" concept is also being applied in each step of the Company's core business operations.

Detailed information on corporate environmental responsibility carried out by the Company during 2013-2014 appears in the section on "Sustainability Report".

## CATEGORY IV

### DISCLOSURE AND TRANSPARENCY

The Company realizes and emphasizes the responsibility to disclose required financial and non-financial information for transparency, accountability and the benefit of shareholders, investors, analysts and other stakeholders. Such information disclosed must be correct, inclusive, thorough and create no misunderstanding. The information should be up-to-date and timely as specified by the Securities Exchange Commission (SEC), the Securities Exchange of Thailand and relevant agencies. The Management is responsible for the communication and important information disclosure both the Periodic reports such as financial statements, annual statement (Form 56-1), annual report (Form 56-2) and Non-Periodic reports such as asset acquisition/disposition, connected transaction, participation/cancellation of joint venture, increase/decrease of capital, issuance of new shares and buy back of shares.

The Company has set up the Corporate Secretary Office to act as a center for Company's information disclosure both in normal and urgent situations. Samples of the information are

1. Financial and non-financial information with completeness, correctness and comparativeness, both in Thai and English : SET news network ([www.set.or.th](http://www.set.or.th))
2. Analytical clarification of the financial status and operating results in every quarter : SET news network/ TSTH website ([www.tatasteeltailand.com](http://www.tatasteeltailand.com)) / Newspapers
3. Latest shareholding structure is disclosed with details of major shareholders and proportion of minority shareholders, including Beneficial owner and no cross holding between the Company's group. The information of Directors and Executives' shareholding, not over one percent of stocks issued, is also included : Annual Report/ TSTH website
4. Information in the annual report is disclosed completely and clearly for the benefit of shareholders' decision making such as analysis on financial status and operating performance, analysis on industry overview and competition, business risks, bio-data of Directors and Executives, remuneration of Directors and top Executives and information on Directors' meeting attendances : TSTH website
5. Financial statements in accordance with generally accepted accounting principles and audited by an independent auditor who is qualified and accepted by SEC. The Company had no record on submitted delayed quarterly and annually financial statement to SET and SEC : SET news network/ TSTH website
6. Information on connected transactions (if any)

In addition to the disclosure of information as specified by the Securities Exchange Commission (SEC), The Securities Exchange of Thailand and relevant authorities, the Company has assigned the President as its 'speaker' to communicate Company's information to the public investors who are shareholders and general shareholders and assigned the Corporate Secretary to manage the function of Investor Relation by being responsible for communicating and coordinating with individual shareholders institutional, general shareholders, analysts and related agencies and providing convenient access to Company's information such as meeting materials, operating performance materials and other reports through Company's website ([www.tatasteeltailand.com](http://www.tatasteeltailand.com)) This is to strengthen investors' understanding and confidence towards the Company.

Furthermore, the Company also has policy on press briefing quarterly to disseminate its operational results to the public through media, for instance, newspapers and various magazines. The President & CEO, Chief Operating Officer, Vice President-Human Resources and Vice President-Marketing and Sales are assigned to provide interviews on behalf of the Company.

In 2013-2014, after having submitted the operational performance to the SET, the Company arranged for the press briefing to make announcement to the public. There were about 10 - 20 analysts, including analysts from banks, financial institutions, printed media, attending each quarterly press briefing to get an update Company's performance as well as latest outlook of steel industry.

## CATEGORY V RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Company specifies the role of Directors so that they can perform the function with "responsibility, cautiousness, integrity and accountability" with an objective to provide equitable treatment to all shareholders and create mutual confidence between shareholder and the Company. Management system in accordance with the principles of good corporate governance has been implemented to ensure honest, reasonable and independent supervision and operation under legal framework and business ethics for effectiveness and efficient working of the Board functions to maximize benefits to all stakeholders.

## STRUCTURE OF THE BOARD

The Company takes into account check and balance principle as well as emphasizes in board diversity under the clear structure of the Board. The Board of Directors comprise of qualified persons with appropriate knowledge, ability and experiences in steel industry and other businesses, gender, leadership with broad perspective, ability to commit time and efforts for functioning as Directors who can express freely to the Company's business operation. Specific Committees have been appointed to consider specific matters in compliant to the corporate governance guidelines.

Besides, the Board of Directors also appoints the Corporate Secretary who is qualified and experienced on secretariat matters, as per the details under item "Corporate Secretary" page 32

## ROLES, DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors have to define Company's vision, mission, policies, long-term strategy, business plan and annual budget which is proposed by the assigned management. To consider those matters, directors will fully discuss and share their opinions. Beside, the Board also assigned the responsibility to Management to implement policies and plan to improve Company's operation on a continuous basis.

Further, the Board of Directors has the responsibility to review operating plans, targets, and to allocate adequate budget, especially budget for organization and product research and development, competitive capability development. Each quarter, the Directors will review Company's performance and on annual basis carry out Directors performance evaluation, including that of senior management. The Board will develop, review and improve risk management system, internal control and internal audit to respond to the changing environment, and to oversee and develop Company's corporate governance to international standards. They should dedicate their time without taking improper advantages for themselves or other persons, and should not act in such a way that could provoke conflict of interest or compete with the Company or its subsidiaries' operation. The ultimate objective is to conduct business with stability for the balanced and sustainable benefits of all stakeholders in line with vision, mission and goals of the Company.

The Company has a policy to separate the positions of Chairman of the Board and President & CEO.

The Chairman's duties include the following:

1. Guiding the Board to ensure its effective functioning.
2. Providing independent advice and counsel to the President & CEO.
3. Consulting with the President & CEO and Company Secretary to draw up meeting agendas.
4. Encouraging all board members to debate issues freely during meetings, ask questions and express opinions.
5. Encouraging constructive relations within the Board members and between the Board and management.
6. Ensuring effective communication with the shareholders.

## THE AUDIT COMMITTEE

The Audit Committee was appointed by the Board in the year 2002, and now consisted of three Independent Directors. All committee members are knowledgeable and have a business understanding with experience in accounting or finance. More than one Director has adequate knowledge and experience to review the credibility of the financial statements and review the operation to be in compliant with the policy and Company's regulations, along with the laws, regulations and guidelines of the supervisory agencies to develop financial and accounting system to be in line with international standards. The review ensures that the Company has the internal control system, internal audit system and risk management system which are concise, appropriate, up-to-date and efficient.

The Company has authorized the Audit Committee to function efficiently and express its opinion independently. To enhance the efficiency to monitor the Company's operation, since the year 2009, the Company had established the internal audit office which is under the supervision of the Committee. When needed, the Audit Committee may seek an external independent advisory at the Company's expenses.

## THE EXECUTIVE COMMITTEE (MANAGEMENT COMMITTEE)

The Executive Committee was appointed by the Board in the year 2002. It consists of three Directors with the responsibility to supervise the Company's operation as assigned by the Board of Directors to consider the policy, strategies, structure and administration authority, business plans, budget allocation and supervising and monitoring of Company's operation, along with screening the matters before presenting to the Board of Directors for consideration.

## THE CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

The Corporate Governance, Nomination Committee and the Remuneration Committee were appointed by the Board in the year 2004. However, the Board of Directors has resolved that both Committees be merged into one Committee with effect from 31 January 2013, to improve more effectiveness and to facilitate its functioning. The said Committee now consists of four Directors, including two Independent Directors, having the duty on corporate governance namely: to propose, review and supervise the functions of the Board of Directors and Executives in accordance with the Company's corporate governance guidelines; to consider selection process and recruit appropriate person for nomination as Director or President & CEO in replacement of the retiring Director or in other cases. It has the duty to study, consider and monitor the change and trend of the remuneration of the Board of Directors, Members of Committees and the President & CEO and the senior management of the Company.

## TERMS OF THE BOARD OF DIRECTORS AND COMMITTEES

The term of office of each director shall be three years, provided that at every annual general meeting of shareholders, one-third of the directors retire. Directors have to jointly agree on the retiring sequence and the director who vacates his office may be re-elected with no limit on terms. The term of members of other Committees shall be equal to the tenure of the director on the Board and the director will vacate the Committee as soon as he/she steps down from the Board.

## SERVING ON OTHER COMPANY BOARDS BY DIRECTORS AND PRESIDENT AND CEO

The Company is reviewing the policy on maximum number of other listed companies allowed for each director to serve as the member of their boards. While, there is no such policy in place yet, half of the current Board of Directors are Thai while the rest are non-Thai. The non-Thai directors do not have their domicile in Thailand, therefore they do not sit on other listed company boards in Thailand. According to the data captured during the last five years, no Thai director has served more than three other listed company boards. Each of the director is capable to perform their duties and dedicate appropriate time and efforts for the company.

Since the President and CEO is an inside director, just like other employees, he has to dedicate his full efforts for the company according to the terms of the employment contract. President and CEO who also serves as a director on the Company does not serve as a director in other listed company, except on the board of the subsidiaries. In any case, the association on other companies outside Thailand has to be declared in the resume printed in the annual report.

## MEETING OF THE BOARD OF DIRECTORS

The Company has scheduled meeting dates and precirculated agenda for the meeting of the Board of Directors and Committees, including monitoring of operation. Additional meetings may be arranged for urgent matters. Before each meeting, invitation letter, agenda and accompanying papers are sent for advance study. Chairman of the Board of Directors who chairs the meeting would conduct the meeting according to the agenda, taking care of interests of shareholders and other stakeholders, and allowing independent expression of opinion, allocating sufficient time for thorough discussion and expression in each agenda. The resolution of each agenda would be decided by majority voting. In case of a tie, the Chairman of the meeting would cast a deciding vote. Director who has an interest in the discussing matter would not attend the meeting and/or would abstain. The minutes would be clearly recorded after the end of the meeting.

During 2013-2014, five Board of Directors' meetings have been held with over 75% of the directors attending at each meeting and higher than 75% attendance rate of each director. The Management would also attend each meeting of the Board of Directors to report on essential information and to acknowledge the policies and decisions of the Board of Directors. Exception is made to some meeting agenda specifically reserved for only the Board of Directors or non-Executive Directors to allow independence of expression. In each quarter, independent directors will also confer meeting separately among themselves.

Summary of meetings and attendances of Directors for 2013-2014 are in item "Structure and Management" page 28-29

## BUSINESS ETHICS

The Company has set high standards in business operation through professionalism, integrity, moral and ethical behavior. This is implemented using "Tata Code Of Conduct (TCOC)" which documented and published in Thai version as the "Ethics Handbook". This is distributed to the the Board of Directors, Executive Committee, Executives, employees and external stakeholders who conduct business with the Company, including government agencies and private sectors. Besides, the Management of the company oversees, communicate and encourage employees at all levels to strictly and constantly adhere to the principles of integrity, transparency and fairness. Whenever there is a breach or possibility of a breach of Company's Code of Conduct, supervisors must be notified immediately. Ethics Counselor has been appointed since 2008 and employees are encouraged to report any grievance or mal-practice without any fear and obligation.

The Tata Code of Conduct consists of 25 clauses, covering matters of national interest, financial reporting and records, competition, equal-opportunity employer, gifts and donation, relationship with government agencies, political non-alignment, health, safety and environment, quality of products and services, corporate citizenship, cooperation of Tata Companies, public representation of the company and the group, third-party representation, use of the Tata brand, group policies, shareholders, ethical conduct, regulatory compliance, concurrent employment, conflict of interest, securities transactions and confidential information, protecting company assets, citizenship, integrity of data furnished and reporting concerns.

Furthermore, the Company has announced "Policy and procedures on petitioning of Code of Conduct violation" (Whistle blower) to safeguard employees and external stakeholders who choose to report on the violation or possible violation of the Code of Conduct to the Chairman of the Audit Committee or the Ethic advisor or to other company's specific units safely and practically.

## INTERNAL CONTROL AND INTERNAL AUDIT

The Company encourages employees at all levels to realize the importance of internal control and internal audit system by setting up efficient system and controlling/monitoring procedures throughout the organization. The intent is to have a compliant process to maintain flexibility where where employees can control, supervise, evaluate and review their own work to minimize the risk of fraudulent acts and improper exercise of power and to prohibit illegitimate activities.

Since 2009, the Company has also set up its own internal audit office. This office has the responsibility to supervise the internal audit work of the Company and its subsidiaries which operates under the supervision of the Audit Committee. The Audit Committee carries out quarterly review to oversee compliance with the policies, plans, authority and regulations, including evaluating the risk management and internal control for appropriateness and effectiveness. This is done to ensure that major operations and significant financial transactions are carried out according to the prescribed guidelines and regulations.

Additional details appear in "Internal Control" and "Risk Management".

## HANDLING OF CONFLICT OF INTEREST

The Company places importance on the handling of Conflict of Interest issues with caution. Directors, Executives and employees will work with honesty, reasonableness, independence and in transparency manner in the overall interest of the Company and Shareholders by following the guidelines of SEC, SET, Company's Article of Association and relevant laws. It also reports and discloses complete and clear information on Company's operation. Care is taken to not disclose insider information or uses such information for personal advantage. If any of the Directors has a stake or interest in the matter discussing, he/she will not attend such meeting or will abstain his/her vote.

Moreover, the Company emphasizes the strict compliance with the Code of Conduct in business operation and has set clear guidelines on the subject for employees at all levels.

## RISK MANAGEMENT

The Company has implemented appropriate risk management system by adopted an international standard to be applied for the Company's business. It has appointed the Risk Management Committee consisting of the Management from each major department of the Company and its subsidiaries to define and revise the administrative policy and strategy, the organization-wise implementation, including risk factors, risk probability and impacts to the Company's goal. Moreover, the appropriate plan and process to mitigate risks are defined, followed up and reviewed to increase



its effectiveness, The Company has also assigned the Audit Committee to evaluate the effectiveness of risk management system and report to the Board of Directors regularly. This is the warning mechanism to help protect or minimize the possible losses to Company's and subsidiaries' operation.

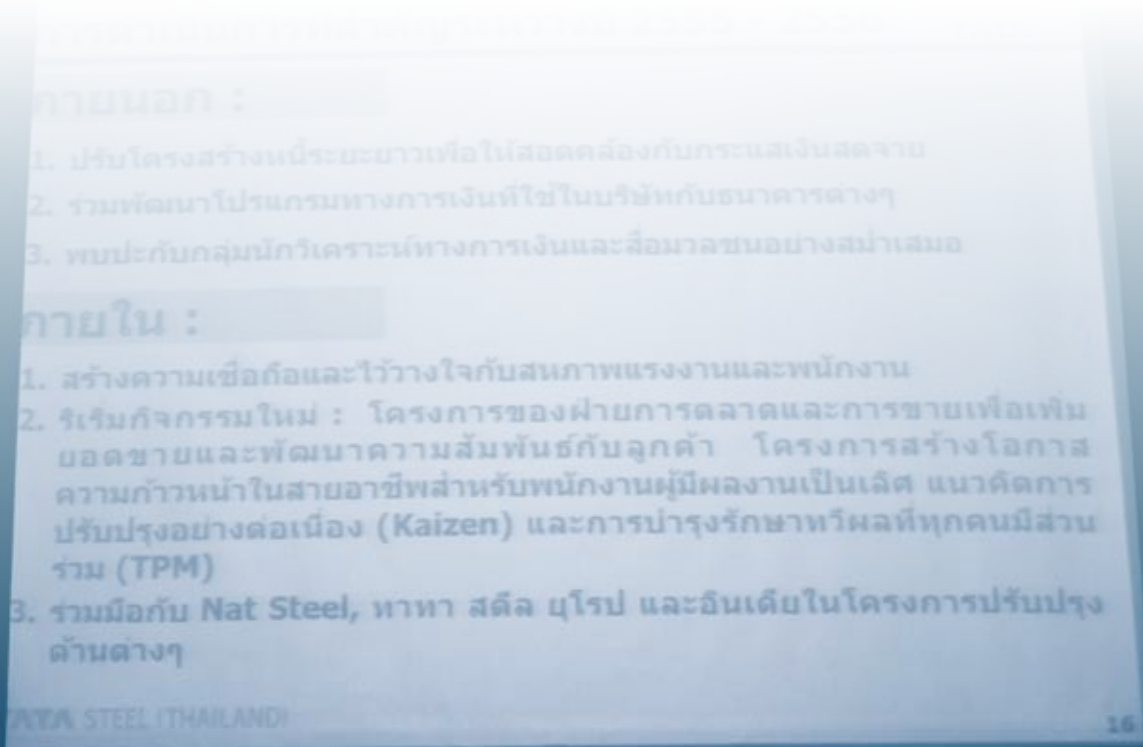
## TRAINING AND DEVELOPMENT PROGRAMS FOR DIRECTORS AND EXECUTIVES

The Company looks after the interests of Directors and Executives' since their appointment by supporting them with an appropriate training related to the Company operation by nominating them to relevant programs conducted by institutions such as the Securities and Exchange Commission, the Securities Exchange of Thailand, Thai Institute of Directors Association

("IOD") and public and private academic institutions. These exposures help them to perform their duties effectively and equip themselves to cope with the changing situations. In this regard, all Thai Directors have attended trainings and seminars that related to the Directors' duty by IOD.

During the past year, Mr. Hatasakdi Na Pombejra, Independent Director and member of the Audit Committee has attained the following courses at IOD;

1. Chartered Director Class (CDC 7/2013)
2. Successful Formulation & Executive Strategy (SFE 18/2013)
3. How to Measure the Success of Corporate Strategy (HMS 2/2013)



The Board of Directors remains committed to effectiveness of the Internal Control System. The control framework is approached by the Board. The Operational Managements are the front line for identifying potential risks, designing, implementing, monitoring and updating controls. The Company has Policies and Procedures, including Codes of Conducts as a guideline for day-to-day operating and ensuring that goods/services are provided effectively as well as Company's affairs are conducted impartially.

The Board of Directors have established an Audit Committee comprising of three independent directors. They has been delegated with the responsibility of reviewing the adequacy and effectiveness of the Company's internal controls regarding the achievement of objectives relating to operations, financial reporting and compliance with the Company's Policies and prevailing regulations. Its responsibilities also involve reviewing the Company performance in compliance with the Good Corporate Governance Principles, nominating external auditors, and any other tasks as designated by the Board of Directors. Besides, the Audit Committee is entrusted to modify the control measures in response to changing circumstances, environment, and business risks. The audit Committee bases on the information drawn from various sources to carry out this responsibility including:

- Management discussion on operation performance and key concerns
- External Auditor who express opinion on the Company's financial statement and raise key concerns regarding the financial reporting
- Internal Auditor provides assurance through the annual and 5-years audit plan, which is approved by the Audit Committee, and routine audit regarding the adequacy and effectiveness of Internal Control System.
- Ethic Counselor who reports cases regarding the Codes Of Conducts and Compliance breach

On April 25, 2014, a meeting of the Board of Directors of the Company, which was attended by members of the Audit Committee, the Board of Directors, after considering of the recommendation of the Audit Committee, has come up with the opinion for the internal control system in the year 2013-2014 of the Company in each area as the followings:

## ORGANIZATION AND ENVIRONMENT

The Company has a well-defined organizational structure and environment that promotes operational efficiency and adequate control system. In addition, there is appropriate segregation of duties among functions. The organizational structure facilitates fulfillment of Annual Business Plan goals including recruitment of quality personnel and employee development plans in line with changes in business environment. The Company has established Standard Operating guidelines for ensuring the operational efficiency. The Company also established the clear annual business goals

for FY 2014 - 2015, taking into account various factors such as economic & market conditions and competition strategies.

## RISK MANAGEMENT

The Company has a process to identify and consider the implications of business risk factors which are continuously updated with industry changes, economic scenario, financial outlook and internal resources. The likelihood of occurrence and severity impacts to the objective achievement has been evaluated for prioritization of risks. The review and monitoring is performed regularly through the corporate level meeting of Management Team as a part of overall Strategic Planning Process. President periodically updates the Board on the subject.

## OPERATIONAL CONTROL OF MANAGEMENT

The Company has established policies and procedures that are appropriate for the efficient operations of the business. These include the determination of clear scope, responsibility and authority for each level of management, and monitoring of the operation of the Company and its subsidiaries on a regular basis. Appropriate internal controls are evident in transactions concerning major shareholders, directors and management team or related parties.

## INFORMATION TECHNOLOGY AND COMMUNICATION SYSTEM

Information that are complete, accurate, relevant and important are submitted to the Board of Directors to facilitate their decision making process. Minutes of all Board meetings are thoroughly taken. Important and accounting documents are kept according to legal requirements and a storage system is available for such use. The Company also maintains a system of communication channels that are updated, on-time and easy to understand.

## MONITORING SYSTEM

Management meeting is held on a monthly basis to monitor the operating performance of the Company and comparison to the plan. It will be quarterly proposed to the Board of Directors meeting along with the Audit Committee meeting. Causes are analyzed and corrections and improvements made on a continuous basis.

The Board of Directors is satisfied that the internal control system of the Company is appropriate and effective.

# CONNECTED TRANSACTIONS

## CHARACTERISTICS OF CONNECTED TRANSACTIONS

For the 12-month period ending March 31, 2014, March 31, 2013 and March 31, 2012, the Company entered into connected transactions with related companies as summarized below:

Unit: (in Thousand Baht)			
Type of Connected transactions	2014	2013	2012
Sales	1,177,231	2,084,418	2,527,483
Other income	8,149	8,096	6,630
Purchases	2,375,933	1,302,411	2,013,754
Other expense	25,101	27,525	11,191
Trade accounts receivable	55,062	101,125	56,684
Receivables and loan to borrowers	1,142	3,107	73,243
Other non-current assets *	71,220	71,220	-
Trade accounts payable	725,875	493,716	732,495
Payables and loan from lenders	8,926	15,648	7,248
Short-term loans	-	-	270,596
Long-term loans **	270,596	270,596	-
Guarantees of the Company and its subsidiaries		See details on Notes to Financial Statements No. 8 : Property, Plant and Equipment	

Remarks : \* Reclassification : Accounts receivable (Tata Sons Ltd.) 71,220 (in Thousand Baht) from Other receivable - related parties to Other current assets. During the year 2014, the receivable was changed from Tata Sons Ltd. to Tata Steel Global Holdings Pte. Ltd.

\*\* Reclassification : From Short-term loans to Long-term loans. See details on Notes to Financial Statements. No. 22 : Related party Transactions and Balances.

## PRICING CONDITION AND POLICY

The said connected transactions between the Company and subsidiaries or related companies were adopted for commercial transactions, including borrowing or grant of loans within the policy frame work of transfer pricing mechanism, with prices and interest rates applicable to ordinary person. In the absence of reference price or interest benchmark rate, the Company uses the third party prices as if operating under the same or similar conditions with significant transactions. This is based on the appraised value reported by independent appraisers.

## NECESSITY AND APPROPRIATENESS OF CONNECTED TRANSACTION

The said connected transaction has been transacted in the normal course of business and is a generally accepted trading term. The benefits to the Company from such transactions were that purchase of raw materials ensured quality and continuity of supply, sales of goods added more channels of product distribution, and promissory notes enhanced flexibility in operation.

## MEASURES/PROCEDURES OF APPROVING CONNECTED TRANSACTION

In approval of connected transactions, each subsidiary, as clearly set forth in the Authority Table of the Company, must seek approval from either its Vice President-Plant or the subsidiaries' Board of directors or

President or Executive Committee or the Company's Board of directors, depending on the amount of budget involved under the Company's internal control system which has properly been set up. Such authoritative power is reviewed on a regular basis for the sake of operational flexibility and internal control.

Should there be any transactions relating to persons having conflict of interest with the Company, the Company will strictly follow rules, regulations according to the notifications of by the Securities and Exchange Commission and the Stock Exchange of Thailand, i.e., seeking approval from the Board of Directors and/ or the shareholders, with the recommendation from the Audit Committee. Directors and Executives having interest and/ or connection on a matter will not attend the meeting and vote on such matter to make the fair decisions.

The implementation also included the compliance with the regulation, in case there shall be a disclosure of connected transactions and acquisition or disposition of assets of the Company or its subsidiaries. The company conforms to the accounting standards announced by Federation of Accounting Professions with respect to the disclosure of connected transactions or connected transactions are established on the basis of necessity, reasonableness, and the optimal benefit of the company.

## POLICY OR FUTURE TREND OF CONNECTED TRANSACTION

Future connected transactions between the Company and its subsidiaries or related companies will be conducted in the ordinary course of business on an arm's length basis. In respect of transactions involving persons with conflict of interests or having interests and/or connected persons, the

Company will strictly perform according to measures and procedures prescribed by the Securities and Exchange Commission and the Stock Exchange of Thailand.





# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE

### REVENUES

#### APRIL 2013 – MARCH 2014

Revenue from sales of the products made by the Company's subsidiaries was Baht 25,362.71 million. The distribution of the revenue across product lines was 58%, 27% and 5% through domestic sales of rebars, wire rods and small sections including others, respectively. The balance 10% was generated through international sales.

Other income of the Company and its subsidiaries amounted to Baht 77.38 million, representing 0.30 % of total revenues. It comprised mainly of compensation from insurance company of Baht 33.33 million, interest income of Baht 20.59 million, gain on assets sale and material sale of Baht 10.00 million, gain from negotiated settlements of trade creditors arising from restructuring of Baht 2.89 million, and other income of Baht 10.57 million.

#### APRIL 2012 – MARCH 2013

Revenue from sales of the products made by the Company's subsidiaries was Baht 25,014.52 million. The distribution of the revenue across product lines was 51%, 37% and 6% through domestic sales of rebars, wire rods and small sections including others, respectively. The balance 6% was generated through international sales.

Other income of the Company and its subsidiaries amounted to Baht 237.67 million, representing 0.94 % of total revenues. It comprised mainly of compensation from insurance company of Baht 101.46 million, Baht 65.79 million gain from negotiated settlements of trade creditors arising from restructuring, gain on exchange rate of Baht 42.04 million, interest income of Baht 14.55 million and other income of Baht 13.83 million.

#### APRIL 2011 – MARCH 2012

Revenue from sales of the products made by the Company's subsidiaries was Baht 26,223.03 million. The distribution of the revenue across product lines was 48%, 40% and 5% through domestic sales of rebars, wire rods and small sections including others, respectively. The balance 7% was generated through international sales.

Other income of the Company and its subsidiaries amounted to Baht 120.05 million, representing 0.45% of total revenues. It comprised mainly of gain on store sales of Baht 39 million, penalty of Liquidated damages for non-fulfilment of the performance guarantee (MBF Project) of Baht 35.00 million, exchange rate of Baht 23.73 million, interest income of Baht 8.34 million and other income of Baht 13.98 million.

## ANALYSIS ON CHANGES IN REVENUE STRUCTURE

The net sales of the company for the year ended (April 2013-March 2014) was Baht 25,362.71 million from sales volume of 1,298,000 tons (Year/April 2012-March 2013: Baht 25,014.52 million from sales volume of 1,175,000 tons), thereby showing an increase of 10% over the previous year. The improvement in sales is primarily on account of demand from ongoing projects, increased reach in upcountry market & export to neighboring countries.

The net sales of the company for the year ended (April 2012-March 2013) was Baht 25,014.52 million from sales volume of 1,175,000 tons (Year/April 2011-March 2012: Baht 26,223 million from sales volume of 1,139,000 tons), thereby showing an increase of 3% over the previous year. However, the total net sales in MB decreased by 5% due to the reduction in global steel prices in 2012 as compared to 2011. Higher imports of wire rods from China at lower prices also caused adverse impact on the revenue of the company as the sales prices of wire rods had to be adjusted downwards to retain share with the customers.

The net sales of the company for the year ended (April 2011-March 2012) was Baht 26,223 million from sales volume of 1,139,000 tons (Year/April 2010-March 2011: Baht 26,761 million from sales volume of 1,289,000 tons) thereby showing a decrease of 2% and 12%, respectively. While the sale volume decrease of 12% is attributed to the lower volume in Q3 FY12 due to floods, company could get comparatively higher prices and improved its product mix in FY12 to restrict the sales revenue shortfall to just 2% over last year.

## COST OF GOODS SOLD AND GROSS PROFIT MARGIN

#### APRIL 2013 – MARCH 2014

Cost of goods sold of the Company and its subsidiaries was Baht 24,236.73 million, equivalent to 95.56% of the total revenue from sales. Gross profit margin was 4.43% of the total revenue from sales.

#### APRIL 2012 – MARCH 2013

Cost of goods sold of the Company and its subsidiaries was Baht 24,724.56 million, equivalent to 98.84% of the total revenue from sales. Gross profit margin was 1.16% of the total revenue from sales.

#### APRIL 2011 – MARCH 2012

Cost of goods sold of the Company and its subsidiaries was Baht 26,629.03 million, equivalent to 101.55% of the total revenue from sales. Gross profit margin was (1.55%) of total revenue from sales. The low gross margin was due to one-time extraordinary expense of Baht (408) Million.



## ANALYSIS ON CHANGES IN COST OF GOODS SOLD AND GROSS PROFIT MARGIN

For the period of April 2013 - March 2014, gross profit of the Company and its subsidiaries reported a margin of 4.43% owing to improved average cost of goods sold by Baht 2,300 per ton over last year. While the sales realization showed a decrease by Baht 1,800 per ton, a higher reduction in the cost of goods sold arising out of "operations excellence" helped improve the gross profit margin by Baht 500 per ton over last year.

For the period of April 2012 - March 2013, gross profit of the Company and its subsidiaries reported a margin of 1.16% owing to improved average cost of goods sold by Baht 2,400 per ton over last year. While the sales realization showed a decrease by Baht 1,700 per ton, a higher reduction in the cost of goods sold arising out of "operations excellence" helped improve the gross profit margin by Baht 700 per ton over last year.

For the period of April 2011 - March 2012, gross profit of the Company and its subsidiaries reported a margin of (1.55%). While, the sales realization was higher by Baht 2,300 than last year, the cost increase in metallics led to a higher cost of goods sold. The cost also includes one time expense of Baht 408 Million pertaining to the mothball of Mini Blast Furnace thereby leading to a total cost increase of Baht 2,600 per ton and therefore showing a gross profit margin drop by Baht 300 per ton over last year.

## NET PROFIT (LOSS)

### APRIL 2013 - MARCH 2014

Net Profit of the Company and its subsidiaries was Baht 30.79 million as compared to Baht (4,545.47) million of last year.

### APRIL 2012 - MARCH 2013

Net loss of the Company and its subsidiaries was Baht (4,545.47) million. This includes one-time impairment charge of Baht (3,600) million and reversal of Deferred Tax Asset of Baht (286) million. Without these one-time charges, the Net profit (loss) for the year would be Baht (659.47) million as compared to Baht (893.59) million of last year.

### APRIL 2011 - MARCH 2012

Net loss of the Company and its subsidiaries was Baht (1,580.59) million. This includes one time MBF mothball of Baht (415) million charge and reversal of Deferred Tax Asset of Baht (272) million. Without this one time charge, the Net profit (loss) for the year would be Baht (893.59) million as compared to Baht (976.00) million of last year.

## ANALYSIS ON CHANGES IN THE NET PROFIT (LOSS)

For the Period April 2013 - March 2014, net profit of the Company and subsidiaries was Baht 30.79 million as compared to Baht (4,545.47) million

of last year. The improved performance for this year has been due to tight control on working capital, continued focus on cost, improved product and superior customer service.

For the Period April 2012 - March 2013, net loss of the Company and subsidiaries was Baht (4,545.47) million. The increase is of Baht (2,964.88) million when compared with a loss of Baht (1,580.59) million in the previous year. The difference is mainly due to the one-time impairment charge of Baht (3,600) million coming from the impairment testing exercise, carried out in line with the TAS 36 requirements. Accordingly, the Company has impaired plant & equipment at its subsidiary, NTS Steel Group PCL and has also carried out the deferred tax asset write-back of Baht (286) million on account of the probability to taxable profit that cannot be utilised.

For the Period April 2011 - March 2012, net loss of the Company and subsidiaries was Baht (1,580.59) million. This represents an increase of Baht (604.59) million when compared with a net loss of Baht (976.00) million in the previous year. The difference was mainly due to the one-time expenditure of Baht (415) million arising out of the moth ball of MBF and Deferred Tax Assets write-back of Baht (272) million on account of reduction in corporate tax rate.

## FINANCIAL STATUS

### ASSETS

#### COMPOSITION OF ASSETS

As on March 31, 2014, the Company and its subsidiaries had total assets of Baht 16,195.04 million. It was composed of current assets, property, plant and equipment (net) and other assets of Baht 6,693.70 million, Baht 5,532.37 million and Baht 3,968.97 million, respectively. Other assets included goodwill of Baht 3,456.01 million, deferred tax assets of Baht 228.03 million, Income tax refundable of Baht 204.24 million, and others.

### ASSET QUALITY

As on March 31, 2014, the Company and its subsidiaries had trade accounts receivables net of allowance for doubtful accounts of Baht 692.73 million. 92.05% of these receivables were from unrelated parties and 7.95 % were from related parties. With respect to the quality of the Company's trade accounts receivables, it was regarded as "good" indicating that 99% of trade accounts receivables were less than three months of age.

The Company and its subsidiaries have set a policy for provision for doubtful accounts based on an estimate of receivables expectedly uncollectible using historical collection experience and review of current status of existing receivables. As on March 31, 2014, the Company and its subsidiaries set aside a provision for doubtful accounts amounting to Baht 22.18 million, equivalent to 3.20% of total trade accounts receivables, all of which were

# MANAGEMENT DISCUSSION AND ANALYSIS

against the NTS' trade accounts receivable accumulated prior to the merger in 2006.

In addition, as on March 31, 2014, the Company had set an allowance for diminution in value of the inventory, for obsolescence and slow-moving items of Baht 48.84 million. The provision was in conjunction with Thai Accounting Standard No. 2 "Inventories." The Company and its subsidiaries will review this on an annual basis.

## LIQUIDITY

As on March 31, 2014, the Company and its subsidiaries had a net decrease in cash and cash equivalents of Baht 794.65 million as compared to the previous year. The change was due to an increase in net cash from operating activities amounting to Baht 1,192.12 million. This comprised of operating profit before changes in operating assets and liabilities of Baht 1,006.28 million and a decrease in changes in operating assets and liabilities of Baht 185.84 million largely due to the decrease in the inventory. With respect to investing activities, a net cash flow of Baht 41.12 million was used up for additional investment in fixed assets. Net cash of Baht 1,945.64 million was paid for financing activities towards short-term loan draw down of Baht 247.14 million, long-term loan repayment of Baht 1,650.00 million and payments made to creditors of NTS restructuring amounting to Baht 48.50 million.

As on March 31, 2013, the Company and its subsidiaries had a net increase in cash and cash equivalents of Baht 1,664.03 million as compared to the previous year. The change was due to an increase in net cash from operating activities amounting to Baht 1,175.36 million. This comprised of operating profit before changes in operating assets and liabilities of Baht 641.56 million and a decrease in changes in operating assets and liabilities of Baht 533.80 million largely due to the decrease in the inventory. With respect to investing activities, a net cash flow of Baht 199.43 million was used up for additional investment in fixed assets. Net cash of Baht 688.11 million was paid for financing activities towards short-term loan draw down of Baht 1,501.51 million, long-term loan repayment of Baht 750.00 million and payments made to creditors of NTS restructuring amounting to Baht 63.40 million.

As on March 31, 2012, the Company and its subsidiaries had a net decrease in cash and cash equivalents of Baht 340.27 million from the previous year. The change was due to decrease in net cash from operating activities amounting to Baht 481.00 million. This comprised of operating profit before changes in operating assets and liabilities of Baht 257.98 million, and an increase in changes in operating assets and liabilities of Baht 738.97 million largely due to the addition in inventory and decreasing in trade accounts payable, decreasing in other assets. With respect to investing activities, a net cash flow of Baht 139.94 million was due to the additional investment in

fixed assets. Net cash of Baht 280.67 million was paid for financing activities towards short-term loan draw down of Baht 830.67 million and long-term loan repayment of Baht 550.00 million.

## SOURCES OF CAPITAL FUNDS

### APPROPRIATENESS OF CAPITAL STRUCTURE

As on March 31, 2014, the Company and its subsidiaries' had a debt to equity ratio of 0.79 times while it was 1.02 times in 2013.

### SHAREHOLDERS' EQUITY

As on March 31, 2014, the Company and its subsidiaries had shareholders' equity of Baht 9,016.47 million with the paid-up capital from ordinary shares Baht 11,810.36 million. The retained earnings (deficit) was Baht (3,117.02) million, the legal reserve was Baht 333.84 million, Unrealised gain on remeasuring available-for-sale investments was Baht 0.60 million and Non-controlling interests was Baht (11.31) million.

### LIABILITIES

As on March 31, 2014, the Company and its subsidiaries had liabilities amounting to Baht 7,178.57 million consisting of current liabilities of Baht 5,719.03 million and Baht 1,459.54 million for non-current liabilities, representing 79% and 21% of total liabilities, respectively. Current liabilities included short-term borrowing from financial institutions of Baht 2,085.03 million, long-term loan from financial institutions Baht 1,610.00 million, trade and other payables of Baht 1,948.72 million and other current liabilities of Baht 75.28 million. Non-current liabilities included long-term loan from financial institutions of Baht 1,065.00 million, long-term borrowing from a related party of Baht 270.60 million and other liabilities of Baht 123.94 million.

## BORROWINGS FROM FINANCIAL INSTITUTIONS :

### 1. SHORT-TERM BORROWING

As at March 31, 2014 and 2013, the Group has borrowing from a financial institution in the amount of Baht 1,163 million and Baht 1,433 million, respectively, bearing the interest rate at BIBOR + 2% per annum. The Group entered into an agreement to obtain short-term credit facilities of Baht 1,500 million, for scrap purchasing among the Company's related parties. Subsequently, on March 3, 2014, the Group increased such credit limit totaling of Baht 1,698 million.

As at March 31, 2014 and 2013, the Group has borrowing from another financial institution in the amount of Baht 922 million and Baht 899 million, respectively, bearing the interest rate at BIBOR + 2% per annum. The Group entered into an agreement to obtain short-term credit facilities of Baht 968 million, for utilities financing.

As at March 31, 2014 and 2013, the Group has agreements with 8 local financial institutions to obtain credit facilities of Baht 6,723 million and Baht 6,375 million, respectively, for working capital. The interest rate of these credit facilities are as follows:

Credit Line	Interest rate
1) Bank Overdraft	Minimum Overdraft Rate (MOR)
2) Trust receipts (Baht)	Money Market Rate (MMR)
3) Promissory note	Money Market Rate (MMR)

As at March 31, 2014 and 2013, the Group has withdrawn the loans including letters of credit and trust receipts totaling Baht 1,120 million and Baht 1,071 million, respectively.

## 2. LONG-TERM BORROWINGS

The long term borrowings comprising of 2 loan agreements, the 1<sup>st</sup> dated November 29, 2006 for Baht 5,000 million with interest rate at MLR-1.25% p.a., and the 2nd dated November 9, 2007 for Baht 3,500 million with interest rate at MLR-2.00% p.a. and their amendments thereto. The loans are secured by the property, plant and equipment of all subsidiaries as mentioned in Note 8. The loans contain restrictions on financial ratios and shareholders' structure which is in accordance with requirements in loan agreement from financial institutions.

The Group has approached the Lenders for installment rescheduling to match with projected debt servicing capability based on current business scenario, which is under active consideration of the Lenders and negotiations are nearing conclusion. Pending finalisation of such amendments to the agreements, the Group has maintained installment payments in line with existing terms.

In addition, as at March 31, 2014, the Company had a debt service coverage ratio ("DSCR") lower than the required ratio specified in the loan agreements with two financial institutions. Waiver for compliance of DCSR specified in the loan agreements was obtained from both renders.

## MAJOR FACTORS POTENTIALLY AFFECTING ITS OPERATION AND FINANCIAL STATUS IN THE FUTURE

### CONTINGENT LIABILITIES POTENTIALLY AFFECTING ITS OPERATION AND FINANCIAL STATUS IN THE FUTURE

As of March 31, 2014, the Company had contingent liabilities as follows:

1. Its subsidiaries had Letter of Credit (L/C) amounting to Baht 48 million opened but were not under the liabilities' condition.
2. Letters of guarantee issued by the commercial banks to the Revenue Department mounting Baht 378 million.
3. Its subsidiaries had obligations under the purchase and installation agreement of machineries totaling of Baht 42.8 million
4. The Company and its subsidiaries had obligations under lease agreements (including service fee) amounting to Baht 116 million.

### OTHER FACTORS POTENTIALLY AFFECTING COMPANY'S OPERATION AND FINANCIAL STATUS IN THE FUTURE

Other factors that may affect Company's operation and financial status in the future are shown as the risk in item "Risk Factors", and item "Notes to Financial Statements", No. 25 : Financial Instruments.



# REPORT OF THE AUDIT COMMITTEE

## Dear Shareholders:

The Audit Committee comprises three independent directors who are neither officers nor employees of the Company. In 2013-2014, each committee member performed their duties according to the charter as designated by the Board. More importantly, the Committee carried out its supervisory tasks pursuant to the regulations concerning Audit Committee responsibilities and compliance with the good corporate governance principles recommended by the Stock Exchange of Thailand.

For the year of 2013-2014, the Committee held four meetings. Before the deliberation on various matters in the agenda of each meeting, management were invited to attend the meetings for the discussions and monitoring of issues related to operating performance, risk management, internal control and internal audit as well as general management matters which may affect the Company's operation. These are summarized as follows:

### 1. Supervision and review of the quarterly and annual financial statements for the year 2013-2014

The Audit Committee supervised and reviewed the financial statements to ensure that they were prepared and presented accurately, completely, and timely; and that adequate information were disclosed in conformity with the generally accepted accounting principles prescribed in the Accounting Act B.E. 2543 as well as the notifications of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand. Auditors and management were requested to provide relevant information and respond to queries on reasons for variations in financial data. The Committee received satisfactory clarifications from the management, internal auditor, and the statutory auditor, and it thereby endorsed the financial statements as certified by the statutory auditor for further deliberation by the Board of Directors.

### 2. Supervision of risk management

The Audit Committee supervised and reviewed risk management practices of the Company and its subsidiaries as well as performed assessment of risk management processes in conformity with the Stock Exchange of Thailand and international standards. The Committee also reviewed risk management guidelines of the Company and constantly monitored risk management assessments on a quarterly basis. The Audit Committee believes that the risks are still at an acceptable level.

### 3. Review of good corporate governance compliance

The Audit Committee reviewed compliance to good corporate governance principles, disclosed information, and supervised transactions pertaining to related parties pursuant to the notifications of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand as well as applicable laws and government regulations. There were no events reported of significant non-compliance with good corporate governance practices.

### 4. Supervision of internal control

The Audit Committee regularly reviewed the internal control system of the Company. The Internal Audit Plan is reviewed and approved by the Committee on a yearly basis. The significant control weaknesses, recommendation and Management action plans were reported by the internal auditors and the agreed actions have been/are being implemented satisfactorily and are regularly monitored by the Audit Committee.

### 5. Supervision of internal audit

The Audit Committee supervised, reviewed and evaluated on a quarterly basis the performance of the Internal Audit Office, based on the approved plan. Most audit observations entailed improvements in efficiency and controls in the areas of procurement and payables process, sales and collection, inventory management, compliance process, accounts and finance and SAP post implementation. The Committee further supervised the implementation of the recommendations made by the Internal Auditors. In addition, the performance of the Internal Auditors was evaluated by the President of the Company.

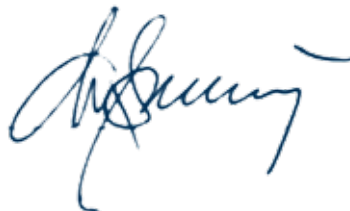
## 6. Consideration for the appointment of auditors

The Audit Committee considered that in 2013-2014, the Company's auditor satisfactorily performed its duties to the Company in accordance with the generally accepted accounting principles set by the Stock Exchange of Thailand. The Committee, therefore, resolved to propose to the Board of Directors to present to the shareholders for approval at the shareholders' meeting on the appointment of Ms. Thanawan Anuratbodee or Mr. Manoon Manusook or Mr. Choopong Surachutikarn of Deloitte Touche Tomatsu Jaiyos Audit Company Limited as the auditor of the Company and its subsidiaries for the fiscal year of 2014-2015, commencing on April 1, 2014 and ending on March 31, 2015.

In conclusion, the Audit Committee believes that the Company upholds good corporate governance policies by monitoring and evaluating results of agreed operational plans, rendering the internal control system of the Company to be sufficiently efficient without any material deficiencies. As for related transactions which might entail conflict of interest, there were actual transactions that reasonably arose from the normal course of business and conducted for optimal benefits according to the Company's policy. These transactions were duly conducted in conformity with prescriptions, laws, and regulations of concerned agencies. In addition, the financial statements for the year ending March 31, 2014 were properly prepared and relevant information was disclosed adequately pursuant to the accounting standards as set by Federation of Accounting Profession. No events were found to indicate problems or transactions with significant financial impact.

Bangkok, April 23, 2014

On Behalf of the Audit Committee



Maris Samaram

Chairman of the Audit Committee



# REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES TO THE FINANCIAL STATEMENTS

The Board of Directors of the Company is responsible for the financial statements of Tata Steel (Thailand) Public Company Limited and subsidiaries, including financial information disclosed in the annual report for the year 2013 - 2014, which have been prepared in accordance with generally accepted accounting principles prevailing in Thailand, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act. The policies pursued are appropriate and applied consistently with regard to reasonableness and careful preparation. Important information is also adequately and transparently disclosed in the notes to financial statements for the company's shareholders and investors.

The Board has appointed an Audit Committee comprising independent directors to supervise and review the financial statements as well as to assess the internal control and risk management systems to ensure that accounting records are accurate, complete, and timely to prevent frauds or unusual operations. The views of the Audit Committee are reported in the Report of the Audit Committee for 2013 - 2014 in the annual report herein presented.

The Board believes that the internal control system of the Company, in general, is adequate to assure that the financial statements of Tata Steel (Thailand) Public Company Limited and subsidiaries present, in all material respects, the financial positions, results of operations, and cash flows accurately.

Bangkok, April 25, 2014



Koushik Chatterjee  
Chairman



Rajiv Mangal  
President and CEO

## TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED

We have audited the consolidated financial statements of Tata Steel (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of Tata Steel (Thailand) Public Company Limited, which comprise the consolidated and separate statements of financial position as at March 31, 2014, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows 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 Standards, 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of Tata Steel (Thailand) Public Company Limited and its subsidiaries and of Tata Steel (Thailand) Public Company Limited as at March 31, 2014 and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Bangkok, April 25, 2014



Thanawan Anuratbodee

Certified Public Accountant (Thailand)

Registration No. 3440

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

# STATEMENT OF FINANCIAL POSITION

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

Unit : Baht

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2014	2013	2014	2013
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	1,340,103,987	2,134,752,439	1,140,924,373	2,041,432,386
Trade and other receivables					
Trade accounts receivable - related parties	22	55,062,113	101,124,667	-	-
Trade accounts receivable - other companies	5	637,674,394	795,063,546	-	-
Other receivables - related parties	22	1,142,225	3,106,655	39,885,573	34,295,654
Other receivables - other companies		43,404,741	18,341,999	15,514,318	5,357,398
Short-term loans to related parties	22	-	-	382,189,830	336,386,352
Current portion of long-term loans					
to a related party	22	-	-	1,610,000,000	1,650,000,000
Inventories	6	4,575,827,652	4,969,586,281	-	-
Value added tax refundable		613	50,521,140	-	-
Other current assets		40,491,558	44,486,665	2,677,606	4,571,251
Total Current Assets		6,693,707,283	8,116,983,392	3,191,191,700	4,072,043,041
NON-CURRENT ASSETS					
Available-for-sale investments		600,000	1,300,000	-	-
Investments in subsidiaries	7	-	-	12,013,047,275	12,013,047,275
Other long term investments	2	1,241	1,241	-	-
Long-term loans to a related party	22	-	-	1,065,000,000	2,675,000,000
Property, plant and equipment	8	5,419,662,135	5,879,713,446	11,166,059	10,883,249
Computer software	9	112,713,795	135,356,076	110,501,257	132,637,968
Goodwill	10	3,456,014,092	3,456,014,092	-	-
Deferred tax assets	11	228,031,827	231,728,596	8,951,528	8,535,271
Other non-current assets	12	284,313,938	279,947,679	121,334,766	125,281,602
Total Non-current Assets		9,501,337,028	9,984,061,130	13,330,000,885	14,965,385,365
TOTAL ASSETS		16,195,044,311	18,101,044,522	16,521,192,585	19,037,428,406

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

# STATEMENT OF FINANCIAL POSITION

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT MARCH 31, 2014

Unit : Baht

		Consolidated Financial Statements		Separate Financial Statements	
Notes		2014	2013	2014	2013
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings from financial institutions	13.1	2,085,035,889	2,332,180,682	-	-
Trade and other payables					
Trade accounts payable - related parties	22	725,875,565	493,716,176	-	-
Trade accounts payable - other companies		688,720,909	867,545,776	-	-
Other payables - related parties	22	8,926,225	15,647,623	10,112,469	5,808,476
Other payables - other companies		18,776,296	35,495,725	7,432,726	8,833,389
Advance received from customers		29,333,795	30,285,452	-	-
Accrued expenses		477,089,580	490,570,483	49,092,866	37,145,712
Current portion of long-term liabilities					
Trade accounts payable of subsidiary arising					
from restructuring	14	6,326,827	57,712,398	-	-
Long-term borrowings	13.2	1,610,000,000	1,650,000,000	1,610,000,000	1,650,000,000
Short-term borrowing from a related party	22	-	-	819,282,082	1,835,293,826
Income tax payable		19,932,274	33,253,445	-	-
Other current liabilities		49,010,723	38,628,721	9,755,667	5,593,721
Total Current Liabilities		5,719,028,083	6,045,036,481	2,505,675,810	3,542,675,124
NON-CURRENT LIABILITIES					
Long-term borrowings	13.2	1,065,000,000	2,675,000,000	1,065,000,000	2,675,000,000
Long-term borrowing from a related party	22	270,596,275	270,596,275	270,596,275	270,596,275
Employee benefit obligations	16	123,948,166	138,663,089	40,920,033	42,676,353
Total Non-current Liabilities		1,459,544,441	3,084,259,364	1,376,516,308	2,988,272,628
TOTAL LIABILITIES		7,178,572,524	9,129,295,845	3,882,192,118	6,530,947,752

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

# STATEMENT OF FINANCIAL POSITION

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT MARCH 31, 2014

Unit : Baht

Notes	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	17			
Authorised share capital				
Preference shares				
252,773,225 preference shares of				
Baht 1 each		252,773,225		252,773,225
Ordinary shares				
8,421,540,848 ordinary shares of				
Baht 1 each	8,421,540,848		8,421,540,848	
10,772,806,348 ordinary shares of				
Baht 1 each		10,772,806,348		10,772,806,348
<b>Issued and paid-up share capital</b>				
Preference shares				
252,773,225 preference shares of				
Baht 1 each, fully paid		252,773,225		252,773,225
Ordinary shares				
8,421,540,848 ordinary shares of				
Baht 1 each, fully paid	8,421,540,848		8,421,540,848	
8,168,767,623 ordinary shares of				
Baht 1 each, fully paid		8,168,767,623		8,168,767,623
Share premium				
Preference shares	-	127,849,137	-	127,849,137
Ordinary shares	3,258,624,766	3,130,775,629	3,258,624,766	3,130,775,629
Expired warrants	130,201,936	130,201,936	130,201,936	130,201,936

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



# STATEMENT OF FINANCIAL POSITION

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT MARCH 31, 2014

Unit : Baht

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2014	2013	2014	2013
Retained earnings (deficit)					
Appropriated					
Legal reserve	17	333,845,739	327,219,749	333,845,739	327,219,749
Unappropriated (deficit)		(3,117,026,503)	(3,155,831,398)	494,787,178	368,893,355
Other component of equity					
Unrealised gain on remeasuring available-for-sale investments		598,560	1,296,880	-	-
TOTAL ATTRIBUTIONS TO OWNERS OF THE PARENT COMPANY		9,027,785,346	8,983,052,781	12,639,000,467	12,506,480,654
Non-controlling interests		(11,313,559)	(11,304,104)	-	-
TOTAL SHAREHOLDERS' EQUITY		9,016,471,787	8,971,748,677	12,639,000,467	12,506,480,654
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,195,044,311	18,101,044,522	16,521,192,585	19,037,428,406

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

# STATEMENT OF COMPREHENSIVE INCOME

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2014

Unit : Baht

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2014	2013	2014	2013
Revenue from sales		25,362,713,299	25,014,522,377	-	-
Cost of sales		(24,236,734,885)	(24,724,565,404)	-	-
Gross profit		1,125,978,414	289,956,973	-	-
Other income					
Interest income		20,591,968	14,545,719	219,821,066	368,390,933
Gain on exchange rate - net		-	42,041,818	132,307	-
Management fee income	22	-	-	310,606,104	317,473,865
Others	19	56,794,810	181,078,200	210,681,126	1,049,413
Profit before expenses		1,203,365,192	527,622,710	741,240,603	686,914,211
Selling expenses		(219,881,051)	(203,450,641)	(13,674,576)	(10,749,109)
Administrative expenses		(557,842,322)	(567,969,811)	(362,661,903)	(385,257,368)
Directors' remuneration		(5,117,507)	(5,542,125)	(5,117,507)	(5,542,125)
Loss on exchange rate - net		(9,184,190)	-	-	(87,869)
Impairment loss on investment in a subsidiary	7	-	-	-	(3,380,000,000)
Impairment loss on plant and equipment	8	-	(2,939,707,552)	-	-
Impairment loss on goodwill	10	-	(660,323,466)	-	-
Finance costs		(327,536,061)	(370,115,461)	(231,069,217)	(298,329,510)
Total expenses		(1,119,561,131)	(4,747,109,056)	(612,523,203)	(4,079,965,981)
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		83,804,061	(4,219,486,346)	128,717,400	(3,393,051,770)
Income tax income (expense)	11	(53,020,009)	(335,826,715)	1,093,488	(699,339)
PROFIT (LOSS) FOR THE YEAR		30,784,052	(4,555,313,061)	129,810,888	(3,393,751,109)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Unrealised loss on remeasuring available-for-sale investments		(700,000)	(300,000)	-	-
Actuarial gain on defined employee benefit plan	16	16,809,498	-	3,386,156	-
Income tax relating to components of other comprehensive income		(2,170,440)	-	(677,231)	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - NET OF TAX		13,939,058	(300,000)	2,708,925	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		44,723,110	(4,555,613,061)	132,519,813	(3,393,751,109)

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

# STATEMENT OF COMPREHENSIVE INCOME

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF COMPREHENSIVE INCOME (CONTINUED) FOR THE YEAR ENDED MARCH 31, 2014

Unit : Baht

		Consolidated Financial Statements		Separate Financial Statements		
		2014	2013	2014	2013	
Notes						
PROFIT (LOSS) ATTRIBUTABLE TO :						
	Owners of the parent	30,791,827	(4,545,470,741)	129,810,888	(3,393,751,109)	
	Non-controlling interests	(7,775)	(9,842,320)	-	-	
		30,784,052	(4,555,313,061)	129,810,888	(3,393,751,109)	
TOTAL COMPREHENSIVE INCOME (LOSS)						
ATTRIBUTABLE TO:						
	Owners of the parent	44,732,565	(4,545,768,421)	132,519,813	(3,393,751,109)	
	Non-controlling interests	(9,455)	(9,844,640)	-	-	
		44,723,110	(4,555,613,061)	132,519,813	(3,393,751,109)	
EARNINGS (LOSS) PER SHARE						
	Basic earnings (loss) per share	21 BAHT	0.00	(0.56)	0.02	(0.42)
	Diluted earnings (loss) per share	21 BAHT	0.00	(0.54)	0.02	(0.40)

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

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – CONSOLIDATED

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Unit : Baht

Notes	Issued and paid-up share capital		Share premium			Warrants	Retained earnings (deficit)		Other components of equity	Total attributions to the owners of the parent company	Non-controlling interest	Total shareholders' equity
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Expired warrants		Appropriated Legal reserve	Unappropriated (deficit)				
Balance as at April 1, 2012	252,773,225	8,168,767,623	127,849,137	3,130,775,629	-	130,201,936	327,219,749	1,389,639,343	1,594,560	13,528,821,202	(1,459,464)	13,527,361,738
Expired warrants	-	-	-	-	130,201,936	(130,201,936)	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	-	(4,545,470,741)	(297,680)	(4,545,768,421)	(9,844,640)	(4,555,613,061)
Balance as at March 31, 2013	252,773,225	8,168,767,623	127,849,137	3,130,775,629	130,201,936	-	327,219,749	(3,155,831,398)	1,296,880	8,983,052,781	(11,304,104)	8,971,748,677
Balance as at April 1, 2013	252,773,225	8,168,767,623	127,849,137	3,130,775,629	130,201,936	-	327,219,749	(3,155,831,398)	1,296,880	8,983,052,781	(11,304,104)	8,971,748,677
Expired preference shares	17 (252,773,225)	252,773,225	(127,849,137)	127,849,137	-	-	-	-	-	-	-	-
Legal reserve	17	-	-	-	-	-	6,625,990	(6,625,990)	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	45,430,885	(698,320)	44,732,565	(9,455)	44,723,110
Balance as at March 31, 2014	-	8,421,540,848	-	3,258,624,766	130,201,936	-	333,845,739	(3,117,026,503)	598,560	9,027,785,346	(11,313,559)	9,016,471,787

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

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – SEPARATE

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY SEPARATE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Unit : Baht

	Notes	Issued and paid-up share capital		Share premium			Warrants	Retained earnings		Total shareholders' equity
		Preference shares	Ordinary shares	Preference shares	Ordinary shares	Expired warrants		Appropriated Legal reserve	Unappropriated	
Balance as at April 1, 2012		252,773,225	8,168,767,623	127,849,137	3,130,775,629	-	130,201,936	327,219,749	3,762,644,464	15,900,231,763
Expired warrants		-	-	-	-	130,201,936	(130,201,936)	-	-	-
Total comprehensive loss for the year		-	-	-	-	-	-	-	(3,393,751,109)	(3,393,751,109)
Balance as at March 31, 2013		252,773,225	8,168,767,623	127,849,137	3,130,775,629	130,201,936	-	327,219,749	368,893,355	12,506,480,654
Balance as at April 1, 2013		252,773,225	8,168,767,623	127,849,137	3,130,775,629	130,201,936	-	327,219,749	368,893,355	12,506,480,654
Expited preference shares	17	(252,773,225)	252,773,225	(127,849,137)	127,849,137	-	-	-	-	-
Legal reserve	17	-	-	-	-	-	-	6,625,990	(6,625,990)	-
Total comprehensive income for the year		-	-	-	-	-	-	-	132,519,813	132,519,813
Balance as at March 31, 2014		-	8,421,540,848	-	3,258,624,766	130,201,936	-	333,845,739	494,787,178	12,639,000,467

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



# STATEMENT OF CASH FLOWS

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

Unit : Baht

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before income tax		83,804,061	(4,219,486,346)	128,717,400	(3,393,051,770)
Adjustments :					
Dividend received from a subsidiary		-	-	(209,999,928)	-
Unrealised (gain) loss on foreign exchange rate		4,377,819	(3,488,980)	(1,130)	-
Allowance for inventory obsolescence (reversal)		1,932,536	(7,448,205)	-	-
Depreciation and amortisation		535,541,417	915,675,085	28,935,889	37,152,563
Amortisation of rolling mill roll		53,301,915	40,637,740	-	-
Employee benefit obligations expense		14,466,435	24,991,952	3,905,336	9,125,730
Other employee benefit expense		11,092,514	-	3,837,607	-
Interest income		(20,591,968)	(14,545,719)	(219,821,066)	(368,390,933)
Interest expense		327,536,061	370,115,461	231,069,217	298,329,510
Gain from debt restructuring		(2,887,609)	(65,785,886)	-	-
(Gain) loss on sale of property, plant and equipment and computer software		(4,889,982)	689,978	2,345	-
Loss from writing off of property, plant and equipment and computer software		40,553	171,554	-	2,491
Impairment loss on investment in a subsidiary	7	-	-	-	3,380,000,000
Impairment loss on plant and equipment	8	-	2,939,707,552	-	-
Impairment loss on goodwill	10	-	660,323,466	-	-
Reversal of allowance for diminution in value of other non-current assets		(168,561)	-	-	-
Provision for refundable surcharge and penalty of prior year income tax		2,733,100	-	-	-
		1,006,288,291	641,557,652	(33,354,330)	(36,832,409)
(Increase) decrease in trade accounts receivable					
- related parties		46,062,554	(44,441,118)	-	-

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

**TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2014**

Unit : Baht

Notes	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
(Increase) decrease in trade accounts receivables				
- other companies	157,313,341	(44,673,649)	-	-
(Increase) decrease in other receivables - related parties	1,964,430	70,136,930	(7,662,481)	96,558,810
(Increase) decrease in other receivables - others companies	(25,062,742)	1,299,759	(10,156,920)	2,244,484
Decrease in inventories	338,524,178	1,939,858,234	-	-
(Increase) decrease in other current assets,				
value added tax refundable and other non - current assets	70,367,628	(15,287,599)	17,346,779	(71,220,966)
Increase (decrease) in trade accounts payable				
- related parties	222,116,969	(238,778,542)	-	-
Decrease in trade accounts payable - other companies	(178,956,686)	(817,858,623)	-	-
Increase (decrease) in other payables - related parties	(6,721,398)	8,399,687	4,305,123	7,366,728
Increase (decrease) in other payables - other companies	(1,289,011)	737,234	(1,300,938)	737,234
Decrease in advance received from customers	(951,657)	(44,665,498)	-	-
Increase (decrease) in accrued expenses,				
other current liabilities and other non-current liabilities	(11,877,883)	127,945,618	12,778,492	(400,907)
Cash received (paid) from operating activities	1,617,778,014	1,584,230,085	(18,044,275)	(1,547,026)
Cash paid for employee benefit obligations	(12,371,860)	(13,858,697)	(2,275,500)	(3,682,417)
Cash paid for interest	(326,897,554)	(365,900,491)	(231,576,216)	(292,030,830)
Cash paid for income tax	(86,386,194)	(29,113,258)	(11,506,298)	(18,318,574)
Net cash provided by (used in) operating activities	1,192,122,406	1,175,357,639	(263,402,289)	(315,578,847)

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

# STATEMENT OF CASH FLOWS

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED MARCH 31, 2014

Unit : Baht

		Consolidated Financial Statements		Separate Financial Statements	
		2014	2013	2014	2013
Notes					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
	Dividend received from a subsidiary	-	-	209,999,928	-
	Interest received	22,300,711	12,293,435	221,893,628	371,344,964
	Cash paid for investments in a subsidiary	-	-	-	(5,090,688,184)
	Proceeds from sales of property, plant and equipment	6,404,969	626,341	9,439	-
	Cash paid for purchases of property, plant and equipment	(68,253,383)	(211,830,059)	(5,653,097)	(1,483,233)
	Cash paid for purchases of computer software	(1,580,400)	(520,711)	(1,540,400)	(198,242)
	Increase (decrease) in short-term loan to related parties	-	-	(45,803,478)	3,749,979,959
	Cash received from long-term loan to a related party	-	-	1,650,000,000	2,075,000,000
	Net cash provided by (used in) investing activities	(41,128,103)	(199,430,994)	2,028,906,020	1,103,955,264
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
	Increase (decrease) in short-term borrowings from financial institutions	(247,144,793)	1,501,513,516	-	-
	Increase (decrease) in short-term borrowing from related parties	-	-	(1,016,011,744)	1,631,866,386
	Repayment of trade accounts payable of subsidiary arising from restructuring	(48,497,962)	(63,404,908)	-	-
	Repayment of long-term borrowings	(1,650,000,000)	(750,000,000)	(1,650,000,000)	(750,000,000)
	Net cash provided by (used in) financing activities	(1,945,642,755)	688,108,608	(2,666,011,744)	881,866,386
	Net increase (decrease) in cash and cash equivalents	(794,648,452)	1,664,035,253	(900,508,013)	1,670,242,803
	Beginning balance of cash and cash equivalents	2,134,752,439	470,717,186	2,041,432,386	371,189,583
4.1	ENDING BALANCE OF CASH AND CASH EQUIVALENTS	1,340,103,987	2,134,752,439	1,140,924,373	2,041,432,386

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

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 1. GENERAL INFORMATION

Tata Steel (Thailand) Public Company Limited ("the Company" or "the parent company") is incorporated in Thailand and has its registered office at Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak, Bangkok with the objective to invest in other companies and the Company has listed on the Stock Exchange of Thailand since November 2002. The major shareholder (hold 67.90%) is Tata Steel Global Holding Pte. Ltd. which is a part of Tata Steel Limited, a listed company incorporated under the law of India and is one of the largest integrated steel manufacturers in India with a strong global customer's base.

The Company has three subsidiaries ("the Group") which were incorporated in Thailand, that manufacture, render a manufacturing service, distribute and trading of steel bars, wire rods and small section products. Sales of the subsidiaries are mainly local sales contributing 89% and 94% of the total sales for the years ended March 31, 2014 and 2013, respectively.

Details of the Company's subsidiaries are as follows:

	Type of business	Shareholding (%)	
		As at March 31, 2014	As at March 31, 2013
The Siam Iron and Steel (2 001) Company Limited	Manufacture wire rods and small section products	99.99	99.99
The Siam Construction Steel Company Limited	Manufacture steel bars	99.99	99.99
N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distribution and trading of steel bars, wire rods and small section products	99.76	99.76

The Company has extensive transactions and relationships with the major shareholder and related parties. 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.

As at March 31, 2014 and 2013, N.T.S. Steel Group Public Company Limited's ("N.T.S.") total current liabilities are in excess of total current assets by Baht 2,129 million and Baht 844 million, respectively. However, the amount of current liabilities included the short-term borrowing from the parent company of Baht 1,833 million and Baht 1,650 million, respectively. The parent company will continue its financial support to N.T.S. to enable N.T.S. to continue its operations satisfactorily at least for the next 12 months from the statement of financial position date and the Group's management has prepared the business plan including initiatives to improve operation and financial results of N.T.S.

### 2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND THE SEPARATE THE FINANCIAL STATEMENTS

2.1 The Company and its subsidiaries maintain its accounting records in Thai Baht and prepare their statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2009) "Presentation of Financial Statements", and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544 and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".

2.3 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the periods beginning on or after January 1, 2013 onwards, as follow:

## Thai Accounting Standards (TAS)

TAS 12	Income Taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

## Thai Financial Reporting Standard (TFRS)

TFRS 8	Operating Segments
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## Thai Accounting Standard Interpretations (TSI)

TSI 10	Government Assistance - No Specific Relation to Operating Activities
TSI 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSI 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The above TFRSs have no material impact on these financial statements.

2.4 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRS), which are effective for the accounting period beginning on or after January 1, 2014 onwards as follows:

## Thai Accounting Standards ("TAS")

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2012)	Related Party Disclosures
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interests in Joint Venture
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Assets
TAS 38 (Revised 2012)	Intangible assets



## Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2012)	Share – Based Payments
TFRS 3 (Revised 2012)	Business Combinations
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2012)	Operating Segments

## Thai Accounting Standards Interpretations (“TSI”)

TSI 15	Operating Leases – Incentives
TSI 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSI 29	Disclosure – Service Concession Arrangements
TSI 32	Intangible Assets – Web Site Costs

## Thai Financial Reporting Standard Interpretations (“TFRI”)

TFRI 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4	Determining Whether an Arrangement Contains a Lease
TFRI 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRI 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRI 10	Interim Financial Reporting and Impairment
TFRI 12	Service Concession Arrangements
TFRI 13	Customer Loyalty Programmes
TFRI 17	Distributions of Non-cash Assets to Owners
TFRI 18	Transfers of Assets Form Customers

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRS), which are effective for the accounting period beginning on or after January 1, 2016 onwards as follows:

## Thai Financial Reporting Standards (“TFRS”)

TFRS 4	Insurance Contracts
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The Group’s management will adopt the above TFRSs relevant to the Group in the preparation of the Group’ financial statements when they become effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

The consolidated financial statements for the years ended March 31, 2014 and 2013 did not include investment in Siam Steel Mill Services Company Limited on an equity method because the Company has no significant influence on Siam Steel Mill Services Company Limited which is held by The Siam Construction Steel Company Limited at 24% of its share capital. The Company and the subsidiary recorded such investment as other long-term investment at cost of Baht 1,241.

### 2.5 Basis for preparation of consolidated financial statements

The consolidated financial statements consist of the financial statements of the Company and of its subsidiaries (together referred to as the “Group”).

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

## Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of that company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

## Business combinations

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies as follows:

### 3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and all types of deposits at financial institutions with the original maturities of three months or less from the date of acquisition, and excluding deposit at financial institutions used as collateral.

### 3.2 Trade and other receivables

Trade accounts receivable are stated at their invoice values less allowance for doubtful accounts.

#### Allowance for doubtful accounts

The determination of the allowance for doubtful accounts requires the use of various assumptions and judgments by the management, which includes the estimated collection losses on receivables, based on the Group's collection experience together with a review of the statement of financial position of the debtors and the aging report. The management reviews these estimates and assumptions on a regular basis.

The Group derecognises trade receivables after sales of the trade receivables only when it transfers substantially risks and rewards of ownership of the trade receivables to the buyer.

### 3.3 Inventories

Inventories are stated at the lower of cost or net realisable value.

Cost is calculated using the following method:

Finished goods and goods in process	- at weighted average cost method
Merchandise, raw materials, spare parts, supplies and others	- at moving average cost method

The cost of inventories comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of overheads based on normal production capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 3.4 Investments

#### Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are stated at cost net of allowance for impairment losses, if any.

## Available-for-sales investments

Investments in marketable equity other than those investments held for trading, are classified as being available-for-sales investments and are stated at fair value, with any resultant gain or loss being recognised directly in equity.

The fair values of marketable securities are determined as the last quoted bid price at the statement of financial position date.

## Other long-term investment

Investments in equity which are not marketable investments are stated at cost net of allowance for impairment, if any.

## Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statement of comprehensive income.

## 3.5 Property, plant and equipment

Land is stated at cost less allowance for impairment, if any.

Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment, if any.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

## Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as following:

Land improvements, building and structure	5 - 30	Years
Machinery and equipment	5 - 25	Years
Vehicles	5 - 10	Years
Furniture, fixture and office equipment	3 - 25	Years

No depreciation is provided on freehold land or assets under construction.

## 3.6 Computer software

Computer software is stated at cost less accumulated amortisation and allowance for impairment, if any.

## Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life of computer software of 5 years and 10 years.

## 3.7 Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of the identifiable net assets acquired.

## Amortisation

Effective from April 1, 2008, the amortisation of goodwill has been ceased in the consolidated financial statements and changed to assess for impairment of goodwill instead.

The Group recognises goodwill at cost less allowance for impairment loss. The Group will carry out a test for impairment of goodwill at least once a year or when there are factors indicating that an investment might be impaired.

To test for impairment, the Group allocates goodwill from business combinations to each cash-generating unit (or group of cash-generating units) that is expected to benefit from the synergies of the combination. The Group evaluates the recoverable amount of each cash-generating unit (or group of cash-generating units) and if it is lower than the carrying amount of the unit, the Group recognises impairment losses in the statement of comprehensive income. Allowance for impairment loss of goodwill will not be reversed.

## 3.8 Impairment

The carrying amount of the Group's assets are reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

The Group recognises impairment loss when the recoverable amount of an asset is lower than its carrying amount, which is the higher of the asset's fair value less cost to sell and its value in use. The Group determines the value in use by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. The calculation reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

The Group recognises an impairment loss in the statement of comprehensive income.

### Reversal of an impairment loss

The Group reverses impairment loss of asset, if any, other than goodwill, which had been recognised in the prior periods, if there is an indicator for impairment may no longer exist or may have decreased which the recoverable amount must be estimated.

## 3.9 Employee benefits

### Provident funds

Obligations for contributions to provident fund are recognised as an expense in the statement of comprehensive income as incurred.

### Employee benefit obligations

The Group's obligations in respect of employee benefit obligations for employees who are entitled to receive it upon retirement under the Thai Labor Protection Act; are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by using the projected unit credit method.

The expense for defined employee benefit plans is recognised as personnel expenses in the statement of comprehensive income.

The actuarial gains (losses) are recognised in other comprehensive income and transferred immediately to the retained earnings in the period in which they arise.

## 3.10 Long-term lease

### Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as an operating lease. Rentals applicable to such operating leases are charged to the statement of comprehensive income on the straight-line basis.

## Finance lease

Lease in which substantially all the risks and rewards of ownership other than legal title are transferred to the Group is accounted for as a finance lease. The Group capitalised the asset at the lower of estimated present value of the underlying lease payments or at the fair value of the asset at the contractual date. The leased assets are depreciated using the straight-line method over their estimated useful lives. Interest or financial charge is recognised by effective interest rate method over the term of contracts. Interest or financial charge and depreciation are recognised as expenses in the statement of comprehensive income.

## 3.11 Revenue

### Sales of goods

Revenue is recognised when the significant risks and rewards of ownership of goods are transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Sales are recognised upon delivery of goods to customer for domestic sales and to a common carrier for export sales, and deducting discounts, purchase volume discount and goods returned.

### Interest income

Interest income is recognised as it accrues on a time basis by reference to the principal outstanding at the contract rate.

## 3.12 Finance costs

Finance costs such as interest expenses and similar expenses are recognised in statement of comprehensive income for the period in which they are incurred, except to the extent that finance costs are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

## 3.13 Income tax

Income tax income (expense) is based on the taxable profit multiplied by the tax rate that has been enacted at the statement of financial position date and adjusted by the effect of deferred income tax accounting.

Deferred tax assets and liabilities resulted from temporary differences between the carrying amounts of assets or liabilities in the statement of financial position and their tax bases. The Group recognises deferred tax liabilities for all taxable temporary differences and recognises deferred tax assets for deductible temporary differences and tax losses carried forward. The Group recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each statement of financial position date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax expenses (income) are charged or credited in the statement of comprehensive income, except when the temporary differences relate to items charged directly to equity where the related deferred tax is charged or credited to such item in equity.

## 3.14 Earnings (loss) per share

The calculations of basic earnings (loss) per share for the year were based on the profit (loss) for the year divided by the weighted average number of ordinary shares held by shareholders outstanding during the year. The calculations of diluted earnings (loss) per share for the year were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.



## 3.15 Foreign currency transactions

Transactions denominated in foreign currencies are converted into Baht at rates of exchange prevailing at the transaction dates. All balances of assets and liabilities in foreign currencies outstanding at the end of the year, except forward foreign exchange contracts, are converted into Baht at the reference exchange rates established by the Bank of Thailand on that date. Gains or losses on foreign exchange are recognised as an income or expenses in the statement of comprehensive income.

The Group has adopted a policy to cover foreign exchange exposure by entering into forward exchange contracts with banks for a certain portion of its assets and liabilities in foreign currencies. The Group recognises gain or loss from the adjustment in the value of such forward exchange contracts incurred from the difference between the forward contract rate and marked-to-market rate for the remaining period of forward exchange contracts at the statement of financial position date as income or expense in the statement of comprehensive income.

## 3.16 Financial instruments

The Group entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates. Further details of financial instruments are disclosed in Notes 25 and 26.

Gains and losses on forward foreign exchange contracts designated as hedges of existing assets and liabilities are recognised as income or expense in the statements of comprehensive income.

Amounts to be paid and received are offset in the statement of financial position and included in assets or liabilities category in the statement of financial position.

The Group has no policy to speculate in or engage in the trading of any derivative financial instruments.

## 3.17 Accounting estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Group'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 revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying accounting estimates are as follows:

### Impairment

An impairment loss is recognised if the carrying value of an asset exceeds the recoverable amount which is a higher of net selling price and value in use.

Value in use is computed from the present value of future cash flow projections expected from perpetual use of the asset, under current business conditions using reasonable market estimates.

### Recognition of deferred tax asset

A deferred tax asset is recognised to the extent that it is probable that it will be utilised in the future. Such an assessment is based upon the probability that the Company will generate taxable income sufficient to fully utilise the deferred tax assets.

## 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Cash	1	1	-	-
Bank deposits in current accounts	37,277	25,484	377	417
Bank deposits in savings accounts	802,066	853,900	639,787	785,648
Time deposits with maturity				
not more than 3 months	500,760	1,255,367	500,760	1,255,367
<b>Total</b>	<b>1,340,104</b>	<b>2,134,752</b>	<b>1,140,924</b>	<b>2,041,432</b>

4.2 Non-cash transactions in the consolidated and separate financial statements for the years ended March 31, 2014 and 2013 are as follows:

- The recording of investment in available-for-sale investments at fair value and recognising unrealised loss on such investments of Baht 0.7 million and Baht 0.3 million, respectively.
- Non-cash item from purchases and increase of property, plant and equipment and computer software as at March 31, are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Payables for property, plant and equipment and computer software brought forward	27,299	33,757	625	320
<u>Add</u> Purchase during the years	54,403	205,893	7,093	1,986
<u>Less</u> Cash payment during the years	(69,834)	(212,351)	(7,193)	(1,681)
Payable for property, plant and equipment and computer software carried forward	11,868	27,299	525	625

- During 2014 and 2013, N.T.S. has written off trade accounts receivable and other receivables of Baht 17 million and Baht 673 million. The allowance for doubtful accounts has been fully provided for those trade accounts receivable.
- In December 2013, the Company's preference shares were expired which resulted to increase in issued and paid up of ordinary share and related share premium as follows:

# NOTES TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

	Consolidated Financial Statements 2014	Separate Financial Statements 2014
Issued and paid-up share capital		
Preference shares brought forward	8,421,541	8,421,541
<u>Less</u> Expired preference shares	(8,421,541)	(8,421,541)
Preference shares carried forward	-	-
Share premium		
Preference shares brought forward	127,849	127,849
<u>Less</u> Expired preference shares	(127,849)	(127,849)
Preference shares carried forward	-	-

- In December 2012, the Company's warrants were expired which resulted to increase in share premium as follows:

Unit : Thousand Baht

	Consolidated Financial Statements 2013	Separate Financial Statements 2013
Warrants brought forward	130,202	130,202
<u>Less</u> Expired warrants	(130,202)	(130,202)
Warrants carried forward	-	-

## 5. TRADE ACCOUNTS RECEIVABLE - OTHER COMPANIES

Trade accounts receivable - others companies as at March 31, consist of:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Within credit terms	626,845	784,940	-	-
Overdue: Less than 3 months	10,338	10,124	-	-
3 - 6 months	13	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	22,658	24,145	-	-
Total	659,854	819,209	-	-
<u>Less</u> Allowance for doubtful accounts	(22,180)	(24,145)	-	-
Trade accounts receivable - others companies	637,674	795,064	-	-

# NOTES TO THE FINANCIAL STATEMENTS

In 2008, the Group has entered into a "Receivable Purchase Agreement" with a financial institution which all risks and rewards only for the amount accepted by the buyer have been transferred to the buyer.

For the years ended March 31, 2014 and 2013, the Group had sold trade receivables to the aforementioned financial institution amounting to Baht 10,236 million and Baht 9,461 million, respectively.

## 6. INVENTORIES

Inventories as at March 31, consist of:

Unit : Thousand Baht				
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Finished goods	1,339,040	1,568,918	-	-
Work in process	703,348	682,003	-	-
Raw materials	1,042,343	1,146,995	-	-
Spare parts	748,958	824,732	-	-
Supplies and others	574,994	587,864	-	-
Raw materials in transit	215,985	240,648	-	-
Total	4,624,668	5,051,160	-	-
<u>Less</u> Allowance for diminution in value of inventory, for obsolescence and slow-moving items	(48,840)	(81,574)	-	-
Inventories	4,575,828	4,969,586	-	-

For the year ended March 31, 2014, the allowance for diminution in valuation of inventories, inventories obsolescence and slow-moving inventories recognised in previous year of Baht 29 million had been reversed and the allowance for diminution in valuation of inventories, inventories obsolescence and slow-moving inventories were recorded as part of cost of sales amounted to Baht 2 million.

For the year ended March 31, 2013, the allowance for diminution in valuation of inventories, inventories obsolescence and slow-moving inventories recognised in previous year of Baht 9 million had been reversed and the allowance for diminution in valuation of inventories, inventories obsolescence and slow-moving inventories were recorded as part of cost of sales amounted to Baht 2 million.

The amounts of inventories recognised as an expense in the consolidated financial statements for the years ended March 31, 2014 and 2013 were Baht 24,263 million and Baht 24,732 million, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at March 31, consist of:

Unit : Thousand Baht

	Separate Financial Statements							
	Ownership interest (%)		Paid-up capital		Investments at cost		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Investment in equity</b>								
The Siam Iron and Steel (2001) Company Limited	99.99	99.99	120,000	120,000	2,554,386	2,554,386	-	-
The Siam Construction Steel Company Limited	99.99	99.99	1,750,000	1,750,000	3,656,874	3,656,874	210,000	-
N.T.S. Steel Group Public Company Limited	99.76	99.76	4,627,965	4,627,965	9,181,787	9,181,787	-	-
			6,497,965	6,497,965	15,393,047	15,393,047	210,000	-
<u>Less</u> Allowance for impairment of investment			-	-	(3,380,000)	(3,380,000)	-	-
<b>Total</b>			6,497,965	6,497,965	12,013,047	12,013,047	210,000	-

As at March 31, 2013, in consistent with Thai Accounting Standard No. 36 (Revised 2009) "Impairment of Assets", the Group has made an assessment of impairment loss to investment in N.T.S., and recorded impairment loss of investment in a subsidiary amounting to Baht 3,380 million in the separate statement of comprehensive income for the year ended March 31, 2013 based on the forecasted cash flow covering a period of 5 years and using a constant growth rate in forecasting future cash flows and using the discount rate at 9.00%.

The impairment loss is recognised as expenses included in the statements of comprehensive income for the year ended March 31, 2013 as follows:

Unit : Million Baht

	Consolidated Financial Statements 2013	Separate Financial Statements 2013
Impairment loss on investment in a subsidiary	-	3,380
Impairment loss on goodwill	660	-
Impairment loss on plant and equipment	2,720	-
	3,380	3,380
Impairment loss on obsolete equipment	220	-
<b>Total</b>	<b>3,600</b>	<b>3,380</b>

As at March 31, 2014, the Group has made an assessment of impairment loss to investment in subsidiaries and no impairment was noted.



# NOTES TO THE FINANCIAL STATEMENTS

## 8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at March 31, consist of:

As at March 31, 2014

Unit : Thousand Baht

	Consolidated financial statements				
	Balance as at April 1, 2013	Addition	Disposal	Transfer	Balance as at March 31, 2014
<b>Cost</b>					
Land	714,611	-	-	-	714,611
Land improvement, building and structure	4,449,176	-	-	4,216	4,453,392
Machinery and equipment	14,772,421	10,143	(35,692)	112,340	14,859,212
Vehicles	3,468	-	(7)	-	3,461
Furniture, fixtures and office equipment	176,981	5,027	(1,397)	5,622	186,233
<b>Total cost</b>	<b>20,116,657</b>	<b>15,170</b>	<b>(37,096)</b>	<b>122,178</b>	<b>20,216,909</b>
<b>Accumulated depreciation</b>					
Land improvement, building and structure	(2,426,572)	(81,125)	-	-	(2,507,697)
Machinery and equipment	(8,843,336)	(415,106)	34,238	-	(9,224,204)
Vehicles	(3,378)	(47)	7	-	(3,418)
Furniture, fixtures and office equipment	(129,940)	(15,081)	1,296	-	(143,725)
<b>Total accumulated depreciation</b>	<b>(11,403,226)</b>	<b>(511,359)</b>	<b>35,541</b>	<b>-</b>	<b>(11,879,044)</b>
	8,713,431				8,337,865
<u>Less</u> Allowance for impairment on plant and equipment	(2,939,708)	-	-	-	(2,939,708)
	5,773,723				5,398,157
Construction in progress, machinery and equipment under installation	105,990	37,693	-	(122,178)	21,505
<b>Property, plant and equipment</b>	<b>5,879,713</b>				<b>5,419,662</b>

# NOTES TO THE FINANCIAL STATEMENTS

As at March 31, 2013

Unit : Thousand Baht

	Consolidated financial statements					
	Balance as at April 1, 2012	Addition	Disposal	Transfer	Reclassification	Balance as at March 31, 2013
<b>Cost</b>						
Land	714,611	-	-	-	-	714,611
Land improvement, building and structure	4,395,321	53,029	(6,589)	7,415	-	4,449,176
Machinery and equipment	14,640,032	59,281	(20,730)	73,838	20,000	14,772,421
Vehicles	3,468	-	-	-	-	3,468
Furniture, fixtures and office equipment	175,937	5,283	(8,673)	4,434	-	176,981
Total cost	19,929,369	117,593	(35,992)	85,687	20,000	20,116,657
<b>Accumulated depreciation</b>						
Land improvement, building and structure	(2,285,422)	(147,739)	6,589	-	-	(2,426,572)
Machinery and equipment	(8,143,305)	(720,481)	20,450	-	-	(8,843,336)
Vehicles	(3,250)	(128)	-	-	-	(3,378)
Furniture, fixtures and office equipment	(114,174)	(23,243)	7,477	-	-	(129,940)
Total accumulated depreciation	(10,546,151)	(891,591)	34,516	-	-	(11,403,226)
	9,383,218					8,713,431
<u>Less</u> Allowance for impairment on plant and equipment	-	(2,939,708)	-	-	-	(2,939,708)
	9,383,218					5,773,723
Construction in progress, machinery and equipment under installation	103,937	87,740	-	(85,687)	-	105,990
Property, plant and equipment	9,487,155					5,879,713
<b>Depreciation for the years</b>						
2014						511,359
2013						891,591

# NOTES TO THE FINANCIAL STATEMENTS

As at March 31, 2014

Unit : Thousand Baht

	Separate financial statements				
	Balance as at April 1, 2013	Addition	Disposal	Transfer	Balance as at March 31, 2014
Furniture, fixtures and office equipment	71,686	5,553	(21)	-	77,218
<u>Less</u> Accumulated depreciation	(60,803)	(5,259)	10	-	(66,052)
Property, plant and equipmen	10,883				11,166

As at March 31, 2013

Unit : Thousand Baht

	Separate financial statements				
	Balance as at April 1, 2012	Addition	Disposal	Transfer	Balance as at March 31, 2013
Furniture, fixtures and office equipment	69,909	1,788	(11)	-	71,686
<u>Less</u> Accumulated depreciation	(47,254)	(13,557)	8	-	(60,803)
Property, plant and equipment	22,655				10,883
<b>Depreciation for the years</b>					
2014					5,259
2013					13,557

Costs of fully depreciated plant and equipment that are still in use as at March 31, 2014 and 2013 are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Costs of fully depreciated plant and equipment	5,320,456	5,189,725	51,884	18,937

# NOTES TO THE FINANCIAL STATEMENTS

As at March 31, there is office equipment under finance lease agreements of the Group included in the property, plant and equipment as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Cost of asset under finance lease agreements	44,128	44,128	43,582	43,582
<u>Less</u> Accumulated depreciation	(44,124)	(43,332)	(43,582)	(42,828)
Asset under finance lease agreements	4	796	-	754

Property, plant and equipment of The Siam Iron and Steel (2001) Co., Ltd., The Siam Construction Steel Co., Ltd. and N.T.S. Steel Group Plc. which have book value of Baht 4,057 million as at March 31, 2014 (Baht 4,329 million as at March 31, 2013) are used as collateral for the borrowings comprising long-term borrowings from two financial institutions (see Note 13.2).

On May 5, 2012, there was an explosion of a chemical container in a company located adjacent to the plant of The Siam Construction Steel Company Limited ("SCSC"). SCSC has restored its damaged assets and has received claim settlement after adjustment of salvage and contracted deductibles. SCSC has recorded claims received as other income in the statement of comprehensive income for the years ended March 31, 2014 and 2013 of Baht 25 million and Baht 87.7 million, respectively.

Resulting from an impairment testing exercise, consistent with Thai Accounting Standard No. 36 (Revised 2009) "Impairment of Assets" (see Note 7) as at March 31, 2013, the Group decided to impair the plant and equipment at a subsidiary, N.T.S., and the losses included in the statement of comprehensive income under loss on impairment of plant and equipment. The impairment does not impact the Group's ability to produce finished goods, nor its ability to service existing and future market is in anyway diminished.

The Group's management decided to temporarily cease operation of the Mini Blast Furnace ("MBF") at N.T.S., the Company's subsidiary, from the end of August 2011 to September 2014 due to spiraling MBF input raw material prices internationally, thereby adversely impacting the viability of costs of steel produced through MBF route. For the years ended March 31, 2014 and 2013, depreciation and other expenses of MBF which incurred during the mothball period were totally Baht 15 million and Baht 262 million, respectively.

## 9. COMPUTER SOFTWARE

Computer software as at March 31, consists of:

As at March 31, 2014

Unit : Thousand Baht

	Consolidated financial statements				
	Balance as at April 1, 2013	Addition	Disposal	Transfer	Balance as at March 31, 2014
Computer software	245,434	1,540	-	-	246,974
<u>Less</u> Accumulated amortisation	(110,078)	(24,182)	-	-	(134,260)
Computer software	135,356				112,714

# NOTES TO THE FINANCIAL STATEMENTS

As at March 31, 2013

Unit : Thousand Baht

	Consolidated financial statements				
	Balance as at April 1, 2012	Addition	Disposal	Transfer	Balance as at March 31, 2013
Computer software	245,288	276	(414)	284	245,434
<u>Less</u> Accumulated amortisation	(86,396)	(24,084)	402	-	(110,078)
Computer software under installation	-	284	-	(284)	-
Computer software	158,892				135,356
<b>Amortisation for the years</b>					
2014					24,182
2013					24,084

As at March 31, 2014

Unit : Thousand Baht

	Separate financial statements				
	Balance as at April 1, 2013	Addition	Disposal	Transfer	Balance as at March 31, 2014
Computer software	236,023	1,540	-	-	237,563
<u>Less</u> Accumulated amortisation	(103,385)	(23,677)	-	-	(127,062)
Computer software	132,638				110,501



# NOTES TO THE FINANCIAL STATEMENTS

As at March 31, 2013

Unit : Thousand Baht

	Separate financial statements				
	Balance as at April 1, 2012	Addition	Disposal	Transfer	Balance as at March 31, 2013
Computer software	235,825	198	-	-	236,023
<u>Less</u> Accumulated amortisation	(79,790)	(23,595)	-	-	(103,385)
Computer software	156,035				132,638
<b>Amortisation for the years</b>					
2014					23,677
2013					23,595

Costs of fully amortised computer software that is still in use as at March 31, are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Costs of fully amortised computer software	4,455	4,446	-	-

## 10. GOODWILL

Goodwill as at March 31, is as follows:

Unit : Thousand Baht

	Consolidated Financial Statements
Cost	5,607,769
<u>Less</u> Accumulated amortisation (up to March 31, 2008)	(1,491,432)
As at March 31, 2012	4,116,337
<u>Less</u> Impairment loss of goodwill	(660,323)
As at March 31, 2013	3,456,014
As at March 31, 2014	3,456,014

# NOTES TO THE FINANCIAL STATEMENTS

Goodwill resulted from acquisition of The Siam Iron and Steel (2001) Company Limited, The Siam Construction Steel Company Limited and N.T.S. Steel Group Public Company Limited on November 29, 2002 by Tata Steel (Thailand) Public Company Limited.

Since April 1, 2008, the Group has ceased amortisation of goodwill and has changed to test of impairment of goodwill instead resulting in no amortisation expense being incurred on such goodwill in the consolidated financial statements for the years ended March 31, 2014 and 2013.

As at March 31, 2013, the Group performed a test of impairment of goodwill and recorded impairment loss totally of Baht 3,380 million consisting of impairment loss on goodwill of Baht 660 million and impairment loss on plant and equipment of Baht 2,720 million on the consolidated financial statements for the year ended March 31, 2013 because the recoverable amount of the cash-generating unit was lower than the carrying amount of the unit which is the investment in N.T.S. that is impaired by Baht 3,380 million (see Note 7).

As at March 31, 2014, the Group performed a test of impairment of goodwill and no impairment was noted.

## 11. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

Income tax expense for the years ended March 31, consist of:

	Unit : Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Current income tax per tax return form	51,494	45,593	-	1,788
Deferred tax				
Movements in temporary differences	1,526	3,991	(1,093)	(1,089)
Write-downs (reversals of previous write-downs) of deferred tax assets	-	286,243	-	-
Income tax (Income) Expense as Included in statements of comprehensive income	53,020	335,827	(1,093)	699

The difference between the tax rate of 20% and of 23% for the years ended March 31, 2014 and 2013, respectively, and the Group's effective income tax rate compared to income before income tax are reconciled as follows:

	Unit : Thousand Baht	
	Consolidated Financial Statements	
	2014	2013
Profit (loss) before income taxes	83,804	(4,219,486)
Profit (loss) from inter-companies transactions	(139)	753
Profit (loss) before income taxes net of profit from inter-companies transactions	83,665	(4,218,733)
Income tax at 20%	16,789	-
Income tax at 23%	-	(970,481)

# NOTES TO THE FINANCIAL STATEMENTS

	Consolidated Financial Statements	
	2014	2013
Effect of non-deductible expenses (income) for tax purpose:		
- Temporary differences not accounted for deferred tax assets and elimination entries	36,065	1,134,247
- Permanent differences	166	(114,182)
- Write-downs of deferred tax assets	-	286,243
Income tax expense <sup>(1)</sup>	53,020	335,827

<sup>(1)</sup> The income tax expense is based on the net taxable profit of each entity not based on the consolidation basis.

Unit : Thousand Baht

	Separate Financial Statements	
	2014	2013
Profit (loss) before income taxes	128,717	(3,393,052)
Income tax at 20%	25,743	-
Income tax at 23%	-	(780,402)
Effect of non-deductible expenses (income) for tax purpose:		
- Temporary differences not accounted for deferred tax assets	13,634	777,443
- Permanent differences such as dividend income	(40,470)	3,658
Income tax expense (income)	(1,093)	699

	Tax rate (%)	Tax rate (%)
Effective Tax Rate	(1)	0

Temporary differences not accounted for deferred tax assets as at March 31, 2013 amounting to Baht 777 million resulted from the impairment loss of investment in N.T.S. because it is uncertain about the probability that the Company can utilise the deferred tax assets arising from such temporary differences.

For the year ended March 31, 2014, the effective tax rate is lower than the statutory tax rate because the Company has net taxable loss for the year resulted from the dividend income which is exempted from income tax.

As at March 31, deferred tax assets which resulted from the temporary differences between the carrying amount of an asset and liability in the statements of financial position and its tax base are as follows:

# NOTES TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

	Consolidated financial statements				
	Balance as at March 31, 2013	Recognised in profit or loss		Recognised in other-comprehensive income Actuarial gain on defined employee benefit plan	Balance as at March 31, 2014
		Additions	Utilised/ Reversal		
Deferred tax assets resulted from Employee benefit obligations	26,782	3,637	(2,230)	(2,170)	26,019
Allowance for diminution in value of inventory, obsolescence and slow-moving items	4,175	153	(3,058)	-	1,270
Accumulated tax loss carried forward	199,734	-	-	-	199,734
Profit on inventory from inter-company sales	240	-	(28)	-	212
Allowance for doubtful accounts	797	-	-	-	797
<b>Total deferred tax assets</b>	<b>231,728</b>	<b>3,790</b>	<b>(5,316)</b>	<b>(2,170)</b>	<b>228,032</b>

Unit : Thousand Baht

	Consolidated financial statements				
	Balance as at March 31, 2012	Recognised in profit or loss		Recognised in other-comprehensive income Actuarial gain on defined employee benefit plan	Balance as at March 31, 2013
		Additions	Utilised/ Reversal		
Deferred tax assets resulted from Employee benefit obligations	25,566	1,623	(407)	-	26,782
Allowance for diminution in value of inventory, obsolescence and slow-moving items	5,392	262	(1,479)	-	4,175
Accumulated tax loss carried forward	490,118	-	(290,384)	-	199,734
Profit on inventory from inter-company sales	90	150	-	-	240
Allowance for doubtful accounts	797	-	-	-	797
<b>Total deferred tax assets</b>	<b>521,963</b>	<b>2,035</b>	<b>(292,270)</b>	<b>-</b>	<b>231,728</b>

# NOTES TO THE FINANCIAL STATEMENTS

UNIT : THOUSAND BAHT

	SEPARATE FINANCIAL STATEMENTS				
	BALANCE AS AT MARCH 31, 2013	RECOGNISED IN PROFIT OR LOSS		RECOGNISED IN OTHER-COMPREHENSIVE INCOME ACTUARIAL GAIN ON DEFINED EMPLOYEE BENEFIT PLAN	BALANCE AS AT MARCH 31, 2014
		ADDITIONS	UTILISED/ REVERSAL		
Deferred tax assets resulted from employee benefit obligations	8,535	1,465	(372)	(677)	8,951

UNIT : THOUSAND BAHT

	Separate financial statements				
	Balance as at March 31, 2012	Recognised in profit or loss		Recognised in other-comprehen- sive income Actuarial gain on defined employee benefit plan	Balance as at March 31, 2013
		Additions	Utilised/ Reversal		
Deferred tax assets resulted from employee benefit obligations	7,446	1,089	-	-	8,535

As at March 31, 2014 and 2013, the Group has deferred tax assets related to tax loss carried forward of N.T.S. Steel Group Plc. amounting to Baht 200 million mainly arising from the promoted business which can be utilised until 2022. The Group has prepared the business plan including initiatives to improve operation and financial result. Accordingly, the Group deemed such deferred tax assets has a future benefit and recognised in the financial statements.

As at March 31, 2014 and 2013, the Group had unused tax losses of Baht 4,140 million and Baht 4,120 million, respectively, which was not recognised as deferred tax assets. Such tax losses will gradually expire from March 2014 to November 2022.

## Income tax rate reduction

According to the Royal Decrees No. 530 B.E. 2554 and No. 555 B.E. 2555 issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 22, 2011 and December 27, 2012, respectively, the corporate income tax was reduced from 30% to 23% of net profit for accounting periods beginning on or after January 1, 2012 but not later than December 31, 2012 and to 20% of net profit for two consecutive accounting periods beginning on or after January 1, 2013 but not later than December 31, 2014.



## 12. OTHER NON-CURRENT ASSETS

Other non-current assets as at March 31, consist of:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Income tax refundable	204,246	197,611	45,922	49,302
Other long-term receivable - Tata Steel Global Holdings Pte. Ltd.	71,220	71,220	71,220	71,220
Others	8,848	11,117	4,193	4,760
Total	284,314	279,948	121,335	125,282

In December 2009, a subsidiary had a dispute regarding the interpretation of tax computation and the propriety of tax loss carry forward for promoted sector and its utilisation, amounting to a tax element inclusive of surcharge of Baht 103 million. In order to avoid the surcharge, the subsidiary decided to pay such additional tax. Subsequently, on September 13, 2010, the subsidiary submitted the filing of a revised return for tax refund and has filed an appeal to the Board of Tax Appeal based on the legal advice, seeking a clarification on the process for adjustment of carry forward losses with BOI schemes. On May 26, 2011, the subsidiary issued a letter requesting a refund from the Revenue Department where the Revenue Department has acknowledged and is determining such request. As at March 31, 2014, the case is still pending.

## 13. BORROWINGS FROM FINANCIAL INSTITUTIONS

### 13.1 Short-term borrowing

Short-term borrowing from local financial institutions as at March 31, consists of:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Short-term borrowings from financial institutions	2,085,036	2,332,181	-	-
Total	2,085,036	2,332,181	-	-

As at March 31, 2014 and 2013, the Group has borrowing from a financial institution in the amount of Baht 1,163 million and Baht 1,433 million, respectively, bearing the interest rate at BIBOR + 2% per annum. The Group entered into an agreement to obtain short-term credit facilities of Baht 1,500 million, for scrap purchasing among the Company's related parties. Subsequently, on March 3, 2014, the Group increased such credit limit totaling of Baht 1,698 million.

As at March 31, 2014 and 2013, the Group has borrowing from another financial institution in the amount of Baht 922 million and Baht 899 million, respectively, bearing the interest rate at BIBOR + 2% per annum. The Group entered into an agreement to obtain short-term credit facilities of Baht 968 million, for utilities financing.

As at March 31, 2014 and 2013, the Group has agreements with 8 local financial institutions to obtain credit facilities of Baht 6,723 million and Baht 6,375 million, respectively, for working capital. The interest rates of these credit facilities are as follows:

# NOTES TO THE FINANCIAL STATEMENTS

Credit Line	Interest rate
1) Bank Overdraft	Minimum Overdraft Rate (MOR)
2) Trust receipts (Baht)	Money Market Rate (MMR)
3) Promissory note	Money Market Rate (MMR)

As at March 31, 2014 and 2013, the Group has withdrawn the loans including letters of credit and trust receipts totaling Baht 1,120 million and Baht 1,071 million, respectively.

## 13.2 Long-term borrowings

The period to maturity of long-term borrowings (denominated in Thai Baht) as at March 31, are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Within one year	1,610,000	1,650,000	1,610,000	1,650,000
After one year but not exceeding five years	1,065,000	2,675,000	1,065,000	2,675,000
Total	2,675,000	4,325,000	2,675,000	4,325,000

The long term borrowings comprising of 2 loan agreements, the 1st dated November 29, 2006 for Baht 5,000 million with interest rate at MLR - 1.25% p.a., and the 2nd dated November 9, 2007 for Baht 3,500 million with interest rate at MLR - 2.00% p.a. and their amendments thereto. The loans are secured by the property, plant and equipment of all subsidiaries as mentioned in Note 8. The loans contain restrictions on financial ratios and shareholders' structure which is in accordance with requirements in loan agreement from financial institutions.

The Group has approached the Lenders for installment rescheduling to match with projected debt servicing capability based on current business scenario, which is under active consideration of the Lenders and negotiations are nearing conclusion. Pending finalisation of such amendments to the agreements, the Group has maintained installment payments in line with existing terms.

In addition, as at March 31, 2014, the Company had a debt service coverage ratio ("DSCR") lower than the required ratio specified in the loan agreements with two financial institutions. Waiver for compliance of DCSR specified in the loan agreements was obtained from a lender and it is expected to be received from another lender in the quarter ended June 30, 2014.

## 14. TRADE ACCOUNTS PAYABLE OF SUBSIDIARY ARISING FROM RESTRUCTURING

As at March 31, 2012, the aforementioned trade accounts payable represent trade payable of N.T.S. Steel Group Plc. under the Reorganisation Plan which was approved by the creditors' meeting on July 8, 2002 and the Central Bankruptcy Court on July 19, 2002. The creditors in these groups will receive repayment in full of their principal claims within 10 years. Condition in the Plan stated that the Company is able to select the repayment term commencing from the fifth year to the tenth year commencing from November 29, 2002. This debt is guaranteed by The Siam Iron and Steel (2001) Co., Ltd. and The Siam Construction Steel Co., Ltd. without guarantee fees.

As at March 31, 2014 and 2013, the above payable is due within one year. Therefore, it is classified as current liabilities.

During 2014 and 2013, N.T.S. has made a payment of such trade accounts payable of subsidiary arising from restructuring of Baht 48.5 million and Baht 63.4 million, respectively, and had been granted a hair-cut which was recorded as other income in the statement of comprehensive income for the years ended March 31, 2014 and 2013 of Baht 2.9 million and Baht 65.8 million, respectively (see Note 19).

## 15. PROVIDENT FUND

The defined contribution plan comprise provident fund for its employees of the Group. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Group at rate from 3% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed Fund Manager.

For the years ended March 31, 2014 and 2013, the contribution of the Group recognised as expenses included in the consolidated financial statements amounting to Baht 38.62 million and Baht 37.98 million, respectively, and in the separate financial statements amounting to Baht 12.24 million and Baht 12.20 million, respectively.

## 16. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2014 and 2013, the Group recorded a provision for employee benefit obligations totaling Baht 124 million and Baht 139 million, respectively. The estimated liability was calculated based on the projected unit credit method by a qualified independent actuary.

The significant assumptions used for the purposes of the actuarial valuations are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Discount rate (%)	3.71	3.68	3.71	3.68
Average expected rate of salary increase (%)	5.00	5.00	5.00	5.00
Voluntarily resignation Rate (%)	0 - 17.00	0 - 10.00	0 - 17.00	0 - 10.00
Retirement age (year)	55 - 60	55 - 60	55 - 60	55 - 60

The benefit cost recognised in the statement of comprehensive income for the years ended March 31, are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Current service cost	9,945	20,354	2,448	7,756
Interest cost	4,521	4,638	1,457	1,370
Total	14,466	24,992	3,905	9,126

# NOTES TO THE FINANCIAL STATEMENTS

The provision for employee benefit obligations as at March 31, and movements in the present value of the defined benefit obligation for the years ended March 31, are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Present value of unfunded obligations	123,948	138,663	40,920	42,676

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Beginning of provision for employee benefit obligations	138,663	127,530	42,676	37,233
Current service cost	9,945	20,354	2,447	7,755
Interest cost	4,521	4,638	1,458	1,370
Net actuarial gains recognised during the year	(16,809)	-	(3,386)	-
Severance paid during the years	(12,372)	(13,859)	(2,275)	(3,682)
Ending of provision for employee benefit obligations	123,948	138,663	40,920	42,676

## 17. SHARE CAPITAL AND LEGAL RESERVE

### Preference Shares

Rights attaching to the preference shares are as follows:

- Preference shares have preemptive right to receive cash from the Company's liquidation prior to ordinary shares when the total amount of the proceeds from liquidation is not greater than the sum amount of the outstanding number of preference shares at the date of liquidation multiplied by Baht 1.87 and the outstanding number of preference shares at the date of liquidation multiplied by Baht 1.30.
- Preemptive rights of preference shares are effective within 11 years which is due on November 29, 2013 commencing the date of fully paid-up capital to the Company at the first time. At the end of the 11th year, preemptive rights of preference shares are immediately expired and preference shares are converted to ordinary shares.
- Preference shareholders are entitled to the same voting rights as ordinary shareholders.
- Preference shares are convertible to ordinary shares in proportion 1 : 1 at the option of the preference shareholders by requesting to the Company and surrender certificates.

On July 31, 2013, the Annual General Meeting of the Shareholders of the Company approved a resolution to decrease of the registered capital from the existing registered capital of Baht 11,025,579,573 to Baht 8,421,540,848 by cancelling the 2,604,038,725 ordinary shares which was reserved for the conversion of the warrants.

On November 30, 2013, the 252,773,225 preference shares were expired because their conversion rights were not exercised within the specified period. On December 9, 2013, the Company converted the preference shares into ordinary shares for the last shareholder, which holds 252,773,225 preference shares. The Company registered the changes on its ordinary shares with the Department of Business Development, Ministry of Commerce, on December 13, 2013.

## Legal reserve

According to the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, if any, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the authorised shares capital. The legal reserve is not available for dividend distribution.

According to the Civil and Commercial Code, subsidiary companies must appropriate to a reserve fund at each distribution of dividend at least one-twentieth of the profit arising from the business of that companies until the reserve fund reaches one-tenth part of capital of subsidiary companies. Such reserve is not available for distribution as dividends.

## 18. CAPITAL MANAGEMENT

The Group's objective in managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The management sets strategies to support the Group's business operations to be more efficiency including setting dividend and capital management policies to maintain the optimal capital structure and cost of capital and to comply with the Debt Covenant Ratios.

## 19. OTHER INCOME

Other income for the years ended March 31, consist of:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Dividend received from a subsidiary	-	-	210,000	-
Compensation from insurance company	33,331	101,465	-	-
Gain from debt restructuring (see Note 14)	2,888	65,786	-	-
Others	20,576	13,827	681	1,049
Total	56,795	181,078	210,681	1,049

## 20. EXPENSES BY NATURE

Net profit (loss) for the years ended March 31, has been arrived at after charging the following significant expenses:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Change in finished goods and work in process	208,534	575,661	-	-
Raw materials and consumables used	17,367,761	17,505,872	-	-
Store and supplies used	859,705	873,039	-	-
Fuel	976,947	996,867	-	-
Depreciation, amortization and amortization of rolling mill expenses	592,804	959,990	28,936	37,153
Employee benefits expense	786,578	768,504	216,363	212,885
Utilities expenses	2,701,100	2,455,815	888	871



# NOTES TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Repair and maintenance expenses	676,495	612,857	377	761
Contractor	165,214	149,917	-	-
Delivery and selling expenses	206,206	192,702	-	-
Bank charges	72,226	67,221	87	92
Premium on forward exchange contract	19,796	30,360	-	-
Rent	45,112	47,005	24,296	25,785
Reversal of allowance for diminution in value of inventory, inventory obsolescence and slow-moving items	(26,605)	(7,448)	-	-
Impairment loss on investment in subsidiaries	-	-	-	3,380,000
Impairment loss on plant and equipment	-	2,939,705	-	-
Impairment loss on goodwill	-	660,323	-	-

## 21. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share for the years ended March 31, are as follows:

Unit : Thousand Baht

		Consolidated Financial Statements		Separate Financial Statements	
		2014	2013	2014	2013
Earnings (loss) per share					
Profit (loss) for the years		30,784	(4,555,313)	132,520	(3,393,751)
Net loss attributable to non-controlling interest		8	9,842	-	-
Net profit (loss) attributable to the parent company		30,792	(4,545,471)	132,520	(3,393,751)
Weighted average number of ordinary shares	Share	8,247,023,443	8,168,767,623	8,247,023,443	8,168,767,623
Earnings (loss) per share	Baht	0.00	(0.56)	0.02	(0.42)
Diluted earnings (loss) per share					
Weighted average number of ordinary shares	Share	8,247,023,443	8,168,767,623	8,247,023,443	8,168,767,623
Effect of convertible preferred shares (Note 17)	Share	174,517,405	252,773,225	174,517,405	252,773,225
Weighted average number of ordinary shares outstanding at end of the years (diluted)	Share	8,421,540,848	8,421,540,848	8,421,540,848	8,421,540,848
Diluted earnings (loss) per share	Baht	0.00	(0.54)	0.02	(0.40)

## 22. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties linked to the Group by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The pricing policies for particular types of transactions are explained further below:

	Pricing Policies
Sales	Market price
Purchases	Market price
Management fees income	Contract rate
Service fee paid	Contract rate
Interest income	Contract rate
Interest expense	Contract rate

The major related parties as at March 31, are as follows:

Type	Name	Type of Business	Relationship
Subsidiaries	The Siam Iron and Steel (2001) Co., Ltd.	Manufacture wire rods and small section products	Common shareholders and management
	The Siam Construction Steel Co., Ltd.	Manufacture steel bars	Common shareholders and management
	N.T.S. Steel Group Plc.	Manufacture, render a manufacturing service, distributions and trading of steel bars and wire rods and small section products	Common shareholders and management
Other parties	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 Asia Ltd. (Formerly named Tata Steel International (Hong Kong) Ltd.)	Trading	Same group of shareholders
	Tata Steel 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

# NOTES TO THE FINANCIAL STATEMENTS

Type	Name	Type of Business	Relationship
Other parties	Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
	Tata Steel International (Singapore) Ltd.	Trading	Same group of shareholders
	Corus Staal B.V.	Manufacture steel	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 Ltd.	Training services	Same group of shareholders
	Tata Sons Ltd.	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
	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Same group of shareholders Indirect shareholding by subsidiary
	Tata Steel Global Holdings Pte. Ltd.	Investing	Shareholder
	Tata Steel Limited	Manufacture steel	Parent company
	Tata Steel 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

Balances with related parties as at March 31, consist of:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Trade accounts receivable - related parties				
The Siam Industrial Wire Co., Ltd.	47,973	100,787	-	-
Tata Steel Limited	-	338	-	-
TSN Wires Co., Ltd.	7,089	-	-	-
Total	55,062	101,125	-	-

# NOTES TO THE FINANCIAL STATEMENTS

As at March 31, trade accounts receivable from related parties aged are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Within credit terms	38,833	85,780	-	-
Overdue: Less than 3 months	16,229	15,345	-	-
Total	55,062	101,125	-	-
Other receivables - related parties				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	13,935	12,818
The Siam Construction Steel Co., Ltd.	-	-	20,419	17,613
N.T.S. Steel Group Plc.	-	-	5,100	1,544
Tata Steel UK.	-	367	-	367
Siam Steel Mill Services Co., Ltd.	710	786	-	-
Tata Steel Nederland Services B.V.	432	1,954	432	1,954
Total	1,142	3,107	39,886	34,296
Short-term loans to related parties				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	159,176	336,386
N.T.S. Steel Group Plc.	-	-	223,014	-
Total	-	-	382,190	336,386

Short-term loans to related parties are non-collateralised loans carrying interest rate as at March 31, 2014 and 2013 at 5.5% p.a.

Movements during the years on short-term loans to related parties are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements	Separate Financial Statements
As at March 31, 2012	-	4,086,366
Decrease	-	(3,749,980)
As at March 31, 2013	-	336,386
Increase	-	45,804
As at March 31, 2014	-	382,190

# NOTES TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Long-term loans to a related party				
N.T.S. Steel Group Plc.				
(Interest at MLR - 1.25% p.a.)	-	-	675,000	1,575,000
(Interest at MLR - 2.00% p.a.)	-	-	2,000,000	2,750,000
Total	-	-	2,675,000	4,325,000

The long-term loans to a related party are non-collateralised loan according to the loan agreements dated November 30, 2006 and November 9, 2007.

In November 2011, the Company made the supplement to both agreements of long-term loan to related party in order to extend the first repayment to November 30, 2012 and final maturity date is on August 31, 2016 with carrying interest rate of MLR - 1.25% and MLR - 2.00% p.a.

During the year ended March 31, 2014 and 2013, there was no additional long-term loan granted to the related party. The Company received the long-term loan repayment from the related party during the years of Baht 1,650 million and Baht 750 million, respectively.

The period of maturity as at March 31, are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Within one year	-	-	1,610,000	1,650,000
After one year but not exceeding five years	-	-	1,065,000	2,675,000
Total	-	-	2,675,000	4,325,000
Other non-current asset				
Tata Steel Global Holdings Pte. Ltd.*	71,220	-	71,220	-
Tata Sons Ltd.*	-	71,220	-	71,220
Total	71,220	71,220	71,220	71,220

\* The Company had paid for the advance payment for Brand Promotion fee, approximately Baht 71 million which was paid in 2008. During the year 2014, the receivable was changed from Tata Sons Ltd. to Tata Steel Global Holdings Pte. Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Trade accounts payable - related parties				
NatSteel Recycling Pte. Ltd.	667,685	421,188	-	-
Tata Steel Asia (Hong Kong) Ltd.	36,722	63,065	-	-
Siam Steel Mill Services Co., Ltd.	21,468	9,463	-	-
Total	725,875	493,716	-	-
Other payables - related parties				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	-	89
The Siam Construction Steel Co., Ltd.	-	-	1,144	1,163
N.T.S. Steel Group Plc.	-	-	359	1,482
The Siam Industrial Wire Co., Ltd.	-	12	-	-
NatSteel Holdings Pte. Ltd.	-	34	-	33
Tata Consultancy Services (Thailand) Ltd.	3,087	3,041	3,087	3,041
Tata Steel UK.	12	-	12	-
Tata Sons Ltd.	5,510	-	5,510	-
Siam Steel Mill Services Co., Ltd.	317	12,561	-	-
Total	8,926	15,648	10,112	5,808
Short-term borrowing from related parties				
The Siam Construction Steel Co., Ltd.				
(Interest at 1.5% p.a.)	-	-	819,282	886,720
N.T.S. Steel Group Plc.				
(Interest at 1.5% p.a.)	-	-	-	948,574
Total	-	-	819,282	1,835,294
Long-term borrowing from a related party**				
Tata Steel Global Holding Pte. Ltd.	270,596	270,596	270,596	270,596

\*\* By letter dated August 3, 2012, the Company requested for the extension of long-term borrowing repayment from a related party that falls due on November 12, 2012 to August 31, 2016. The Company has obtained a confirmation letter dated August 22, 2012 from such related party. The long-term borrowing from a related party carries no interest.



# NOTES TO THE FINANCIAL STATEMENTS

Significant transactions for the years ended March 31, with related parties are summarised as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Revenues				
Sales				
The Siam Industrial Wire Co., Ltd.	925,379	1,811,050	-	-
Tata International Metals Asia Ltd. (Formerly named Tata Steel International (Hong Kong) Ltd.)	-	18,801	-	-
Tata Steel Asia (Hong Kong) Ltd.	-	249,519	-	-
Tata Steel International (Singapore) Ltd.	-	4,709	-	-
NatSteel Holdings Pte. Ltd.	6,403	-	-	-
Tata Steel Limited	123,565	339	-	-
TSN Wires Co., Ltd.	121,884	-	-	-
Total	1,177,231	2,084,418	-	-
Interest income				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	12,508	33,633
The Siam Construction Steel Co., Ltd.	-	-	-	1,979
N.T.S. Steel Group Plc.	-	-	186,845	318,380
Total	-	-	199,353	353,992
Management fees income***				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	113,089	135,203
The Siam Construction Steel Co., Ltd.	-	-	185,517	170,271
N.T.S. Steel Group Plc.	-	-	12,000	12,000
Total	-	-	310,606	317,474

\*\*\* In 2010, the Company made the agreement for management fee by determining based on 2.0% of the annual net sales. In case that subsidiaries have the annual loss excluding management fee, such management fee shall not exceed Baht 1 million per month. This agreement is effective on April 1, 2010, onward.

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Other income				
Siam Steel Mill Services Co., Ltd.	8,149	8,096	-	-
Total	8,149	8,096	-	-

# NOTES TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Expenses				
Purchases				
The Siam Industrial Wire Co., Ltd.	677	1,139	-	-
NatSteel Recycling Pte. Ltd.	2,003,125	768,207	-	-
Tata International Metals Asia Ltd. (Formerly named Tata Steel International (Hong Kong) Ltd.)	6,299	-	-	-
Tata Steel Asia (Hong Kong) Ltd.	177,195	274,161	-	-
Siam Steel Mill Services Co., Ltd.	188,637	156,787	-	-
Tata South East Asia Limited	-	102,117	-	-
Total	2,375,933	1,302,411	-	-
Interest expenses				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	2	-
The Siam Construction Steel Co., Ltd.	-	-	11,654	6,067
N.T.S. Steel Group Plc.	-	-	5,584	8,939
Total	-	-	17,240	15,006
Other expenses				
The Siam Industrial Wire Co., Ltd.	5	-	-	-
NatSteel Recycling Pte. Ltd.	-	2,079	-	-
NatSteel Holdings Pte. Ltd.	142	180	142	180
Tata Consultancy Services (Thailand) Ltd.	11,496	13,842	11,496	13,842
Tata Sons Ltd.	5,560	-	264	-
Siam Steel Mill Services Co., Ltd.	7,785	10,995	-	-
Mjunction Services Limited	4	409	-	-
Tata Steel Limited	90	20	90	20
Tata Steel Global Holdings Pte. Ltd.	19	-	19	-
Total	25,101	27,525	12,011	14,042
Management benefit expenses	57,032	46,762	57,032	46,762

# NOTES TO THE FINANCIAL STATEMENTS

## 23. PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, a subsidiary has been granted privileges by the Board of Investment ("BOI") relating to the following:

Subsidiary	Promoted Business	Exemption from corporate income tax for 8 years from
N.T.S. Steel Group Public Company Limited	Manufacturing of steel wire rods	April 2006 - April 2014
N.T.S. Steel Group Public Company Limited	Manufacturing of steel hot metal, pig iron and steel billet	November 2009 - November 2017

As a promoted company, the subsidiary must comply with certain conditions and restrictions provided for in the promotional certificates.

## 24. REVENUES REPORTING OF A PROMOTED INDUSTRY

According to the Announcement of the Board of the Investment No. 14/2541 dated December 30, 1998, regarding revenues reporting of a promoted industry, the Company is required to report the revenues from domestic sales and export sales separately and to report separately between the promoted and non-promoted sectors. Such information is as follows:

Unit : Million Baht

	Consolidated Financial Statement		
	For the year ended March 31, 2014		
	Promoted Sector	Non-promoted sector	Total
Revenues			
Revenue from domestic sales	2,083	20,602	22,685
Revenue from export sales	21	2,657	2,678
Total revenues from sales	2,104	23,259	25,363
Other income	-	77	77
Total revenues	2,104	23,336	25,440

# NOTES TO THE FINANCIAL STATEMENTS

Unit : Million Baht

	Consolidated Financial Statement		
	For the year ended March 31, 2013		
	Promoted Sector	Non-promoted sector	Total
Revenues			
Revenue from domestic sales	3,957	19,586	23,543
Revenue from export sales	39	1,433	1,472
Total revenues from sales	3,996	21,019	25,015
Other income	-	237	237
Total revenues	3,996	21,256	25,252

## 25. FINANCIAL INSTRUMENTS

### Credit Risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Group as per contracts which may cause financial loss. The Group has a policy to protect against this risk by assessing the credit worthiness of customers, defining credit limits, checking credit insurance cover, asking for bank guarantees and/or personal guarantees, credit terms, controlling credit utilisation and reviewing collections. The possible credit loss is the fair value of trade accounts receivable and other receivables presented in the statement of financial position which are the balance net of an allowance for doubtful accounts estimated by management.

### Interest Rate Risk and Foreign Exchange Rate

Interest rate risk occurs from the Group maintains its loans and borrowings at floating rate.

Foreign exchange risk occurs from the fluctuating of foreign currency. The Group has no policy to use financial derivatives for speculation or trading. In addition, in order to manage risk from fluctuation in currency, the Group has entered into forward exchange contracts to hedge its debts as disclosed in Note 26.

### Liquidity Risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

### Fair Value

The Group uses the following methods and assumptions in estimating the fair value of financial instruments:

Cash and cash equivalents, trade and other receivables, trade and other payables, short-term borrowings from financial institutions, current portion of long-term borrowings, current portion of trade accounts payable of subsidiary arising from restructuring and current portion of long-term liabilities from a related party - the carrying values approximate to their fair values due to the relative short-term maturity of these financial instruments.

Available-for-sale investments - fair value is determined as the last quoted bid price at the statement of financial positions date.

Long-term borrowings - the carry values approximate to their fair values because these financial instruments bear interest at floating market rates. The fair values as at March 31, of long-term borrowing from related party with free interest is calculated by discounting the future cash flow at current loan rate is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Long-term borrowing from a related party	234,790	220,913	234,790	220,913

## 26. FORWARD EXCHANGE CONTRACTS

The Group entered into forward exchange contracts - bought/sold to cover foreign exchange exposure associated with its trade accounts payable denominated in foreign currency of the Group. The Group does not enter into financial instruments for trading or speculative purposes.

The contractual amounts of the Group's forward exchange contracts are as follows:

Consolidated financial statements As at March 31, 2014					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
Forward exchange contracts - bought					
USD	9,809,000	31.53 - 32.62	April 21 - November 13, 2014	315,240	4,492
USD	9,195,195	32.67 - 33.42	April 28 - October 24, 2014	304,074	(4,308)
SGD	2,000,000	26.42	August 29, 2014	52,840	(1,034)
EUR	520,000	45.19	August 29, 2014	23,496	(151)

Consolidated financial statements As at March 31, 2013					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Thousand Baht)	Fair Value gain (loss) (Thousand Baht)
Forward exchange contracts - bought					
USD	2,200,000	29.45	June 28, 2013	64,790	358
USD	15,374,361	24.06 - 31.29	April 30 - September 6, 2013	468,711	(15,495)
SGD	3,880,000	24.06 - 25.06	July 8 - September 6, 2013	95,453	(3,217)
Forward exchange contract - sold					
USD	2,000,000	29.32	May 31, 2013	58,630	(199)

# NOTES TO THE FINANCIAL STATEMENTS

Fair value of forward exchange contracts as at March 31, are as follows:

Unit : Thousand Baht		
	2014	2013
Derivative assets	4,492	358
Derivative liabilities	(5,493)	(18,912)
Net gain (loss)	(1,001)	(18,554)

## 27. COMMITMENTS

As at March 31, 2014 and 2013, the Group had commitments as follows:

- Letters of credit used but not qualified as liabilities as at March 31, 2014 and 2013 amounting to Baht 48 million and Baht 345 million, respectively.
- Letters of guarantee issued by the commercial financial institutions to the Revenue Department, Electricity Authorities and Industrial Estate Authority of Thailand as at March 31, 2014 and 2013 amounting to Baht 378 million and Baht 355 million, respectively, in the normal courses of business.
- Commitments on purchase and installation of machinery as at March 31, 2014 and 2013 amounting to Baht 42.8 million and Baht 0.9 million, respectively.
- As at March 31, the Group has operating lease commitment for land, office building, vehicles and office equipment (including service charges) as follows:

Unit : Thousand Baht				
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Not later than 1 year	36,994	27,347	21,279	12,146
Later 1 year but not later than 5 years	74,992	63,791	33,925	15,922
After five years	4,794	9,587	-	-
Total	116,780	100,725	55,204	28,068

## 28. CONTINGENT LIABILITIES

During 2014, The Siam Construction Steel Company, a subsidiary, received the notifications from the Revenue Department informing the assessments of additional surcharge of Baht 16.29 million in respect of the half-year corporate income tax filing for the year ended March 31, 2008 which the subsidiary under-estimated the net profit for that year by an amount exceeding 25 percent of the actual net profit. However, the subsidiary considered that there was a reasonable event occurred in the second half of the year that caused the net-profit under-estimated. As of March 31, 2014, the subsidiary has made the appeal to the Revenue Department and the result of this assessment was not finalised. However, the subsidiary expected that there would not be additional surcharge to be paid and has not recorded the provisions in the financial statement.

## 29. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the Group'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 Group'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 sale is not significant. As a result, all the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned single business segment as steel business and geographic area.



# NOTES TO THE FINANCIAL STATEMENTS

## 30. RECLASSIFICATIONS

Certain reclassification have been made to the consolidated and separate statement of financial position as at March 31, 2013, to conform to the classification used in the consolidated and separate statement of financial position as at March 31, 2014 as follows:

Item	Consolidated financial statements (Thousand Baht)	Separate financial statements (Thousand Baht)	Previous presentation	Current presentation
Other payable - other companies	25,752	8,833	Other current liabilities	Other payable - other companies
Other payable - other companies	9,744	-	Trade accounts payable - other companies	Other payable - other companies

## 31. APPROVAL FOR FINANCIAL STATEMENTS

These financial statements have been approved by the Board of directors of the Company for issuing on April 25, 2014.



**WORLD CLASS STEEL FOR THAIS**