



**TATA STEEL (THAILAND)**

Annual Report

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED

**2016 - 2017**



Trusted Steel certified by TIS







In Remembrance of His Majesty  
King Bhumibol Adulyadej



With Heartfelt Condolences of  
Shareholders, Board of Directors, Management and Employees of  
Tata Steel (Thailand) Public Company Limited Group







# VISION

Tata Steel (Thailand) shall **delight the Customers** through innovative best in class products & services in construction steels and thus create value for its shareholders.

We will realize our vision by fostering a **culture of trust & continuous improvement** while keeping employees happy and adhering to highest standards of business conduct.

“Tata Steel: Leadership with trust”

## Goals 2018

**Financial Performance**

**EBITDA = 5%**

**Safety**

**Loss Time Injury Frequency (LTIF) = 0**

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# CONSOLIDATED FINANCIAL HIGHLIGHTS

Unit : Million Baht

Financial Statements	2017	2016	2015	2014	2013
<b>Statement of Income</b>					
Turnover	19,701	16,733	21,355	25,363	25,015
Gross Profit	1,956	948	566	1,126	290
Profit before Finance Costs, Income Tax Expense, Depreciation and Amortization (EBITDA)	1,734	877	374	1,006	642
Profit (Loss) before tax	441	223	(386)	84	(4,219)
*Profit (Loss) after tax	**214	154	***(-610)	31	(4,545)
<b>Statement of Financial Position</b>					
Total Assets	12,937	12,897	13,640	16,195	18,101
Total Liabilities	4,172	4,343	5,241	7,179	9,129
Total Shareholders' Equity	8,765	8,554	8,399	9,016	8,972
Issued and Fully Paid of Share Capital	8,422	8,422	8,422	8,422	8,422

Note \* Profit (Loss) attributable to owners of the parent.

\*\* a) Impairment of MBF Asset ฿ 528 Mn in line with TAS No.36 (Revised 2015).

b) Provision / write-off of obsolete fixed assets / old raw material inventory ฿ 90 Mn.

c) Write off the income tax refund of previous years ฿ 100 Mn.

\*\*\* Deferred tax asset write off of ฿ 200 Mn in line with TAS No.12 (Revised 2015).

Financial Ratio	2017	2016	2015	2014	2013
<b>Liquidity Ratio</b>					
1. Current Ratio (Times)	1.40	1.07	1.01	1.17	1.34
<b>Efficiency Ratio</b>					
2. Fixed Asset Turnover Ratio	4.60	3.34	3.99	4.41	3.22
3. Total Asset Turnover Ratio	1.53	1.27	1.44	1.48	1.23
4. Accounts Receivable Turnover Ratio	24.83	25.82	31.57	31.92	29.37
5. Average Collection Period (Days)	14.50	13.94	11.40	11.28	12.26
6. Inventory Turnover Ratio	6.56	5.72	5.33	5.08	4.15
<b>Debt Management Ratio</b>					
7. Debt to Assets Ratio (%)	32.25	33.67	38.42	44.33	50.44
8. Debt to Equity Ratio (Times)	0.48	0.51	0.62	0.80	1.02
9. EBITDA Coverage Ratio (Times)	17.15	6.59	1.64	3.07	1.73
<b>Profitability Ratio</b>					
10. Earnings (Loss) per Share (Baht)	0.03	0.02	(0.07)	0.00	(0.54)
11. Return on Total Revenues (%)	1.09	0.91	(2.85)	0.12	(18.00)
12. Return on Assets (%)	1.66	1.16	(4.09)	0.18	(22.14)
13. Return on Equity (%)	2.47	1.82	(6.99)	0.34	(40.38)

1. Current Ratio : Current Assets / Current Liabilities

2. Fixed Asset Turnover Ratio : Total Revenues / Average Net Fixed Assets  
(Total Revenues : Revenue from sales + Other income) (Net Fixed Assets : Property, plant and equipment + Intangible)

3. Total Asset Turnover Ratio : Total Revenues / Total Assets (average)

4. Accounts Receivable Turnover Ratio : Turnover / Average Trade receivable  
(Turnover : Revenue from sales)

5. Average Collection Period : 360 days / Accounts Receivable  
Turnover Ratio

6. Inventory Turnover Ratio : Cost of sales / Average Inventory

7. Debt to Assets Ratio : Total Liabilities / Total Assets

8. Debt to Equity Ratio : Total Liabilities / Total Attributions to Owners of the Parent Company

9. EBITDA Coverage Ratio : EBITDA / Finance costs  
(EBITDA : Profit before Finance Costs, Income Tax Expense, Depreciation, Amortization and Exceptional Items)

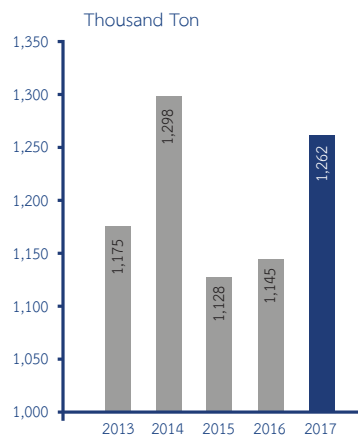
10. Earnings (Loss) per Share : Profit (Loss) after tax / Weighted average number of ordinary shares

11. Return on Total Revenues : Profit (Loss) after tax / Total Revenues

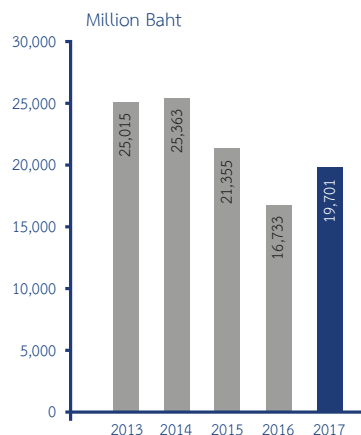
12. Return on Assets : Profit (Loss) after tax / Total Assets (average)

13. Return on Equity : Profit (Loss) after tax / Average Attributions to Owners of the Parent Company

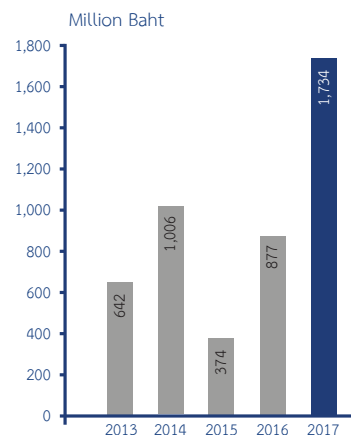
### SALE VOLUME



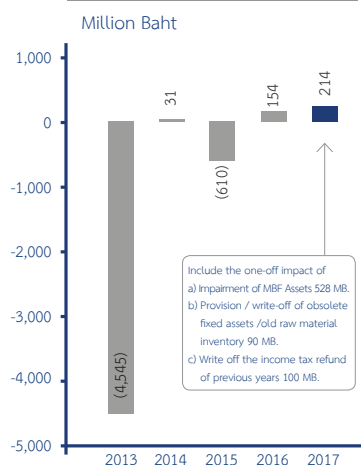
### TURNOVER



### EBITDA

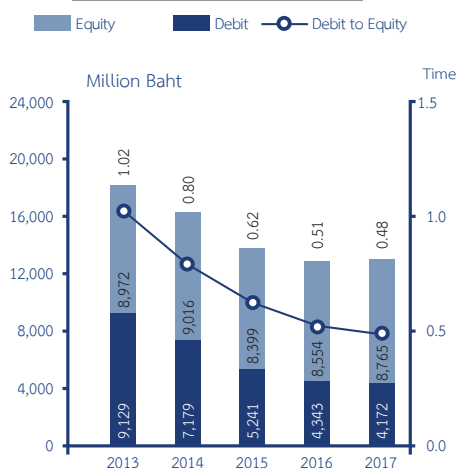


### PROFIT [LOSS] AFTER TAX

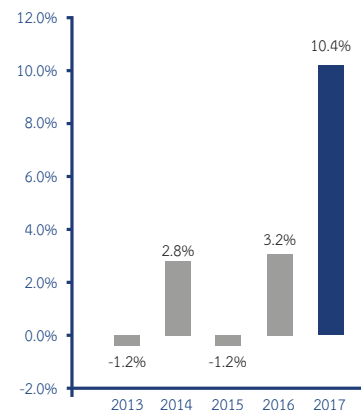


2013 a) Impact of Impairment 3,600 MB.  
b) Deferred tax asset write off 286 MB.  
2015 Impact of Deferred tax asset write off 200 MB.

### DEBT TO EQUITY



### RETURN ON INVESTED CAPITAL (%)





# GENERAL INFORMATION

## Tata Steel (Thailand) Public Company Limited

<b>Registration No.</b>	0107545000136
<b>Business Type</b>	Manufacturer and distributor of long steel products
<b>Established</b>	July 12, 2002
<b>Listing Date</b>	November 29, 2002
<b>Trading Date</b>	December 18, 2002
<b>Head Office</b>	555 Rasa Tower 2, 20 <sup>th</sup> Floor, Phaholyothin Road, Chatuchak, Bangkok 10900, Thailand Tel. +66 2937 1000 Fax. +66 2937 1224
<b>Website</b>	<a href="http://www.tatasteelthailand.com">http://www.tatasteelthailand.com</a>
<b>Paid Up Capital</b>	8,421,540,848 Baht
<b>Par Value</b>	1.00 Baht per share
<b>Securities Trading Symbol</b>	TSTH
<b>ISIN Number</b>	Local TH0692010000 Foreign TH0692010018 NVDR TH0692010R12
<b>Registrar</b>	Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel : +66 2009 9000 Fax : +66 2009 9991 Email : SETContactCenter@set.or.th <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>
<b>Auditors</b>	Ms. Thanawan Anuratbodee (Certified Public Accountant Registration No.3440) Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. AIA Sathorn Tower, 22-27/F, 11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel. +66 2034 0000 Fax. +66 2034 0100
<b>Filing a Complaint on Ethics</b>	Chairman of the Audit Committee Mr. Maris Samaram (Till July 7, 2017) Email : msamaram@gmail.com Ms. Rawewan Peyayopanakul (Starting July 8, 2017) Email : veepee365@gmail.com
<b>Ethics Counselor</b>	Mr. Sirorote Matemanosak Tel. +66 2937 1000 Ext. 1810 Email : sirorotem@tatasteelthailand.com
<b>Investor Relations</b>	Ms. Arisara Na Ranong Tel. +66 2937 1000 Ext. 3210 Fax. +66 2937 1224 Email : arisaran@tatasteelthailand.com
<b>Corporate Communications and Activity</b>	Mr. Jitti Suwanvajokkasikij Tel. +66 2937 1000 Ext. 2420 Fax. +66 2937 1224 Email : jittis@tatasteelthailand.com

## Subsidiaries Profile

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

<b>Registration No.</b>	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 %



### The Siam Construction Steel Company Limited

<b>Registration No.</b>	0105532094348
<b>Business Type</b>	Manufacturer of rebars
<b>Established</b>	October 4, 1989
<b>Factory</b>	No. 1, I-7 Road, Tambon Map Ta Phut, 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 Iron and Steel (2001) 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 %



# MESSAGE FROM THE BOARD OF DIRECTORS



**Mr. Thachat Viswanath Narendran**  
Chairman of the Board

## Dear Shareholders

World GDP is expected to improve over the next few years. Asia in general, with ASEAN region and India in particular, is expected to show robust growth. While Chinese GDP growth is expected to slow down, Thailand GDP is projected to be stable.

As per World Steel Association, global steel demand grew by 0.2% in 2016 and expected to grow by 0.5% in 2017. However steel industry continues to face turbulent time with supply far exceeding the demand. China's steel production capacity nearly tripled between 2005 and 2015. This triggered huge exports of over 110 MT per year in 2015 and 2016. A significant part of this was exported to the ASEAN region. The impact was felt in terms on drop in capacity utilization and pressure on the margins. Average capacity utilization in ASEAN is still below 50% as compared to the world average of 70%.

During 2016, five major steel consuming nations in ASEAN initiated 16 inquiries against unfair dumping of steel. Since 2015, China has announced policies to cut production capacity to the tune of 150 MT in next five years. A notable announcement in 2016 was to shut all induction furnaces other than those which are producing specialty steels for forging and allied industries. These changes are expected to have favorable impact in the longer run on steel industry in ASEAN region in particular and world in general.

In the backdrop political stability and the initiatives taken by the government, Thai economy grew at a healthy rate of over 3% in 2016. Challenges in the external environment impacted exports and the prices of agriculture sector. However, healthy growth in tourism sector and continuous expansion of infrastructure strengthening projects provided the required boost to the Thai economy. Apparent steel consumption in Thailand had seen a healthy growth of over 5% during 2009-2013. However the country saw a drop in demand during 2014-2015. With the support of infrastructure projects undertaken by the government, domestic steel demand saw an appreciable improvement in 2016. Thai government plans to spend over 3 trillion baht till 2021 on large infrastructure projects. This is expected to have favorable impact on the building materials specially construction steel.

During the year, Government of Thailand reviewed the unfair dumping of Wire rods from China and revised the duty structure for High Carbon Wire Rods. A review for Low Carbon Wire Rods is under study. The company is thankful to Thai Government for their continued support to the domestic players.

During second half of the financial year, steel demand in China rose on the back of stimulus package announced by the government. This resulted in higher domestic consumption of steel in China and marginal drop in export volume from there. While this gap was partially filled by increased exports from Turkey and India into the ASEAN region, lower level of Chinese exports resulted in an increase in steel prices across the world.

### Key Performance Highlight

During the financial year 2016-2017, Tata Steel Thailand delivered better performance as compared to previous years on all fronts.

In operations, the Company has achieved reduction in conversion cost both at steel plant and rolling mills stage. Inventory management in turbulent times remains a focus area. During the year, spares and consumables inventory saw a significant reduction. The Company is committed to deliver value added products and services to our esteemed Customers. In this regard, sale of High Tensile, Seismic and Cut & bend Rebars surpassed previous records. The company invested in phase 3 of state of the art Cut & Bend facility at NTS plant and completed the project in March 2017. Sale of new products touched new high during FY17. Wire rods business saw a significant improvement during H2 FY17 due to higher import prices from China, anti-dumping duties announced by Thai Government and strong Customer relationship. New standard for Rebars announced by TISI is expected to provide support to domestic production. The Company collected more than a million tons of



domestic scrap during the financial year. Metallic Procurement team also developed billet sources from India, Russia, South America and other regions. During the year, the Company cleared up the debt of over 400 Million Baht.

There were notable improvements in the area of safety and employee health. The year finished with zero lost time injury to any employee or contract workman across all the locations. Deploying long term safety improvement plan, regular sharing of best practices and learning from incidents from other companies in the Tata Group has strengthened the occupational safety, health and environment processes in the Company.

For the last few years the steel plants were running off peak taking advantage of cheaper billets available in the international market. However the situation has changed in last six months. Thus steel plants have been running and are expected to run on peak for major part of the financial year. Hence equipment maintenance and upkeep along with manpower planning becomes critical. Procurement Excellence Program (PEP) initiated in 2015 continues to be pursued with same vigor. The Company has recently engaged an external consultant to help improve marketing & sales processes. During the year, Rebar manufacturing plants got certified to Australian standard (ACRS). The Company kept focus on servicing robust domestic demand. At the same time, it also considered opportunities in the neighboring countries.

All these efforts resulted in many rewards for the company. Notable are the prestigious Prime Minister's Industry Award 2016 for Safety Management to The Siam Construction Steel Co., Ltd and Thailand ICT Excellence Award 2017 from the Ministry of Information and Communication Technology in "Core Process Improvement Project" category. The award aims to encourage companies to use information and communication technology effectively. The Siam Iron and Steel (2001) Co Ltd won Corporate Social Responsibility Award from the Department of Industrial Works.

In line with Tata Group philosophy, focus on ethical working, Corporate Social Responsibility, Sustainability and Human Resources development continue to be a priority area. During the year, focused initiatives were undertaken to enhance technical knowledge in the area of steel making, rolling and maintenance with the support of external experts. Regular best practice sharing with other companies in the Tata Group facilitated horizontal deployment. Coaching and mentoring ability of the leadership team was also enhanced. Company undertook many initiatives in the area of digital technology to bring job simplification and improve the quality of work. Employees and supplier partners were updated on the Tata Code of Conduct 2015. 'Grow Smart with Tata Steel' reached 248 schools in 52 provinces. Employees and the Company supported government initiatives when Southern Thailand saw one of the worst floods in recent times.

### Outlook for FY2017-2018

Steel industry in 2017 is likely to benefit from the expected expansion of construction activity both in public and private sector. Government of Thailand has announced many infrastructure strengthening projects including Eastern Economic Corridor. Earlier announced projects like Suvarnabhumi airport phase 2 and expansion of metro rail network continue to progress well. Initiatives announced by the Government to support household income is expected to improve private expenditure. GDP of neighbouring countries Cambodia, Lao and Myanmar is projected to grow over 6%. Overall Construction continues to play a prominent role in the growth of this region. The company has developed strong footprint in the region to capitalize on the growth opportunities that are expected to arise in the current environment.

As China continues on the path of re-balancing its steel production and consumption, steel prices in the region are likely to be volatile. While it is expected that production cuts will progress as per plan in China, companies tend to increase production when prices improve. Thus it may take some time for the industry to see a more balanced situation.

Initiatives undertaken by the Company to promote high strength steel and increased usage of Cut & Bend products are showing promising results. Wire rods business is expected to grow at a healthy pace. Your Company will continue to upgrade our product and service offerings to maintain competitive edge in the market. During the year, the Company plans to dispose the MBF which is lying mothballed for last 5 years. This is an important step to clear under-utilized and outdated assets.

Finally, we would like to take this opportunity to thank all our shareholders, customers, suppliers, vendors and lenders for their unstinted support to the Company during the year. We would also like to thank the employees and the unions across all Tata Steel (Thailand) Group companies for their hard work and commitment to enhance the performance of the Company. We look forward to this continued support going ahead.



**Thachath Viswanath Narendran**

# THE BOARD OF DIRECTORS

## Mr. Thachat Viswanath Narendran

Chairman of the Board  
Chairman of the Executive Committee  
Chairman of the Corporate Governance,  
Nomination and Remuneration Committee



**Age** 52

**Date of Appointment** July 29, 2015

**Shareholding** None

**Relative** None

### Education

- Master in Business Administration, Indian Institute of Management, Calcutta
- Bachelor of Engineer (Honors), National Institute of Technology, Trichy
- Advanced Management Programme, CEDEP, France
- Chevening Scholar

### Experience

2016 – Present	President Institute for Steel Development & Growth (INSDAG)
2016 – Present	Chairman Confederation of Indian Industry, Eastern Region
2015 – Present	Member Steering Committee of Mining & Metals Governors Council of World Economic Forum
2015 – Present	Member of Governing Board Steel Research & Technology Mission of India (SRTMI)
2015 - Present	Chairman NatSteel Holding Pte. Ltd.
2015 – Present	Chairman WSA Economics Committee (ECON)
2014 – Present	Chairman Tata Steel SEZ Limited
2014 – Present	Chairman – Board of Governors XLRI, India
2014 – Present	Member Advisory Board of BML Munjal University
2014 – Present	Chairman Indian Iron and Steel Sector Skill Council (IIS SSC)
2014 – Present	Member Governing Body of Apex Committee Indian Steel Association (ISA)
2013 - Present	Managing Director – Tata Steel Ltd Tata Steel Limited, India
2013 – Present	Director Tata Steel Europe Limited
2013 – Present	Director CEDEP, France
2013 – Present	Member World Steel Association, Belgium

## Mr. Maris Samaram

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



**Age** 74

**Date of Appointment** July 29, 2002

**Shareholding** None

**Relative** None

### Education

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

### Training

- Director Certificate Program (DCP : 33/2003)
- 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 new SEC act (May 2008)
- Handling Conflicts of Interest: What the Board should do? (2008)

### Experience

2010 – Present	Independent Director, member of the Audit Committee and the Sustainability Committee Indorama Ventures PCL.
2005 – Present	Director PAC Siam Co., Ltd.
2004 – Present	Director Marsh PB Co., Ltd.
2001 – Present	Advisor M.E.D Co., Ltd.
2013 – 2015	Independent Director and Chairman of the Audit Committee Akara Resources PCL.
2003 – 2015	Independent Director and Chairman of the Audit Committee Siam Commercial Bank PCL.

## Ms. Rawewan Peyayopanakul

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



**Age** 69

**Date of Appointment** July 29, 2002

**Shareholding** 0% (22,000 shares)

**Relative** None

### Education

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

### Training

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

### Experience

2008 – Present	Independent Director and Chairman of the Audit Committee Sabina Public Company Limited
1999 – 2016	Independent Director and Chairman of the Audit Committee Thai Theparos Food Products Public Company Limited
2000 – 2013	Independent Director and Chairman of the Audit Committee Thai Cane Paper Public Company Limited

## Mr. Hatasakdi Na Pombejra

Independent Director  
Member of the Audit Committee



**Age** 60

**Date of Appointment** March 28, 2013

**Shareholding** None

**Relative** None

### 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

### Training

- 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



## Mr. Taratorn Premsoontorn\*

Director

Member of the Corporate Governance,  
Nomination and Remuneration  
Committee



**Age** 54

**Date of Appointment** July 29, 2002

**Shareholding** None

**Relative** None

*\*A Director who is appointed as the Authorized Signatory in accordance with Company affidavit.*

### Education

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

### Training

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

### Experience

1996 – Present	Senior Vice President Bangkok Bank Public Company Limited
2001 – 2014	Director Sriracha Harbour Public Company Limited

## Mr. Peeyush Gupta

Director

Member of the Executive Committee



**Age** 48

**Date of Appointment** October 23, 2011

**Shareholding** None

**Relative** None

### 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

2015 - Present	Director Indian Steel & Wire Products Limited
2014 - Present	Director Tata Steel Processing & Distribution Company
2013 - Present	Vice President Marketing Tata Steel Ltd.
2009 – Present	Director Tata Martrade International Logistics Company Limited
2012 – 2013	President & CEO Tata Steel (Thailand) Public Company Limited

## Mr. Ranganath Raghubath Rao

Director

Member of the Executive Committee



**Age** 57

**Date of Appointment** April 29, 2016

**Shareholding** None

**Relative** None

### Education

- Bachelor of Commerce
- Chartered Accountant, Institute of Chartered of Accountants of India

### Experience

2015 – Present	Director Jamshedpur Utilities and Services Company Ltd
2014 – Present	Director Tata Steel Holdings Pte Ltd
2014 – Present	Director T S Global Holdings Pte Ltd
2014 – Present	Director T S Global Procurement Company Pte Ltd
2014 – Present	Director T S Global Mineral Holdings Pte Ltd
2014 – Present	Director ProCo Issuer Pte Ltd
2013 – Present	Director TSIL Energy Limited
2013 – Present	Director Tata Sponge Iron Ltd
2013 – Present	Vice President-Finance (India & SE Asia) Tata Steel Ltd
2010 – 2013	Director Finance Cairn India Ltd

## Mr. Rajiv Mangal\*

President & CEO

Director

Member of the Executive Committee



**Age** 50

**Date of Appointment** December 1, 2013

**Shareholding** None

**Relative** None

*\* A Director who is appointed as the Authorized Signatory in accordance with Company affidavit.*

### Education

- Bachelor of Engineering (Metallurgy) (Honors), University of Roorkee, India
- PGDBM from XLRI, Jamshedpur, India

### Training

- Advance Management Program CEDEP, France
- Global Leadership Development Programme, India/UK
- Director Certification Program (DCP : 230/2016), IOD Thailand

### Experience

2010 – 2013	Executive-in Charge, Tubes SBU Tata Steel Limited, India
2005 – 2010	Chief, Wire Division, Chief of Marketing & Sales, Chief Technical Services Tata Steel Limited, India

## Mr. Rajiv Mangal

President & CEO



**Age** 50  
**Date of Appointment** December 1, 2013  
**Shareholding** None  
**Relative** None

### Education

- Bachelor of Engineering (Metallurgy) (Honors), University of Roorkee, India
- PGDBM from XLRI, Jamshedpur, India

### Training

- Advance Management Program CEDEP, France
- Global Leadership Development Programme, India/UK
- Director Certification Program (DCP : 230/2016), IOD Thailand

### Experience

2010 – 2013	Executive-in Charge, Tubes SBU Tata Steel Limited, India
2005 – 2010	Chief, Wire Division, Chief of Marketing & Sales, Chief Technical Services Tata Steel Limited, India

## Mr. Jayanta Chakraborty

Vice President – Finance  
Chief Financial Officer



**Age** 51  
**Date of Appointment** September 15, 2016  
**Shareholding** None  
**Relative** None

### Education

- Bachelor of Commerce, Calcutta University
- Chartered Accountant, Institute of Chartered Accountants of India

### Training

- General Management Programme, CEDEP, France
- Global Leadership Development Programme, India/UK

### Experience

2016 – Present	Director, SCSC and SISCO
2013 – 2016	Chief Financial Controller (Business Analysis and Group Reporting), Tata Steel Limited
2013 – 2016	Director, TM International Logistics Limited, TS Alloys Limited, Tata Steel Processing & Distribution Limited and International Shipping & Logistics FZE
2008 – 2013	Chief (Corporate Accounts and Financial Reporting), Tata Steel Limited

## Mr. Wanlert Kanwivat

Chief Operating Officer



**Age** 51  
**Date of Appointment** April 1, 2016  
**Shareholding** None  
**Relative** None

### Education

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

### Training

- Global Leadership Development Programme, India/UK

### Experience

2012 – Present	Director N.T.S Steel Group PCL.
2012 – Present	Director The Siam Construction Steel Company Limited
2011 – 2012	Plant Manager – Rayong The Siam Construction Steel Company Limited

## Mr. Sirorote Matemanosak

Vice President – Human Resources  
and Corporate Affairs



**Age** 54  
**Date of Appointment** January 1, 2010  
**Shareholding** 0% (220,000 shares)  
**Relative** None

### Education

- Master of Business Administration, Kasetsart University
- Bachelor of Laws, (Honors), Thammasat University

### Experience

2012 – Present	Director N.T.S. Steel Group Public Company Limited
2012 – Present	Director The Siam Construction Steel Company Limited
2012 – Present	Director The Siam Iron and Steel (2001) Company Limited



## Mr. Paitoon Chuesook

Vice President – Procurement



**Age** 54

**Date of Appointment** April 1, 2012

**Shareholding** None

**Relative** None

### Education

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

### Training

- Global Leadership Development Programme, India/UK

### Experience

2012 – 2013	Director and Vice President The Siam Iron and Steel (2001) Company Limited
2011 – 2012	Plant Manager - Saraburi The Siam Iron and Steel (2001) Company Limited
2010 – 2011	Senior Department Manager - Rolling Mill The Siam Iron and Steel (2001) Company Limited
2001 – 2010	Department Manager - Steel Plant N.T.S Steel Group Public Company Limited

## Mr. Chaichalerm Bunyanuwat

Vice President – Marketing and Sales



**Age** 48

**Date of Appointment** July 31, 2012

**Shareholding** None

**Relative** None

### Education

- Bachelor of Mechanical Engineering, King Mongkut's University of Technology Thonburi, Thailand

### Training

- Global Leadership Development Programme, India/UK

### Experience

2012 – 2016	Director and Vice President The Siam Iron & Steel (2001) Company Limited
2016 – 2016	Plant Manager, Saraburi The Siam Iron & Steel (2001) Company Limited
2010 – 2012	Senior Department Manager Steel Plant and Maintenance N.T.S Steel Group Public Company Limited

## Mr. Amit Khanna

Vice President – Capital Projects and Business Excellence



**Age** 50

**Date of Appointment** April 1, 2015

**Shareholding** None

**Relative** None

### Education

- Bachelor of Science (Electrical Engineering), National Institute of Technology, Jamshedpur, India

### Experience

2014 - 2015	Head Improvement Initiatives, Tata Steel Limited, India
2010 - 2014	Head Integrated Electrical Maintenance – Power House & Industrial Gases Department, Tata Steel Limited, India
2008 - 2010	Head TQM - Knowledge Management, Management Information Group & Business Assessment, Tata Steel Limited, India

## Mr. Arun Kumar Chowdhary

Vice President – Chonburi Plant



**Age** 58

**Date of Appointment** April 1, 2012

**Shareholding** None

**Relative** None

### Education

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

### Experience

2012 – Present	Director N.T.S. Steel Group Public Company Limited
2011 – 2012	Plant Manager – Chonburi N.T.S. Steel Group Public Company Limited

## Mr. Pornchai Tangworrakulchai

Vice President – Rayong Plant



**Age** 47

**Date of Appointment** April 1, 2016

**Shareholding** None

**Relative** None

### Education

- Bachelor of Engineering (Electrical), Chiang Mai University

### Experience

2016 – Present	Director The Siam Construction Company Limited
2008 – 2016	Senior Department Manager – Rolling Mill N.T.S. Steel Group Public Company Limited
2006 – 2008	Department Manager N.T.S. Steel Group Public Company Limited
2005 – 2006	Department Manager The Siam Iron and Steel (2001) Co. Ltd.
2004 – 2005	Engineer - Steel Plant Department The Siam Iron and Steel (2001) Co. Ltd.
1995 – 2004	Engineer – Rolling Mill Department The Siam Iron and Steel (2001) Co. Ltd.

## Mr. Rungroth Lert-A-Rom

Vice President – Saraburi Plant



**Age** 46

**Date of Appointment** June 1, 2016

**Shareholding** None

**Relative** None

### Education

- Master Degree of Engineer (Metallurgy),  
Carnegie Mellon University, United States
- Bachelor of Engineer (Metallurgy), Chulalongkorn University

### Experience

2016 – Present	Director The Siam Iron and Steel (2001) Company Limited
2015 – 2016	Senior Department Manager – Steel Plant The Siam Iron and Steel (2001) Company Limited
2014 – 2015	Senior Department Manager – Steel Plant The Siam Construction Steel Co., Ltd.
2012 – 2014	Senior Department Manager - Maintenance N.T.S. Steel Group Plc.

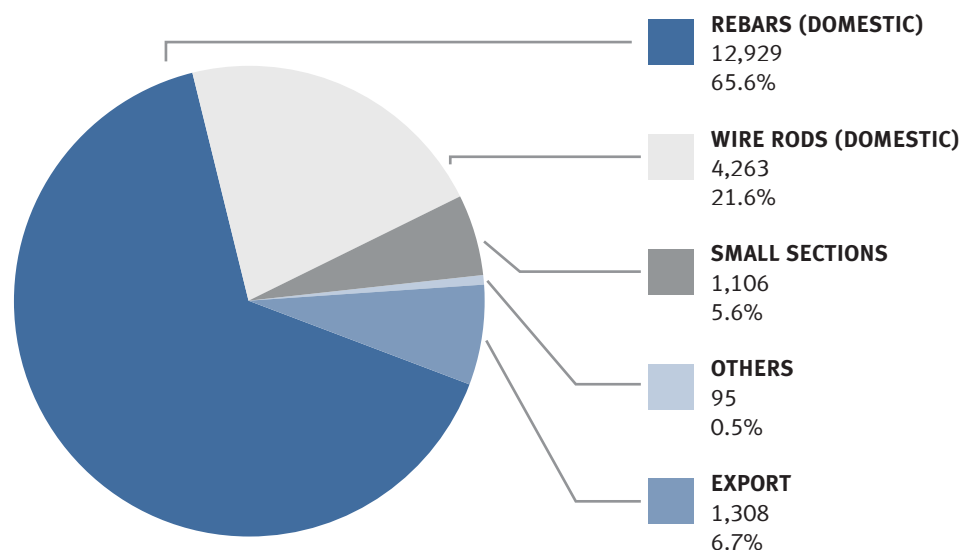
# NATURE OF BUSINESS

## Structure of Revenues

The Group's operations involve the single business segment of the manufacture and sales of long steel products. The proportions of the Company's revenues from the sales by product lines, as produced by subsidiaries, are as follows:

Line of Products	Year 2016 - 2017			Year 2015 - 2016			Year 2014 - 2015		
	(Thousand Ton)	(Million Baht)	%	(Thousand Ton)	(Million Baht)	%	(Thousand Ton)	(Million Baht)	%
<b>Domestic Market</b>									
Rebars	844	12,929	65.6	751	10,545	63.0	744	13,772	64.5
Wire Rods	256	4,263	21.6	195	3,115	18.6	228	4,505	21.1
Small Sections	69	1,106	5.6	77	1,295	7.8	67	1,403	6.5
Others	8	95	0.5	5	53	0.3	5	81	0.4
<b>Total Revenues from Domestic Sales</b>	<b>1,177</b>	<b>18,393</b>	<b>93.3</b>	<b>1,028</b>	<b>15,008</b>	<b>89.7</b>	<b>1,044</b>	<b>19,761</b>	<b>92.5</b>
<b>Export Market</b>									
Rebars	84	1,295	6.6	116	1,705	10.2	79	1,488	7.0
Wire Rods	1	13	0.1	1	20	0.1	5	99	0.5
Small Sections	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	7	0.0
<b>Total Revenues from Exports</b>	<b>85</b>	<b>1,308</b>	<b>6.7</b>	<b>117</b>	<b>1,725</b>	<b>10.3</b>	<b>84</b>	<b>1,594</b>	<b>7.5</b>
<b>Total Revenues</b>	<b>1,262</b>	<b>19,701</b>	<b>100.0</b>	<b>1,145</b>	<b>16,733</b>	<b>100.0</b>	<b>1,128</b>	<b>21,355</b>	<b>100.0</b>

## REVENUES FROM SALES 2016-2017 (MILLION BAHT)



## Business Description of the Company

Tata Steel (Thailand) Public Company Limited (TSTH), formerly known as Millennium Steel Public Company Limited was established as a joint venture between NTS whose shares were held by Horrungrueng Group and SISCO and SCSC 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 NTS, SISCO and SCSC. The three subsidiaries produce Reinforcing bars (Rebars), wire rods, small section and Special Bar Quality Steel administered by an experienced and knowledgeable management team.

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

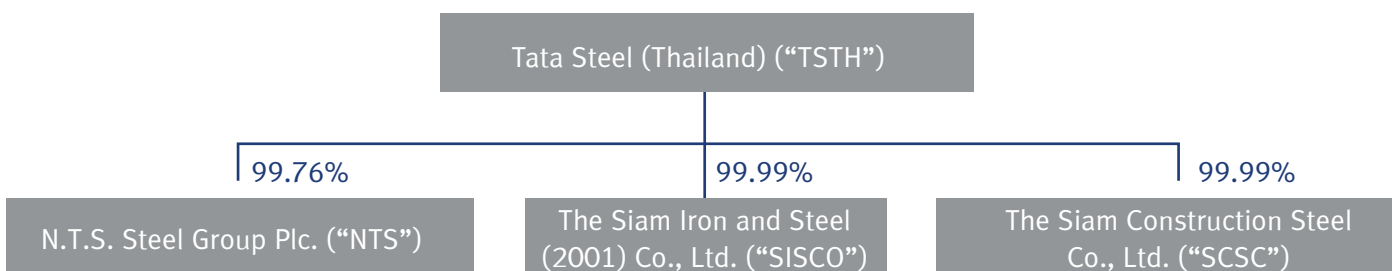
The Company's major shareholder is the Tata Steel Global Holdings Pte. Ltd. ("TSGH"), a wholly owned subsidiary of Tata Steel Limited ("TSL") and which

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 wider group of customers. TSL extends support to TSTH in the business operations by providing assistance in technology knowhow, treasury and finance, training of people, safety, information technology and International sales through its network of offices around the world. Along with operations in Singapore, 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 subsidiaries 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



## Nature of Products

### 1. Reinforcing bar (Rebar)

Consists of

- 1.1 Round Bar in the size range of 6-25 mm. diameters is manufactured in accordance with Thai Industrial Standard (TIS) No. 20-2543, grade SR24.
- 1.2 Deformed Bar in the size range of 10-40 mm. diameter is manufactured in accordance with Thai Industrial Standard (TIS) No. 24-2548, grades SD40 and SD50.

These Rebars are marketed under 'TATA TISCON' trademark through a pan Thailand network of dealers and retailers. Major usage is in the construction sector in concrete reinforcement such as beam, column and road surface, bridge, stadium, dam, house and building, etc.

In addition, the Company markets special quality Rebar suitable for earthquake prone zones like North and North-east Thailand. These are sold under trademark



'TATA TISCON S'. Here S indicates super ductile. These products are available in size range of 10-40 mm diameter and grade SD 40. These Rebars has special characteristic to withstand the earthquake shock for a longer period of time (compared to standard Rebars) and thus facilitating safety of people. The company is developing next generation of Rebars equivalent to SD 60 grade and Tata Tiscon S in SD 50 grade.

## 2. Wire Rod

Major types of products in this category are:

- 2.1 **Low Carbon Wire Rod:** These are produced in the size range 5.5-17 mm diameter, conforming to SWRM 6-22 grade and in accordance with Thai Industrial Standards (TIS) No. 348-2540. Major applications of wires made from Low Carbon wire rods include binding wire, nail, wire mesh, galvanized wire, barbed wire, numeral wire and chain, etc.
- 2.2 **Carbon Wire Rod for Head Heading Quality:** These conform to SWRCH 6A-22A grade and are produced in the size range of 5.5-17 mm. in diameter. The wire rods are manufactured in accordance with Thai Industrial Standards (TIS) No. 2243-2548 and end application of wires includes nut, bolt and screw, etc.
- 2.3 **Wire Rod for Electrode Quality:** These comply with SWR Y11 grade, are produced in size range of 5.5-17 mm. in diameter and in accordance with Thai Industrial Standards (TIS) No. 2244-2548. Wires from these wire rods are used for making stick welding electrodes.
- 2.4 **High Carbon Wire Rod:** These are produced in the size range of 5.5-17 mm diameter, conforming to SWRH 27-82 grade and manufactured in accordance with Thai Industrial Standards (TIS) No. 349-2548. These wire rods serve as raw material for making prestressed concrete wire, strand wire, compression spring, binding spring, torsion spring and sling, etc.

## 3. Small section structural Steel

This product range consists of angle and channel steel complying to SM400-570 and SS400-540 grade and is manufactured in accordance with Thai Industrial Standard (TIS) No. 1227-2539 under trademark 'BorKorSor'. Small section finds extensive usage in general engineering, signboards, support for roofs, transmission line towers etc.

## 4. Carbon Steel Round Bar

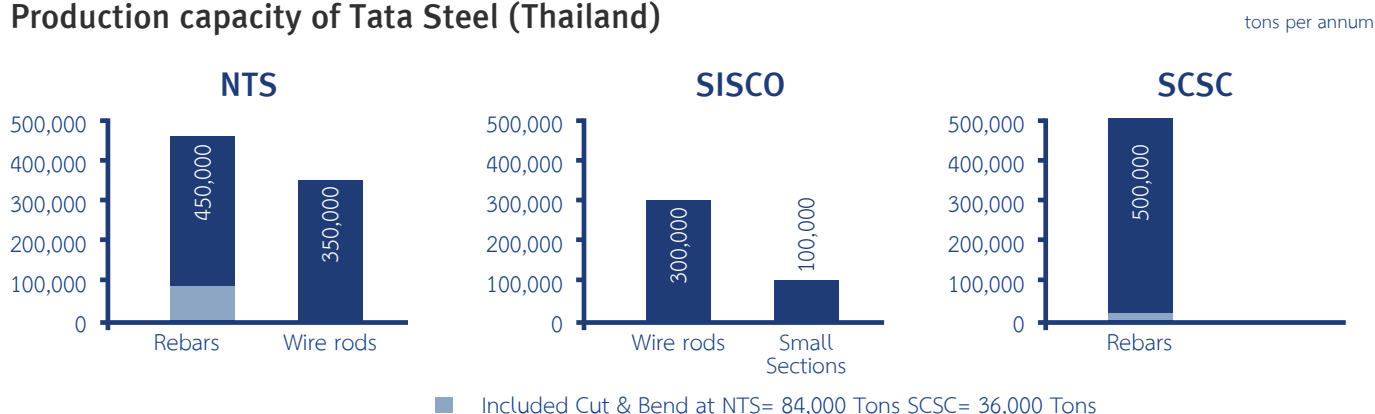
Carbon steel round bar with SS 330-540 Quality Class and 6-70 mm. in diameter is manufactured in accordance with JIS G3101 (1995) grade for general use and with S10C-S50C grade in 6-70 mm. of diameter is manufactured in accordance with JIS G4051 (1979) grade for application in automobile and general engineering sector.

## 5. Cut and Bend Rebars

These consist of ready to use Rebars at the construction site. Conventional Rebars are produced in straight length or in coil form and then cut to required shape and size at the site. This results in generation of waste at the site and needs space along with skilled manpower to produce. Cut and Bend Rebars are made on state of the art machinery at the steel plant and transported just in time at the construction site. As construction practices mature, space and availability of skilled workforce becomes a constraint, proportion of Cut and bend Rebars increases.

For the last two years, the Company is also manufacturing finished Stirrups that are marketed under trademark 'Tiscon Superlink' and finished dowel under trademark 'BorKorSor'. Tiscon Superlink is used during construction of house and condominiums while dowel finds application in road construction and reinforcing rocks.

## Production capacity of Tata Steel (Thailand)



With the total finished goods production of 1,295,100 Tons, the production capacity utilization for the financial year ending in March, 2017 stood at approx. 76%.

## Management Standard System

All subsidiaries at Tata Steel (Thailand) i.e. NTS, SISCO and SCSC are committed to Quality Management Systems of international standards. Accordingly they are certified to ISO systems as follows: SISCO and NTS are certified to ISO 9001:2015. SCSC is certified to ISO 9001: 2008.

In addition, the Company realizes the importance of the environment management in the best interest of the stakeholders. Certification in this area is as follows: SISCO and NTS are certified to ISO 14001:2015. SCSC is certified to ISO 14001:2004

The Company promotes good practices in occupational health and safety of employees and contract workmen at work place. All the three subsidiaries are certified to International standard of Occupational Health and Safety Management System as follows: SISCO, SCSC and NTS are certified to TIS 18001:2554 and BS OHSAS 18001:2007.

Additionally, at TSTH, Procurement division is certified to ISO 9001: 2008 for the scope of sourcing and procurement of materials and service. Marketing and Sales division also is certified to ISO 9001: 2015.

During the year, NTS and SCSC plants were certified to The Australasian Certification Authority for Reinforcing and Structural Steels, “ACRS” from Australia. NTS and SCSC are currently working on certification to ISO/IEC 17025 for their Testing and Calibration Laboratories.

## Procurement Division

The company pays due attention running the business on the fundamentals of long term sustainability and accordingly setting the performance KPIs. Also, the company takes into account social and environmental issues as a part of vision, mission, strategy and working process to maintain fine balance between economic, social and environmental aspects of the business. The company regularly communicates the policies to all concerned in supply chain and to relevant business partners so that they can develop proper systems in the area of Ethics, Corporate Governance and Safety Standards.

Procurement team consists of around 80 professionals, located at the Head Office in Bangkok and at three plant sites in Chonburi (NTS), Saraburi (SISCO) and Rayong (SCSC) responsible for the purchase of steel scrap, steel billets, raw materials, goods for maintenance repair and operations (MRO Goods), services, inbound logistics and Store management. Procurement division emphasizes on sourcing as per ‘value in use’ of products and services within required lead

time to match with the inventory and production plan so as to maximize value and benefit to the Company. The team regularly communicates with Supply Chain department and plant Operations team to review and procure raw materials to comply with the customer schedule and also maintain inventory level suitable for compliance to production plan and to support production process on a continual basis.

The local sourcing strategy is aligned to the procurement strategy of the Tata Steel Group and derives synergy by continually exchanging the valuable information within the affiliates to ensure raw materials and other goods used at Tata Steel (Thailand) are purchased at per desired strategy.

Tata Steel (Thailand) sources raw materials and other products both from domestic market and through import by emphasizing on Value In Use (VIU). 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.

Moreover, Tata Steel (Thailand) has incorporated safety as an integral part of sourcing strategy. This covers not only employees of the Company, but also contractors, sub-contractors and transportation service providers. The Company has implemented contractor safety management starting from registration, discussion on the safety plan before awarding the contract, audit during work execution and vendor evaluation to ensure that all contractors who work in the plants follow required safety standards.

Senior management of the company engages with the key supplier partners at multiple level and frequency. For last two years, annual vendor partner meet is organized to share company’s plans going ahead and get inputs from the partners.

## Structure of the Division

Procurement Division of the Company is organized as per spend in 7 major functions, described as under:

### 1. Metallic Sourcing

Steel scrap is the main raw material for electric arc furnace. The company has been working on developing alternate low cost steel scrap thereby increasing sources of the material also. The purpose is to replace costly raw material with suitable substitute as well as increase collection to reduce overall cost of production. The company has set scrap purchasing yards with a view to increase domestic scrap sourcing. The strategy is to maximize domestic scrap as this is the lowest cost option.

## 2. Maintenance Repairs and Operation Goods

This department is predominantly working on sourcing (technical) MRO Goods, including Bearings, Electrical equipment, Hydraulic system, Fuel and Fluid Systems, Water Treatment System, Natural Gases, Filter, Belt-Chain and etc. These categories typically require close co-operation between (plant) engineers, store and the procurement team. During the year, requirements of the three locations have been combined (where ever possible) to derive the benefit of scale.

Moreover, comparable spare part model and alternative source development are the focus areas of the MRO team along with sourcing from low cost countries like China, India etc.

Graphite Electrode is an important consumable in steel plant production process. Here we combine volume for all the Tata Steel affiliates to increase bargaining power with respect to price and other terms and conditions.

## 3. Raw Materials

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 Tata Steel hubs in India and Singapore. Key strategy is to find the right source of supply with optimum value and price combination suitable for Tata Steel (Thailand) operations.

As a part of Procurement Excellence Project (PEP), the team cooperates with users to develop and source directly from manufacturers in low cost country like China, India, Taiwan, Russia, Malaysia and Pakistan. Off late, China has tightened the environment norms thereby sometimes affecting the supply from there. Development of alternate sources helps to increase competitive position of the company.

To reduce the risk of price fluctuations from the material that are sourced from China, the company has implemented systems to buy directly from manufacturers with fixed price such as fluxes for slag treatment.

## 4. Logistics Services

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

Since last year, there was import planning process and logistics development by studying new means of unloading the cargos. This has helped in increasing

safety in the working environment and reduces cost in some areas such as Pig Iron using Tipping trailer.

## 5. Plant Procurement

Primary function of this team is to source services for the users in the three plants. Here the efforts have been to have close cooperation with end users to optimize the services cost. Plant procurement team is positioned at the three plant locations for easy support to the users. The team looks at job requirement from different perspectives of number of persons required vs total job content. The company complies with the minimum wage structure as announced by the government from time to time. Idea is to judge real cost and be fair to the supplier partner at the same time.

Services area work under two important policy guidelines namely select contractors who understand well and work as per set safety rules and prepare contracts in standard price structure.

## 6. Sourcing Support And Reporting

In order to bring alignment with Tata Steel Group procurement policy, Sourcing Support and Reporting 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.

In our journey to become a digital organization, the Company is planning to install SAP ARIBA in FY18. This will facilitate transparent procurement systems, manage documents electronically, have systematic centralize information management and manage contracts. Central IT team of Tata Steel India is facilitating Tata Steel Thailand in this area.

## 7. Material Supply

This team manages the Stores functions at the manufacturing sites. Primary responsibilities include on time supply of spares and consumables to the users while ensuring that the inventory is kept at an optimal level. The team has been regularly engaging with counter parts in Tata Steel India to improve the processes. Plan is separate the sourcing and storage plan for fast moving parts vs one time used components. During FY17, Stores inventory was reduced by more than 100 MB thereby releasing cash to the system.

Focus area going ahead is to optimize common items between the three plants and improve the spares planning process. This implementation will improve inventory level to be optimal and yet comply with maintenance plan.

## Risk Factors in Procurement

### 1. Metallic and raw material price fluctuations

The main raw material for the production system is steel scrap. As the same is available in limited quantity, price of scrap can change quickly with the fluctuation in demand and supply both in domestic and international markets. Last year saw sharp market price fluctuation in line with movement of Iron Ore price changes in international market. This impacted the steel industry significantly. One of the main triggers for this was slow down in domestic consumption of steel in China.

Tata Steel (Thailand) has developed integrated planning models that facilitate close working between sourcing of raw material and marketing of finished products to respond to the rapid changes in market place. The process facilitates optimization of overall system inventory. Procurement team through its strong relationship with the chosen suppliers and using reputed publications maintains close contact with the market related developments. Throughout the year, the Company operated on a lean inventory to minimize the impact of key raw materials price fluctuations.

### 2. Sole source risk manufacturer/ supplier

As a guideline, the Company tries to have minimum three suppliers for each product. However there are situations where the number of suppliers is less due to propriety or special nature of product or service. Procurement has reduced single manufacturer/ supplier risk through multiple ways. Firstly, working together with end users through Procurement Optimization Team (SPOT), efforts are made to develop multiple suppliers. Plant is encouraged to take controlled trials so that usability of alternate material or supplier is tested. Secondly, in case it is single supplier, effort is made to have long term relationship so that joint development is undertaken to manage the cost effectively. Procurement team regularly reviews the items under single source. Approval is sought from appropriate level in case the sourcing is done on a single supplier basis.

### 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 those of Ferro alloys. This is because Ferro alloys cannot be easily substituted on a short notice. 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 leading companies in Thailand. This ensures adequate quantity, required quality and stable price of fuel to all 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 improving plant productivity.

For general workers, Tata Steel (Thailand) outsources contractor and has welfare policies like accident insurance etc. However, this category of workforce 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 shortage of manpower.

## 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



## Industrial Situation Domestic Market

### 1. Reinforcing bars

The Company distributes this product through dealers in Bangkok and provinces in every region of the country. It also directly sells to selected construction companies and project owners. The trademark used is **TATA TISCON** which is widely recognized and accepted in Thailand and neighboring countries. The Company actively promotes the brand via social media, radio, printed ads and public transportation both in Bangkok and upcountry.

The Company continuously evaluates the need to increase dealers in provinces based on the reach and potential in the area. It regularly organizes various types of marketing activities for every group of customers. Since last two years, it also distributes product through regional warehouses at Chiang Rai, Songkhla, Surat Thani and Udon Thani to facilitate easy delivery of product to local customers in that area and those who need small quantity.

In addition, the Company has a Market Development team for new products such as seismic rebar, SD50 high strength rebar, cut and bend, stirrup and dowel. This team regularly meets designers, project owners, government agencies, construction work supervisors, construction contractors and dealers to explain the techno-commercial aspects of the new products.

### 2. Wire Rod

The Company directly sells to the manufacturer of wires or selectively distributes via trader in few cases. The Company has created sound platform for continuously improving product and service offering to the Customers through creation of customer service teams. The team comprises of representatives

from production, marketing and sales, quality assurance and new product development and production planning department. The team regularly meets the customers to proactively work in win-win manner. In recent past, the company has focused on making customized products as per customer processing and end applications. During the financial year, the Company has started trial supplies of Tire Cord which is a high end application.

### 3. Small Sections

The Company distributes this product via dealers in Bangkok and provinces in every region. During the current year, the Company has added new dealers in the provinces with high potential and also organized marketing activities in various forms. Moreover, the Company regularly visits end customers such as tower fabricators and EGAT to understand the demand trend and changes expected in product and service offerings in the future.

### 4. Special Bar Quality

The Company directly distributes to the manufacturers of vehicle components and manufacturers of bright bar.

### 5. Cut and Bend

The Company sells this via the dealers in Bangkok and provinces in every region and also directly sells to the construction companies and project owners. During the financial year, the Company completed third phase of expansion at NTS. With this, total capacity of Cut & Bend Products in the company has reached 10,000 ton/month. A new machine was added at SISCO for making stirrups to service the rising demand in North and North East Thailand. Besides, the Company organized a separate project management team to coordinate with project owner about production plan and transportation to match with project site's requirement in full and on time.



## Export Market

The Company regularly exports Rebars and wire rods to Asean region such as Laos, Cambodia, Myanmar, Indonesia and Philippines. The products are distributed through a dealer network and also to direct customers. In addition, the Company exports rebar under TATA TISCON Trademark to India which is supported by dealer network of Tata Steel India. During the year, the Company got accreditation for supplies of Rebars to Australia and New Zealand markets. Total exports during the year were approximately 7 percent of the total sales.

## Table for Thailand Usage Requirement of Finished Products

Year	Production Quantity (Million Tons)	Growth (%)	Import (Million Tons)	Growth (%)	Export (Million Tons)	Growth (%)	Usage Requirement (Million Tons)	Growth (%)	Import (% of Usage Requirement)
2016	8.00	23	12.61	10	1.29	8	19.30	15	65
2015	6.50	-4	11.44	-4	1.20	-11	16.74	-4	68
2014	6.80	-4	11.90	-3	1.35	-4	17.35	-3	69
2013	7.12	1	12.25	9	1.40	0	17.97	6	68
2012	7.02	1	11.29	25	1.40	4	16.91	15	67

## Business Environment

In 2016, global steel demand of finished steel products was estimated for approximately 1,501 million tons, increased by 0.2% over previous year (Ref: World Steel Association). Thailand steel demand of finished steel products was 19.30 million tons, increasing by 15% over 2015. Import volume stood at 12.61 million tons or 65% of Thailand steel demand of finished steel products, increasing by 10% when compared with last year (Table for Thailand Usage Requirement of Finished Products).

Thailand steel demand of long steel products was at 7.57 million tons, increasing by 23% mainly due to government sector investment particularly for large-scale public infrastructure such as rail, road, dam and bridge, etc. Investments by private sector in the country have been on lower side. Steel price have been quite volatile during last year due to increase in local demand in China in second half of the year and changes in the prices of raw material like iron ore and coal. China continues on the path of cutting excess capacity. It has announced plan to cut capacity by approx. 150 MT during 2015-2021. These reasons affected the market sentiments in the market and also led to speculation by dealers. End result of this was that dealer inventory went up towards the end of the financial year in March.



## Competitive Situation

### Domestic market

Competitors of the company can be classified into two as per details below:

1. The manufacturer with Electric Arc Furnace (EAF) or Induction Furnace (IF) using scrap from domestic and import route as raw material. They manufacture semi-finished product called billet to produce finished steel products such as rebar, wire rod, structural steel and special steel.
2. The manufacturer who does not have in-house steel making facilities and are dependent on buying billets from open market to roll into finished products.

After considering production capacity and demand of long steel product in Thailand, data shows that sufficient production capacity exists in the country to support demand in the near future. In the previous year, steel business saw intense competition among local producers and imported steel particularly from China. Import volume from China increased by 11% when compared with last year. The Company keeps a close watch on the imports and the origin of the same. Through steel associations in the country, the Company has regularly engaged with the Ministry of Commerce to highlight the injury to domestic players from unfair dumping. During the year, government of Thailand revised the anti-dumping duty on High Carbon Wire Rods (HCWR) and the same for Low Carbon Wire Rods (LCWR) is under consideration. This has resulted in reduction of imports from China in second half of the financial year. At the same time, the competitive intensity in the domestic market is increasing with technological upgradation undertaken by few players.

### Exports

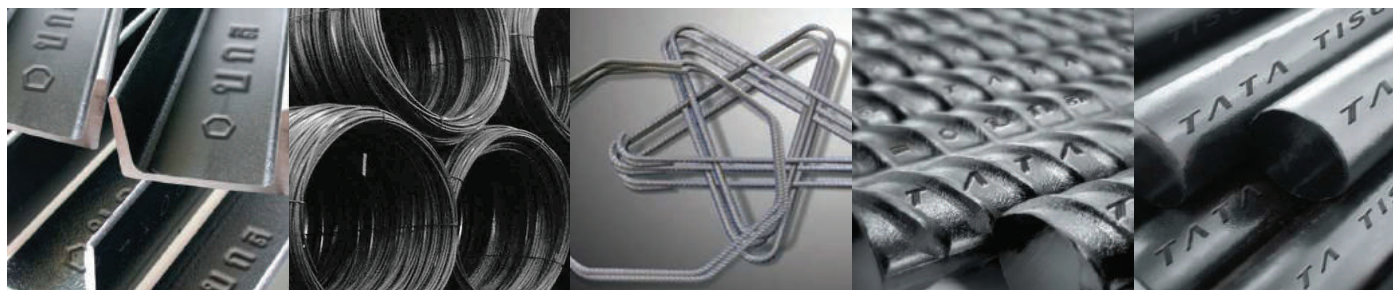
The Company has focused on exports to Asean region such as Lao, Cambodia, Myanmar, Vietnam and Indonesia including export rebar to India to gain the highest revenue. Major competition in Lao and Cambodia is from Vietnam steel manufacturers. China is dominant player in Myanmar. 'Made in Thailand' and Tata Tiscon enjoys good reputation in the neighboring countries. Hence the Company has been working to strengthen the network in these countries.

## Trend of Industry in 2017

International Monetary Fund (IMF) has estimated world economic growth at level of 3.4%. There is an improvement expected in the economies of USA, Europe and Japan. China continues to rebalance its economy and is expected to clock approximately 6.5% growth. Asean region is expected to deliver healthy growth. Forecast for Thailand is at a level of 3.3 supported by continued investment by government in infrastructure strengthening projects like double track, electric train, airport and port expansion projects and Eastern Economic Corridor (EEC), etc. These are supported by expected growth in tourism, exports and agricultural income. Neighboring countries Lao, Cambodia and Myanmar are expected to deliver growth rates over 6% thereby offering opportunity to steel makers in the region and Thailand in particular.

However, there is a rising concern from trade uncertainties with many countries resorting to protectionism. Many tariff and non-tariff barriers have been put in last 1-2 years thereby impacting free trade adversely.

World steel demand is expected to grow by 1% in 2017 over previous year. China domestic consumption is expected to see a decline. As per Iron & Steel Institute of Thailand (ISIT), steel demand in Thailand is likely to see a minor improvement over 2016 and reach around 19.5 million tons. It is estimated that long steel product demand will be at level of 7.80 million tons, increasing by 3% in line with growth in construction sector. This is largely driven by public sector investments as private sector investment continues to be relatively less. High Imports continue to pose risk to the domestic market. As China shuts down inefficient induction furnaces, there is a risk that these outdated machines may get shifted to Asean region and also in Thailand. A new Thai Industrial Standard (TIS) has been announced for Rebars. While it allows Induction route material to be produced under TIS license, at the same time, it also makes imports more difficult. This should facilitate domestic production and sales of Rebars in the country.







# RISK OF BUSINESS

At Tata Steel (Thailand), Enterprise Risk Management (ERM) framework and the governance structure framework is based on practices from COSO and ISO: 31000. The same is also aligned to Tata Steel (TSL) Group framework. ERM is an integral part of the Long term planning process to enable organizational sustainability. This has helped to develop a forward looking approach to risk management. The approach enables the Company to counter and mitigate various risks and simultaneously allows it to pursue available opportunities for the long term benefit of the business. The Risk Register is reviewed at TSTH executive committee meeting on monthly basis, where the risk owners present the status update on mitigation plan and trend of early warning indicators. Similar process is followed at each division/ department level. The movement of risk is understood through the enterprise risk heat map.

Being an enterprise in the steel industry, the Company encounters several risks in areas of commercial, operations, IT, HR etc. 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 risk mitigation plan with process owners. The risks are categorized into A, B & C category based on likelihood of its occurrence & its impact to business. Category A risk is being high on risk metric.

During the year, the Company was assessed the maturity of enterprise risk management by external assessors and got the assessment score at the “Integrated Level” (3.97 out of 5). The recommendations will help the company to transform into a risk intelligent organization.

Given below is an assessment of management approach to various types of risks.

## 1. Market Risk

Thailand steel demand is linked to the GDP growth of the country. The GDP growth in 2016 and 2017 relied mainly on public investments. Steel demand is likely to get impacted if the public investments are not as per the plan which also impacts the private investments. In addition, higher imports from China affected the production and sales volume of domestic steel producers. Anti-dumping measures announced by the Government of Thailand and the pronouncement of new TIS standard have helped to return some stability in the market place. During the year, the company strengthened its supplies of high strength construction Rebar's, increased capacity & supply of ready to use cut & bend steel. All these product categories saw growth compared to previous year. Besides, promote branding through online social media and marketing activity has helped to build relationship with customers and

end users. Coupled with this, the Company opened regional warehouses at strategic locations in North, Northeast and South of Thailand to improve the service levels.

The Customer Service Teams have helped to capture the specific issues of the Customers and proactively design such products to meet the customer specific needs. Development of such products is under direct supervision of technical expertise from Quality Assurance & New Product Development department. In addition the Company also uses resources at South East Asia regional and Tata Steel Group level. The technical expertise also provides inputs to customer on their operation there by providing complete solutions.

The company also intensified its efforts in export markets to expand market, especially to the Asean countries and India; as additional measure to mitigate the volatility in domestic steel demand. Parallely, this effort is able to increase the customer base and build Tata Tiscon brand to be popular in the new markets in the Asean region.

## 2. Risk of Raw Material Supply

The Company has the risk from the requisition of raw material supply (domestic scrap) where the supply is less than demand and has high fluctuation of price which relates to international market price movement. The Company has managed risks of price inconsistency through the balancing of inventory level. The risk of competition in the market has been relieved with the initiative of utilization of alternative materials, low cost scrap, which is also an important factor to reduce the total cost of production.

## 3. Risks Associated with Mini Blast Furnance (MBF)

The continued relative high prices of coke and iron ore as compared to scrap, coupled with high volatility in the international prices of raw materials has compelled the Company to continue with mothball of the furnace. The Company's management is actively looking into the options to monetize the MBF assets.

## 4. Safety, Health and Environment Risks

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. The Company had embarked on Safety Excellence Journey (SEJ) based on guidelines



from TSL as well as the Environment Management System (ISO14001) and Occupational Health and Safety Assessment Management System (OHSAS 18001). The Company focused more on tracking lead indicators by using Lost Time Injury (LTIF), First Aid Case (FAC) and Property Damage as indicators related to safety. The employees are motivated to report Near misses, Safety Observation and Fatal Risk Control Program (FRCP). This highlighted vulnerable areas and thereby helped increase focus on the same. At TSTH Group level, Safety, Health and Environment (SHE) organization was defined by Apex Safety Council (ASC) with President and CEO as a chairman and Vice Presidents as the members. The six Apex Sub Safety Committee (ASSC), Plant Implementation Committee (PIC), Department Implementation Committee (DIC) and Safety Occupation Health and Work Environment Committee were appointed. Some of the key initiatives launched during the year such as Contractor Safety Management (CSM) to take the same safety standards for contract employees as for own and encourage “FIND IT- OWN IT- FIX IT” campaign to identify hazard and control.

The Company focuses on health by providing good working environment and regularly monitor on industrial hygiene such as dust, noise, chemical and heat. The Company provides physical health check for employees, follow up and do a treatment in case of abnormal result related to work. The Health Index is the indicator for measure of the health level of employees.

The Company and its subsidiaries emphasize on Environment by monitoring the CO<sub>2</sub> Emission to measure and control greenhouse gases, follow up the Environment Impact Assessment (EIA) by monitoring gas such as NOx SOx CO and dust in all plants. As well as, effectively utilize water and apply Zero Discharge principle in water management. For waste management, the Company applies the 3R concept in order to maximize recycle waste by targeting 99% of waste back in process.

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. 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 risks.

## 5. Human Resource Risks

Operating in the industrial zone and with low unemployment rate in Thailand, business challenges and competition as well as head-hunting by other

companies with higher compensation package may lead to risk of retaining employees in the long run. Although the attrition rate of the Company maintains at a good level; a decrease from 8.1% to 5.2% in the current year, the Company still has risk of losing employees in key strategic positions. The Company has prepared for succession plan of management positions and key strategic positions to avoid such risk. There is a bench strength model to create manpower pipeline for engineers. At the same time, various improvements are made to ensure that the attrition rate is at minimum level. To understand the concerns of employees, the Company availed the services of external HR consultants to do the Employee Engagement Survey. The outcome of the survey was discussed in detail at the Human Resources Committee Meeting to further identify the improvement plans. In addition, the Company provides career growth opportunities and promotes the internal recruitment program which opens for career opportunity as well as extensive development programs on functional, business acumen, managerial and leadership to improve the competency level of employees. “LOT” (Leaders of Tomorrow) programmes are conducted to give a fast track career growth opportunity to employees for their development. Welfare and benefits are constantly improved to be competitive, based on market survey and benchmark with other leading companies. Team building sessions were also initiated across TSTH locations to foster team working spirit and engagement.

## 6. Financial Risk

Financial risk covers all financial commitments the Company has to the external world. Ensuring that the commitments are honored as per contracts, assumes highest importance within the TSL group. The Company has adhered to all its commitments during the year and will keep a close watch with zero tolerance to noncompliance. The Forex volatility is being addressed through a Hedging mechanism in line with a structured hedging strategy, monitored by the Regional Treasury Committee, with a formal reporting mechanism to the Board. The Company has also appropriate insurance policies to cover assets and business.

## 7. Risks Associated with Natural Calamity

Due to its operations spread in four different locations, the Company's inherent risk to natural calamity is relatively moderate. However, the Company is aware of the risk associated with operating in industrial areas 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 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, SISCO and SCSC, last two of which were subsidiaries of Cementhai Holding Company Limited (CHC).

## 2005

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

## 2006

- Tata Steel Group 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 completed. This was considered first of its kind project in 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 entered the Special Bar Quality steel market, only producer of this product in Thailand.
- The Company launched seismic resistant rebar for earth quake prone areas, first time in Thailand.

## 2013

- The Company was recognized by the SET for CSRI Recognition Award.
- NTS was awarded Prime Minister's Industry Award - Safety Management.

## 2014

- The Company was recognized by the SET for Outstanding CSR Award and CSR Recognition award.
- NTS was awarded Prime Minister's Industry Award - Quality Management.

## 2015

- The Company listed on Thailand Sustainability Investment 2015 for its outstanding performances in Environment, Social and Governance aspects with potential of giving long-term profit to the investors by the SET.
- The Company was 1 of the first 30 companies in Thailand that joined The Children Sustainability Forum to make a commitment in protecting Children Rights.
- SCSC received 'Green Mining Award 2015' from Department of Primary Industries and Mines (DPIM).

## 2016

- The Company received "Thailand ICT Excellence Award 2017" for "Core Process Improvement Project".
- SCSC won the Prime Minister's Industry Awards 2016 on Safety Management Category.
- SCSC represented at ICQCC 2016 (International Convention on Quality Control Circle 2016) held in Thailand. The team received Gold Award.
- SISCO won Corporate Social Responsibility - Department of Industrial Works Award.
- SCSC received Green Star Award 2016



# SHAREHOLDERS

Top ten major shareholders from 7,177 Shareholders on the book closing date on May 25, 2017 are detailed below;

Name	No. of Shares	%
1. T S GLOBAL HOLDING PTE LTD <sup>(a)</sup>	5,718,472,083	67.90
2. MR. VEERAPHAN THEEPSUWAN	448,906,500	5.33
3. BANGKOK BANK PLC	296,050,796	3.52
4. MR. VIROJ UNGPAIBOON	273,002,901	3.24
5. THAI NVDR COMPANY LIMITED <sup>(b)</sup>	103,405,637	1.20
6. PERSHING LLC	100,772,455	1.20
7. MR. THEERACHAI KEERATITECHAKORN	95,048,700	1.13
8. EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	48,610,300	0.58
9. HORRUNGRUANG'S GROUP (Comprised of 7 natural persons)	40,009,240	0.48
10. MR. AMPON VIROJVECHAPAND	36,200,000	0.43
<b>TOTAL</b>	<b>7,160,478,612</b>	<b>85.03</b>
11. OTHER SHAREHOLDERS (7,161 persons)	1,261,062,236	14.97
<b>GRAND TOTAL</b>	<b>8,421,540,848</b>	<b>100.00</b>

## Remarks

- (a) Operates its business as an investment company, a wholly owned subsidiary of Tata Steel Limited. The company was incorporated in 2008 and is based in Singapore. Tata Steel Global Holding Pte. Ltd. holds more than 50% shares of the Company. It may, therefore, be possible for the majority shareholder to control almost all the resolutions in the Shareholders Meeting such as; voting in agenda of appointment of directors or any others voted agenda.
- (b) THAI NVDR COMPANY LIMITED is a subsidiary owned by the Stock Exchange of Thailand. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares excepted the voting right of shareholders meeting. Further information regarding THAI NVDR COMPANY LIMITED can be found on [www.set.or.th](http://www.set.or.th)

As of May 25, 2016, TSTH has 7,008 of Non-Strategic Shareholders (Free-Float), is equivalent to 2,254,136,233 of ordinary shares, calculated from the total paid up ordinary shares of 8,421,540,848 or 26.77%

## 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 effects 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

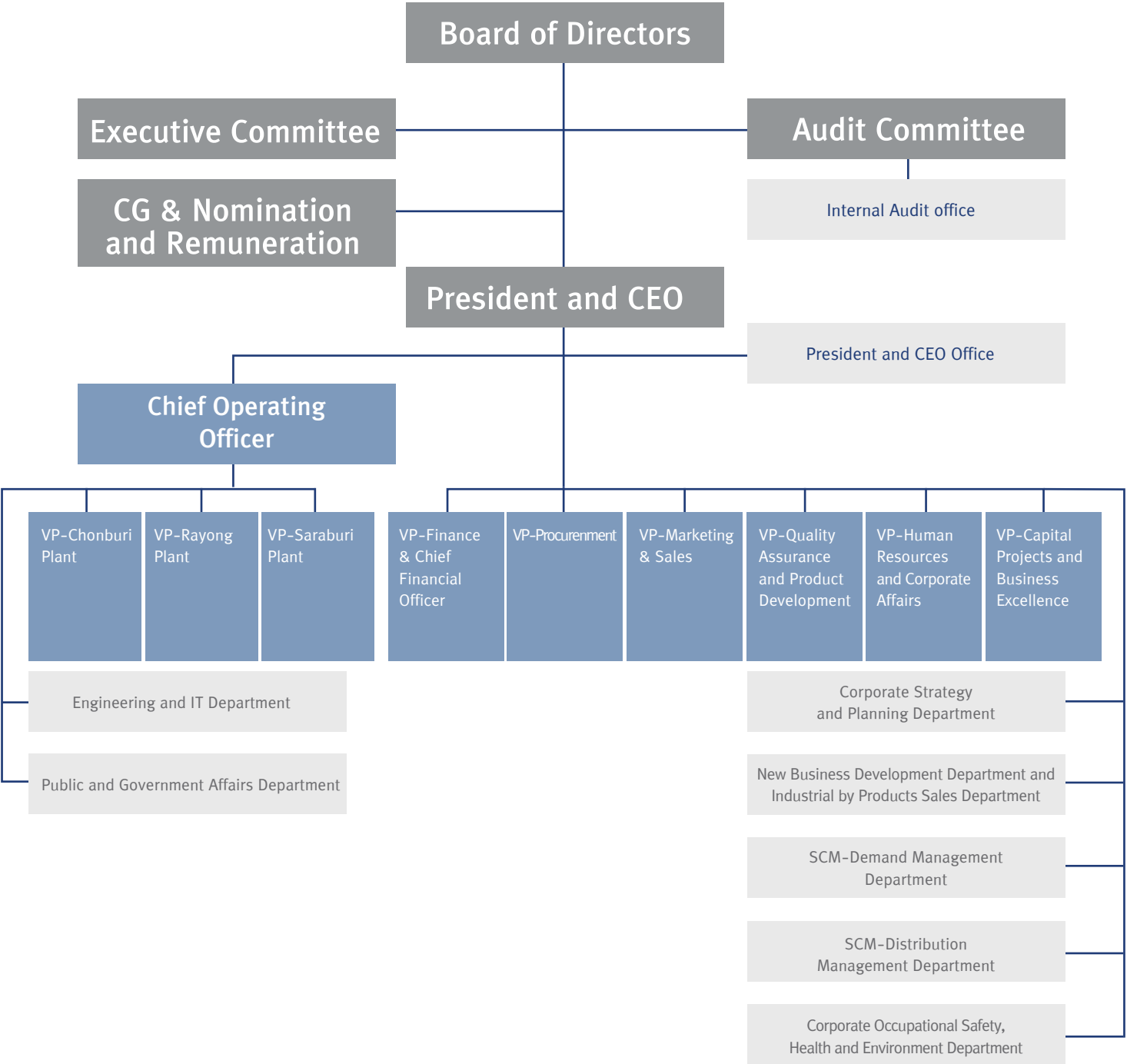
consistent with the concept of maximizing long-term benefit for the shareholders but it shall also be subject to the approval from the Board of Directors and/or the Shareholders' meeting.

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 general 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





## 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 8 Directors with three Independent Directors.

### The Board of Directors

	Name	Positions	Number of Meetings	Attendance
1.	Mr. Thachat Viswanath Narendran	Chairman	5	5 <sup>(a)</sup>
2.	Mr. Maris Samaram	Independent Director	5	5
3.	Ms. Rawewan Peyayopanakul	Independent Director	5	5
4.	Mr. Hatasakdi Na Pombejra	Independent Director	5	5
5.	Mr. Taratorn Premsoontorn	Director	5	5
6.	Mr. Peeyush Gupta	Director	5	5 <sup>(c)</sup>
7.	Mr. Ranganath Raghupathy Rao	Director	5	4 <sup>(b)</sup>
8.	Mr. Rajiv Mangal	Director	5	5
9.	Mr. Ashish Anupum	Director	5	1 <sup>(d)</sup>

#### Remarks :

- Directors changing during the year
  - 1.1 Mr. Ranganath Raghupathy Rao, a replacement of Mr. Ashish Anupam who resigned with effective from April 29, 2016.
- Directors meeting attendance
  - (a) – (d) Attended one meeting through video conference

### The Audit Committee

	Name	Positions	Number of Meetings	Attendance
1.	Mr. Maris Samaram	Chairman	4	4
2.	Ms. Rawewan Peyayopanakul	Independent Director	4	4
3.	Mr. Hatasakdi Na Pombejra	Independent Director	4	4

### Executive Committee

	Name	Positions	Number of Meetings	Attendance
1.	Mr. Thachat Viswanath Narendran	Chairman	5	5
7.	Mr. Peeyush Gupta	Member	5	5
3.	Mr. Ranganath Raghupathy	Member	5	5
4.	Mr. Rajiv Mangal	Member	5	5

## Corporate Governance & Nomination and Remuneration Committee

	Name	Positions	Number of Meetings	Attendance
1.	Mr. Thachat Viswanath Narendran	Chairman	3	3
2.	Mr. Maris Samaram	Member	3	3
3.	Ms. Rawewan Peyayopanakul	Member	3	3
4.	Mr. Taratorn Premsoontorn	Member	3	3

## Annual General Shareholder Meeting for year 2016

	Name	Positions	Number of Meetings	Attendance
1.	Mr. Thachat Viswanath Narendran	Chairman	1	1
2.	Mr. Maris Samaram	Independent Director	1	1
3.	Ms. Rawewan Peyayopanakul	Independent Director	1	1
4.	Mr. Hatasakdi Na Pombejra	Independent Director	1	1
5.	Mr. Taratorn Premsoontorn	Director	1	1
6.	Mr. Ranganath Raghupathy Rao	Director	1	1
7.	Mr. Peeyush Gupta	Director	1	1
8.	Mr. Rajiv Mangal	President & CEO	1	1

### Authorized Directors and binding signatory procedures

Mr. Thachat Viswanath Narendran, Chairman of the Executive Committee and Mr. Rajiv Mangal, the President & CEO jointly sign with the Company's seal affixed, or Mr. Thachat Viswanath Narendran, Chairman of the Executive Committee or Mr. Rajiv Mangal, the President & CEO jointly sign with Mr. Taratorn 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 million 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 million 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 million 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 standards 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 Executive 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 Committee

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.

- 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.
- Other duties assigned by the Board of Directors.
- 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.
- 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.
- Other duties assigned by the Board of Directors.

## Remuneration Committee

- 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.
- 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.

## The Management

	Name	Positions
1. Mr. Rajiv	Mangal	President & CEO
2. Mr. Wanlert	Kanwiwat	Chief Operating Officer
3. Mr. Jayanta	Chakraborty <sup>(a)</sup>	Vice President –Finance & Chief Financial Officer
4. Mr. Sirorote	Matemanosak	Vice President – Human Resources & Corporate Affairs
5. Mr. Paitoon	Chuesook	Vice President - Procurement
6. Mr. Chaichalerm	Bunyanuwat	Vice President – Marketing & Sales
7. Mr. Amit	Khanna	Vice President – Capital Projects and Business Excellence
8. Mr. Arun	Kumar CHowdhary	Vice President – Chonburi Plant
9. Mr. Pornchai	Tangworakulchai	Vice President – Rayong Plant
10. Mr. Rungroth	Lert-a-rom	Vice President – Saraburi Plant

### Remark:

(a) Mr. Jayanta Chakraborty, a replacement of Mr. Shishir Vijay Pimplikar who resigned on September 15, 2016.



## Scope of authority of the President & CEO

1. 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.
2. 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.
3. Scrutinize information and facts on issues related to business operation before presenting to the Executive Committee of the Board and the Board of Directors.
4. 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.
5. Other functions as occasionally designated by the Board of Directors.

## Company Secretary

The Company has appointed Company Secretary Position since 2003. The Company Secretary has to carry out the duty with responsibility, precaution and faithfulness. On 9 May 2017, the Board passed a resolution to appoint Ms. Arisara Na Ranong as Company Secretary as replacement to Ms. Pratana Sinhaneti who resigned on April 30, 2017. She has knowledge and experience to carry out the functions of Company Secretary as well as completed the courses related to Company Secretary matter ie. Company Secretary Program, Fundamental Practice for Corporate Secretary.

Company Secretary has the following duties and responsibilities:

1. Organize and facilitate board and board committee meetings.
2. Organize the annual general meeting of shareholders, and record and publish the related minutes.
3. File all documents and related records.

## Details of Director's remuneration

(in effective until resolved otherwise by the shareholders' meeting)

4. Monitor and ensure that the Board is in compliance with all related laws and regulations.
5. Handle corporate governance issues and provide advice on these to the Board.
6. Ensure the Company follow the rules, law and regulation accordingly.
7. Assist shareholders, directors and members of management with any board-related matters.
8. 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.

The Corporate Governance, Nomination and Remuneration Committee proposes 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. The Company has no policy to pay the remuneration to the Executives who take 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 is decided to 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 remuneration for the Directors. The fixed remuneration that is paid every quarter and a meeting allowance, which is 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.

		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
Audit Committee	Chairman	168,000	15,750
	Member	115,500	10,500
Executive Committee	Chairman	-	15,750
	Member	-	10,500
Corporate Governance, Nomination and Remuneration Committee	Chairman	150,000	15,750
	Member	75,000	10,500



## Details of the Directors Remuneration in 2016 – 2017

No.	Names	Remuneration (Baht)				
		Board of Directors	Audit Committee	Executive Committee	Corporate Governance, Nomination and Remuneration Committee	Total
1	<b>Mr. Thachat Viswanath Narendran</b> Chairman of the Board Chairman of the Executive Committee Chairman of the Corporate Governance, Nomination and Remuneration Committee	-	-	-	-	-
2	<b>Mr. Maris Samaram</b> Independent Director Chairman of the Audit Committee Member of Corporate Governance, Nomination and Remuneration Committee	577,500	231,000	-	106,500	915,000
3	<b>Ms. Rawewan Peyayopanakul</b> Independent Director Audit Committee Member of Corporate Governance, Nomination and Remuneration Committee	577,500	157,500	-	106,500	841,500
4	<b>Mr. Hatasakdi Na Pombejra</b> Independent Director Member of Audit Committee	577,500	157,500	-	-	735,000
5	<b>Mr. Taratorn Premsoontorn</b> Director Member of Corporate Governance, Nomination and Remuneration Committee	577,500	-	-	106,500	684,000
6	<b>Mr. Peeyush Gupta</b> Director Member of Executive Committee	139,125	-	-	-	139,125
7	<b>Mr. Ranganath Raghupathy Rao</b> Director Member of Executive Committee	81,779	-	-	-	81,779
8	<b>Mr. Rajiv Mangal</b> President & CEO Member of Executive Committee	-	-	-	-	-
	<b>Total</b>	<b>2,530,904</b>	<b>546,000</b>	<b>-</b>	<b>319,500</b>	<b>3,396,404</b>

**Remark :** Effective 30 June, 2016, current employees of Tata Steel and its subsidiaries who are nominated as Directors on Board of subsidiaries shall not receive any sitting fees until any further information. However, the Directors no. 1 and 8 had informed not to receive director's remuneration since 29 September, 2014 and 19 February, 2014 until further information.

## The amount and total remuneration of Directors and Managements

### Total remuneration of the Executives

Total remuneration in terms of salary and bonus for 2016-2017 (1 April 2016 - 31 March 2017) for 12 persons was Baht 49.66 million (including executive who resigned during the year).

### Total remuneration of the Board of Directors of core business subsidiaries

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

### Total remuneration of executives of core business subsidiaries

Total remuneration in terms of salary and bonus for Financial year 2016-2017 is included in the remuneration of the Company's Management team mentioned above.

### Other forms of remuneration (if any)

Other remuneration in term of up-country allowance/housing allowance and car allowance for the financial 2016-2017 was Baht 6.26 million.

### Other remuneration paid to Directors

The Company approves no other remunerations, for instance, bonus, pension, and other types of privileges to be paid to the Board of Directors. Tata Steel Limited has availed a global Directors and Officers (D&O) Liability Insurance program from India covering directors and officers of the Company and all its subsidiaries worldwide for a policy limit of USD 200 Mn. The policy period is 1st April 2017 till 31st March 2018 and renewed annually.

## Number of the employees and remuneration

2016 – 2017 (as of March 31, 2017)	Tata Steel (Thailand) Plc.	NTS Steel Group Plc.	The Siam Iron & Steel (2001) Co., Ltd	The Siam Construction Steel Co., Ltd
Management Employee (person)	51	11	10	9
Supervisory Employee (person)	191	62	51	51
Operational Employee (person)	85	274	197	236
<b>Total (Person)</b>	<b>327</b>	<b>347</b>	<b>258</b>	<b>296</b>
<b>Employee's Remuneration (MB)</b>	<b>265.83</b>	<b>262.87</b>	<b>187.39</b>	<b>210.13</b>

During the past 3 years, the company has no significant increase or decrease in employees' number and there has not been any significant labor disputes.

## Other remuneration paid to Executives Provident Fund

The Company has contributed to the provident fund for all Management of the Company and its subsidiaries at the rate of approximately 10% of total payroll. The contribution in Financial Year 2016-2017 on this account was Baht 3.13 million.

### 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 total number of employees of the Company and its subsidiaries as at 31 March 2017 were 1,228. For the year 2016-2017, the Company has paid remuneration to its employees totaling to approximately 265.83 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 660.39 million baht.

# Human Resources Development Policy

The Company focuses on recruitment and selection of capable employees who are “intelligent” and “matches organizational fit”. The recruitment of new employee focuses on merit system to ensure that most appropriate person is selected through an interview committee. Those who pass interview process are employed to work for the Company on a probationary period. Suitable appraisal during the probationary period is conducted to judge the capability of the employee as a part of the recruitment process. The Company encourages internal candidates to be given first preference to get promoted or rotated in case any vacancy arises. However the selection process follows same rigor as external recruitment.

In addition, the Company gives an importance to merit and fairness of thinking and cultural diversity which can be witnessed by a recruiting policy opening to both experienced and new graduated candidates, expatriate and local, including women.

The Company pays attention to retain new employee for long term through variety of actions such as warm welcome orientation by top executives with wrist-binding ceremony. To promote better understanding of company group operation and individual company, knowledgeable lecture, plant visiting, on the job training and 1 year coaching are conducted. This helps new employee to fasten adjustment to organization. The design of challenging duty, responsibility and job specification is for employee to know scope of work for each position including, key performance indicator and expectation plus necessary qualification for that position in order to gain most efficient performance. In addition, the Company also stresses on the performance in compliance with core business values and corporate culture, including readiness for change to respond to rapidly changing business environment and related challenges.

The Company gives priority to continuously develop human resource at all levels and takes responsibility for professional development and career growth of its staff by focusing on four areas.

1. Core foundation knowledge required in all functions, i.e., Safety, Business Ethics, Tata Values, Corporate Culture, Total Quality Management (TQM), etc.
2. Functional Development
3. Business Development
4. Leadership Development

The Company strives for multiple approaches for development, not limit on classroom training only but includes on the job training and self-learning. The intention is to have a development approach that creates meaningful experience for employees, including job rotation, special assignment, be a member in cross functional task force, Best Practice Sharing and Site Visit (both domestic and overseas) and learning from experts.

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 defined. With internal appointment policy, employee can be confident that anyone who has good performance along with appropriate capacity level will have an opportunity for higher position for both management line, subject to vacant position, and expertise line, depending on individual expertise level. Expectation on professional career survey has been conducted by using an instrument for considering employee transferring and level adjustment according to the need of organization and employee.

The Company initiated “Leaders of Tomorrow” (LOT)” program sometime back with an objective to select high potential employees who have proven performance and can take forward the company in the future by preparing development plan to be ready for special assignment and responsibility, important working group/committee, rotation in existing line or different line in order to increase new skill and experience. As well as having the retention plan for this employee group which includes special career track, motivating compensation to retain employee with the Company in the long run and be the key strength of the Company continuously.



The Company strives for appropriate and fair employee compensation policy management to be in line with Company's performance, both for short and long term, by considering on 3 following factors:

- Merit Principle within organization: consider appropriate compensation according to job specification and responsibility by analyzing on job and performance appraisal.
- Merit Principle outside organization: consider market competitive compensation level based on compensation survey and adjust suitable compensation in line with market environment by using Customer Pricing Index as a part of consideration on annual increasing review.
- Individual Merit: examine individual compensation according to personal performance and capability in form of annual increment, annual reward or special increased compensation for instance.



The Company has focused on promoting good relationship between employee and Company by encouraging various communicating issues related to Company performance to all employee levels on a regular basis. There is a quarterly President & CEO and top management meeting with employees of 3 plants and Bangkok head office discussing and answering various questions together with an increase in communication through different media such as suggestion box directly to President & CEO, order, announcement, internal journal, and intranet.



Effort is made to balance cash and non-cash compensation together with employee need and appropriate money need. Nevertheless, the Company also pay attention on employee and family care for better living and quality of life by providing welfare and various assistant fund to employee, family, and parents such as holiday and leave, medical support on both out-patient and in-patient plus dental care, medical check-up, provident fund, employee uniform, per diem for working up country, emergency loan, for example. In addition, all year various activities has been conducted for employee and family participation namely activity related to religion and Thai culture such as Buddhist Lent Day, Songkran Festival, including other activities such as various sport and recreation activities, employee birthday and activities on different important days like Children Day, Valentine's Day, Chinese New Year, Father Day, Mother Day, Company's Birthday, and Tata Group Founder's Day for instance.





# CORPORATE GOVERNANCE

## Corporate Governance Policy

The Company is committed to conduct business with conscience to all groups of stakeholders as mirrored in its serious compliance with the principles of good corporate governance as recommended by the Stock Exchange of Thailand, notifications of the Office of the Securities and Exchange Commission, provisions of laws, as well as other regulations concerned. The Company also aims at developing its business in accordance with or exceeding existing regulatory requirements, yet under the corporate governance directives of fairness and transparency.

Therefore, in addition to strictly conducting business transactions with the highest level of work ethics as established in the Tata Code of Conduct (“TCoC”), the Company has documented policy and principles of good corporate governance in the Company’s “Good Corporate Governance Manual” since 2005. The same has been constantly reviewed and updated to reflect the changes in the economic and business landscape. The contents include the principles and practices, responsibilities of the Company’s Directors and sub committees, shareholders’ rights and fair treatment of shareholders.

## Other Committees Structure of Committees

Currently the Board of Directors consist 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, will not be the same individual.

In addition, the Board of Directors has appointed three Committees to perform specific functions. They are the Audit Committee, the Executive Committee and the Corporate Governance, Nomination and Remuneration Committee. These committees deliberate at regular intervals and submit their recommendations to the Board for further consideration.

List of member of each Committee and scope of authority appear under “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.

For Director who is also the President, selection consideration would also base on past performance and future potentiality evaluation.

## Qualifications of Independent Director

1. 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.
2. 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.



3. 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.
4. 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 judgment. 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.
  - 4.1 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.
  - 4.2 Transactions of renting or renting out of immovable properties.
  - 4.3 Transactions related to assets or services such as acquisition or disposition of assets, rights or providing or receiving services.
  - 4.4 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.
5. 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.
6. 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.
7. Not being a Director appointed as representative of the Company's Director, major shareholders or shareholders related to major shareholders.
8. Not having characteristics that would make independent expression of opinion about Company's operation impossible.
9. Capable of taking care of every shareholder's interest equally.
10. Capable of managing conflict of interest.
11. Be able to attend the Board of Directors' meeting to make decision on matters independently.
12. 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

The retirement age for Independent and Non-Executive Directors would be 70 years. The Directors who has 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.

## 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 two-thirds majority votes of remaining Directors.

## Selection of Directors and Executives

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 proposed 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

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

1. Encourage them to adopt good corporate governance principles.
2. Appoints representative directors and members of management to serve on the boards of subsidiaries.
3. Oversees business operations through the appointed representative directors, members of management and a group-wide policy.
4. Considers key matters such as strategic directions, business plans, capital increases or decreases, divestment and significant policies.
5. Monitors operating results via members of management, the Executive Committee, and the Board itself.
6. 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.
7. 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

The Company has developed its policies to monitor the use of insider information cautiously and efficiently. Written policies are specified in the Company's Corporate Governance Guideline, while other preventive measures have been fostered to ensure effective monitoring of insider information expected to be used by the Board of Directors and executives.

The Board of Directors and executives possess complete knowledge and understanding on the obligation in reporting the holding of the Company's securities, held by their spouses, minors, and themselves. The Board of Directors and executives are also required to report on the change of the holding of the Company's securities in compliance with the requirements and penal provisions of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and the Capital Market Supervisory Board (CMSB).

In case where the Board of Directors and executives shall announce the possession and/or change of the holding of the Company's securities, the Corporate Secretary would help summarize and collect the related information to be proposed to the Board of Directors' meeting for acknowledgement of details, which shall also be disclosed in the annual report.

Additionally, the Company has implemented adequate internal control measures to supervise the use of insider information complying with good corporate governance principles, while defining a policy to prohibit the use of insider information for personal gain (Abusive Self-Dealing), for instance, trading of insider information (Insider Trading), requesting the Board of Directors, executives, and employees related to the financial information of the Company and its subsidiaries to sign for acknowledgement of the violation of trading of securities specified below:

1. The above-mentioned persons are prohibited to trade Company's securities within 2 (two) weeks prior to the disclosure of the Company's quarterly financial statements and annual financial statements and within 24 (twenty-four) hours following the disclosure of the said financial statements to the SET (Blackout Period).
2. In case of being the non-disclosed significant information which may have a direct impact on the prices of the Company's securities, the Board of Directors would prohibit the trading of the Company's securities until the 24-hour period is due as such information has already been released to the public.

Directors and executives are required to notify the Board of Directors of the trading of the Company's securities within a period of 1 (one) day prior to the actual trading date.

## Auditor's Fee Audit Fee

For the period April 2016 - March 2017, the Company and its subsidiaries paid audit fee of Baht 4,208,000.

## Non-audit Fee

For the period of April 2016 - March 2017, the Company and its subsidiaries paid a fee such as for audit procedures of the consolidated reporting packages under the Group Accounting Policies, travelling, per diem, lodging etc. of Baht 2,034,684 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

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, and striven to improve the corporate governance of the company continuously. The Company’s corporate governance report for the year 2015-2016 as follow:

### Category I Shareholders’ Rights

The Company emphasizes and respects the rights of every individual shareholder in playing a key role in financing the Company. In doing so, every shareholder is encouraged to make maximum use of their rights in protecting the Company’s overall interest, and refrain from doing any action that may diminish the rights of the shareholders which can be summarized as follows:

1. **Basic rights** include registering as a shareholder of the Company, buying or selling shares and receiving dividends equally, receiving sufficient Company newsletters and information. These may include changes in the structure of the capital, changes in the control of the Company’s assets as well as being equally entitled to share buybacks.
2. **The right to vote in shareholder meetings.** This means using their rights to vote for a director, establishing the director’s remuneration, the allocation of profits and dividends, the appointment of the Company’s auditor and the auditor’s fees, changes to the articles of associations, increasing or decreasing the Company’s share capital, and important transaction approvals that affects the business direction.
3. **Other rights as stated by law.** In addition to supporting and encouraging the use of the rights stated above, the Company also facilitates the rights of every shareholder in attending the shareholder’s meetings. The policies that create ease for shareholders to attend shareholders’ meetings are as follows:

- An easy process to attend shareholders meeting with minimum expenses
- Setting a location that is convenient and can be reached through public transport
- Providing a description of the documentation required to attend the meetings
- Providing experienced personnel with the appropriate facilities in validating and registering the shareholder’s attendance
- Providing the opportunity for shareholders who are not able to attend the meeting in person be able to nominate a representative to attend the meeting. This means nominating their own representative or nominating an independent director of the Company as their representative. The documents required to attend the meeting are sent out in advance to the shareholders to reduce the time required to check their documents before attending the meeting
- Providing a stamp duty on the document that nominates a representative to attend the shareholders meeting in the event that such document did not already have a stamp duty
- Applying Barcode system for registration process for quality registration procedure
- Allowing shareholders to register their attendance 2 hours in advance prior to the meeting. Furthermore, after the meeting has started shareholders are able to register and vote on the agenda being considered

The Company’s secretary office is facilitating and protecting the rights of the shareholders. Shareholders can contact the Company secretary office on phone number 02 938 1000 Ext 3111, 3156 and 3210.

### 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

Every year, the Company will organize a shareholders’ meeting within 4 month periods starting at the end of the Company’s financial year. This meeting is the Annual General Meeting, while other meetings are called Extraordinary General Meeting. In the past financial year, no Extraordinary General Meetings were organized.

The 2016 Annual General Meeting was conducted at 14:00 pm on the 22<sup>nd</sup> of July 2016 at the Anantara Siam Bangkok Hotel. Those who had a shareholding record date as of 30<sup>th</sup> May 2016 were eligible to attend the meeting.

The list was compiled in accordance with Section 225 of The Securities and Exchange Act and the book closing was on the 31<sup>st</sup> of May 2016.

The Company's directors had established a system and mechanism that allowed an effective shareholders meeting. Information regarding the date, time, location, agenda, rules, and instructions to attend the meeting, the voting process, and agenda items were provided to shareholders in advance. The Company did not undertake any action that would limit the shareholders' ability to receive such information or restrict the shareholders ability to attend the meeting.

The Company assigned The Thailand Securities Depository (Thailand), the company's registrar, to process and deliver the notice of the meeting and relevant documents in both Thai and English to all shareholders 21 days prior to the meeting. These include:

1. Notice of Shareholders meeting that has the clear details regarding the date, time, location and meeting agenda(s) for information/ approval/consideration. The purpose and reasoning for each agenda, and the Board of Directors' view on each agenda item. This constitutes sufficient information for the decision of shareholders
2. Proxy letter for the shareholders meeting in the format as specified by the ministry of commerce both in the A format which is the easy and simple format to follow, or the B format that fully dictates each action as "Approved", "Disapproved", or "No Vote" for each agenda item. This proxy letter also allows the shareholders to vote for each director for appointment to the board
3. Information about the Independent Directors that the Company has designated as proxies. These information include their name, age, address and their vested interest in the proposed agenda of the meeting
4. The Company's Annual Report in both Thai and English in the form of a CD Rom, as well as in paper format for the shareholders who notified the Company in advance of their desire to receive it in such format
5. Explanation about the documents that are required to be presented to attend the meeting
6. Articles of association in connection with the Annual General Meeting

7. The map of the location where the Annual General Meeting will take place

In addition to this, the Company also:

1. Advertised the details of the Annual General Meeting through the daily Thai newspaper for 3 consecutive days and 3 days prior to the meeting
2. Notified via the Stock Exchange website ([www.set.or.th](http://www.set.or.th)) to distribute information that the shareholders' meeting information will be available via the Company website 1 month in advance so that the shareholders are able to stay informed about the meeting in a convenient manner. In addition to this, the shareholders will be able to study the information necessary in order to make the most out of the documents provided by the Company
3. Distributed information via the Stock Exchange of Thailand's website ([www.set.or.th](http://www.set.or.th)) to inform shareholders that they are able to submit questions regarding the agenda of the meeting in advance. The proposal on nomination of appointed Directors and questions can be submitted to the board of directors or individual independent directors through the Company's Secretariat Office. Questions submitted via this channel will be addressed at the next annual general meeting. The submitted times are as follow;  

Proposing for general agenda and	During 1 April – 30 April
nomination director election agenda	
Sending the questions	During 1 April – 31 May

There were no questions submitted for 2016's Annual General Meeting.

Furthermore, at the registration desks, the Company organized activities to build an effective relationship between the Company and the shareholders. Examples of these include an invitation to donate new socks to school children in rural areas, a booth to report on CSR projects, and a booth to recommend and provide information on the Company's products.

## 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 the Inspector to supervise voting and vote counting for transparency according to law and Company's regulations. Vote counting would be done by computer. Only shareholders' voting ballots of 'Against' or 'Withheld' would be compiled for calculation by deducting from number of overall eligible shareholders. 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. Announcement of 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.

There were 547 shareholders who attended in person and through proxy. This represents 6,217,998,324 shares or 73.83% of the 8,421,540,848 company shares. The Chairman of the board, the Chairman of individual committees namely the Audit Committee, the Executive Committee and CG & Nomination Committee, and all members of the Board of Directors

attended the meeting. In addition to this, the company's executives, the Company's auditor, as well as the company's legal department also attended the meeting to answer any questions from the shareholders.

## 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 page 40. There has been no incident of the use of insider information for the benefit of securities trading by the Directors and Management representatives 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 as 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 or vote on such matter to make the fair decisions.

For new arising connected transactions, its volume and amount will be taken into account, and submitted to the Audit Committee for consideration before further submission for endorsement by the Board of Directors.

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.



## REPORT ON SECURITIES HOLDING OF DIRECTORS AND EXECUTIVES

		Tata Steel (Thailand) /PLC.				Affiliated Companies		
No.	Name	Reporter	Spouse or Minor Child	Increase (De-crease) in Fis-cal Year (April 1, 16 - March 31, 17)	Reporter	Spouse or Minor Child	Increase (De-crease) in Fis-cal Year (April 1, 16 - March 31, 17)	
Board of Directors								
1	Mr. Thachat Viswanath Narendran	-	-	-	-	-	-	
2	Mr. Maris Samaram	-	-	-	-	-	-	
3	Ms. Rawewan Peyayopanakul	22,000	-	-	-	-	-	
4	Mr. Hatasakdi Na Pombelja	-	-	-	-	-	-	
5	Mr. Taratorn Premsoontorn	-	-	-	-	-	-	
6	Mr. Ranganath Raghupathy Rao	-	-	-	-	-	-	
7	Mr. Peeyush Gupta	-	-	-	-	-	-	
8	Mr. Rajiv Mangal	-	-	-	376 <sup>(a)</sup>	-	-	
Board of Management								
9	Mr. Wanlert Kanwiwat	-	-	-	-	-	-	
10	Mr. Jayanta Chakraborty	-	-	-	-	-	-	
11	Mr. Siorote Matemanosak	-	220,000 <sup>(b)</sup>	-	-	-	-	
12	Mr. Paitoon Chuesook	-	-	-	-	-	-	
13	Mr. Chaichalerm Bunyanuwat	-	-	-	-	-	-	
14	Mr. Amit Khanna	-	-	-	-	-	-	
15	Mr. Arun Kumar Chowdhary	-	-	-	-	-	-	
16	Mr. Pornchai Tangworakulchai	-	-	-	-	-	-	
17	Mr. Rungroth Lert-a-rom	-	-	-	-	-	-	

### Remarks

- Tata Steel (Thailand) Plc. Has 8,421,540,848 Ordinary shares. The Total Registered and Paid-up Capital are 8,421,540,848 Baht.
- As per the Public Limited Companies Act, "Affiliated Company" means a public company limited related to one or many of private company(ies) or public company(ies) limited with the following characteristics :
  - A company has the power to control the election and removal of directors who have power to manage the whole or majority of the other company.
  - One company holds the shares in the other company more than 50% of the issued shares.
- "Management" means directors, managers or the first 4 persons in the management level next below the manager, all persons who hold positions equivalent to the fourth person in the management, and including persons who hold positions in management level in the lines of Accounting of Finance at the level of department manager up or equivalent, according to the notification of SEC "Kor Jor 17/2551"
- (a)376 shares of Tata Steel Limited of Rs.10/- each  
(b)Spouse

## 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 adheres 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)" which 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".

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 Ethics Counselor, details of whom are as given below:

### Chairman of the Audit Committee

**Mr. Maris Samaram** (Till July 7, 2017)

E-mail address : msamaram@gmail.com

**Ms. Rawewan Peyayopanakul** (Starting July 8, 2017)

E-mail address : veepee365@gmail.com

### Ethic Counselor

**Mr. Sirorote Metamanosak**

Tata Steel (Thailand) Public Company Limited

Rasa Tower 2, 20<sup>th</sup> Floor,

555 Phaholyothin Road, Chatuchak, Bangkok 10900

Tel. : +66 2937 1000 ext. 1810 Fax : +66 2937 1224

E-mail address : sirorotem@tatasteelthailand.com



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 in compliance with good governance and the Company's vision efficiently and treat shareholders with respect and as per the applicable laws and regulations to maximize benefits and values to shareholders continuously. The Company shall inform shareholders of correct and complete information, including disclosing such information in accordance with relevant rules and agreement.

### Employees

The Company regards employees as a valuable asset. Therefore, providing equal opportunities for all employees without discrimination against any social status, nationality, caste, religion, family, marital status, gender, sexual orientation, age and ethnicity, emphasis is placed on providing career paths according to employees' ability based on merit and competency including improving quality of life of employees and their families. Employees receive compensation and benefits, comparable to other leading companies including Provident Fund for employees to save money to use. There is also a focus on safety, health and environment for all employees. As well as commitment, training and staff development at all levels and covers the ongoing professional to be an important factor in creating organizations to sustainable development.

### Customers

The Company devotes extensive efforts to satisfy our customers in every aspect. It strives to provide products and services to meet the needs of our customers as well as the development of quality products and services with warranty and service for the benefit and satisfaction in terms of quality standards and fair prices. Development of products and services to meet the diverse needs and quality control, complaints about products and services, maintain client confidentiality includes not put customer data to generate benefits are also a return policy if it finds that the product is not quality or inferior.

### 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. Comply with the fair commercial competition framework and TCoC, verifying detailed information on PO before sending to supplier, maintain payment standard by closely monitoring of payment status, build good relationship. 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.

## Competitors

The Company strives to operate with integrity and comply with the rules of fair competition, honestly through the source of legitimacy only. The Company will not pose unfair or misleading information about a product or service, to destroy competitors.

## Creditors

The Company strictly complies with the conditions and requirements strictly of both trade creditors and lender and make timely payment, 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 citizen, integrity and trust with duty and responsibility to the surrounding communities and society by supporting activities for improving quality of life for benefit of the community through various corporate social responsibilities. 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 also focuses on environmental protection, with rigor and continuous throughout in order to maintain good environment forever with the implementation and strict compliance in all production processes and all work procedures including compliance with strict environmental laws and regulations. Every company in the Tata Group has committed to make a significant leadership role in “Climate Change” as a result of global warming. “Back to Nature (green)” is used in all stages of the business of the organization.

## Government authorities

The Company operates in compliance with the law. All employees must abide by the laws and regulations of government agencies involved and to cooperate with the government continues.

## Media & Reporters

The Company gives importance to the disclosure of the media for communication to the public widely on the basis of accuracy and up to date information.

## Category IV Disclosure and Transparency

The Company has always recognized the importance of taking responsibilities in disclosing the Company’s financial and non-financial information to foster greater transparency and accountability as well as the highest benefits of shareholders, investors, analysts, and stakeholders. Such information shall be accurate and complete, creating no misunderstanding or misinterpretation. Also,

such information shall be up-to-date and timely as specified by the Securities and Exchange Commission (SEC) and relevant agencies.

The Management shall be responsible for the communication and disclosure of important information in accordance with the requirements of both periodic and non-periodic reports. The periodic report includes financial statements, annual statements (Form 56-1) and annual report (Form 56-2), while the non-periodic report shall involve in asset acquisition and distribution, participation and cancelation of joint venture, increase and decrease of investment capital, issuance of new securities, and buy-back of shares.

The Company has established the Corporate Secretary Office to serve as the Company’s information disclosure center for both normal situations and urgent cases. Samples of information are described as follows:

1. Financial and non-financial information with complete, accurate, and unbiased details both in Thai and English languages complying with the SET’s news system ([www.set.or.th](http://www.set.or.th)) / the Company’s website ([www.tatasteelthailand.com](http://www.tatasteelthailand.com)).
2. Analytical explanation of financial status and overall performance of each quarter (the SET’s news system ([www.set.or.th](http://www.set.or.th)) / the Company’s website ([www.tatasteelthailand.com/newspaper](http://www.tatasteelthailand.com/newspaper)).
3. The up-to-date shareholding structure with complete details of the proportion of major and minor shareholders. There shall be no pyramid-type shareholding or cross-shareholding structures in the Company. The structure can unveil the information of the Beneficial Owner as well as the shareholding information of the Board of Directors and executives. In total, shareholding of all Directors shall not exceed 1 (one) percent of the issued and traded shares (annual report / the Company’s website ([www.tatasteelthailand.com](http://www.tatasteelthailand.com))).
4. The information in the annual report shall be disclosed clearly and completely for the benefits of shareholders’ decision making, for instance, the analytical information on financial status and operating performance, industry overview and competition, business risk, profile of the Board of Directors and executives, remuneration of the Board of Directors and high-ranking executives, and the Board of Directors’ meeting attendance (the Company’s website ([www.tatasteelthailand.com](http://www.tatasteelthailand.com))).
5. Financial statements in accordance with generally accepted accounting principles audited by an independent auditor qualified and approved by the Securities and Exchange Commission (SEC). The Company shall not delay the submission of quarterly and annually financial statements to the Stock Exchange of Thailand (SET) and the SEC (the SET’s news system ([www.set.or.th](http://www.set.or.th)) / the Company’s website ([www.tatasteelthailand.com](http://www.tatasteelthailand.com))).
6. The information on inter-related transactions (if any).

In addition to the disclosure of information specified by the Securities Exchange Commission (SEC), the Securities Exchange of Thailand (SET), and relevant authorities, the Company has assigned its President as “Speaker” to communicate on the Company’s information to the public, while assigning the Corporate Secretary to manage the overall function of Investor Relation by being responsible for communicating and coordinating with individual shareholders, institutional shareholders, general shareholders, analysts, and other related agencies. The Company shall provide convenient channels for accessing the Company’s information such as meeting materials, operating performance materials, and other relevant reports via the Company’s website ([www.tatasteelthailand.com](http://www.tatasteelthailand.com)). This policy has been developed to strengthen investors’ understanding and confidence towards the Company.

Furthermore, the Company has developed its policy on quarterly press briefing to disseminate its operational performances to the public via several types of media, for instance, newspapers and magazines. The Company’s President and CEO, Chief Operating Officer, Vice President - Human Resources, Vice President-Marketing, and Sales have all been assigned to provide interviews on behalf of the Company.

During 2016-2017, after having submitted the quarterly and annual operational performance to the Stock Exchange of Thailand (SET), the Company held Analyst Meeting, Banker Meeting and press briefing to announce the overall performance, business directions, and steel market trends to the public. Approximately, 15-25 participants attended each meeting.

## **Category V** **Responsibilities of the Board of Directors**

The Company has specified roles and responsibilities of the Board of Directors to ensure they can perform their duties based on “integrity, carefulness, and circumspection” with the objective to provide all shareholders with equitable treatment and create mutual confidence between shareholders and the Company. The Company’s management system complying with good corporate governance principles has been implemented to ensure honest, reasonable, and independent supervision and operations under the legal framework and business ethics aiming for greater performances of the Board of Directors, particularly to maximize benefits for all stakeholders.

## **Structure of the Board**

The Company has remained firm in checking and balancing the management principles, while emphasizing clearly on the Board Diversity strategy. The Board of Directors comprises of qualified persons with highly appropriate knowledge, ability, experience, professionalism, gender, and leadership backed by organizational management skills and perspectives strictly committing to time and efforts for functioning and responding for the position of Director, who can express freely and independently to benefit the Company’s business operations. Ad-hoc committees have also been appointed to consider specific matters leading to appropriate decision making in compliance with corporate governance principles.

In addition, the Board of Directors are required to appoint the qualified and experienced Corporate Secretary to be responsible for secretariat matters in accordance with the provisions of Section 8, 8.3 Management Structure.

## **Duties, Roles, and Responsibilities of the Board of Directors**

The Board of Directors shall devote time and effort for the Company and would never seek personal gain or be involved in any conflict of interest deemed to have competed with business operations of the Company and its subsidiaries. The ultimate goal is to keep the business stable for the balanced and sustainable benefits of all stakeholders, while being able to increase the value of shareholders in the long run, conforming to the Company’s vision and goal.

Meanwhile, the Board of Directors is responsible for defining the Company’s visions, missions, management strategies, long-term plans, and annual budgets by delegating the Management to propose the aforementioned matters to the Board of Directors, which would be discussed fully and mutually based on cautiousness, honesty, and accountability aiming for greater business efficiency. During 2016-2017, the Board of Directors has fully reviewed the Company’s operations and budget allocation plans to effectively facilitate the Company’s research and development procedures on a quarterly basis, while evaluating the overall performance of the Company and its committees.

Furthermore, the Company has developed effective monitoring and supervision measures for senior executives to review, improve, and develop the Company’s risk management, internal control, and audit systems in line with diversified circumstances, while being able to oversee and develop corporate governance principles to align with internationally accepted standards.

## Authority of the Board of Directors

1. approve annual operation plan, annual investment plan, mid-term or long-term plan
2. approve short/long term loan from banks/financial institutions, placing collateral as loan guarantee, signing on approved loan agreement or cancellation of loan term
3. approve on open/close bank accounts
4. approve of using/changes to accounting principle, or update/change to schedule of depreciation rate
5. approve of financial statements and allocation of accumulated profit
6. approve on selling tangible and other assets not including land and building of higher value over Executive Committee's authorization
7. approve purchase, sell, exchange, mortgage, sale with right of redemption, lease, rent, or let of land and buildings
8. approve on HR, organizational structure, HR planning, nomination and recruitment of senior executive and budgeting for annual raises and bonus
9. approve on joint-venture, stock investment
10. approve on matters submitted to AGM

## Duties of Chairman of the Board of Directors

The primary function of the Chairman of the Board of Directors is to lead and manage the Board. The Chairman is responsible for all implementations of the Board and act as a direct liaison between the Board of Directors and the Management through the President of the Company. Also, the Chairman has been expected to disseminate the Board's resolutions to all parties involved, ensuring that all requirements would be implemented in the most productive and appropriate way.

With different responsibilities between the Chairman as a policy leader and the President as a leader of corporate management, the Company has determined to separate roles and responsibilities between the Chairman and the President clearly. As a consequence, the Chairman would remain independent of the Management and be involved in no business benefit or relationship that may possibly hinder his independent discretion.

Significant roles and responsibilities of the Chairman are as follows:

1. Guiding the Board to ensure its effective functioning.
2. Providing the President and the CEO with independent advices.
3. Consulting with the President, CEO, and Corporate Secretary to propose meeting agendas.
4. Encouraging all members of the Board of Directors to freely debate issues, raise inquiries, and express productive opinions during meetings.
5. Fostering constructive relationship for members of the Board of Directors and the Management.
6. Ensuring effective communication with all shareholders.

## The Audit Committee

The Audit Committee was first appointed by the Board in the year 2002. Currently it consists of three Independent Directors. Ms. Rawewan Peyayopanakul, Member of the Committee, has extensive experience in the area of accounting and finance.

The Audit Committee has the duty to review the correctness of the financial statements and review the Operations to be in compliance with the policy and Company's regulations, along with the laws, regulations and guidelines of the supervisory agencies responsible for developing financial and accounting system to be in line with international standards. The review ensures that the Company has internal control system, internal audit system and risk management system which are concise, appropriate, up-to-date and efficient.

The Board has authorized the Audit Committee to express its opinion independently. Since 2009, the Board of Directors appointed an internal audit team within the company that reports directly to the Audit Committee. When needed, the Audit Committee may seek an external independent advisory at the Company's expenses.

## The Executive Committee

The Executive Committee was also appointed by the Board for the first time in the year 2002. It consists of four 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 Board of Directors had established the Corporate Governance, Nomination Committee and the Remuneration Committee in the year 2004. Later on 31st of January 2013, the Board of Directors approved merging of the 2 sub-committees to facilitate and streamline its working and reduce cost.

The Compensation committee includes four members of the Board of Directors, and half of these are 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 or 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, 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 for 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 has no policy in place yet on maximum number of other listed companies allowed for each director to serve as the member of their boards. 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 on more than five other listed company boards. Each of the directors is capable to perform their duties and dedicate appropriate time and efforts for the company.

Since the President & 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 & 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 with other companies outside Thailand has to be declared in the resume printed in the annual report.

## Meeting of the Board of Directors

The Company schedules at least 5 (five) meetings each year, where all members of the Board of Directors would be informed in advance. Pre-circulated agendas would be determined for each meeting, both for the Board of Directors and the committees. The Company shall also be required to make a follow-up action on each implementation and its outcomes, while being prepared to call any ad-hoc meeting in case of emergency. For each meeting, the invitation letter as well as agenda and supportive documents would be delivered to all members of the Board of Directors within a period of 7 (seven) days prior to the actual meeting date.

For each meeting, in addition to the quorum required by law, there shall be at least half of the total number of the Board of Directors attending a meeting. The Company has also set a minimum quorum policy for the Board of Directors' voting, requiring at least two-thirds of the total number of the Board Directors to be in line with good corporate governance principles. Meanwhile, the Chairman presiding over the meeting would provide the Board of Directors with an opportunity to express their opinions freely and independently, with sufficient time allocated

for discussion in the meeting. Each agenda would be discussed based on the fairness and benefits of all shareholders and stakeholders. For the resolution of each agenda, the majority vote would be adopted, where 1 (one) member of the Board of Directors would be eligible to cast 1 (one) vote. In case of equal votes, the Chairman of the meeting would be required to cast his final vote. However, any member of the Board of Directors having an interest in a discussing agenda would not be allowed to attend the meeting.

As a meeting is ended, all agendas would be recorded clearly in a written form, with significant details including the list of members of the Board of Directors attending the meeting, members of the Board of Directors not participating in the meeting, participants in the meeting, and feedbacks and comments on different agendas.

During 2016-2017, the Company has held 5 (five) board meetings. It is reported that 100% of the total number of the Board of Directors have attended the meetings. The management team is present for the meetings on a regular basis, as part of the strategy to provide further information for those who directly encounter problems, where the Board of Directors' policies and decisions can be acknowledged immediately to stimulate greater operational effectiveness. However, in some cases, only the Board of Directors or non-executive directors would be required to attend certain meetings to ensure genuine independence in making decisions and expressing opinions. Additionally, non-executive directors are allowed to hold further discussion outside the meeting requirements on a quarterly basis.

## Performance Evaluation of the Directors

According to the good Corporate Governance, the Board of Directors require the Directors and Committees to evaluate the performance annually to ensure that the Directors' performance is effective and fair toward all Stakeholders. The evaluations are both as a whole Board and as individual. The Board of Directors regard that the evaluation would be the tool to help considering the result of the performance including the obstacle during the past year. The result is analyzed and considered to find the conclusive standard for further development.

The Board's performance evaluation is considered from 1) The structure and qualification of Board of Directors 2) Duties, Roles, and Responsibilities of the Board of Directors 3) The meeting of Board of Directors 4) The relationship with Management team 5) Self-development of Directors and executive and 6) Committees. The individual's performance evaluation is considered from 1) The readiness of the Directors 2) Strategy planning and business planning 3) Risk management and internal control 4) Conflict of interest management 5) The follow-up of financial statement and the Company's operational and 6) The meeting of Board of Directors. The evaluation process as follow;

1. The Corporate Governance, Nomination and Remuneration Committee review the performance evaluation for completion, correction and current.
2. The Company's Secretary compiles the result and comments of the performance evaluation.
3. The Company's Secretary concludes the result of the evaluation and proposes to the Board of Directors for further development.

As for the performance evaluation of Committees; Audit Committee and Corporate Governance, Nomination and Remuneration Committee use the same procedure of evaluation as the performance evaluation of the Board of Directors.

Finally, the Directors commented thoroughly and independently in the performance evaluation form of the Board of Directors and Committees for year 2016 – 2017. The result of the evaluation is "Good".

## Performance Evaluation of the President & CEO

The Company has reviewed the President's performance on a yearly basis. The Board of Directors would consider and grant an approval for a performance result in accordance with principles of the Corporate Governance Committee and the Nomination and Remuneration Committee. The evaluation would be based on the President's performances in various aspects, for instance, leadership, policy and strategy determination, financial management, relationship with the Board of Directors and outsiders, product and service knowledge, and performances compared to other business companies in the same industry. During 2016-2017, the overall evaluation result is in line with the standards and requirements set by the Company.

## Business Ethics

The Company conducts its business based on 5 core values of "Pioneering, Integrity, Excellence, Responsibility and Unity" under Tata Code of Conduct (TCoC). This code represents company's core values and principles that guides and directs the business operations for the Tata Group. This ensures that the Company operates at the highest level of ethical standards.

TCoC has been translated into Thai language for easy understanding by employees and other local stakeholders. A copy of the same has been distributed to the Board of Directors, The Management Committee, the Company's Executives, and every employee. The distribution of this document has also been extended to external stakeholders both in the public and private sectors that conducts business with Tata Steel (Thailand). In addition to this, the Company's management has organized an appropriate level of oversight and communication to encourage employees at all levels to uphold these Code of Conduct in day to day business activities in strict manner. This refers to the transparency, honesty, and fairness. All employees of the Company were required to attend ethics seminars and were tested accordingly. Furthermore, employees were required to sign a pledge to abide by the strict guidelines set out in the Code of Conduct.

Tata Code of Conduct is treated as a live document. As such, it is continuously modified and improved to reflect the cultural norms and rules that constantly change. The latest modification of the Code of Conduct was done in July 2015. In the event that the Company's Code of Conduct is violated, a report must be made to the superiors according to the Company's hierarchy. Since 2008, the Company has established an Ethics Counselor to encourage employees to send complaints or report on actions that violate the Company's Code of Conduct.

Furthermore, the Company has announced "Policy and procedures on petitioning of Code of Conduct violation" (Whistle blower Policy and Practices) 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 Ethics Counselor or to other company's specific units safely and practically.

Since 1<sup>st</sup> October 2017, The Company started TCOC Helpline, a new way to connect employees, contractors and partners to a third party who is independent from Tata Steel (Thailand) Group, is based in a different country and is an expert in taking note of the code of conduct violation from employees or contractors. The service is totally confidential and is available at any time, 24 hours a day, 7 days a week. The Helpline can call for free on 001800 441 0657. Calls made at this number are not recorded. Hence the users can remain anonymous. Alternatively, the users can make a report via the In-Touch website <http://www.speak-up.info/tsth/>. The whistle blower identity will not be recorded to ensure that protection of his/her identity.



## Anti-Bribery and Anti-Corruption

The Company operates fairly and transparently by enforcing covenants relating to the prevention, stopping, and investigating of racketeering, corruption, and bribes. In addition to this the Company established a clear policy that discourages bribes and all forms of corruption. Furthermore, the Company also cooperates with both the public and private sectors to build standards on clean business conducts

In 2014, the Company signed Thailand's private sector's declaration of intent for a Collective Action Coalition (CAC) in resisting and discouraging corruption in all of its forms, and in 2015 the CAC directors has approved the Company as "a company that has been evaluated to have full procedures and clear standards that prevents corruption within the organization up to the level that is required by the CAC".

The Company is also a certified member of Partnership Against Corruption for Thailand (Pact) and signed a declaration to promote children's rights and business principles at The Children Sustainability Forum hosted by Thaipat Institute and UNICEF.

All Board Members, senior executives and all employees shall comply with the above said policy. The Company takes a zero-tolerance approach to corruption and does not, either directly or indirectly, through intermediaries or other third parties, solicit, receive, offer, promise or provide any financial or other advantage of material value or otherwise exercise improper influence with the intention of obtaining advantage in the conduct of its business.

## 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 controlling/monitoring procedures throughout the organization. The intent is to have a compliant process to maintain flexibility 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. Internal Audit team 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.

## Handling of Conflict of Interest

The Company places high importance on the handling of Conflict of Interest issues with caution. Directors, Executives and employees are expected to work with honesty, independence and in a transparent 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 of 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, impact to the Company's performance and risk mitigation plans.

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.

## Training and development Programs for Directors and Executives

As the Company has always recognized the importance of duties and responsibilities of the Board of Directors and executives, it is greatly necessary to provide them with knowledge development programs related to the Company's business operations. The Company has arranged an orientation for new members of the Board of Directors and executives, with the expectation to maximize knowledge and skills required for quality performances. Excellent training programs are basically organized by reputed institutions, including the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), the Thai Institute of Directors (IOD), and nationally renowned universities, aiming to maximize knowledge and ability to perform work effectively and keep pace with changing business situations. All Thai directors have been trained in various extents relevant to the IOD's duties detailed in the page 8-14.

During 2016-2017, Mr. Rajiv Mangal, President & CEO of the Company participated in the Director Certification Program (DCP : 230/2016) provided by the IOD.



# INTERNAL CONTROL SYSTEM

The Board of Directors has assigned the Audit Committee to review the financial reporting process of the Company and its subsidiaries in accordance with generally accepted and consistently applied accounting standards in-line with the rules and regulations of the Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”) as well as concerned legislation. The responsibilities of the Audit Committee include reviewing the Company’s performance in compliance with good corporate governance principles, maintaining suitable, effective and well-recognized internal control and audit systems, the selection and recommendation of external auditors, and any other tasks assigned by the Board of Directors.

The Company’s Internal Audit Department is responsible for reviewing the adequacy and effectiveness of the Company’s internal control systems for TSTH and its subsidiaries. The department will report its findings and recommendations to the management and the Audit Committee. The internal control reviews are performed to ensure the existence of an effective system of internal controls which provide reasonable assurance for achievement of the Company’s objectives. The Risks at all levels of the Company are managed through an effective internal control system and documented in TSTH’s Internal Control System Evaluation Form of Sufficiency in line with the requirements of The Securities and Exchange Commission (SEC) of Thailand.

The Board of Directors of the Company in Meeting No. 87 (1/2017-2018) held on May 9, 2017, which was attended by all members of the Audit Committee, considered the recommendations of the Committee, evaluated its opinion on the internal control systems of the Company and its subsidiaries for 2016-2017 and found the internal control systems to be adequate. The internal control system in use at the Company has adopted to the internal control framework as advocated by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). The summary of TSTH’s internal control systems in-line with the COSO principle has been detailed below.

## Control Environment

The Company prepares short term and long term plans which are approved by the Board of Directors. These plans form the basis of arriving at employee goals and objectives at all operating units and the steps to be followed to achieve the Company’s objectives. These objectives are reviewed from time to time. The Company has a well-structured organization in place that describes the individual’s responsibility for key businesses and other functions. All employees have been provided the TSTH Policies Handbook which contains all of the policies that facilitate in improving the control environment. TSTH has a detailed Code of Conduct for its Directors, executives and employees. The Code of

Conduct of the Company has been announced to, read, and signed off by all employees. The Anti-Corruption Policy has been implemented by TSTH to conduct the Company’s global business operations honestly, fairly, without corruption or bribery and with accountability. These policies are also published on the website of Tata Steel (Thailand) Public Company Limited.

## Enterprise Risk Management

The Company has a method to identify and consider the implications of business risk factors which are continuously updated with changes in economic scenario, financial outlook, relevant industry environment and internal resources. Risks are prioritized based on the likelihood of occurrence and severity impact on the achievement of business objectives. During the year, another dimension of Risk Velocity has also been added. Risks Assessment Matrix is cascaded throughout the Company. Head of Departments who formulate the comprehensive action plan to mitigate the risks. The review and monitoring is performed regularly through the corporate level meeting of Management Team. Enterprise Risk Management is an integral part of the President’s report in the Board Meetings.

## 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 also evident in transactions concerning major shareholders, Directors and management team or related parties.

## Information Technology And Communication

The Company and its management ensure that adequate and sufficient information is provided to the Board for their review and consideration. The minutes of the meeting of the Board of Directors are prepared by the Company Secretary. The minutes cover all aspects of discussion held during the Board meeting. The minutes of the meeting are reviewed and signed off by the Chairman of the meeting. The Company Secretary fulfills any requirement or provide any information needed to provide assistance to the Directors as requested. The Company has a Whistleblower Policy which provides channels for employees to lodge any concern or complaints anonymously. The website of the Company provides various communication channels for external parties, e.g. Investor Relations, Customer Relation, etc. The Company provides a communication channel to external parties who may wish contact the Company’s Independent Directors directly by sending an email to: msamaram@gmail.com.

## Monitoring

The annual operational performance and budgets of the Company and its subsidiaries are reviewed and approved by the Board of Directors. The Company's quarterly and annual consolidated and separate financial statements are reviewed and approved by the Audit Committee and proposed to the Board for its consideration and approval. The Management evaluates the capability of the internal control system on an annual basis and updates it accordingly to reflect the evolving needs of the business.

The Company's Internal Audit Department formulates the annual internal audit plan which is approved by the Audit Committee. The risk-based audit plan considers several risk factors and the results of previous internal audit reviews. The Internal Audit Department reviews the internal control system throughout the various business processes and across all subsidiaries according to its Annual Internal Audit Plan. The deficiencies and recommendations are communicated to parties responsible for implementation. The audit reports and findings are presented to the Audit Committee on quarterly basis.

Ms. Rawewan Peyayopanakul will become the Chairman of the Audit Committee as of July 8, 2017 on retirement of Mr. Maris Samaram. Ms. Rawewan can be reached by sending an email to [veepee365@gmail.com](mailto:veepee365@gmail.com)





# CONNECTED TRANSACTIONS

## Characteristics of connected transactions

For the 12-month period ending March 31, 2017, March 31, 2016 and March 31, 2015, the Company entered into connected transactions with related companies as summarized below:

### Type of Connected transactions

Unit: Thousand Baht

	Mar 31, 2017	Mar 31, 2016	Mar 31, 2015
Sales	1,027,145	1,166,977	910,270
Dividend received	-	52,560	16,800
Other income	8,319	8,059	8,703
Purchases	1,400,881	2,147,396	1,125,724
Purchases of assets	7,766	720	-
Interest expenses	1,520	6,880	-
Other expense	13,001	10,543	20,039
Trade accounts receivable	236,845	175,368	-
Receivables and loan to borrowers	754	950	812
Other non-current assets	71,220	71,220	71,220
Trade accounts payable	19,691	459,311	290,265
Payables and loan from lenders	28,959	12,405	3,213
Advance received from customer	-	46,100	99,658
Short-term loans	-	201,822	-
Current-portion of long-term loans	270,596	-	-
Long-term loans	-	270,596	270,596

### 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 transactions

The said connected transactions have been transacted in the normal course of business and are 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.

## Measures/Procedures of approving connected transactions

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 or 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 transactions

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 accordingly to measures and procedures prescribed by the Securities and Exchange Commission, the Stock Exchange of Thailand and Revenue Department.



# MANAGEMENT DISCUSSION AND ANALYSIS

During FY17 (April 2016-March 2017), the Company recorded a sales volume of 1,263,000 ton, higher than FY16 (April 2015-March 2016) by 10%. The revenue from sales during FY17 was Baht 19,701 million, higher than FY16 by 18%. EBITDA for FY17 at Baht 1,734 million was higher than FY16 by 98% and Profit before tax for the year of FY17 at Baht 441 million was higher by 97% over FY16. The Company has taken

one-off adjustments of baht 618 million during Q4FY17 (January-March 2017) represented by Provision for impairment of MBF Asset, which remains mothballed since 2011, Baht 528 million, and Provision for obsolescence & write-off of fixed assets and old raw material inventory Baht 90 million. Excluding the impact, the Profit before tax for FY17 was Baht 1,059 million.

The analysis of major items of the financial statement is shown below:

## 1. Revenue from sales and other income

Unit: Million Baht

	FY17	FY16	Change %
Revenue from sales	19,701	16,733	18%
Gain on exchange rate - net	16	15	7%
Dividend income from other long-term investment	-	53	(100%)
Interest income	4	4	-
Compensation from insurance company	7	34	(79%)
Others	26	33	(21%)
Revenue from sales and other income	19,754	16,872	17%

Revenue from sales during FY17 increased by 18% as compared to FY16 primary due to:

- Higher sales volume from wire rod products by 31% on account of domestic Chinese prices have surged due to supply side concerns and MOC review on AD measure reflecting to customers return to buy from local producers.
- Improvement in selling price due to increasing trend of global long steel product price.

## 2. Cost of sales

Unit: Million Baht

	FY17	FY16	Change %
Cost of sales	17,745	15,785	12%

Cost of sales higher by 12% due to the higher metallic prices, higher power cost reflecting on peak operations, partially reduced by effective control of conversion cost.

## 3. Selling expenses

Unit: Million Baht

	FY17	FY16	Change %
Selling expenses	248	178	39%

The selling expenses during FY17 higher by 39% as compared to the previous year due to higher delivery expense from higher freight rates and sales volume.

## 4. Administration & Other expenses

Unit: Million Baht

	FY17	FY16	Change %
Administration expenses	682	553	23%
Other expenses	537	-	100%
Administration and Other expenses	1,219	553	120%

The administration expenses during FY17 higher by 23% as compared to the previous year, explained by increase in employee wages and Brand Equity & Brand promotion fees which is linked to the increase in turnover. Other expenses represent the one-off adjustments on impairment of MBF Asset and provision for obsolescence of fixed assets.

## 5. Finance Costs

Unit: Million Baht

	FY17	FY16	Change %
Finance Costs	101	133	(24%)

Finance cost during the year decreased by 24% over FY16 primarily on account of decrease in long term loan on repayment of the last settlement of 200 MB.

## 6. Profit before Income Tax

Unit: Million Baht

	FY17	FY16	Change %
Profit before Income Tax	441	223	98%

PBT for the year of FY17 was higher by 98% over FY16 primarily due to the better performance was attributable to improved selling price, lower conversion cost and financing cost compensating the increase in metallic price

## 7. Income tax expense

Unit: Million Baht

	FY17	FY16	Change %
Income tax expense	227	69	229%

Income tax expense for the year of FY17 was higher by 229% over FY16 reflecting higher profit before taxes. Additionally it includes a write off of 100 MB the income tax refund relating to previous years, accounted in Qtr1 FY'17 (April-June 2016).

## 8. Cash and cash equivalents

Unit: Million Baht

	FY17	FY16	Change %
Cash and cash equivalents	930	1,187	(22%)

Reduction in cash and cash equivalents due to post payment of short-term loan and long term loan installment.

As on March 31, 2017, the Company and its subsidiaries had a net decrease in cash and cash equivalents of Baht 257 million as compared to the previous year. The change was due to an increase in net cash from operating activities amounting to Baht 262 million. This comprised of operating profit before changes in operating assets and liabilities of Baht 1,733 million and increase in changes in operating assets and liabilities of Baht 1,471 million largely due to the increase in the inventory. With respect to investing activities, a net cash flow of Baht 268 million was used up for additional investment in fixed assets. Net cash of Baht 251 million was paid for financing activities towards long-term loan repayment of Bath 200 million and short-term loan repayment of Baht 51 million.

## 9. Trade and other receivables

Unit: Million Baht

	FY17	FY16	Change %
Trade and other receivables	964	667	44%

The increase in trade and other receivables mainly reflects higher volume and price.

As on March 31, 2017, 74% of these receivables were from unrelated parties. With respect to the quality of the Company's trade accounts receivables, it was regarded as "good" indicating that 99.91% 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, 2017, the Company and its subsidiaries set aside a provision for doubtful accounts amounting to Baht 18 million, equivalent to 1.85% of total trade accounts receivables, mainly of which were against the N.T.S.' trade accounts receivable accumulated prior to the merger in 2006.

## 10. Inventories

Unit: Million Baht

	FY17	FY16	Change %
Inventories	3,112	2,296	35%

The increase in inventory in Metallic inventory and Finished good was for smooth plant operations and better customer service.

As on March 31, 2017, the Company had set an allowance for diminution in value of the inventory, for obsolescence and slow-moving items of Baht 156 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.

## 11. Property, plant & equipment and Intangible asset

Unit: Million Baht

	FY17	FY16	Change %
Property, plant & equipment and Intangible asset	3,681	4,907	(25%)

Reduction in property, plant & equipment on account of provision of diminution in value of MBF machinery (465) MB, reclassification of MBF machinery to non-current assets classified as held for sale and depreciation and amortization for the year.

## 12. Other non-current assets

Unit: Million Baht

	FY17	FY16	Change %
Other non-current assets	168	322	(48%)

Reduction in Other non-current assets represents the write off of the corporate income tax and surcharge refundable of prior years by (124) MB, accounted in Qtr1 FY'17 (April-June 2016).

## 13. Short-term borrowings

Unit: Million Baht

	FY17	FY16	Change %
Short-term borrowings from financial institutions	2,195	2,044	7%
Short-term borrowings from related parties	-	202	(100%)
Short-term borrowings	2,195	2,246	(2%)

Reduction in short-term borrowings mainly due to payment as per schedule.

Short-term borrowings from financial institutions as at March 31, consist of:

Unit : Million Baht

Purpose of Borrowings	Interest Rate	Credit Limit	Consolidated financial statements Utilisation		Separate financial statements Utilisation	
			2017	2016	2017	2016
Scrap purchasing	BIBOR+2% per annum	1,800	1,145	793	-	-
Other raw materials and utilities	BIBOR+2% per annum	1,416	900	705	-	-
Working capital	2.66% per annum	See 13.1	150	-	150	-
Trust receipt for billet purchasing	LIBOR per annum	See 13.1	-	546	-	-
Total			2,195	2,044	150	-



13.1 As at March 31, 2017 and 2016, the Group has agreements with financial institutions to obtain unsecured credit facilities limit of Baht 4,244 million and Baht 5,484 million for working capital. The interest rates of these credit facilities are as follows:

Credit Line	Interest rate
1) Bank Overdraft	Minimum Overdraft Rate (MOR)
2) Trust receipts (Baht)	London Interbank Offered Rate (LIBOR)
3) Promissory note	Money Market Rate (MMR) or interest rate as specified in agreement

As at March 31, 2017 and 2016, the Group has drawn the loans including letters of credit totaling Baht 486 million and Baht 1,534 million, respectively.

## 14. Long-term borrowings

Unit : Million Baht

	FY17	FY16	Change %
Long-term borrowings	277	477	(42%)

Reduction in long-term borrowing due to repayment of the loan installment as per schedule.

The long-term borrowings comprising of 2 loan agreements, the first dated November 29, 2006 for Baht 5,000 million with interest rate at MLR-1.25% p.a., and the second 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 13. For the year ended March 31, 2017, the Company had repaid the remaining long-term borrowings of Baht 200 million to the financial institution in full and the Company has already withdrawn mortgage which was used as collateral for such borrowings.

The balance of Baht 277 million represents interest free loan from T S Global Holdings Pte. Ltd. which is due for repayment on December 31, 2017 accounting to Baht 271 million and trade payable of a subsidiary arising from restructure amounting to Baht 6 million.

## Sources of Capital Funds

### Appropriateness of capital structure

As on March 31, 2017, the Company and its subsidiaries' had a debt to equity ratio of 0.48 times while it was 0.51 times in 2016.

### Shareholders' equity

As on March 31, 2017, the Company and its subsidiaries had shareholders' equity of Baht 8,765 million consisting of the paid-up capital from ordinary shares totaling Baht 11,810 million. The retained earnings (deficit) was Baht (3,399) million, the legal reserve was Baht 364 million, Unrealised gain on remeasuring available-for-sale investments was Baht 3 million and Non-controlling interests was Baht (13) million.

### Liabilities

As on March 31, 2017, the Company and its subsidiaries had liabilities amounting to Baht 4,172 million consisting of current liabilities of Baht 3,981 million and Baht 191 million for non-current liabilities, representing 95% and 5% of total liabilities, respectively. Current liabilities included short-term borrowing from financial institutions of Baht 2,195 million, trade and other payables of Baht 1,368 million, current portion of long-term liabilities Baht 277 million and other current liabilities of Baht 141 million. Non-current liabilities included employee benefit obligations of Baht 191 million.

## 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, 2017, the Company had contingent liabilities as follows:

1. Its subsidiaries had Letter of Credit (L/C) amounting to Baht 160 million opened but were not under the liabilities' condition.
2. Letters of guarantee issued by the financial institutions to the Revenue Department, Electricity Generating Authority of Thailand, Provincial Electricity Authority, Industrial Estate Authority of Thailand and Bureau of Indian Standards amounting Baht 305 million in the normal courses of business.  
As at March 31, 2016, the group had the deposit at financial institutions used as collateral of Baht 32 million. Subsequently in 2017, the Group has withdrawn such collateral from the financial institutions.
3. Its subsidiaries had obligations under the purchase and installation agreement of machineries totaling of Baht 56 million
4. The Company and its subsidiaries had obligations under lease agreements (including service fee) amounting to Baht 81 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. 32 : Financial Instruments.



# REPORT OF THE AUDIT COMMITTEE

## Dear Shareholders

The Audit Committee of Tata Steel (Thailand) Public Company Limited consists of three independent directors: Mr. Maris Samaram as the Chairman, Miss Rawewan Peyayopanakul and Mr. Hatasakdi Na Prombejra as Committee members.

The Audit Committee has performed the tasks as assigned by the Board of Directors, including Financial Report Review and Disclosure in Financial Statements, Corporate Good Governance Review, Internal Control System and Internal Audit Review, Risk Management System Review and Appointment of External Auditor for the year 2017-2018.

During the year 2016-2017, the Committee held 4 meetings upon consultation with Management, Internal Auditor and External Auditor. In addition, the Committee also held one meeting with the External Auditor without the presence of the managements.

The Committee's main activities in 2016-2017 are as below:

## Financial Report Review

The Committee reviewed the consolidated financial statements and the separate financial statements in the quarterly financial statements and annual financial statements of the Company. Based on the review with the external auditors of the Company, the Committee is confident that the Company has used proper accounting policies consistently. The Company's financial statements are accurate, complete, with adequate information in compliance with generally accepted accounting principles and relevant regulations.

## Good Corporate Governance Review

The Committee has reviewed and supervised the compliance with the Company's Articles of Association, the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) regulations. Including the disclosure of information and the connected transactions in accordance with the SEC and the SET's announcement correctly, completely and timely, with emphasis on transparency and fair management.

## Internal Control System and Internal Audit Review

The Committee reviewed the internal control system of the Company. It was found that the internal control system was appropriate and adequate. The Committee has approved the internal audit plan for the year 2016-2017 and reviewed whether the work has been done according to the approved plan or not and kept track of whether any deficiency have been verified or not.

## Review of Risk Management System

The Committee reviewed the risk management system of the Company. The Company has assessed significant risks, such as the non-availability of Domestic Scrap at desired prices; increase in imports that impacted to sales volume loss; government project delay and private sector may not grow as expected and its impact to the steel consumption, etc. Opportunities and impact on the business of the Company are addressed to prevent and cope with the risks that may occur.

## Appointment of an Auditor for the Year 2017-2018

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., the Company's auditor from 2008 to 2017 for 10 years, performed their duties satisfactorily. However, in accordance with the new Indian Companies Act, listed companies and certain categories of unlisted and private companies cannot appoint an audit firm for more than 10 years. Therefore, it is necessary to appoint a new external auditor. To maintain synergy in the audit process of Tata Steel Company, major subsidiaries in the group also need to Have the same external auditor. The Audit Committee has evaluated the qualifications of PricewaterhouseCoopers ABAS Co., Ltd., for the audit of the Company for the Year 2017-2018 and recommends their appointment as the external auditor.

During the transition, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., will review the financial statements of the Company until the end of the first quarter of fiscal year 2018, PricewaterhouseCoopers ABAS Co., Ltd., will audit the company from the second quarter of fiscal year 2018 onwards.

In summary, the Audit Committee has performed its duties as specified in the Audit Committee Charter approved by the Board of Directors with competence, prudence, and independence for the benefit of all stakeholders. In the opinion of the Committee, TSTH's financial reports were accurately and reliably disclosed under generally accepted accounting principles. TSTH has good internal control and internal audit system, appropriate risk management practices and in compliance with statutory good corporate governance, requirements, and obligations relevant to its businesses.

On behalf of the Audit Committee

**Maris Samaram**

Chairman of the Audit Committee

# REPORT OF THE CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

## Dear Shareholders

The Corporate Governance (CG), Nomination and Remuneration Committee comprises of four Directors out of which half are Independent Directors. In 2016-2017, each committee member performed their duties according to the charter as set by the Board. The committee carried out its supervisory tasks that are CG, nomination and remuneration to pursuance to the regulations concerning the good corporate governance principles.

For the year 2016-2017, the CG, Nomination and Remuneration Committee held a total of three meetings, with attendance record shown below.

Name		Position	Attendance/ Total Attendance
1. Mr. Thachat	Viswanath Narendran	Chairman of CG, Nomination and Remuneration Committee	3/3
2. Mr. Maris	Samaram	Independent Director and Member of CG, Nomination and Remuneration Committee	3/3
3. Ms Rawewan	Peyayopanakul	Independent Director and Member of CG, Nomination and Remuneration Committee	3/3
4. Mr. Taratorn	Premsoontorn	Member of CG, Nomination and Remuneration Committee	3/3

Significant duties performed by the Committee in 2016-2017 were as follows:

### CG and Nomination

- Considering and reviewing the Company CG.
- Monitoring the Company CGR for year 2016 to meet with the CGR regulation of Stock Exchange of Thailand (SET) and Thai Institute of Directors (IOD).
- Appending the good policy and practice of Company's operation as approved by the Board.
- Proposing the Board to consider setting of criteria for advance proposal agenda.
- Proposing the Board to consider appointment of a new Independent Director in replacement of a retirement Independent Director.
- Considering the qualification of Independent Director whose take a position more than nine years.
- Proposing the Board to consider appointment of Directors who retire by rotation in AGM 2016.

### Remuneration

- Proposing the Board for consideration of remuneration to Directors for year 2016-2017.
- Considering Annual Salary Increase and Variable Bonus to the President & CEO.
- Considering Annual Salary Increase and Variable Bonus budget to employees of Company and subsidiaries.



**Thachat Viswanath Narendran**

Chairman of CG, Nomination and Remuneration Committee

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

## DEAR SHAREHOLDERS

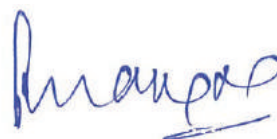
The Board of Directors of the Company is responsible for the financial statements of Tata Steel (Thailand) Public Company limited and subsidiaries, including financial information disclosed in the annual report for the year 2016-2017, which have been prepared in accordance with generally accepted accounting 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 2016-2017 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.



**THACHAT VISWANATH NARENDHAN**  
Chairman



**RAJIV MANGAL**  
President and CEO



# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

## **Opinion**

We have audited the consolidated financial statements of Tata Steel (Thailand) Public Company Limited and its subsidiaries (“the Group”) and the separate financial statements of Tata Steel (Thailand) Public Company Limited (“the Company”), which comprise the consolidated and separate statements of financial position as at March 31, 2017, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2017 and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## **Basis for Opinion**

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King’s Code of Ethics for Professional Accountants that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	Key Audit Responses
<b>Valuation of goodwill</b>	
<p>As described in Note 15 to the consolidated financial statements, the Group has goodwill in the consolidated financial statements as at March 31, 2017 of Baht 3,456.01 million or 26.71% of the total consolidated assets of the Group. Goodwill has been recognised in the consolidated financial statements as a consequence of the acquisition of the three subsidiaries in the past whilst such goodwill is net of impairment loss of Baht 660.32 million which was recognised in the prior years.</p> <p>As required by the applicable accounting standards, management performs impairment assessment of the goodwill on an annual basis and whenever an indication of impairment exists to assess the recoverability of the carrying value of goodwill based on the expected future cash flow which there is a risk that the recoverable amount of goodwill will be lower than the carrying value and there are a number of key sensitive judgements made by the management of the Group in determining the estimates as disclosed in Notes 3.8 and 3.19(2) to the consolidated financial statements.</p>	<p>We obtained an understanding of, evaluated the design and implementation of key controls and tested the operating effectiveness of key controls over the impairment assessment process and focused on detailed analysis and challenged the assumptions used by management in conducting the impairment assessment.</p> <p>These included:</p> <ul style="list-style-type: none"> <li>• challenging the reasonableness of the assumptions used in the expected future cash flows with reference to the budgets and 5-year business plan approved by the executive committee and with particular attention paid to the domestic steel business where we have evaluated recent performance, carried out trend analysis and compared to market expectations;</li> <li>• assessing the reliability of management's forecast through a review of actual performance and previous forecasts;</li> <li>• comparing forecasted sales volume, selling prices and growth rates against those achieved historically and external market data where available; and</li> <li>• using our valuation specialists to independently develop expectations, run sensitivity analysis for the key assumptions driving the analysis, in particular, forecasted sales volume, selling prices, perpetual growth rates and discount rates, and comparing the independent expectations to those used by management.</li> </ul>

Key Audit Matters (Continued)	Key Audit Responses (Continued)
<b>Valuation of Mini Blast Furnace (“MBF”)</b>	
<p>As described in Note 11 to the consolidated financial statements, the Group’s management plans to dispose the machinery of the Mini Blast Furnace (“MBF”) of a subsidiary which had temporary ceased its production. The recoverable amount of MBF machinery was Baht 521 million as at March 31, 2017 in the consolidated financial statements or 4.03% of the total consolidated assets of the Group.</p> <p>As disclosed in Notes 3.9, 3.18, 3.19, 13 and 34 to the consolidated financial statements, in light of the raw material prices used by the MBF are relatively higher than scrap prices with high volatility, thereby adversely impacting the viability of costs of steel produced through the MBF route, together with the requirement by the applicable accounting standards, there is a risk that the carrying value of MBF machinery may be higher than the recoverable amount whilst the impairment loss of Baht 871 million was recognised in prior years. When an impairment assessment is conducted, the recoverable amount is determined based on the fair value less costs to sell.</p> <p>Fair value reflecting the price of the MBF machinery proposed by a potential buyer less costs to sell which would be incurred on disposal.</p>	<p>We obtained an understanding of, evaluated the design and implementation of key controls and tested the operating effectiveness of key controls over the impairment assessment process and assessing the appropriateness of the methodology applied by the Group’s management. We have assessed the completeness of the Group’s impairment assessment process.</p> <p>These included:</p> <ul style="list-style-type: none"> <li>• Challenging the assumptions used by the Group in determining the fair value of the assets which was calculated by the external independent appraiser and assessing whether appropriate valuation methodologies have been applied; and</li> <li>• Examining the price of the assets which was proposed by a potential buyer and comparing with the fair value which was calculated by an external independent appraiser and determining whether the recoverable amount is reasonable.</li> </ul> <p>We have also audited the appropriateness of classification and the related disclosures of MBF machinery in the consolidated financial statements.</p>

### Other information

Management is responsible for the other information. The other information comprises information in the annual report, but does not include the consolidated and separate financial statements and our auditor’s report thereon. The annual report is expected to be made available to us after the date of this auditor’s report

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance in order to correct the information that is contrary to the fact.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibility for the Audit of the Consolidated and Separate Financial Statements**

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

As part of an audit in accordance with Thai Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated and separate financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Thanawan Anuratbodee  
Certified Public Accountant (Thailand)  
Registration No. 3440

**BANGKOK**  
May 9, 2017

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

# FINANCIAL STATEMENTS

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

UNIT : BAHT

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2017	2016	2017	2016
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4.1	930,334,774	1,186,746,227	786,381,671	1,122,022,378
Temporary investment	5	21,000,000	-	-	-
Trade and other receivables	6	963,930,188	667,392,990	126,797,534	49,215,285
Short-term loans	8	-	-	2,719,633,872	2,165,744,016
Inventories	9	3,111,916,465	2,296,415,219	-	-
Other current assets	10	43,458,897	27,476,731	2,058,503	1,832,147
Non-current assets held for sale	11	521,000,000	-	-	-
<b>Total Current Assets</b>		<b>5,591,640,324</b>	<b>4,178,031,167</b>	<b>3,634,871,580</b>	<b>3,338,813,826</b>
<b>NON-CURRENT ASSETS</b>					
Available-for-sale investment		3,300,000	2,200,000	-	-
Investments in subsidiaries	12	-	-	12,013,047,275	12,013,047,275
Other long-term investment	2.5	1,241	1,241	-	-
Property, plant and equipment	13	3,632,843,944	4,841,596,706	40,432,273	14,802,286
Intangible asset	14	48,022,868	65,127,027	47,244,851	63,919,885
Goodwill	15	3,456,014,092	3,456,014,092	-	-
Deferred tax assets	16	37,242,765	31,937,772	12,181,181	10,552,558
Other non-current assets	17	167,848,834	322,024,622	107,110,834	133,937,478
<b>Total Non-current Assets</b>		<b>7,345,273,744</b>	<b>8,718,901,460</b>	<b>12,220,016,414</b>	<b>12,236,259,482</b>
<b>TOTAL ASSETS</b>		<b>12,936,914,068</b>	<b>12,896,932,627</b>	<b>15,854,887,994</b>	<b>15,575,073,308</b>



# TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

### AS AT MARCH 31, 2017

UNIT : BAHT

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2017	2016	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdraft and short-term borrowings from financial institutions	18.1	2,194,927,638	2,044,147,809	150,000,000	-
Trade and other payables	19	1,368,375,730	1,343,254,888	138,283,068	80,766,530
Current portion of long-term liabilities	20	276,923,103	206,326,827	270,596,275	200,000,000
Short-term borrowings	29	-	201,822,180	1,988,798,242	2,253,587,945
Current income tax payable		95,822,867	48,651,366	-	-
Other current liabilities		44,735,776	56,625,541	13,702,488	11,059,971
Total Current Liabilities		3,980,785,114	3,900,828,611	2,561,380,073	2,545,414,446
NON-CURRENT LIABILITIES					
Long-term borrowing	29	-	270,596,275	-	270,596,275
Employee benefit obligations	22	191,418,768	171,269,061	56,401,021	50,304,079
Total Non-current Liabilities		191,418,768	441,865,336	56,401,021	320,900,354
TOTAL LIABILITIES		4,172,203,882	4,342,693,947	2,617,781,094	2,866,314,800
SHAREHOLDERS' EQUITY					
Share capital					
Authorised share capital					
Ordinary shares					
8,421,540,848 ordinary shares of Baht 1 each		8,421,540,848	8,421,540,848	8,421,540,848	8,421,540,848
Issued and paid-up share capital					
Ordinary shares					
8,421,540,848 ordinary shares of Baht 1 each, fully paid		8,421,540,848	8,421,540,848	8,421,540,848	8,421,540,848
Share premium					
Ordinary shares		3,258,624,766	3,258,624,766	3,258,624,766	3,258,624,766
Warrants		130,201,936	130,201,936	130,201,936	130,201,936
Retained earnings (deficits)					
Appropriated					
Legal reserve	23	363,690,516	337,304,305	363,690,516	337,304,305
Unappropriated (deficits)		(3,398,733,435)	(3,582,666,160)	1,063,048,834	561,086,653
Other component of equity		2,733,423	1,855,535	-	-
TOTAL ATTRIBUTIONS TO OWNERS OF THE PARENT COMPANY					
THE PARENT COMPANY		8,778,058,054	8,566,861,230	13,237,106,900	12,708,758,508
Non-controlling interests		(13,347,868)	(12,622,550)	-	-
TOTAL SHAREHOLDERS' EQUITY		8,764,710,186	8,554,238,680	13,237,106,900	12,708,758,508
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		12,936,914,068	12,896,932,627	15,854,887,994	15,575,073,308

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

# TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED MARCH 31, 2017

UNIT : BAHT					
	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Revenue from sales	31	19,701,472,306	16,732,799,012	-	-
Revenue from rendering services		-	-	471,120,000	211,625,717
Cost of sales		(17,745,186,141)	(15,784,875,625)	-	-
Cost of rendering services		-	-	(450,856,646)	(377,061,074)
Gross profit (loss)		1,956,286,165	947,923,387	20,263,354	(165,435,357)
Other income	25	53,182,705	139,465,285	606,406,870	326,754,648
Selling expenses		(248,242,157)	(178,045,182)	-	-
Administrative expenses		(682,335,214)	(552,792,000)	(20,913,775)	(22,254,267)
Other expenses	26	(537,097,233)	-	(31,374)	(1,513,772)
Finance costs		(101,108,960)	(133,170,650)	(62,647,284)	(83,615,229)
PROFIT BEFORE INCOME TAX		440,685,306	223,380,840	543,077,791	53,936,023
Income tax (expense) income	16	(226,935,415)	(69,191,927)	(15,353,580)	238,650
<b>PROFIT FOR THE YEAR</b>		<b>213,749,891</b>	<b>154,188,913</b>	<b>527,724,211</b>	<b>54,174,673</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Item that will be reclassified subsequently to profit or loss					
Unrealised gain on remeasuring available-for-sale investments		1,100,000	1,700,000	-	-
Income tax relating to components of other comprehensive income		(220,000)	(340,000)	-	-
Item that will not be reclassified subsequently to profit or loss					
Actuarial gain (loss) on defined employee benefit plan	22	(4,546,576)	-	780,226	-
Income tax relating to components of other comprehensive income (loss)		388,191	-	(156,045)	-
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>(3,278,385)</b>	<b>1,360,000</b>	<b>624,181</b>	<b>-</b>
<b>FOR THE YEAR - NET OF TAX</b>		<b>210,471,506</b>	<b>155,548,913</b>	<b>528,348,392</b>	<b>54,174,673</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>					
<b>PROFIT (LOSS) ATTRIBUTABLE TO :</b>					
Owners of the parent		214,477,321	154,222,664	527,724,211	54,174,673
Non-controlling interests		(727,430)	(33,751)	-	-
		<b>213,749,891</b>	<b>154,188,913</b>	<b>527,724,211</b>	<b>54,174,673</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>					
<b>ATTRIBUTABLE TO:</b>					
Owners of the parent		211,196,824	155,579,399	528,348,392	54,174,673
Non-controlling interests		(725,318)	(30,486)	-	-
		<b>210,471,506</b>	<b>155,548,913</b>	<b>528,348,392</b>	<b>54,174,673</b>
<b>EARNINGS PER SHARE</b>					
Basic earnings per share	28 BAHT	0.03	0.02	0.06	0.01

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

# TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### CONSOLIDATED FINANCIAL STATEMENT

#### FOR THE YEAR ENDED MARCH 31, 2017

UNIT : BAHT												
	Notes	Issued and paid-up capital		Share premium		Retained earnings (deficits)		Other components of equity		Total attributions to the owners of the parent company	Non-controlling interest	Total shareholders' equity
		Ordinary shares	Warrants	Legal reserve	Unappropriated (deficits)	Other comprehensive income						
						Unrealised gain on remeasuring available-for-sale investments						
<b>Balance as at April 1, 2015</b>		8,421,540,848	3,258,624,766	130,201,936	334,595,571	(3,734,180,090)	498,800		8,411,281,831	(12,592,064)	8,398,689,767	
Legal reserve	23	-	-	-	2,708,734	(2,708,734)	-		-	-	-	
Total comprehensive income (loss) for the year		-	-	-	-	154,222,664	1,356,735		155,579,399	(30,486)	155,548,913	
<b>Balance as at March 31, 2016</b>		<u>8,421,540,848</u>	<u>3,258,624,766</u>	<u>130,201,936</u>	<u>337,304,305</u>	<u>(3,582,666,160)</u>	<u>1,855,535</u>		<u>8,566,861,230</u>	<u>(12,622,550)</u>	<u>8,554,238,680</u>	
<b>Balance as at April 1, 2016</b>		8,421,540,848	3,258,624,766	130,201,936	337,304,305	(3,582,666,160)	1,855,535		8,566,861,230	(12,622,550)	8,554,238,680	
Legal reserve	23	-	-	-	26,386,211	(26,386,211)	-		-	-	-	
Total comprehensive income (loss) for the year		-	-	-	-	210,318,936	877,888		211,196,824	(725,318)	210,471,506	
<b>Balance as at March 31, 2017</b>		<u>8,421,540,848</u>	<u>3,258,624,766</u>	<u>130,201,936</u>	<u>363,690,516</u>	<u>(3,398,733,435)</u>	<u>2,733,423</u>		<u>8,778,058,054</u>	<u>(13,347,868)</u>	<u>8,764,710,186</u>	

UNIT : BAHT

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

# TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### SEPARATE FINANCIAL STATEMENT

### FOR THE YEAR ENDED MARCH 31, 2017

UNIT : BAHT								
	Notes	Issued and paid-up share capital		Share premium		Retained earnings		Total shareholders' equity
		Ordinary shares	Warrants	Ordinary shares	Legal reserve	Appropriated	Unappropriated	
Balance as at April 1, 2015		8,421,540,848		3,258,624,766	130,201,936	334,595,571	509,620,714	12,654,583,835
Legal reserve	23	-	-	-	-	2,708,734	(2,708,734)	-
Total comprehensive income for the year		-	-	-	-	-	54,174,673	54,174,673
Balance as at March 31, 2016		8,421,540,848		3,258,624,766	130,201,936	337,304,305	561,086,653	12,708,758,508
Balance as at April 1, 2016		8,421,540,848		3,258,624,766	130,201,936	337,304,305	561,086,653	12,708,758,508
Legal reserve	23	-	-	-	-	26,386,211	(26,386,211)	-
Total comprehensive income for the year		-	-	-	-	-	528,348,392	528,348,392
Balance as at March 31, 2017		8,421,540,848		3,258,624,766	130,201,936	363,690,516	1,063,048,834	13,237,106,900

UNIT : BAHT

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

### FOR THE YEAR ENDED MARCH 31, 2017

UNIT : BAHT

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2017	2016	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before income tax		440,685,306	223,380,840	543,077,791	53,936,023
Adjustments :					
Dividend received		-	(52,560,000)	(539,499,340)	(276,999,430)
(Gain) loss on foreign exchange rate		2,710,773	4,070,162	(61,744)	806,915
Depreciation and amortisation		533,949,314	522,865,414	27,867,208	27,113,721
Employee benefit obligation expenses		27,655,965	27,754,191	7,764,179	8,833,105
Interest income		(4,151,153)	(3,700,255)	(58,497,923)	(49,007,237)
Interest expense		101,108,960	133,170,650	62,647,284	83,615,229
Other adjustments from non-cash items	4.2	631,692,006	22,177,332	34,456	11,976
		1,733,651,171	877,158,334	43,331,911	(151,689,698)
Cash from trade receivable (increase) decrease		(318,932,255)	24,611,876	-	-
Cash from other receivable (increase) decrease		18,062,809	(610,710)	(74,499,046)	(6,450,364)
Cash from inventories (increase) decrease		(1,001,318,631)	872,981,431	-	-
Cash from trade payable increase (decrease)		(153,805,873)	54,191,823	-	-
Cash from other payable increase (decrease)		160,245,758	(106,551,955)	50,985,212	7,710,850
Other cash received (paid) from operating activities	4.3	27,633,961	(31,917,786)	24,415,171	2,900,743
Cash received (paid) from operating activities		465,536,940	1,689,863,013	44,233,248	(147,528,469)
Adjustment of cash occurred from borrowings	4.4	(104,743,761)	(125,824,787)	(64,772,978)	(70,742,900)
Income tax paid		(98,289,516)	(31,638,763)	(13,203,488)	(7,233,980)
Net cash provided by (used in) operating activities		262,503,663	1,532,399,463	(33,743,218)	(225,505,349)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Cash paid for temporary investment		(21,000,000)	-	-	-
Dividend received		-	52,560,000	539,499,340	276,999,430
Interest received		4,157,015	4,063,913	55,420,581	48,837,094
Proceeds from sales of property, plant and equipment		1,028,026	4,051,912	25,073	17,453
Payment for purchases of property, plant and equipment		(249,785,475)	(197,870,051)	(25,895,882)	(6,752,305)
Payment for purchases of intangible asset		(2,272,332)	(64,050)	(2,267,042)	(64,050)
Cash paid for loan to related parties		-	-	(753,889,856)	(353,237,181)
Cash received from long-term loan to a related party		-	-	200,000,000	865,000,000
Net cash provided by (used in) investing activities		(267,872,766)	(137,258,276)	12,892,214	830,800,441
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Cash received from borrowings		150,779,829	-	150,000,000	903,211,326
Cash repayment of borrowings		(401,822,179)	(916,995,078)	(464,789,703)	(865,000,000)
Net cash provided by (used in) in financing activities		(251,042,350)	(916,995,078)	(314,789,703)	38,211,326
<b>Net increase (decrease) in cash and cash equivalents</b>		(256,411,453)	478,146,109	(335,640,707)	643,506,418
Cash and cash equivalents as at April 1,		1,186,746,227	708,600,118	1,122,022,378	478,515,960
<b>Cash and cash equivalents as at March 31,</b>	4.1	930,334,774	1,186,746,227	786,381,671	1,122,022,378

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, 2017

#### 1. GENERAL INFORMATION AND THE OPERATION OF THE COMPANY

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 Sub-district, Chatuchak District, Bangkok with the objective to invest in other companies and provide management services. The Company is listed on the Stock Exchange of Thailand since November 2002. The major shareholder (hold 67.90%) is T S Global Holdings Pte. Ltd. which is incorporated in Singapore and is an affiliate 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 base.

The Company has three subsidiaries (“the Group”) which were incorporated in Thailand, that manufacture, render manufacturing services, distribute and trading of steel bars, wire rods and small section products. Sales of the subsidiaries are mainly local sales contributing 93% and 90% of the total sales for the years ended March 31, 2017 and 2016, respectively.

Details of the Company’s subsidiaries are as follows:

	Type of business	Shareholding (%)	
		As at March 31, 2017	As at March 31, 2016
The Siam Iron and Steel (2001) 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, distribute 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, 2017 and 2016, N.T.S. Steel Group Public Company Limited (“N.T.S.”) has total current liabilities exceeding total current assets by Baht 2,573 million and Baht 3,010 million, respectively. However, the amount of current liabilities included the short-term borrowing from the parent company of Baht 2,720 million and Baht 2,166 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. In addition, the Company manages the liquidity based on a group basis.

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

- 2.1 The Company and its subsidiaries maintain its accounting records in Thai Baht and prepare its 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 2015) "Presentation of Financial Statements" which was effective for financial periods beginning on or after January 1, 2016 onwards, 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 Statements B.E. 2554".
- 2.3 The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards ("TFRSs") which are effective for the financial statements for the financial periods beginning on or after January 1, 2016 onwards, as follows:

### **Thai Accounting Standards ("TAS")**

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2015)	Share-based Payments
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

**Thai Accounting Standard Interpretations (“TSIC”)**

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal form of a Lease
TSIC 29 (Revised 2015)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

**Thai Financial Reporting Interpretations (“TFRIC”)**

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement Contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under IAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants  
Guideline on Accounting for Insurance Business regarding Designation of Financial Instruments at Fair Value through Profit or Loss

In addition, the Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2015), which was announced in the Royal Gazette and effective from November 6, 2015 onwards to replace the Conceptual Framework for Financial Reporting (Revised 2014). Such Conceptual Framework for Financial Reporting has no material impact on these financial statements.

The adoption of 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 issued the Notifications regarding the Thai Financial Reporting Standards (“TFRSs”), which are announced in the Royal Gazette and effective for the financial statements for the financial periods beginning on or after January 1, 2017 onwards as follows:

**Thai Accounting Standards (“TAS”)**

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

**Thai Accounting Standard Interpretations (“TSIC”)**

TSIC 10 (Revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases - Incentives
TSIC 25 (Revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets - Web site Costs

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

The Company’s and its subsidiaries’ management will adopt the above TFRSs in the preparation of the Company’s and its subsidiaries’ financial statements when they become effective. The Company’s and its subsidiaries’ management is in the process to assess the impact of these TFRSs on the financial statements of the Company and its subsidiaries in the period of initial application.

- 2.5 The consolidated financial statements for the years ended March 31, 2017 and 2016 did not include investment in Siam Steel Mill Services Company Limited which is held by The Siam Construction Steel Company Limited at 24% of share capital on an equity method because the Company has no significant influence to govern the financial and operating policies of and does not have any authorised director to sign on behalf of Siam Steel Mill Services Company Limited. The Company and the subsidiary, therefore, recorded such investment as other long-term investment at cost of Baht 1,241 (see Note 34).



## 2.6 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.

## 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 maturities of three months or less from the date of acquisition, by excluding deposit at financial institutions used as collateral.

### 3.2 Trade and other receivables

Trade receivables are stated at their invoice values less allowance for doubtful accounts, if any.

#### Allowance for doubtful accounts

The Group determines allowance for doubtful accounts by using various assumptions and judgments of 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 of inventories is calculated using the following method:

Finished goods and work in process - at the weighted average cost method

Merchandise, raw materials, spare parts,  
supplies and others - at the 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 finished goods and work in process, cost of inventories 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. Allowance is made, where necessary for obsolete and slow-moving inventories.

### 3.4 Investments

#### Temporary investment

Temporary investment consists of time deposits at financial institutions with original maturities later than 3 months but not later than 12 months which is stated at cost and without obligation.

#### 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 investment

Available-for-sale investment is investment in marketable equity other than those investment which is held for trading is classified as being available-for-sale investment and is 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

An investment in equity which is not marketable investment is 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 profit or loss and other comprehensive income.

### 3.5 Non-current assets held for sale

Non-current assets held for sale represent machinery and equipment which are stated at the lower of its carrying amount or fair value less costs to sell to make the sales. The loss from devaluation of asset is immediately recognised in the statement of profit or loss and other comprehensive income.

Gains or losses on disposal of non-current assets held for sale are recognised as income or expenses when the disposal is made.

### 3.6 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 recorded as expense in the statement of profit or loss and other 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 follows:

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

The Group does not calculate depreciation for freehold land or assets under construction and installation.

### 3.7 Intangible asset

Intangible asset consists of computer software which is stated at cost less accumulated amortisation and allowance for impairment, if any.

#### Amortisation

Amortisation is recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of computer software of 5 years and 10 years.

### 3.8 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

Since 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. Impairment of goodwill is tested once a year or when there are factors indicating that an investment might be impaired.

For impairment testing, the Group allocates goodwill from business combinations to each cash-generating unit (or group of cash-generating units) that is expected to obtain the benefit from the synergies of the combination and the Group will evaluate the recoverable amount of each cash-generating unit (or group of cash-generating units). If it is lower than the carrying amount of the unit, the Group recognises impairment loss in the statement of profit or loss and other comprehensive income and cannot reverse allowance for impairment loss of goodwill in the future.

### 3.9 Impairment

The carrying amount of the Group's assets is 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 the recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In estimating the value in use, the Group determines 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, the Group uses an appropriate and suitable valuation model, which reflects the amount that the Group could obtain from the disposal of the asset between knowledgeable, willing parties in an arm's length transaction, after deducting the costs to sell.

The Group recognises an impairment loss in the statement of profit or loss and other comprehensive income.

#### Reversal of an impairment loss

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

### 3.10 Employee benefits

#### Provident funds

Obligations for contributions to provident fund are recognised as an expense in the statement of profit or loss and other 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 and other benefits according to the Group policy; 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 Company recognised expense for defined employee benefit plans as personnel expenses in the statement of profit or loss and other 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.

### 3.11 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 profit or loss and other comprehensive income by the straight-line method over the lease term.

#### 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 capitalises 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 depreciation on the leased assets is calculated by 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 profit or loss and other comprehensive income.

### 3.12 Recognition of revenue and expense

Revenue from the sales of goods is recognised when the significant risks and rewards of ownership of goods are transferred to the buyer and 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. Revenue from the sales of goods is 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.



Management fee income is recognised as revenue when the service is rendered.

Interest income is recognised on an accrual basis by reference to the principal outstanding at the contract rate.

Other income and expenses are recognised on an accrual basis.

### 3.13 Finance costs

Finance costs such as interest expenses and similar expenses are recognised in the statement of profit or loss and other 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.

### 3.14 Income tax

Income tax (expense) income is calculated 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 and multiplied by the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

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, which has legally enforcement right, levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax (expense) income is charged or credited in the statement of profit or loss and other 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.

### 3.15 Earnings per share

Basic earnings per share are calculated based on the profit for the year divided by the weighted average number of ordinary shares held by shareholders outstanding during the year.

### 3.16 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 statement of financial position date, 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 income or expense in the statement of profit or loss and other comprehensive income.

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

### 3.17 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 32 and 33.

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

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

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

### 3.18 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of TAS 17 (Revised 2015), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in TAS 2 (Revised 2015) or value in use in TAS 36 (Revised 2015).

In addition, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.19 Use of management's judgements and key sources of estimation uncertainty

#### 1) Management's judgements in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Group's management to exercise judgments in applying accounting policies that significantly affect the recognition and disclosure in the financial statements. Significant judgements in applying accounting policies are as follows:

##### Impairment

The carrying amount of investment in subsidiaries, goodwill and property, plant and equipment are reviewed at the end of each reporting period. The Group recognises impairment loss when the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is the higher of asset's fair value less costs to sell or its value in use.

The Group determines the value in use by estimating the present value of future cash flow projections expected from perpetual use of the asset, discounted using a pre-tax discount rate under current business conditions using reasonable market estimates. In determining fair value less costs to sell, an appropriate valuation model is used. Details of the impairment loss calculation are set out in Note 3.9.

##### 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 Group will generate future taxable income sufficient to fully utilise the deferred tax assets. The Group's management uses judgments based upon the likely timing and level of estimate future taxable income to determine the amount of deferred tax assets that can be recognised at the end of each reporting period.

## 2) Key sources of estimation uncertainty

The Group has estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next fiscal year are outlined below.

### Impairment

Determining whether investment in subsidiaries and goodwill are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group's management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value where the actual future cash flows are less than expected, a material impairment loss may arise.

### Fair value measurements and valuation processes

Details of fair value measurements and valuation processes are set out in Notes 3.18 and 34.

## 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Cash	4	1	-	-
Bank deposits in current accounts	42,108	31,307	1,404	399
Bank deposits in savings accounts	888,181	755,396	784,936	721,581
Time deposits with maturity not more than 3 months	42	400,042	42	400,042
Total	<u>930,335</u>	<u>1,186,746</u>	<u>786,382</u>	<u>1,122,022</u>

As at March 31, 2017 and 2016, bank deposits in saving accounts in the consolidated financial statements carry interest rates from 0.25% to 0.80% per annum and from 0.25% to 0.70% per annum, respectively, and bank deposits in saving accounts in the separate financial statements carry interest rates from 0.50% to 0.80% per annum and from 0.50% to 0.70% per annum, respectively.

As at March 31, 2017 and 2016, time deposits with maturity not more than 3 months in the consolidated financial statements and the separate financial statements carry interest rates at 1.00% per annum and from 0.70% to 1.00% per annum, respectively.

4.2 Other adjustments for non-cash items for the years ended March 31, consist of:

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Loss from diminution in value of inventory and inventory obsolescence	137,773	9,181	-	-
Loss from impairment of property, plant and equipment	474,211	-	31	-
(Gain) loss on sale of property, plant and equipment	1,700	10,501	(1)	11
Loss from writing-off of inventories	-	2,494	-	-
Loss from writing-off of property, plant and equipment and intangible asset	18,171	1	4	1
Gain from reversal of credit notes	(163)	-	-	-
Total	<u>631,692</u>	<u>22,177</u>	<u>34</u>	<u>12</u>

4.3 Other cash received (paid) from operating activities for the years ended March 31, consist of:

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
(Increase) decrease in other current assets and other non-current assets	47,825	(10,857)	22,659	6,863
Increase (decrease) in other current liabilities and other non-current liabilities	(9,304)	(7,406)	2,132	2,174
Cash paid for employee benefit obligations	(10,887)	(13,655)	(376)	(6,136)
Total	<u>27,634</u>	<u>(31,918)</u>	<u>24,415</u>	<u>2,901</u>

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

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Interest paid	<u>(104,744)</u>	<u>(125,825)</u>	<u>(64,773)</u>	<u>(70,743)</u>

4.5 Non-cash transactions in the consolidated and separate financial statements are as follows:

- The recording of investment in available-for-sale securities in the consolidated financial statements at fair value. For the years ended March 31, 2017 and 2016, the Group recorded unrealised gain on such investments of Baht 1.1 million and Baht 1.7 million, respectively as income in the statement of profit or loss and other comprehensive income.
- The reclassification of machinery and spare parts and store supplies of MBF amounting to Baht 521 million from property, plant and equipment to non-current assets held for sale as at March 31, 2017.



- Non-cash item from purchase of property, plant and equipment and intangible asset as at March 31, are as follows:

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Payables for property, plant and equipment and intangible asset brought forward	13,215	12,271	2,644	201
<u>Add</u> Purchase during the years	276,157	198,878	36,881	9,259
<u>Less</u> Payment during the years	(252,058)	(197,934)	(28,163)	(6,816)
Payable for property, plant and equipment and intangible asset carried forward	<u>37,314</u>	<u>13,215</u>	<u>11,362</u>	<u>2,644</u>

## 5. TEMPORARY INVESTMENT

As at March 31, 2017, temporary investment is time deposit at a financial institution, carrying interest rate at 0.50% per annum and has maturity date on November 21, 2017. The Group used such deposit as collateral as at March 31, 2016 as disclosed in Note 35(b).

## 6. TRADE AND OTHER RECEIVABLES

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

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Trade receivable - related parties (see Note 29)	236,845	175,368	-	-
Trade receivable - other companies (see Note 7)	713,897	460,774	-	-
Other receivables - related parties (see Note 29)	754	950	116,922	35,739
Other receivables - other companies	492	12,329	2	2,819
Prepaid expenses	11,942	17,972	9,874	10,657
Total	<u>963,930</u>	<u>667,393</u>	<u>126,798</u>	<u>49,215</u>

## 7. TRADE RECEIVABLE - OTHER COMPANIES

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

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Within credit terms	691,225	442,720	-	-
Overdue:				
Not over 3 months	21,851	13,393	-	-
Over 3 months to 6 months	-	307	-	-
Over 6 months to 12 months	-	3,585	-	-
Over 12 months	18,456	22,644	-	-
Total	<u>731,532</u>	<u>482,649</u>	<u>-</u>	<u>-</u>
<u>Less</u> Allowance for doubtful accounts	(17,635)	(21,875)	-	-
Total	<u>713,897</u>	<u>460,774</u>	<u>-</u>	<u>-</u>

During the year ended March 31, 2017, N.T.S. Steel Group Public Company Limited has written-off Baht 4.24 million of trade receivable - other company. The allowance for doubtful accounts has been fully provided.

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

For the years ended March 31, 2017 and 2016, the Group had sold trade receivables to the financial institution amounting to Baht 7,890 million and Baht 6,700 million, respectively.

## 8. SHORT-TERM LOANS

Short-term loans as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Short-term loans to related parties (see Note 29)	-	-	2,719,634	1,965,744
Current portion of long-term loans to a related party (see Note 29)	-	-	-	200,000
Total	-	-	2,719,634	2,165,744

## 9. INVENTORIES

Inventories as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Finished goods	1,219,927	496,370	-	-
Work in process	399,281	156,228	-	-
Raw materials	644,340	498,536	-	-
Spare parts	541,996	659,269	-	-
Supplies and others	315,094	400,926	-	-
Raw materials in transit	147,231	123,687	-	-
Total	3,267,869	2,335,016	-	-
<u>Less</u> Allowance for diminution in value of inventory, and inventory obsolescence	(155,953)	(38,601)	-	-
Total	3,111,916	2,296,415	-	-

For the year ended March 31, 2017, the allowance for diminution in value of inventory and inventory obsolescence recognised in previous year of Baht 21 million had been reversed and the allowance for diminution in value of raw materials of Baht 65 million and inventory obsolescence of Baht 10 million were recorded as part of cost of sales. The allowance for diminution in value of spare parts and store supplies of Mini Blast Furnace of Baht 63 million were recorded in full as part of other expenses as the Group management plans to dispose MBF and its spare parts and store supplies that mentioned in Note 13 and classified such aforementioned items to non-current assets held for sale.

For the year ended March 31, 2016, the allowance for diminution in value of inventory and inventory obsolescence recognised in previous year of Baht 7 million had been reversed and the allowance for diminution in value of inventory and inventory obsolescence were recorded as part of cost of sales amounting to Baht 9 million.

The amounts of inventories recognised as an expense in the consolidated financial statements for the years ended March 31, 2017 and 2016 were Baht 17,628 million and Baht 15,783 million, respectively.

## 10. OTHER CURRENT ASSETS

Other current assets as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Value added tax refundable	11,360	10,444	-	-
Other current assets	32,099	17,033	2,059	1,832
Total	<u>43,459</u>	<u>27,477</u>	<u>2,059</u>	<u>1,832</u>

## 11. NON-CURRENT ASSETS HELD FOR SALE

The Group's management plans to dispose Mini Blast Furnace ("MBF") machinery and its spare parts and store supplies. The Group had active programme to locate buyers, which expected to dispose such assets within 1 year (see Note 13). Accordingly, the Group classified MBF machinery and its spare part and store supplies from property, plant and equipment category and inventories category as non-current assets held for sale category as at March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Machinery, spare parts and store supplies	<u>521,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 12. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at March 31, consist of:

	Ownership interest (%)		Separate financial statements				Unit : Thousand Baht	
			Paid-up capital		Investments at cost		Dividend income	
			2017	2016	2017	2016	2017	2016
<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	101,999	101,999
The Siam Construction Steel Company Limited	99.99	99.99	1,750,000	1,750,000	3,656,874	3,656,874	437,500	175,000
N.T.S. Steel Group Public Company Limited	99.76	99.76	<u>4,627,965</u>	<u>4,627,965</u>	<u>9,181,787</u>	<u>9,181,787</u>	-	-
Total			6,497,965	6,497,965	15,393,047	15,393,047	539,499	276,999
<u>Less</u> Allowance for impairment of investment			-	-	(3,380,000)	(3,380,000)	-	-
Total			<u>6,497,965</u>	<u>6,497,965</u>	<u>12,013,047</u>	<u>12,013,047</u>	<u>539,499</u>	<u>276,999</u>

As at March 31, 2017 and 2016, the Group has made an assessment of impairment loss on investment in subsidiaries and considered that the recoverable amount was not lower than its carrying amount, so no additional impairment was necessary.

### 13. PROPERTY, PLANT AND EQUIPMENT

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

As at March 31, 2017

Unit : Thousand Baht						
	Balance as at April 1, 2016	Addition	Consolidated financial statements			Balance as at March 31, 2017
			Disposal	Transfer	Reclassification	
<b>Cost</b>						
Land	714,611	84,083	-	-	-	798,694
Land improvement, building and structure	4,492,013	95	(3,403)	11,832	-	4,500,537
Machinery and equipment	15,038,438	26,961	(295,369)	105,903	(2,395,713)	12,480,220
Vehicles	3,355	75	(213)	-	-	3,217
Furniture, fixtures and office equipment	201,464	5,638	(14,794)	10,603	-	202,911
Total cost	<u>20,449,881</u>	<u>116,852</u>	<u>(313,779)</u>	<u>128,338</u>	<u>(2,395,713)</u>	<u>17,985,579</u>
<b>Accumulated depreciation</b>						
Land improvement, building and structure	(2,668,377)	(81,284)	3,020	-	-	(2,746,641)
Machinery and equipment	(9,899,497)	(366,943)	203,270	-	538,164	(9,525,006)
Vehicles	(3,306)	(17)	213	-	-	(3,110)
Furniture, fixtures and office equipment	(163,118)	(13,339)	14,395	-	-	(162,062)
Total accumulated depreciation	<u>(12,734,298)</u>	<u>(461,583)</u>	<u>220,898</u>	<u>-</u>	<u>538,164</u>	<u>(12,436,819)</u>
	7,715,583					5,548,760
<b>Less</b> Allowance for impairment on plant, machinery and equipment	<u>(2,917,381)</u>	<u>(474,211)</u>	<u>71,983</u>	<u>-</u>	<u>1,336,549</u>	<u>(1,983,060)</u>
	4,798,202					3,565,700
Construction in progress, machinery and equipment under installation	<u>43,395</u>	<u>152,998</u>	<u>-</u>	<u>(128,338)</u>	<u>(911)</u>	<u>67,144</u>
Property, plant and equipment	<u>4,841,597</u>					<u>3,632,844</u>

As at March 31, 2016

Unit : Thousand Baht						
	Balance as at April 1, 2015	Addition	Consolidated financial statements		Balance as at March 31, 2016	
			Disposal	Transfer		
<b>Cost</b>						
Land	714,611	-	-	-	714,611	
Land improvement, building and structure	4,481,291	-	(2,420)	13,142	4,492,013	
Machinery and equipment	14,902,648	11,268	(45,548)	170,070	15,038,438	
Vehicles	3,327	-	(23)	51	3,355	
Furniture, fixtures and office equipment	192,828	7,916	(5,490)	6,210	201,464	
Total cost	<u>20,294,705</u>	<u>19,184</u>	<u>(53,481)</u>	<u>189,473</u>	<u>20,449,881</u>	
<b>Accumulated depreciation</b>						
Land improvement, building and structure	(2,589,053)	(81,206)	1,882	-	(2,668,377)	
Machinery and equipment	(9,567,037)	(364,049)	31,589	-	(9,899,497)	
Vehicles	(3,327)	(2)	23	-	(3,306)	
Furniture, fixtures and office equipment	(156,869)	(11,696)	5,447	-	(163,118)	
Total accumulated depreciation	<u>(12,316,286)</u>	<u>(456,953)</u>	<u>38,941</u>	<u>-</u>	<u>(12,734,298)</u>	
	7,978,419				7,715,583	
<b>Less</b> Allowance for impairment on plant, machinery and equipment	<u>(2,917,381)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,917,381)</u>	
	5,061,038				4,798,202	
Construction in progress, machinery and equipment under installation	<u>53,238</u>	<u>179,630</u>	<u>-</u>	<u>(189,473)</u>	<u>43,395</u>	
Property, plant and equipment	<u>5,114,276</u>				<u>4,841,597</u>	
<b>Depreciation for the years ended March 31,</b>						
2017					461,583	
2016					456,953	

On August 30, 2016, The Siam Iron and Steel (2001) Co., Ltd. terminated Land Lease agreement dated June 26, 2007, which was made between The Siam Iron and Steel (2001) Co., Ltd. and the Property Value Plus Company Limited and purchased such land of Baht 84 million, which is currently used as manufacturing plant.

Since August 2011, the Group's management had decided to temporarily cease operation of the Mini Blast Furnace ("MBF") at N.T.S, the Company's subsidiary in view of the high volatility of MBF raw material prices and the prices being relatively higher than scrap prices, thereby adversely impacting the viability of costs of steel produced through the MBF route. MBF remained mothballed until September 2017. For the years ended March 31, 2017 and 2016, depreciation and other expenses of MBF incurred during the mothball period were Baht 10 million and Baht 15 million respectively.

As at March 31, 2017, in consistent with Thai Accounting Standard No. 36 (Revised 2015) "Impairment of Assets", the Group has assessed the recoverable amount of MBF by using the asset's fair value which is the price proposed by a potential buyer less costs to sell which considered that the recoverable amount was lower than its carrying amount, so the Group recognised additional allowance for impairment on MBF machinery amounting to Baht 465 million. The total allowance for impairment of MBF machinery of Baht 1,336 million which was including allowance for impairment which was recognised in 2013 of Baht 871 million, so the net realisable value of MBF was Baht 521 million.

The Group's management plans to dispose MBF machinery and its spare parts and store supplies. The Group had active programme to locate buyers, which expected to dispose such assets within 1 year. Accordingly, the Group classified MBF machinery as non-current assets held for sale as at March 31, 2017 (see Note 11).

For the year ended March 31, 2017, the Group recorded allowance for impairment on obsolete machinery and equipment of Baht 9 million and reversed the allowance for impairment which was recognised in 2013 of Baht 72 million due to write-off and sale of such machinery and equipment.

For the year ended March 31, 2016, N.T.S. wrote-off machinery and equipment damaged from fire with net book value of Baht 14.49 million as at April 17, 2015.

As at March 31, 2017

at March 31, 2017

Unit : Thousand Baht						
	Balance as at April 1, 2016	Addition	Separate financial statements			Balance as at March 31, 2017
			Disposal	Transfer	Reclassification	
Furniture, fixtures and office equipment	78,719	916	(4,106)	8,801	-	84,330
<u>Less</u> Accumulated depreciation	<u>(71,412)</u>	<u>(3,980)</u>	<u>4,078</u>	<u>-</u>	<u>-</u>	<u>(71,314)</u>
	7,307					13,016
<u>Less</u> Allowance for impairment on furniture, fixtures and office equipment	<u>-</u>	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31)</u>
	7,307					12,985
Furniture, fixtures and office equipment during installation	7,495	29,664	-	(8,801)	(911)	27,447
Property, plant and equipment	14,802					40,432



As at March 31, 2016

at March 31, 2016	Unit : Thousand Baht				
	Separate financial statements				
	Balance as at April 1, 2015	Addition	Disposal	Transfer	Balance as at March 31, 2016
Furniture, fixtures and office equipment	79,234	1,700	(2,215)	-	78,719
<u>Less</u> Accumulated depreciation	<u>(70,303)</u>	<u>(3,294)</u>	<u>2,185</u>	<u>-</u>	<u>(71,412)</u>
	8,931				7,307
Furniture, fixtures and office equipment during installation.	<u>-</u>	<u>7,495</u>	<u>-</u>	<u>-</u>	<u>7,495</u>
Property, plant and equipment	<u>8,931</u>				<u>14,802</u>
<b>Depreciation for the years ended March 31,</b>					
2017					<u>3,980</u>
2016					<u>3,294</u>

For the year ended March 31, 2017, the Company recorded allowance for impairment on obsolete office equipment of Baht 0.03 million in the separate financial statements.

Costs of fully depreciated building, structure, machinery and equipment that are still in use as at March 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial statements		Separate	
	2017	2016	2017	2016
Costs of fully depreciated building, structure, machinery and equipment	<u>5,717,914</u>	<u>5,582,035</u>	<u>63,354</u>	<u>62,789</u>

Office equipment under finance lease agreements of the Group included in the property, plant and equipment as at March 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial statements		Separate	
	2017	2016	2017	2016
Cost of asset under finance lease agreements	41,897	42,884	41,487	42,339
<u>Less</u> Accumulated depreciation	(41,897)	(42,884)	(41,487)	(42,339)
Asset under finance lease agreements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at March 31, 2016, 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 Public Company Limited of Baht 3,551 million are used as collateral for the borrowings comprising long-term borrowings from two financial institutions. During the year ended March 31, 2017, the Company has fully repaid the long-term loans to financial institutions and the Company has already withdrawn mortgage which were used as collateral for loans (see Note 18.2).

#### 14. INTANGIBLE ASSET

Intangible asset as at March 31, consists of:

As at March 31, 2017

	Balance as at April 1, 2016	Addition	Consolidated financial statements			Balance as at March 31, 2017
			Disposal	Transfer	Reclassification	
Computer software	247,963	759	(1,321)	5,548	911	253,860
<u>Less</u> Accumulated amortisation	<u>(182,836)</u>	<u>(24,322)</u>	<u>1,321</u>	<u>-</u>	<u>-</u>	<u>(205,837)</u>
	65,127					48,023
Computer software during installation	<u>-</u>	<u>5,548</u>	<u>-</u>	<u>(5,548)</u>	<u>-</u>	<u>-</u>
Intangible asset	<u>65,127</u>					<u>48,023</u>

As at March 31, 2016

	Balance as at April 1, 2015	Addition	Disposal	Transfer	Balance as at March 31, 2016
Computer software	247,988	64	(89)	-	247,963
<u>Less</u> Accumulated amortisation	<u>(158,604)</u>	<u>(24,306)</u>	<u>74</u>	<u>-</u>	<u>(182,836)</u>
	89,384				65,127
Computer software during installation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intangible asset	<u>89,384</u>				<u>65,127</u>
Amortisation for the years ended March 31,					
2017					<u>24,322</u>
2016					<u>24,306</u>

As at March 31, 2017

	Balance as at April 1, 2016	Addition	Separate financial statements			Balance as at March 31, 2017
			Disposal	Transfer	Reclassification	
Computer software	238,641	753	-	5,548	911	245,853
<u>Less</u> Accumulated amortisation	<u>(174,721)</u>	<u>(23,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(198,608)</u>
	63,920					47,245
Computer software during installation	<u>-</u>	<u>5,548</u>	<u>-</u>	<u>(5,548)</u>	<u>-</u>	<u>-</u>
Intangible asset	<u>63,920</u>					<u>47,245</u>

As at March 31, 2016

	Unit : Thousand Baht				
	Separate financial statements				
	Balance as at April 1, 2015	Addition	Disposal	Transfer	Balance as at March 31, 2016
Computer software	238,577	64	-	-	238,641
<u>Less</u> Accumulated amortisation	(150,901)	(23,820)	-	-	(174,721)
	87,676				63,920
Computer software during installation	-	-	-	-	-
Intangible asset	87,676				63,920
<b>Amortisation for the years ended March 31,</b>					
2017					23,887
2016					23,820

Costs of fully amortised intangible asset that are still in use as at March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Costs of fully amortised intangible asset	7,467	6,158	2,426	1,644

## 15. GOODWILL

Goodwill as at March 31, are 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)
	4,116,337
<u>Less</u> Impairment loss of goodwill	(660,323)
As at March 31, 2016	3,456,014
As at March 31, 2017	3,456,014

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, 2017 and 2016.

As at March 31, 2017 and 2016, the Group has made an assessment of impairment loss on goodwill and resulted that the recoverable amount was not lower than the carrying amount, so no additional impairment was necessary.

## 16. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Current income tax per tax return form	132,092	68,052	-	-
Deferred tax				
Movements in temporary differences	(5,138)	1,140	(1,784)	(239)
Writing-off of refundable income tax	99,981	-	17,138	-
Income tax expense (income) as included in statements of profit or loss and other comprehensive income	<u>226,935</u>	<u>69,192</u>	<u>15,354</u>	<u>(239)</u>

The difference between the tax rate of 20% for the years ended March 31, and the effective income tax rate compared to income before income tax are reconciled as follows:

	Unit : Thousand Baht Consolidated financial statements	
	2017	2016
Profit (loss) before income tax		
- Promoted sector, exempted from income tax	(456,013)	43,578
- Non-promoted sector	896,698	179,803
Total profit (loss) before income tax	<u>440,685</u>	<u>223,381</u>
Income tax for non-promoted sector at 20%	179,340	35,961
Effect of non-deductible expenses or incomes tax purpose:		
- Temporary differences and unused tax losses not accounted for as deferred tax assets and elimination entries	(12,994)	51,227
- Permanent differences	8,912	1,933
Utilisation of tax loss carried forward which was not recognised as deferred tax asset	(48,304)	(19,929)
Writing-off of refundable income tax of previous years	99,981	-
Income tax expense as included in statements of profit or loss and other comprehensive income <sup>(1)</sup>	<u>226,935</u>	<u>69,192</u>

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

Temporary differences not accounted for as deferred tax assets resulted from the loss from the Group's operations in previous years and depreciation arising from impaired assets which was deductible expenses for tax purpose because it is uncertain about the probability that the Group can utilise the deferred tax assets arising from such loss and depreciation.

For the years ended March 31, 2017 and 2016, the Group utilised tax loss carried forward which was not recognised as deferred tax asset amounting to Baht 48.30 million and Baht 19.93 million, respectively.

For the year ended March 31, 2017, the income tax expense in the consolidated financial statements included the amount written-off of Baht 99.98 million of the income tax of previous years which was previously requested for the refund from the Revenue Department (see Note 17).

	<b>Unit : Thousand Baht</b>	
	<b>Separate</b>	
	<b>financial statements</b>	
	<b>2017</b>	<b>2016</b>
Profit before income tax	543,078	53,936
Income tax at 20%	108,616	10,787
Effect of non-deductible expenses or incomes for tax purpose:		
- Temporary differences and unused tax losses not accounted for as deferred tax assets	-	43,210
- Permanent differences such as dividend income	(106,593)	(54,236)
Utilisation of tax loss carried forward which was not recognised as deferred tax asset	(3,807)	-
Writing-off of refundable income tax of previous years	17,138	-
Income tax expense (income) as included in statements of profit or loss and other comprehensive income	15,354	(239)
	<b>Tax rate</b>	<b>Tax rate</b>
	<b>%</b>	<b>%</b>
Effective Tax Rate	3	(0)

For the years ended March 31, 2017 and 2016, the effective tax rate is lower than the statutory tax rate resulted from the dividend income which is exempted from corporate income tax.

For the year ended March 31, 2017, the income tax expense in the separate financial statement included the amount written-off of Baht 17.14 million of the income tax of previous years which was previously requested for the refund from the Revenue Department.

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

	<b>Unit : Thousand Baht</b>			
	<b>Consolidated financial statements</b>			
	<b>Balance as at</b>	<b>Recognised</b>	<b>Recognised in</b>	<b>Balance as at</b>
	<b>April 1,</b>	<b>in profit or</b>	<b>other</b>	<b>March 31,</b>
	<b>2016</b>	<b>loss</b>	<b>comprehensive</b>	<b>2017</b>
			<b>income</b>	
Deferred tax assets resulted from				
Employee benefit obligations	32,382	2,132	388	34,902
Allowance for diminution in value of inventory and inventory obsolescence	1,761	491	-	2,252
Allowance for doubtful accounts	736	-	-	736
Allowance for impairment on plant, machinery and equipment	-	215	-	215
Deferred tax assets	34,879	2,838	388	38,105
Deferred tax liabilities resulted from				
Available-for-sales investments	(340)	-	(220)	(560)
Profit from derivatives assets	(2,602)	2,300	-	(302)
Deferred tax liabilities	(2,942)	2,300	(220)	(862)
Deferred tax assets	31,937	5,138	168	37,243

Unit : Thousand Baht				
Consolidated financial statements				
	Balance as at March 31, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2016
Deferred tax assets resulted from				
Employee benefit obligations	30,723	1,659	-	32,382
Allowance for diminution in value of inventory and inventory obsolescence	1,958	(197)	-	1,761
Allowance for doubtful accounts	736	-	-	736
Deferred tax assets	33,417	1,462	-	34,879
Deferred tax liabilities resulted from				
Available-for-sales investments	-	-	(340)	(340)
Profit from derivatives assets	-	(2,602)	-	(2,602)
Deferred tax liabilities	-	(2,602)	(340)	(2,942)
Deferred tax assets	33,417	(1,140)	(340)	31,937

As at March 31, 2017 and 2016, the Group had unused tax losses of Baht 5,655 million and Baht 5,729 million, respectively, which was not recognised as deferred tax assets. Such tax losses will gradually expire from March 2017 to November 2022.

	Unit : Thousand Baht			
	Separate financial statements			
	Balance as at March 31, 2016	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2017
Deferred tax assets resulted from				
Employee benefit obligations	10,854	1,477	(156)	12,175
Allowance for plant and equipment obsolescence	-	6	-	6
Deferred tax assets	<u>10,854</u>	<u>1,483</u>	<u>(156)</u>	<u>12,181</u>
Deferred tax liabilities resulted from				
Profit from derivatives assets	<u>(301)</u>	<u>301</u>	<u>-</u>	<u>-</u>
Deferred tax assets	<u>10,553</u>	<u>1,784</u>	<u>(156)</u>	<u>12,181</u>

Unit : Thousand Baht				
	Separate financial statements			
	Balance as at March 31, 2015	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at March 31, 2016
Deferred tax assets resulted from				
Employee benefit obligations	10,314	540	-	10,854
Deferred tax liabilities resulted from				
Profit from derivatives assets	-	(301)	-	(301)
Deferred tax assets	10,314	239	-	10,553

As at March 31, 2017 and 2016, the Company had unused tax losses of Baht 316 million and Baht 335 million, respectively, which were not recognised as deferred tax assets. Such tax losses will gradually expire from March 2019 to March 2022.



The Company used tax rate of 20% for income tax and deferred tax calculation for profit from non-promoted sector for the years ended March 31, 2017 and 2016. Income tax expense is calculated from income before tax, added back transactions which are non-deductible expenses and deducted income or expense exempted under the Revenue Code. As a result, the effective tax rate is different from the tax rate under Revenue Code.

## 17. OTHER NON-CURRENT ASSETS

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Income tax refundable	88,409	209,890	32,064	51,004
Other long-term receivable				
- T S Global Holdings Pte. Ltd. (see Note 29)	71,220	71,220	71,220	71,220
Others	8,220	40,915	3,827	11,713
Total	<u>167,849</u>	<u>322,025</u>	<u>107,111</u>	<u>133,937</u>

In December 2009, a subsidiary had a dispute regarding the interpretation of tax computation and the propriety of tax loss carried forward for promoted sector and its utilisation, amounting to a tax element inclusive of surcharge of Baht 103 million and filed an appeal to the Board of Tax Appeal on September 13, 2010. Subsequently in June 2016, the Group management had decided to write-off the refundable income tax including surcharge amounting to Baht 103 million based on legal advice as expenses in the statements of profit or loss and other comprehensive income for the year ended March 31, 2017.

## 18. BORROWINGS FROM FINANCIAL INSTITUTIONS

### 18.1 Short-term borrowings

Short-term borrowings from financial institutions as at March 31, consist of:

Purpose of Borrowings	Interest Rate	Credit Limit	Consolidated financial statements		Unit : Million Baht Separate financial statements	
			Utilisation		Utilisation	
			2017	2016	2017	2016
Scrap purchasing	BIBOR+2% per annum	1,800	1,145	793	-	-
Other raw materials and utilities	BIBOR+2% per annum	1,416	900	705	-	-
Working capital	2.66% per annum	See 18.1.1	150	-	150	-
Trust receipt for billet purchasing	LIBOR per annum	See 18.1.1	-	546	-	-
Total			<u>2,195</u>	<u>2,044</u>	<u>150</u>	<u>-</u>

- 18.1.1 As at March 31, 2017 and 2016, the Group has agreements with financial institutions to obtain unsecured credit facilities limit of Baht 4,244 million and Baht 5,484 million for working capital. The interest rates of these credit facilities are as follows:

Credit Line	Interest rate
1) Bank Overdraft	Minimum Overdraft Rate (MOR)
2) Trust receipts (Baht)	London Interbank Offered Rate (LIBOR)
3) Promissory note	Money Market Rate (MMR) or interest rate as specified in agreement

As at March 31, 2017 and 2016, the Group has utilised credit facilities for letters of credit totaling Baht 486 million and Baht 1,534 million, respectively.

## 18.2 Long-term borrowings

The long-term borrowings comprising of 2 loan agreements, the first dated November 29, 2006 for Baht 5,000 million with interest rate at MLR-1.25% p.a., and the second 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 13. For the year ended March 31, 2017, the Company had repaid the remaining long-term borrowings of Baht 200 million to the financial institution in full and the Company has already withdrawn mortgage which was used as collateral for such borrowings.

## 19. TRADE AND OTHER PAYABLES

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Trade payable - related parties (see Note 29)	19,691	459,311	-	-
Trade payable - other companies	669,709	387,278	-	-
Other payables - related parties (see Note 29)	28,959	12,405	31,202	15,247
Other payables - other companies	41,188	18,856	15,236	8,285
Advance received from customer	50,452	102,507	-	-
Accrued expenses	558,377	362,898	91,845	57,235
Total	<u>1,368,376</u>	<u>1,343,255</u>	<u>138,283</u>	<u>80,767</u>

## 20. CURRENT PORTION OF LONG-TERM LIABILITIES

Current portion of long-term liabilities as at March 31, consist of:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Trade payable of a subsidiary arising from restructuring	6,327	6,327	-	-
Long-term borrowings from financial institutions (see Note 18.2)	-	200,000	-	200,000
Long-term borrowings from a related party (see Note 29)	270,596	-	270,596	-
Total	276,923	206,327	270,596	200,000

As at March 31, 2012, the aforementioned trade accounts payable represent trade payable of N.T.S. Steel Group Public Company Limited 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) Company Limited and The Siam Construction Steel Company Limited without guarantee fees.

As at March 31, 2017 and 2016, the Company is in the process of contacting creditors for such payables. Therefore, it is classified as current liabilities which was included under current portion of long-term liabilities.

## 21. 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 15% of their basic salaries and by the Group at the rates from 3% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by an authorised Fund Manager.

For the years ended March 31, 2017 and 2016, the contribution of the Group recognised as expenses included in the consolidated statement of profit or loss and other comprehensive income amounting to Baht 42.24 million and Baht 40.97 million, respectively, and in the separate statement of profit or loss and other comprehensive income amounting to Baht 13.49 million and Baht 13.08 million, respectively.

## 22. EMPLOYEE BENEFIT OBLIGATIONS

As at March 31, 2017 and 2016, the Group recorded a provision for employee benefit obligations totaling Baht 191 million and Baht 171 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:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Discount rate (%)	2.30 - 2.54	3.02 - 3.33	2.38	3.02
Average expected rate of salary increase (%)	4.95	5.05	4.95	5.05
Voluntarily resignation Rate (%)	0 - 27.00	0 - 27.00	0 - 23.00	0 - 27.00
Employee retirement age (year)	55 - 60	55 - 60	55 - 60	55 - 60
Mortality rate	TMO2008*	TMO2008*	TMO2008*	TMO2008*

\* Reference from TMO2008 : Thai Mortality Ordinary Tables of 2008.

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

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current service cost	22,275	22,106	6,077	7,147
Interest cost	4,216	4,936	1,176	1,443
Net actuarial (gain) loss recognised during the years	4,546	-	(780)	-
Total	<u>31,037</u>	<u>27,042</u>	<u>6,473</u>	<u>8,590</u>

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

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Present value of unfunded obligations	<u>191,419</u>	<u>171,269</u>	<u>56,401</u>	<u>50,304</u>
Beginning of provision for employee benefit obligations	171,269	157,881	50,304	47,850
Current service cost	22,275	22,107	6,077	7,147
Interest cost	4,216	4,936	1,176	1,443
Actuarial (gain) loss recognised during the years				
arising from experience adjustments	(11,572)	-	(2,895)	-
arising from demographic assumptions	3,742	-	(734)	-
arising from financial assumptions	12,376	-	2,849	-
Severance paid during the years	<u>(10,887)</u>	<u>(13,655)</u>	<u>(376)</u>	<u>(6,136)</u>
Ending of provision for employee benefit obligations	<u>191,419</u>	<u>171,269</u>	<u>56,401</u>	<u>50,304</u>

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of the employee benefit obligations as at March 31, are as follows:

	<b>Consolidated</b>		<b>Unit : Thousand Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	<b>financial statements</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Discount rate				
Discount rate, decrease of 1 percent	23,280	20,076	6,116	5,645
Discount rate, increase of 1 percent	(19,859)	(17,205)	(5,265)	(4,870)
Salary increased rate				
Salary increased rate, decrease of 1 percent	(18,975)	(16,620)	(5,161)	(4,808)
Salary increased rate, increase of 1 percent	21,817	19,036	5,871	5,463

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

## 23. LEGAL RESERVE

According to the Public Companies Act B.E. 2535 requires that the Company and its subsidiary which is a public limited company shall allocate not less than 5% of their 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 allowable for dividend distribution.

According to the Civil and Commercial Code, subsidiary companies which are limited company 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 allowable for distribution as dividends.

## 24. 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.

## 25. OTHER INCOME

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

	<b>Consolidated</b>		<b>Unit : Thousand Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Gain on exchange rate - net	15,685	15,080	2,146	-
Dividend income from subsidiaries (see Note 29)	-	-	539,499	276,999
Dividend income from other long-term investment	-	52,560	-	-
Interest income	4,151	3,700	58,498	49,007
Compensation from insurance company	6,683	34,689	-	-
Others	26,664	33,436	6,264	749
Total	<u>53,183</u>	<u>139,465</u>	<u>606,407</u>	<u>326,755</u>

## 26. OTHER EXPENSES

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

	<b>Consolidated</b>		<b>Unit : Thousand Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Loss on diminution in value of inventory (see Note 9)	62,886	-	-	-
Loss on impairment of machinery and equipment (see Note 13)	474,211	-	31	-
Loss on exchange rate - net	-	-	-	1,514
Total	<u>537,097</u>	<u>-</u>	<u>31</u>	<u>1,514</u>



## 27. EXPENSES BY NATURE

Significant expenses by nature for the years ended March 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2017	2016	financial statements	2016
Change in finished goods and work in process	(966,610)	667,006	-	-
Raw materials and consumables used	13,394,975	10,196,164	-	-
Store and supplies used	571,522	558,302	-	-
Fuel	619,254	591,872	-	-
Depreciation, amortisation and amortisation				
of rolling mill expenses	533,949	522,865	27,867	27,114
Employee benefits expenses	926,224	828,032	265,832	236,182
Utilities expenses	1,963,338	1,789,639	1,020	1,046
Repair and maintenance expenses	609,492	547,521	238	271
Contractor	197,876	186,489	-	-
Delivery and selling expenses	230,943	159,744	-	-
Bank charges	49,882	47,459	86	70
Premium on forward foreign exchange contract	8,359	14,689	1,560	2,200
Rental expense	44,835	49,632	27,702	27,623
Loss on diminution in value				
of inventory and inventory obsolescence	117,352	2,322	-	-
Loss on impairment on machinery and				
equipment obsolescence	474,211	-	31	-

## 28. EARNINGS PER SHARE

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

	Consolidated		Unit : Thousand Baht	
	financial statements		Separate	
	2017	2016	financial statements	2016
<b>Basic earnings per share</b>				
Profit for the years	213,750	154,189	527,724	54,175
Net loss attributable to non-controlling interest	727	34	-	-
Net profit attributable to the owners of the parent	214,477	154,223	527,724	54,175
Weighted average number of ordinary shares	8,421,540,848	8,421,540,848	8,421,540,848	8,421,540,848
<b>Basic earnings per share</b>	<b>Baht</b>			
	0.03	0.02	0.06	0.01

## 29. 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 as follows:

	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, 2017 are as follows:

Type	Name	Type of Business	Relationship
Ultimate parent company	Tata Steel Limited	Manufacture steel	Ultimate parent company
Major shareholder	T S Global Holdings Pte. Ltd.	Investing	Major shareholder
Subsidiaries	The Siam Iron and Steel (2001) Co., Ltd.	Manufacture wire rods and small section products	Common shareholders and managements
	The Siam Construction Steel Co., Ltd.	Manufacture steel bars	Common shareholders and managements
	N.T.S. Steel Group Public Company Limited	Manufacture, render a manufacturing service, distributions and trading of steel bars, wire rods and small section products	Common shareholders and managements
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 Trading Asia 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
	Tata Steel UK Ltd.	Manufacture steel	Same group of shareholders
	Tata International Singapore Pte. Ltd.	Trading	Same group of shareholders
	Tata Steel IJmuiden BV	Manufacture steel	Same group of shareholders
	Tata Consultancy Services (Thailand) Ltd.	Software services	Same group of shareholders
	Tata Consultancy Services Ltd.	Software services	Same group of shareholders
	Tata Services Limited	Training services	Same group of shareholders
	Tata Sons Limited	Investment holdings and consultancy services	Same group of shareholders
	Tata Steel Resources Australia Pte. Ltd.	Procurement	Same group of shareholders
	Tata NYK Shipping Pte. Ltd.	Shipping	Same group of shareholders
	Mjunction Services Limited	Trading and procurement	Same group of shareholders
	Siam Steel Mill Services Co., Ltd.	Recycling and reprocessing steel scrap	Indirect shareholding by subsidiary
	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
	Tata International Limited	Trading	Same group of shareholders
	Tata Steel Processing and Distribution Limited	Processing and distribution steel	Same group of shareholders
	Tata Projects Limited	Infrastructure projects	Same group of shareholders
	Tata South East Asia (Cambodia) Ltd.	Trading	Same group of shareholders
	Natsteel (Xiamen) Ltd.	Manufacture steel	Same group of shareholders

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

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Trade receivable - related parties</b>				
Tata Steel Limited	196,224	170,752	-	-
The Siam Industrial Wire Co., Ltd.	33,585	-	-	-
TSN Wires Co., Ltd.	7,036	4,616	-	-
Total	<u>236,845</u>	<u>175,368</u>	<u>-</u>	<u>-</u>

Trade receivable from related parties as at March 31, are aged as follows:

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Within credit terms	219,207	175,368	-	-
Overdue: not over 3 months	17,638	-	-	-
Total	<u>236,845</u>	<u>175,368</u>	<u>-</u>	<u>-</u>

<b>Other receivables - related parties</b>				
Tata Steel Limited	16	16	16	16
The Siam Iron and Steel (2001) Co., Ltd.	-	-	21,327	9,038
The Siam Construction Steel Co., Ltd.	-	-	43,493	15,906
N.T.S. Steel Group Public Company Limited	-	-	51,949	10,650
Tata Sons Limited	137	129	137	129
Siam Steel Mill Services Co., Ltd.	601	805	-	-
Total	<u>754</u>	<u>950</u>	<u>116,922</u>	<u>35,739</u>

**Short-term loans to a related party<sup>(1)</sup>**

N.T.S. Steel Group Public Company Limited	<u>-</u>	<u>-</u>	<u>2,719,634</u>	<u>1,965,744</u>
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<sup>(1)</sup> Short-term loans to related parties are non-collateralised loans which are not specified maturity date, carrying interest rate as at March 31, 2016 at 1% - 5.5% per annum. For April 1, 2016 onwards, the Company adjusted the interest rates to 2% - 5.5% per annum.

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

	<b>Consolidated financial statements</b>	<b>Unit : Thousand Baht Separate financial statements</b>
<b>As at March 31, 2015</b>	-	1,612,507
Increase	<u>-</u>	<u>353,237</u>
<b>As at March 31, 2016</b>	-	1,965,744
Increase	<u>-</u>	<u>753,890</u>
<b>As at March 31, 2017</b>	<u>-</u>	<u>2,719,634</u>

	<b>Consolidated financial statements</b>		<b>Unit : Thousand Baht Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Current portion of long-term loans to a related party</b>				
N.T.S. Steel Group Public Company Limited				
(Interest at MLR-2.00% p.a.)	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>

The long-term loans to a related party are non-collateralised loan according to the loan agreement dated November 9, 2007. In November 2011, the Company made the supplement to the long-term loan agreement in order to extend the first installment repayment to November 30, 2012 and the last installment repayment is on August 31, 2016 with carrying interest rate of MLR-2.00% per annum.

During the years ended March 31, 2017 and 2016, there was no additional long-term loan granted to a related party. The Company received the long-term loan repayment from a related party of Baht 200 million and Baht 865 million, respectively. On August 31, 2016, the related party made repayment of such long-term loan in full.

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
<b>Other non-current asset</b>				
T S Global Holdings Pte. Ltd. <sup>(2)</sup>	71,220	71,220	71,220	71,220

<sup>(2)</sup> The Company had paid for the advance payment for Brand Promotion fee of Tata Sons Limited of Baht 71.22 million in 2008. During the year 2014, the receivable was changed from Tata Sons Limited to T S Global Holdings Pte. Ltd.

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
<b>Trade payable - related parties</b>				
Tata Steel Limited	2,493	-	-	-
NatSteel Recycling Pte. Ltd.	-	(498)	-	-
Tata International Metals Trading Asia Ltd.	-	436,940	-	-
Tata International Singapore Pte. Ltd.	-	5,340	-	-
Siam Steel Mill Services Co., Ltd.	17,198	17,529	-	-
Total	19,691	459,311	-	-
<b>Other payables - related parties</b>				
Tata Steel Limited	3,978	326	3,978	326
The Siam Iron and Steel (2001) Co., Ltd.	-	-	627	825
The Siam Construction Steel Co., Ltd.	-	-	2,552	2,206
N.T.S. Steel Group Public Company Limited	-	-	14	117
Tata Sons Limited	23,361	11,773	23,361	11,773
Siam Steel Mill Services Co., Ltd.	950	306	-	-
Tata South East Asia (Cambodia) Ltd.	670	-	670	-
Total	28,959	12,405	31,202	15,247
<b>Advance received from customer</b>				
The Siam Industrial Wire Co., Ltd.	-	46,100	-	-

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
<b>Short-term borrowings from related parties</b>				
T S Global Holdings Pte. Ltd.				
(Interest at LIBOR + 2.5% p.a.)	-	201,822	-	201,822
The Siam Iron and Steel (2001) Co., Ltd. <sup>(3)</sup>	-	-	398,963	532,352
The Siam Construction Steel Co., Ltd. <sup>(3)</sup>	-	-	1,589,835	1,519,414
Total	-	201,822	1,988,798	2,253,588

<sup>(3)</sup> Short-term borrowings from related parties are non-collateralised which are not specified maturity date are, carrying interest rate as at March 31, 2016 at 1.5% per annum. For April 1, 2016, onwards, the Company adjusted the interest rates to 1.5% - 2% per annum.

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
<b>Current portion of long-term borrowing from a related party</b>				
T S Global Holdings Pte. Ltd.	270,596	-	270,596	-
<b>Long-term borrowing from a related party</b>				
T S Global Holdings Pte. Ltd.	-	270,596	-	270,596

The Company requested for the extension of long-term borrowing repayment from a related party that falls due on August 31, 2016 to December 31, 2017 and obtained a confirmation letter from such related party. The long-term borrowing from a related party carries no interest.

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

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
<b>Revenues</b>				
Sales				
Tata Steel Limited	450,145	666,183	-	-
The Siam Industrial Wire Co., Ltd.	472,033	464,640	-	-
TSN Wires Co., Ltd.	104,967	36,154	-	-
Total	1,027,145	1,166,977	-	-
Interest income				
N.T.S. Steel Group Public Company Limited	-	-	54,547	45,636
Management fees income <sup>(4)</sup>				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	94,640	67,699
The Siam Construction Steel Co., Ltd.	-	-	184,320	131,918
N.T.S. Steel Group Public Company Limited	-	-	192,160	12,009
Total	-	-	471,120	211,626

<sup>(4)</sup> In 2010, the parent 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, the parent company shall charge such management fee not exceeding Baht 1 million per month. This agreement is effective on April 1, 2010. Subsequently in 2016, the parent company has renewed the agreement for management fee which charges at cost plus method. Such agreement is effective on April 1, 2016, onwards.

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Dividend received				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	101,999	101,999
The Siam Construction Steel Co., Ltd.	-	-	437,500	175,000
Siam Steel Mill Services Co., Ltd.	-	52,560	-	-
Total	-	52,560	539,499	276,999
Other income				
Siam Steel Mill Services Co., Ltd.	8,319	8,059	-	-
<b>Expenses</b>				
Purchases				
Tata Steel Limited	6,530	-	-	-
NatSteel Recycling Pte. Ltd.	235,384	239	-	-
Tata International Metals Trading Asia Ltd.	950,531	1,917,153	-	-
Tata International Singapore Pte. Ltd.	16,378	24,243	-	-
Siam Steel Mill Services Co., Ltd.	187,381	182,971	-	-
Tata International Limited	4,677	22,790	-	-
Total	1,400,881	2,147,396	-	-
Purchases of assets				
Tata Steel Limited	5,449	720	5,449	720
Natsteel (Xiamen) Ltd.	2,317	-	-	-
Total	7,766	720	5,449	720
Interest expenses				
T S Global Holdings Pte. Ltd.	1,520	6,880	1,520	6,880
The Siam Iron and Steel (2001) Co., Ltd.	-	-	8,079	5,062
The Siam Construction Steel Co., Ltd.	-	-	28,390	20,076
Total	1,520	6,880	37,989	32,018
Other expenses				
The Siam Industrial Wire Co., Ltd.	42	240	5	-
NatSteel Holdings Pte. Ltd.	22	60	-	20
Tata Sons Limited	890	754	890	754
Mjunction Services Limited	58	489	-	-
Siam Steel Mill Services Co., Ltd.	8,541	9,000	-	-
Tata South East Asia (Cambodia) Ltd.	3,448	-	3,448	-
Total	13,001	10,543	4,343	774
Key management compensation				
Short-term employee benefits	62,474	56,095	62,474	56,095
Post-employment benefits	16,433	14,046	16,433	14,046
Total	78,907	70,141	78,907	70,141



### 30. INVESTMENT 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
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
The Siam Iron and Steel (2001) Co., Ltd.	Manufacturing of steel sections and wire rods	December 2015 - November 2018

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

### 31. 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: (Separate financial statements: No promoted business)

Unit : Million Baht			
Consolidated Financial Statement			
For the year ended March 31, 2017			
	Promoted Sector	Non-promoted sector	Total
Revenues			
Revenue from domestic sales	-	18,393	18,393
Revenue from export sales	-	1,308	1,308
Total revenues from sales	-	19,701	19,701
Other income	-	53	53
Total revenues	-	19,754	19,754

Unit : Million Baht			
Consolidated Financial Statement			
For the year ended March 31, 2016			
	Promoted Sector	Non-promoted sector	Total
Revenues			
Revenue from domestic sales	-	15,008	15,008
Revenue from export sales	-	1,725	1,725
Total revenues from sales	-	16,733	16,733
Other income	-	139	139
Total revenues	-	16,872	16,872

## **32. 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 credit risk is the fair value of trade 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 foreign exchange currency, the Group has entered into forward foreign exchange contracts to hedge its debts as disclosed in Note 33.

### **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.

## **33. FORWARD FOREIGN EXCHANGE CONTRACTS**

The Group entered into forward foreign exchange contracts - bought/sold to cover foreign exchange exposure on assets and liabilities associated with its trade receivable and trade payable denominated in foreign currency of the Group. The Group does not enter into financial instruments for speculation or trading.

Forward foreign exchange contracts - bought/sold in the consolidated and separate financial statements are as follows:

Consolidated financial statements					
As at March 31, 2017					
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)
<b>Forward exchange contracts - bought</b>					
USD	1,010,000	34.46	May 30 - September 15, 2017	34,803	9
USD	4,298,109	34.55 - 36.08	April 28 - August 15, 2017	149,858	(1,761)
<b>Forward exchange contracts - sold</b>					
USD	2,000,000	35.14	May 15, 2017	70,280	1,353
USD	2,000,000	34.42	July 17, 2017	68,838	(102)

Consolidated financial statements					
As at March 31, 2016					
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)
<b>Forward exchange contracts - bought</b>					
USD	12,256,000	34.97 - 35.30	May 31 - November 15, 2016	431,056	1,923
USD	34,778,000	35.60 - 36.37	April 29 - October 28, 2016	1,252,394	(23,359)
EUR	194,190	39.44 - 40.02	May 31 - July 29, 2016	7,695	100
<b>Forward exchange contracts - sold</b>					
USD	4,000,000	35.00	June 30, 2016	140,000	(1,227)

As at March 31, 2017, no forward foreign exchange contracts - bought/sold in the separate financial statement.

Separate financial statements					
As at March 31, 2016					
Currency	Contract Amount	Forward exchange rate per contract (Baht per currency)	Maturity date	Value per forward contract (Thousand Baht)	Fair Value loss (Thousand Baht)
<b>Forward exchange contracts - bought</b>					
USD	5,700,000	35.83	September 30, 2016	204,245	(2,837)

Fair value of forward foreign exchange contracts - bought/sold as at March 31, is as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Derivative assets (recognised as other current assets)	1,362	2,023	-	-
Derivative liabilities (recognised as other current liabilities)	(1,863)	(24,586)	-	(2,837)
Net loss	<u>(501)</u>	<u>(22,563)</u>	<u>-</u>	<u>(2,837)</u>

### 34. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### Financial assets and financial liabilities measured at fair value

Fair value of financial assets and financial liabilities are measured at fair value and fair value hierarchy level classification as at March 31, are summarised as follows:

Financial assets and financial liabilities	Consolidated financial statements		Separate financial statements		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	Fair value as at March 31, 2017	Fair value as at March 31, 2016	Fair value as at March 31, 2017	Fair value as at March 31, 2016		
(Thousand Baht)						
(Thousand Baht)						
<u>Financial assets</u>						
1. Foreign currency forward contracts	1,362	2,023	-	-	Level 2	Discounted cash flows  The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2. Available-for-sale investment	3,300	2,200	-	-	Level 1	Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Financial assets and financial liabilities	Consolidated financial statements		Separate financial statements		Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	Fair value as at March 31, 2017	Fair value as at March 31, 2016	Fair value as at March 31, 2017	Fair value as at March 31, 2016		
(Thousand Baht)						
(Thousand Baht)						
<u>Financial liability</u>						
1. Foreign currency forward contracts	1,863	24,586	-	2,837	Level 2	Discounted cash flows  The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

#### Financial assets and financial liabilities not measured at fair value

Valuation technique for financial assets and financial liabilities not measured at fair value of the Group and the Company as at March 31, 2017 and 2016, are as follows:

The carrying amounts of cash and cash equivalents, temporary investment, trade and other receivables, short-term loans to related parties, current portion of long-term loan to a related party and other current assets are approximately to their fair values because of the relatively short-term maturity of these financial instruments.

The carrying amounts of short-term loans from financial institutions, trade and other payables, short-term borrowing from related parties, current portion of long-term borrowings from financial institutions and other current liabilities are approximately to their fair values because of the relatively short-term maturity of these financial instruments.

For consolidated and separate financial statements, financial assets and financial liabilities which are not measured at fair value and their fair value hierarchy level classifications as at March 31, are summarised as follows:

Financial assets and financial liabilities	Consolidated financial statements				Fair value hierarchy	Valuation techniques and key inputs for fair value Measurement
	As at March 31, 2017		As at March 31, 2016			
	Carrying amount	Fair value	Carrying amount	Fair value		
	(Thousand Baht)		(Thousand Baht)			
<u>Financial asset</u>						
1. Other long-term investment	1	109,440	1	104,160	Level 3	Discounted cash flows The estimated future cash flow calculated by income approach, discounted at weighted average cost of capital which was appraised by the independent appraiser.
<u>Financial liability</u>						
1. Current portion of long-term borrowing from a related party	270,596	260,382	270,596	247,417	Level 3	Discounted cash flows Fair value of long-term borrowings from a related party bearing no interest rate are determined by discounted cash flows method and discounted by using the weight average effective interest rate of borrowing cost from the financial institutions of the Group

#### Non-financial asset measured at fair value

Non-current assets held for sale have fair value of Baht 521 million which is measured fair value by fair value hierarchy level 3, using fair value proposed by a potential buyer less costs to sell to make the sales.

### 35. COMMITMENTS

As at March 31, 2017 and 2016, the Group had commitments as follows:

- (a) Letters of credit opened but are not qualified as liabilities as at March 31, are as follows:

Currency	Unit : Thousand	
	Consolidated financial statements 2017	2016
USD	4,527	19,907
EUR	96	27

- (b) Letters of guarantee issued by the financial institutions to the Revenue Department, Electricity Generating Authority of Thailand, Provincial Electricity Authority Industrial, Estate Authority of Thailand and Bureau of Indian Standards as at March 31, 2017 and 2016 amounting to Baht 305 million and Baht 386 million, respectively, in the normal courses of business. As at March 31, 2016, the Group had the deposit at financial institutions used as collateral of Baht 32.11 million. Subsequently in 2017, the Group has withdrawn such collateral from the financial institutions.

- (c) Commitments on purchase and installation of machinery, office equipment and service agreement as at March 31, are as follows:

	Consolidated financial statements		Unit : Thousand Separate financial statements	
	2017	2016	2017	2016
<b>Currency</b>				
THB	22,988	670	880	-
USD	950	-	950	-

- (d) As at March 31, the Group has operating lease commitment for land, office building, vehicles and office equipment (including service charges) as follows:

	Consolidated financial statements		Unit : Thousand Baht Separate financial statements	
	2017	2016	2017	2016
Within one year	32,375	28,330	23,384	13,149
After one year but not over five years	48,664	33,960	31,736	14,252
Total	<u>81,039</u>	<u>62,290</u>	<u>55,120</u>	<u>27,401</u>

For the years ended March 31, 2017 and 2016, rentals applicable to long-term lease and service which have been recorded as expenses in the statements of profit or loss and other comprehensive income for the consolidated financial statements are Baht 44.84 million and Baht 49.63 million, respectively and for the separate financial statements are Baht 27.70 million and Baht 27.62 million, respectively.

### 36. CONTINGENT LIABILITIES

For fiscal year ended March 31, 2014, The Siam Construction Steel Company Limited 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. The subsidiary considered that there was a reasonable event occurred in the second half of that year that caused the net-profit under-estimated. As of March 31, 2017, the subsidiary has made the appeal to the Revenue Department and the result of this assessment has not been finalised. However, the subsidiary expected that there would not be additional surcharge to be paid and has not recorded the provisions in the financial statements.

### 37. 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 business segment and geographic area.



### **38. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors of the Company for issuing on May 9, 2017.



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