



**TATASTEEL (THAILAND)**

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED

# ANNUAL REPORT

2017  
2018



**TATA**  
**TISCON**  
Trusted Steel certified by TIS











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.

## GOALS

### Company's Financial Performance

EBITDA = 5%

### Safety

Reduce Loss Time Injury Frequency (LTIF) to 0



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FINANCIAL STATEMENTS

# CONSOLIDATED FINANCIAL HIGHLIGHTS

Unit : Million Baht

Financial Statements	2018	2017	2016	2015	2014
<b>Statement of Income</b>					
Turnover	22,246	19,701	16,733	21,355	25,363
Gross Profit	1,572	1,956	948	566	1,126
Profit before Finance Costs, Income Tax Expense, Depreciation and Amortization (EBITDA)	1,318	1,734	877	374	1,006
Profit (Loss) before tax	585	441	223	(386)	84
*Profit (Loss) after tax	**455	***214	154	****(610)	31
<b>Statement of Financial Position</b>					
Total Assets	12,673	12,937	12,897	13,640	16,195
Total Liabilities	3,446	4,172	4,343	5,241	7,179
Total Shareholders' Equity	9,227	8,765	8,554	8,399	9,016
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 is after the adjustment of one-off items as below:

\*\* Provision for impairment of non-current asset classified as held-for-sale of ฿ 61 Mn.

\*\*\* 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 2012).

Financial Ratios	2018	2017	2016	2015	2014
<b>Liquidity Ratio</b>					
1. Current Ratio (Times)	1.78	1.40	1.07	1.01	1.17
<b>Efficiency Ratio</b>					
2. Fixed Asset Turnover Ratio	6.38	4.60	3.34	3.99	4.41
3. Total Asset Turnover Ratio	1.74	1.53	1.27	1.44	1.48
4. Accounts Receivable Turnover Ratio	20.49	24.83	25.82	31.57	31.92
5. Average Collection Period (Days)	17.81	14.70	14.14	11.56	11.43
6. Inventory Turnover Ratio	6.27	6.56	5.72	5.33	5.08
<b>Debt Management Ratio</b>					
7. Debt to Assets Ratio (%)	27.19	32.25	33.67	38.42	44.33
8. Debt to Equity Ratio (Times)	0.37	0.48	0.51	0.62	0.80
9. EBITDA Coverage Ratio (Times)	15.88	17.15	6.59	1.64	3.07
<b>Profitability Ratio</b>					
10. Earnings (Loss) per Share (Baht)	0.05	0.03	0.02	(0.07)	0.00
11. Return on Total Revenues (%)	2.04	1.09	0.91	(2.85)	0.12
12. Return on Assets (%)	3.55	1.66	1.16	(4.09)	0.18
13. Return on Equity (%)	5.05	2.47	1.82	(6.99)	0.34

1. Current Ratio : Current Assets / Current Liabilities

2. Fixed Asset Turnover Ratio : Total Revenues / Net Fixed Assets (average)  
(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 / Trade Receivable  
(average) (Turnover : Revenue from sales)

5. Average Collection Period : 365 days / Accounts Receivable Turnover Ratio

6. Inventory Turnover Ratio : Cost of sales / Inventory (average)

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

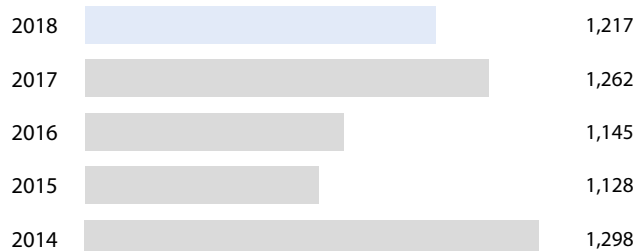
11. Return on Total Revenues : Profit (Loss) after tax /  
Total Revenues

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

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

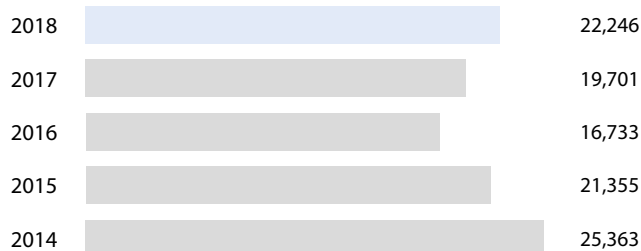
## SALES VOLUME

(Thousand Ton)



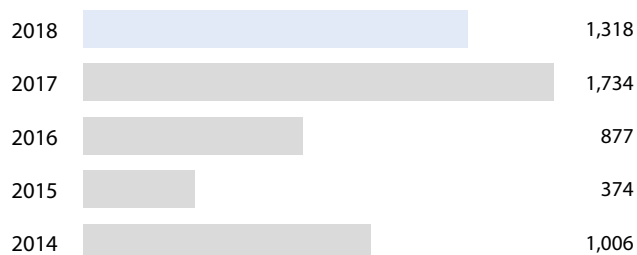
## TURNOVER

(Million Baht)



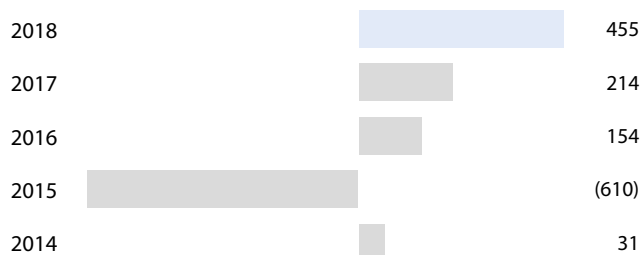
## EBITDA

(Million Baht)



## PROFIT (LOSS) AFTER TAX

(Million Baht)



2015 Deferred tax asset write off 200 MB.

2017 a) Impairment of MBF Assets 528 MB.

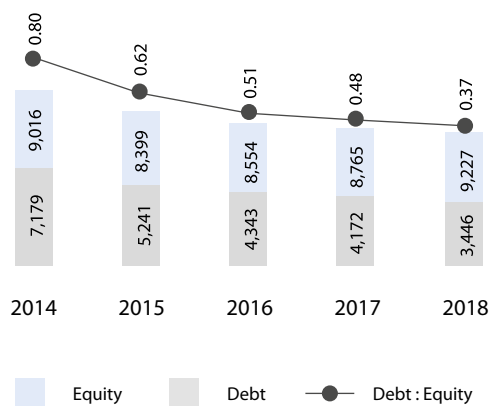
b) Provision/write-off of obsolete fixed assets/old raw material inventory 90 MB.

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

2018 Provision for impairment of non-current asset classified as held-for-sale 61 MB.

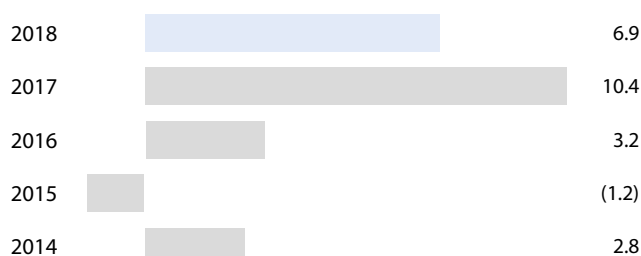
## DEBT TO EQUITY

(Times)



## RETURN ON INVESTED CAPITAL

(%)



## Company's name

Tata Steel (Thailand) Public Company Limited  
(Formerly known as :  
Millennium Steel Public Company Limited or "MS")

## Registration No.

0107545000136

## Business Type

Manufacturer and distributor of long steel products

## Securities Trading Symbol

TSTH

## ISIN Number

Local TH0692010000  
Foreign TH0692010018  
NVDR TH0692010R12

## Established

July 12, 2002

## Listing Date

November 29, 2002

## Trading Date

December 18, 2002

## Head Office

555 Rasa Tower 2, 20<sup>th</sup> Floor, Phaholyothin Road,  
Chatuchak, Bangkok 10900, Thailand  
Telephone +66 2937 1000  
Fax +66 2937 1224

## Website

<http://www.tatasteelthailand.com>

## Ordinary Shares

8,421,540,848 Shares

## Paid Up Capital

8,421,540,848 Baht

## Par Value

1.00 Baht per share

## Registrar

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  
<http://www.set.or.th/tsd>

## Auditors

Ms. Varaporn Vorathitikul (Certified Public Accountant No. 4474)  
PricewaterhouseCoopers ABAS Ltd. ("PwC")  
15<sup>th</sup> Floor, Bangkok City Tower, 179/74-80 South Sathorn Road,  
Sathorn, Bangkok, 10120, Thailand

## Filing a Complaint on Ethics

Chairman of the Audit Committee  
Mr. Alan Kam  
E-mail : [alank@libertasth.com](mailto:alank@libertasth.com)

## Ethics Counselor

Mr. Sirorote Matemanosak  
Tel. +66 2937 1000 Ext. 1810  
Fax. +66 2937 1224  
E-mail : [sirorotem@tatasteelthailand.com](mailto:sirorotem@tatasteelthailand.com)

## Investor Relations

Ms. Arisara Na Ranong  
Tel. +66 2937 1000 Ext. 3210  
Fax. +66 2937 1224  
Email : [arisan@tatasteelthailand.com](mailto:arisan@tatasteelthailand.com)

## Corporate Communications and Activity

Mr. Jitti Suwanvajokkasikij  
Tel. +66 2937 1000 Ext. 2420  
Fax. +66 2937 1224  
Email : [jittis@tatasteelthailand.com](mailto: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 3834 5355 Fax. +66 3834 5350
<b>Ordinary Shares</b>	3,856,637,797 Shares
<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, Map Ta Phut Industrial Estate, Ampher Mueang, Rayong 21150 Tel. +66 3868 3968 Fax. +66 3868 3969
<b>Ordinary Shares</b>	17,500,000 Shares
<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 3628 8000 Fax. +66 3628 8002
<b>Ordinary Shares</b>	1,200,000 Shares
<b>Paid Up Capital</b>	120,000,000.00 Baht
<b>Par Value</b>	100 Baht
<b>Held by TSTH</b>	99.99 %



**Corporate Office :** Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak, Bangkok 10900, Thailand  
Tel. +66 2937 1000 Fax. +66 2937 1224

# MESSAGE FROM THE BOARD OF DIRECTORS



**MR. PEEYUSH GUPTA**

Chairman of the Board of Directors

## DEAR SHAREHOLDERS,

It is my proud privilege to write to you as the Chairman of Tata Steel Thailand Public Company Limited and present to you the report for the financial year 2017-2018.

Firstly, on the global front, the world economy grew at the rate of 3.7% in 2017, fastest since 2010 in the backdrop of strong commodity prices and boost in global trade. At the same time, ASEAN region grew by 5.2% over previous year driven by upsurge in exports, household consumption and public investment.

In terms of Steel, global steel output reached 1,691 million tons, an increase of 5.3% over 2016 and average capacity utilization stood at 69.5%. China grew by 5.7% to reach 832 million tons but structural changes saw closure of over 100 million tons of induction furnace capacity in China. Supported by healthy domestic consumption, steel exports from China dropped by over 30% to around 75 million tons in 2017. This gave a positive boost to steel prices in the region and in the world.

However, uncertainty continued to prevail in the trade environment due to rising protectionism. USA signed a proclamation in March 2018 for an imposition of 25% tariff on steel imports following the submission of the

Section 232 investigation. For ASEAN countries, while, this may not have a serious direct impact, the risk of redirected steel exports has gone up as ASEAN is a major steel importing region in the world. Additionally, it is likely to disrupt the flow of scrap out of US thereby disturbing the balance and needs to be managed deftly in 2018.

Another significant development last year was a huge jump in the prices of consumables like graphite electrodes (almost 8 times), refractories being exported by China to various EAF units across the world including ASEAN. This continues to be a challenging matter in 2018 for EAF producers in Thailand.

## THAILAND ECONOMY

Economy in Thailand has been stable with 15 straight quarters of growth and is expected to remain positive in 2018 with over 4% GDP growth on healthy exports and booming tourism. Private investment has shown signs of recovery. Consumer purchasing power is returning as first car policy debts fade and Thai government aids low-income households. However, public investment especially in construction/infrastructure creation has remained subdued and is lower than last year. Consequently, as per ISIT Thailand, Long products steel consumption witnessed a drop of over 20% in 2017 over previous year.



## COMPANY PERFORMANCE HIGHLIGHTS

Against this backdrop, your Company made significant efforts to strengthen its market share by restricting the sales drop to only 4%. While, straight rebars sales were lower, the shortfall was made up by higher exports, wire rods and ready to use downstream products. The Company started commercial supplies of Tyre Cord and Customer Satisfaction Index as measured by a third party saw an improvement of 4 points over previous year. To address the future challenge, the Company undertook a focused improvement program titled 'Sustainable Marketing & Sales'.

In the area of Procurement, the Company increased its domestic scrap procurement by 5% over previous year and undertook trials of new types of metallic. Procurement Excellence Program' that had started in 2015-2016 continues to drive sourcing strategy, new vendor development & working closely with supplier.

In the area of Occupational health and safety, I am happy to inform you that N.T.S. and SCSC plants completed 5 and 4 years respectively without any lost time incident. Strong Contractor Safety Management processes have earned recognition from World Steel Association and no contractor below star rating 3 has been engaged at the Company premises. However, there was one case of lost time injury.

As part of long term sustainability and to manage cost, the first roof top solar power plant is scheduled for commissioning in 2018 and a Shop floor knowledge transformation (SKT) has facilitated horizontal deployment of best practices across the manufacturing sites. While, the recent increase in minimum wage has an impact on the availability and cost of labour, the Company continues to expand its digital foot print and has invested in a new Cut & Bend facility. During the year, the Company has also signed an agreement to sell the mothballed assets at its Mini Blast Furnace.

Tata Steel Thailand has continued to be a responsible corporate citizen with 99.5% of the employees joining in at least one such program organized by the Company. Its flagship program 'Grow Smart with Tata Steel' to encourage reading habits in rural areas reached 276 schools including 6 mobile libraries. During the year, the Company organized first ever 'Tata Steel Mini Marathon'. 100% proceeds from the event were donated to the War Veterans Organization of Thailand.

During the year, N.T.S. won the Prime Minister Industry Award for Safety Excellence and SCSC won Green Mining award and Tata Steel Thailand was recognised with Sustainability Report Award from Thai Listed Companies Association, The Securities and Exchange Commission, Thailand and Thaipat Institute.

## FY 2018-2019 OUTLOOK

While, global steel demand is expected to grow by 1.8% in 2018, China is expected to continue its journey towards consumption led economy. Thus, steel exports out of China are expected to be at similar level as 2017 leading to a positive impact on the domestic steel market in ASEAN. There is a risk of a few closed induction furnaces getting relocated to the region leading to further excess supply. While, specific Governments are looking at ways to keep the trade balance similar, robust raw material prices and runaway consumable prices are likely to keep costs under pressure. However, with the recent announcement on Eastern Economic Corridor (EEC) and elections likely next year, public spending on infrastructure may improve in 2018 in H2. The Company will continue its mix enrichment initiatives and actively explore export opportunities in ASEAN.

During the fiscal year of 2017-2018, there were changes in Tata Steel (Thailand)'s Board. Mr. T V Narendran stepped down from the Board in view of his enhanced responsibilities at Tata Steel Group. Mr. Maris Samaram and Ms. Rawewan Peyayopanukul, Independent Directors, retired as per the Corporate Governance Policy of the Company. The Board records its gratitude towards the guidance and leadership provided by these Directors during their long association with the Company.

Finally, I would like to thank you for the unstinted support to the Company. I would also like to thank our esteemed customers, various government officials, suppliers, vendors, lenders and other stakeholders for their continued support to the Company and also to the employees, unions and the Management team for their deep level of commitment. With your continued and valuable support, we will take the Company to greater and newer heights.



**PEEYUSH GUPTA**

Chairman of the Board of Directors

# ■ THE BOARD OF DIRECTORS

## MR. RAJIV MANGAL

- Director
- Member of the Executive Committee
- Member of the Corporate Social Responsibility and Sustainability Committee
- President and CEO

## MR. RANGANATH RAGHUPATHY RAO

- Director
- Member of the Executive Committee

## MR. ALAN KAM

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

## MR. PEEYUSH GUPTA

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



**MS. ANUTTARA  
PANPOTHONG**

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

**MR. TARATORN  
PREMSOONTORN**

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

**MR. HATASAKDI  
NA POMBEJRA**

- Independent Director
- Member of the Audit Committee
- Chairman of the Corporate Social Responsibility and Sustainability Committee

**MR. ASHISH  
ANUPAM**

- Director
- Member of the Executive Committee
- Member of the Corporate Social Responsibility and Sustainability Committee





## MR. PEEYUSH GUPTA

**Chairman of the Board of Directors**  
**Chairman of the Executive Committee**  
**Chairman of the Corporated Governance**  
**Nomination and Remuneration Committee**

**Age** 49

**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
2013 - Present	Vice President Marketing Tata Steel Ltd.
2009 – Present	Director TM International Logistics Limited
2012 – 2013	President & CEO Tata Steel (Thailand) Public Company Limited

## MR. ALAN KAM

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

**Age** 61

**Date of Appointment** July 8, 2017

**Shareholding** None

**Relative** None

### Education

- MBA, Finance, University of Denver, USA
- BSBA, Finance, University of Denver, USA
- Director Certification Program (DCP 39/2004)
- IOD-Corporate Social Responsibility Program (CSR 1/2006)
- IOD-Chartered Director Course (CDC 2/2008)
- Corporate Governance for Capital Market Intermediaries Class (CGI 0/2014)
- The Role of Chairman Program (RCP 2017)

### Experience

2016 – Present	Chairman of the Board of Directors Ticket Melon Company Limited
2015 – Present	Director Cal-Comp Holdings (Brasil) S.A.
2014 – Present	Director and Chairman of the Investment Committee Nambawan Superannuation Fund Limited, Port Moresby, Papua New Guinea
2013 – Present	Independent Director and Chairman of the Audit Committee Mega LifeSciences Public Co., Ltd.
2008 – Present	Principal Libertas Company Limited
2000 – Present	Independent Director and Chairman of the Audit Committee Cal-Comp Electronics (Thailand) PCL
2012 – 2016	Executive Director Krungsri Asset Management Company Limited

## MR. HATSAKDI NA POMBEJRA

**Independent Director**  
**Member of the Audit Committee**  
**Chairman of the Corporate Social Responsibility and Sustainability 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
- Corporate Secretary (CSP 4/2003)
- Director Certification Program (DCP 33/2003)
- Audit Committee Program (ACP 13/2006)
- Monitoring The IA function (MIA 7/2007)
- Monitoring Quality of Financial Report (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<br>Member of the Audit Committee<br>Board of Trade of Thailand |
| 2014 – Present | Independent Director and<br>Member of the Audit Committee<br>Thai Chamber of Commerce   |

## MS. ANUTTARA PANPOTHONG

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

**Age** 46

**Date of Appointment** March 20, 2018

**Shareholding** None

**Relative** None

### Education

- MBA, Finance and Investment,  
George Washington University, Washington DC, USA
- BBA, Finance and Banking – First Class Honors,  
Thammasat University

### Experience

- |                |   |
|----------------|---|
| 2017 – Present | Board of Director<br>Siam City Concrete   |
| 2017 – Present | Secretary of Nomination and<br>Remuneration Committee<br>Siam City Cement Group |
| 2015 - 2017    | Authorized Director<br>Unilever Thai Holding Co., Ltd.                          |

## 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

### Education

- Master of Business Administration,  
Oklahoma City University, USA
- Bachelor of Economics,  
Chulalongkorn University
- Director Certification Program (DCP : 40/2004)
- Director Accreditation Program (DAP : 2/2003)
- Finance for Non-Finance Directors Program  
(FND : 7/2003)

### Experience

- |                |  |
|----------------|--|
| 1996 – Present | Senior Vice President<br>Bangkok Bank Public Company Limited |
| 2001 – 2014    | Director<br>Sriracha Harbour Public Company Limited          |

## MR. RANGANATH RAGHUPATHY RAO

**Director**

**Member of the Executive Committee**

**Age** 58

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



## MR. ASHISH ANUPAM

**Director**

**Member of the Executive Committee**

**Member of the Corporate Social Responsibility and Sustainability Committee**

**Age** 49

**Date of Appointment** January 30, 2018

**Shareholding** None

**Relative** None

### Education

- Bachelor of Engineering (Mechanical Engineering), Birla Institute of Technology, Ranchi, India
- Advance Management Program, CEDEP (INSEAD, France)

### Experience

2015 – Present	President & CEO NatSteel Holdings Pte. Limited, Singapore
2013 - 2015	Executive In Charge - Tubes Division Tata Steel Limited, India
2009 - 2013	Chief of Marketing & Sales, Long Products Tata Steel Limited, India

## MR. RAJIV MANGAL

**Director**

**Member of the Executive Committee**

**Member of the Corporate Social Responsibility and Sustainability Committee**

**President and 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
- Advance Management Program CEDEP (INSEAD, France)
- Global Leadership Development Programme, India/UK
- Director Certification Program (DCP : 230/2016), Institute of Directors (IOD), Thailand

### Experience

2018 - Present	Director NatSteel Holdings Pte. Ltd.
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

The following directors retired/ stepped down from the Board of Directors during the year.



### **MR. THACHAT VISWANATH NARENDRA**

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

**Date of Appointment** July 29, 2015

**Date of Stepping down** January 10, 2018



### **MR. MARIS SAMARAM**

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

**Date of Appointment** July 29, 2002

**Date of Retirement** July 7, 2017



### **MS. RAWEWAN PEYAYOPANAKUL**

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

**Date of Appointment** July 29, 2002

**Date of Retirement** March 20, 2018



**1 MR. RAJIV MANGAL**

President and CEO

**2 MR. WANLERT KANWIWAT**

Chief Operating Officer

**3 MR. JAYANTA CHAKRABORTY**

Vice President – Finance and Chief Financial Officer

**4 MR. SIROROTE MATEMANOSAK**

Vice President – Human Resources and Corporate Affairs

**5 MR. PAITON CHUESOOK**

Vice President – Procurement

**6 MR. CHAICHALERM BUNYANUWAT**

Vice President – Marketing and Sales

**7 MR. AMIT KHANNA**

Vice President – Capital Projects and Business Excellence

**8 MR. ARUN KUMAR CHOWDHARY**

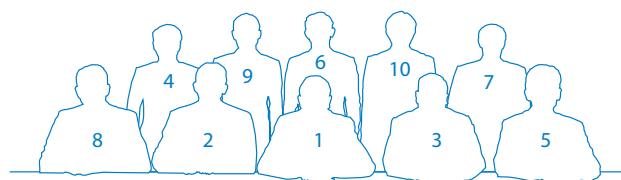
Vice President – Chonburi Plant

**9 MR. PORNCHEI TANGWORRAKULCHAI**

Vice President – Rayong Plant

**10 MR. RUNGROTH LERT-A-ROM**

Vice President – Saraburi Plant





## 1 MR. RAJIV MANGAL

**President and 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
- Advance Management Program CEDEP (INSEAD, France)
- Global Leadership Development Programme, India/UK
- Director Certification Program (DCP : 230/2016), Institute of Directors (IOD), Thailand

### Experience

2018 – Present	Director NatSteel Holdings Pte. Ltd.
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

## 2 MR. WANLERT KANWIAT

**Chief Operating Officer**

**Age** 52

**Date of Appointment** April 1, 2016

**Shareholding** None

**Relative** None

### Education

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

### 3 MR. JAYANTA CHAKRABORTY

**Vice President – Finance and Chief Financial Officer**

**Age** 52

**Date of Appointment** September 15, 2016

**Shareholding** None

**Relative** None

#### Education

- Bachelor of Commerce, Calcutta University
- Chartered Accountant, Institute of Chartered Accountants of India
- General Management Programme, CEDEP, France
- Global Leadership Development Programme, India/UK
- Director Certification Program (DCP : 241/2017), Institute of Directors (IOD) Thailand

#### Experience

2018 – Present	Director NatSteel Holdings Pte. Ltd.
2016 – Present	Director The Siam Construction Steel Company Limited and The Siam Iron and Steel (2001) Company Limited
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 International Shipping & Logistics FZE
2006 – 2013	Chief (Corporate Accounts and Financial Reporting) Tata Steel Limited

### 4 MR. SIROTE MATEMANOSAK

**Vice President – Human Resources and Corporate Affairs**

**Age** 55

**Date of Appointment** January 1, 2010

**Shareholding** 220,000 (0.00%)

**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

## 5 MR. PAITON CHUESOOK

**Vice President – Procurement**

**Age** 55

**Date of Appointment** April 1, 2012

**Shareholding** None

**Relative** None

### Education

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

## 6 MR. CHAICHALERM BUNYANUWAT

**Vice President – Marketing and Sales**

**Age** 49

**Date of Appointment** July 31, 2012

**Shareholding** None

**Relative** None

### Education

- Bachelor of Mechanical Engineering,  
King Mongkut's University of Technology Thonburi, Thailand
- Global Leadership Development Programme, India/UK

### Experience

2012 – 2016	Director and Vice President The Siam Iron & Steel (2001) Company Limited
2012 – 2012	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



## 7 MR. AMIT KHANNA

**Vice President – Capital Projects and Business Excellence**

**Age** 51

**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

## 8 MR. ARUN KUMAR CHOWDHARY

**Vice President – Chonburi Plant**

**Age** 59

**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



## 9 MR. PORNCHAI TANGWORRAKULCHAI

**Vice President – Rayong Plant**

**Age** 48

**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 & Steel (2001) Company Limited

## 10 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, USA
- Bachelor of Engineer (Metallurgy),  
Chulalongkorn University

### Experience

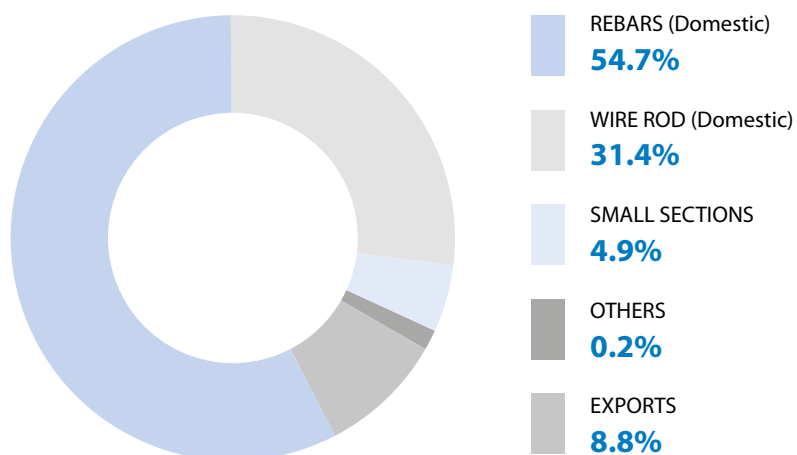
2016 - Present	Director The Siam Iron & Steel (2001) Company Limited
2015 – 2016	Senior Department manager - Steel Plant The Siam Iron & Steel (2001) Company Limited
2014 – 2015	Senior Department Manager – Steel Plant and Maintenance The Siam Construction Steel Company Limited
2012 – 2014	Senior Department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

## 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 2017 - 2018			Year 2016 - 2017			Year 2015 - 2016		
	Thousand Ton	Million Baht	%	Thousand Ton	Million Baht	%	Thousand Ton	Million Baht	%
<b>Domestic Market</b>									
Rebars	682	12,174	54.7	844	12,929	65.6	751	10,545	63.0
Wire Rods	360	6,977	31.4	256	4,263	21.6	195	3,115	18.6
Small Sections	59	1,094	4.9	69	1,106	5.6	77	1,295	7.8
Others	3	52	0.2	8	95	0.5	5	53	0.3
<b>Total Revenues from Domestic Sales</b>	<b>1,104</b>	<b>20,297</b>	<b>91.2</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>Export Market</b>									
Rebars	101	1,729	7.8	84	1,295	6.6	116	1,705	10.2
Wire Rods	12	220	1.0	1	13	0.1	1	20	0.1
<b>Total Revenues from Exports</b>	<b>113</b>	<b>1,949</b>	<b>8.8</b>	<b>85</b>	<b>1,308</b>	<b>6.7</b>	<b>117</b>	<b>1,725</b>	<b>10.3</b>
<b>Total Revenues</b>	<b>1,217</b>	<b>22,246</b>	<b>100.0</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>

## REVENUES FROM SALES 2017-2018



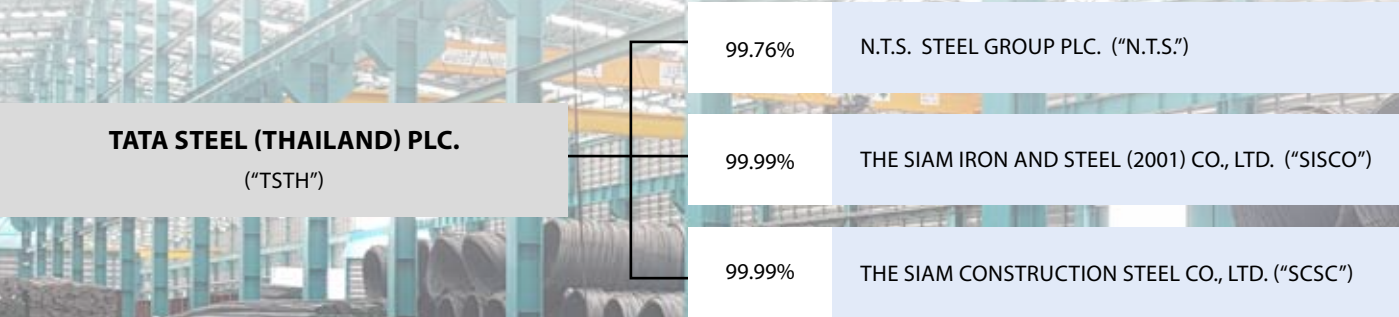


## BUSINESS DESCRIPTION OF THE COMPANY

Tata Steel (Thailand) Public Company Limited (TSTH) was formerly known as Millennium Steel Public Company Limited. Millennium Steel Public Company Limited was established by merging the businesses of N.T.S. Steel Group Public Company Limited, (N.T.S.) whose shares were held by Horrungrueng Group and The Siam Iron and Steel (2001) Co., Ltd. (SISCO) and The Siam Construction Steel Co., Ltd. (SCSC), whose shares were held by Siam Cement Holding Limited. In 2006, Tata Steel Limited (TSL), through its wholly owned subsidiary Tata Steel Global Holdings Pte. Ltd. ("TSGH"), acquired the majority stake in Millennium Steel Public Company Limited. The Company changed its name from Millennium Steel Public Company Limited to Tata Steel (Thailand) Public Company Limited.

The Company's major shareholder, Tata Steel Global Holdings Pte. Ltd. ("TSGH"), is 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 in 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 & 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 & South East Asia in an integrated manner.

## SHAREHOLDING STRUCTURE



TSTH operates its business as a holding company with shareholding in its three subsidiaries namely N.T.S., SISCO and SCSC. The three subsidiaries produce Reinforcing bars (Rebars), Wire Rods, Small Section and Special Bar Quality Steel led 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 three 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.

## 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 the profitability of the Company as a whole. The product mix is derived based on the technical and production capability of each plant and specific decision to roll a particular product in based on the market needs and customer requirements.

## NATURE OF PRODUCT

### 1. Reinforcing Bars



1.1 Round Bar in the size range of 6-25 mm. diameter is manufactured in accordance with Thai Industrial Standards (TIS) No. 20-2559, grade SR24.

1.2 Deformed Bar in the size range of 10-40 mm. diameter is manufactured in accordance with Thai Industrial Standards (TIS) No. 24-2559, grades SD 40 and SD 50.

These Rebars are marketed under 'TATA TISCON' trademark. Major usage is in the construction sector in concrete reinforcement such as beams, columns, road surface, bridges, stadiums, dams, houses and buildings, etc.

In addition, the Company markets special quality Rebar under trademark 'TATA TISCON S'. These Rebars has special characteristic to withstand the earthquake shock for a longer period of time compared to standard Rebars. Here S indicates super ductile. These products are available in size range of 10-40 mm. diameter and grade SD 40.

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 Cold Heading Quality*: These conform to SWRCH 6A-22A grade and are produced in the size range of 5.5-17 mm. 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. 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 SM400-540 and SS400-540 grade and is manufactured in accordance with Thai Industrial Standards (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 400-540 Quality Class and 19-40 mm. diameter is manufactured in accordance with JIS G3101 (1995) grade for general use and with S10C-S50C grade in 19-40 mm. diameter is manufactured in accordance with JIS G4051 (1979) grade for application in automobile and general engineering sector.



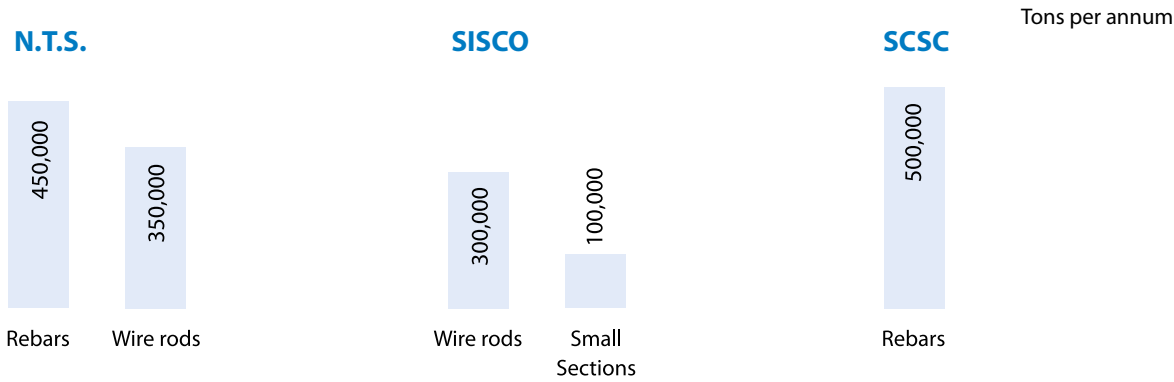
5. Cut and Bend

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.



The Company also manufactures finished Stirrups that are marketed under trademark ‘Tiscon Superlink’ and finished dowel under trademark ‘Tata Tiscon’. Tiscon Superlink is used during construction of beam and pole while dowel finds application in road construction and reinforcing rocks.

Production capacity of Tata Steel (Thailand)



With the total finished goods production of 1.21 Million Tons, the production capacity utilization for the financial year ending in March 31, 2018 stood at 71% estimated.



## MANAGEMENT STANDARD SYSTEM

All the three subsidiaries of Tata Steel (Thailand) namely, SISCO, SCSC and N.T.S. have adopted international standards in Quality Management System and are certified to TIS/ISO 9001:2015. In addition, the Company realizes the importance of the environment control and therefore SCSC, N.T.S. and SISCO are certified to TIS/ISO 14001:2015 (International standard for the environmental control). N.T.S. and SCSC are certified to ISO/IEC 17025:2005 (General requirements for the competence of testing and calibration laboratories). SISCO and N.T.S. are certified to "Carbon Footprint for Organization (CFO)" from Thailand Greenhouse Gas Management Organization (TGO).



The Company accords highest priority to safety and well-being of workmen at the workplace. Accordingly SISCO, SCSC and N.T.S. are certified to TIS 18001-2554 and BS OHSAS 18001:2007 (International standard of Occupational Health and Safety Management Systems).

TSTH Marketing & Sales and Procurement divisions are certified to ISO 9001:2015 and ISO 9001:2008 respectively.



## PROCUREMENT DIVISION

Over the years, China has become an important supply base for raw materials, spares and consumables to the world. During last year, government of China has taken certain measures to improve environmental performance in the country. This has resulted in partial or complete closure of many manufacturing facilities there thereby impacting supply of certain materials adversely. Availability and hence cost of steel making raw materials like Graphite Electrode, Ferro Alloys and Refractory has become a challenge. Graphite electrode alone has seen price going up almost eight times in last fifteen months. The Company tracks the market situation closely and has been working to develop sources outside of China to reduce the risk. At the same time, Procurement division works closely with Tata Steel China Desk to look for cost effective yet reliable suppliers in China and thereby expand the supplier base.

Procurement Division of Tata Steel (Thailand) works toward long term sustainability and aims to expand its supply chain network continuously. Parallely, the division regularly communicates policies related to Ethics, Corporate Governance and Safety Standards to all concerned in the supply chain and to business partners so that they can develop proper systems in these areas.

The Company 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 76% and 24% respectively for 2017-2018. Share of domestic buying is higher due to shorter lead time, lower transportation costs, lower currency risk related to fluctuation in currency exchange rate and helps in job creation and driving the economic growth in the country.

Senior management of the Company engages with the key supplier partners at regular intervals. Annual vendor partner meet is organized to share Company's plans and get market inputs from the partners.

## STRUCTURE OF THE DIVISION

During the year, there has been a reorganization of the Procurement Division. Production Supply Department has been separated from Maintenance Repairs and Operation Department to improve agility and focus more on strategic sourcing. A new section for material data management has been set to enhance service level to the users and manage material availability at optimum level. Procurement Division of the Company is now organized as per spend in eight major functions, described as under:



## 1. Metallic Sourcing

Steel scrap is the main raw material for electric arc furnaces. In 2017, competition in the domestic scrap market remained high due to new induction furnace players in country. Occasionally, the Company purchased semi-finished products (billet) from open market as it was a better option commercially. The Company continues working on developing alternate low cost steel scrap, as well as expanding the scrap purchasing yards to increase the domestic sourcing to replace imported scrap. The strategy is to maximize domestic scrap as this is the lowest cost option.

## 2. Maintenance Repairs and Operation (MRO) Goods

This department is predominantly working on sourcing (technical) MRO Goods, including Bearings, Electrical equipment, Hydraulic system, Fuel and Fluid Systems, Water Treatment System, Filter, Belt-Chain and etc. Setting of material data management section to work in close coordination between MRO and Material Supply Department has helped to update material database effectively. This has helped in improving sourcing efficiency for comparable spare parts and consumables. This along with sourcing from low cost countries, reduce transactional load and expanding vendor base remains priority for this department.

## 3. Raw Materials, Corporate Services and Capex

Raw Materials team handles the procurement of ferro alloys, refractory and other additives used in the electric arc furnace. Key strategy is to find the right source of supply with optimum value and price combination suitable for TSTH operations. The Company applies strategic sourcing concept to procure directly from manufacturers in low cost country like India, Bhutan, Malaysia and Pakistan. Chinese Central Government has recently tightened the environment policy thereby affecting the supply from there.

For Capital Expenditure, Procurement, Project managers & teams have developed technical specification review process which has helped to reduce pre-bidding processing time. Projects related to energy saving comply with the sustainability policy of Tata Steel Group.

## 4. Production Supply

This is linked to the production plan, which needs to be adjusted at times according to market changes. The key production supply material is Graphite Electrode which is very important in the steel making process through Electric Arc Furnace.

China's environmental policy during the past year has resulted in price volatility. There is close collaboration between Tata Steel (Thailand) procurement and Tata Steel Group's in India and Singapore. Procurement uses a combined volume strategy with Tata Steel Group to increase bargaining power in both price and other trade terms and also reduces risk by diversifying the source of suppliers.

## 5. Plant Procurement

Primary function of this team is to source services for the users at the three manufacturing sites. The Company complies with the minimum wage structure as announced by the government from time to time. As services cost is dependent on number of workmen, constant effort is made to improve workmen productivity. As principal employer, the Company realizes the importance of the registration and compliance of the legal requirements related to foreign workers. In addition, the Company focuses on the contractor safety processes to ensure zero harm at working sites.

## 6. Logistics Services

Inbound Logistics and related services are structured to handle import cargoes. Key goal is to manage inbound logistics in such a way that all cargoes reach the end users on time, at optimal cost and in a safe manner.

Since last year, a working group has been set up with representatives from relevant departments to reduce time of vehicle in – vehicle out (VIVO) with the aim to increase the level of satisfaction of customers and transport contractors.

## 7. Sourcing Support and reporting

The Company plans to develop an efficient sourcing system to communicate procurement information in a clear and transparent manner to internal and external stakeholders in its journey to become a digital organization. Various options are under study in consultation with the Tata Steel India IT team.

## 8. Supply Management

This team manages Stores function 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. Best practices from Tata Steel India are incorporated in the material management strategy to keep quality of spares and consumables at a healthy level without compromising on the service levels.

## **RISK FACTORS IN PROCUREMENT**

### **1. Metallic and Raw Material Price Fluctuations**

Last year, there was high demand of domestic scrap from new induction furnaces in the country and fluctuation of steel scrap price & iron ore in international market. This impacted the steel industry significantly. The Company expanded to a new area for yard processing to collect more domestic scrap. Alternative low cost metallic trials and commercial sourcing remains a focus area.

### **2. Sole Source Manufacturer/ Supplier**

Procurement has reduced risk from single manufacturer/supplier through multiple ways. Firstly, working together with end users through Strategic 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. From monthly follow-up during the year, results show that the supply dependence on single vendors has declined.

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. Increasing Skilled Labor Cost**

Recent announcement of Thai government to prohibit foreign labour to do skilled work resulted in increased labor cost. To reduce the impact, the Company work towards combining different types of jobs, improve manpower productivity, shift part of contract jobs to own employees and re-engineer work to avoid certain types of activities.

## **ENVIRONMENTAL IMPACTS**

Tata Steel (Thailand) has set up and communicated clear policies to suppliers and business partners to recognize and comply with environmental laws including the rules and regulations prescribed by the law of the land. Presently, the Company has no legal dispute or lawsuits relating to environment problems.

## **INDUSTRY 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 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 major dealers and modern trade i.e Global House, Thai Watsadu and Mega Home.

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 and selectively distributes via trader in few cases. The Company has created sound platform for continuously improving the product and service offerings to the Customers through creation of customer service teams. The team comprises of representatives from production, marketing and sales, quality assurance & new product development and production planning department.

The Company has focused on making customized products as per customer processing and end applications. The Company has started 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. The Company has added new dealers in the provinces. Moreover, the Company regularly visits end customers such as tower fabricators and Electricity Generating Authority of Thailand 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 value added product via the dealers in Bangkok and provinces in every region and also directly sells to the construction companies and project owners.

The Company organized a separate project management team to coordinate with project owners about production plan and transportation to match with each project site's requirements.

All products are promoted through social media, radio, print media and public vehicles in Bangkok and provinces. The Company arranges marketing activities in various forms to create a relationship with its customers and distributors.

#### Distribution Proportion

Distribution Channel	Financial Year (%)				
	2017-2018*	2016-2017*	2015-2016*	2014-2015*	2013-2014*
Direct Sales	48	39	34	32	37
Regional Agent	17	18	18	18	16
Agent in Bangkok Metropolitan Region	35	43	48	50	47
Total	100	100	100	100	100

Remarks \* Adjusting according to reorganization

#### BUSINESS ENVIRONMENT

In 2017, global demand for iron and steel was at 1,622 million tonnes, increased by 7% from the previous year in the backdrop of the improving world economy especially US, Europe and Japan. China's demand for steel was 766 million tonnes, increased by 12.4% year-on-year due to the expansion in the industry and infrastructure.

In the past year, China has implemented a policy of reducing excess capacity in the steel industry and steel products especially, the Induction Furnace (IF) plants. This has resulted in Chinese steelmakers selling machinery or moving production base to other countries including Thailand.

#### Export Market

The Company regularly exports Rebars and Wire Rods to countries in the ASEAN region such as Laos, Cambodia, Myanmar, Singapore, Indonesia and Philippines. In addition, the Company exports Rebar under TATA TISCON Trademark to India which is supported by dealer network of Tata Steel India. Total exports during the year were approximately 9% of the total sales.

During the year, the Company has been granted manufacturing license in accordance with international standard, including ACRS (Australia/New Zealand), BIS (India) and SIRIM (Malaysia) to expand export base.

According to the Iron and Steel Institute of Thailand, the country's demand for steel was 16.5 million tonnes, lower by 14.2% from the previous year. Import volume was 11.3 million tonnes, at 68.5% of the demand for steel in Thailand, decreased by 10.2% year-on-year.

Demand for long product in Thailand was 5.6 million tonnes, decreased by 25.7% year-on-year. Import volume was 2.6 million tonnes, 46.4% of the demand for long product in Thailand, decreased by 16.3% year-on-year. The year witnessed significant slowdown in public investments reflected by delayed auctions and the private investments in the construction sector has also remained low.

## 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)
2017	6.77	-15	11.33	-10	1.55	20	16.54	14	68
2016	7.96	22	12.61	10	1.29	8	19.28	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

Source : Iron and Steel Institute of Thailand

## COMPETITION SITUATION

### Domestic Market

Competitors of the Company can be classified into four as per details below:

1. The manufacturer with Electric Arc Furnace (EAF) using domestic and imported scrap 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. This method can limit the stigma of almost 100%, resulting in quality products throughout the line.
2. The manufacturers with Induction Furnace (IF) using domestic scrap as raw material for the production of semi-finished products called billet. This method requires high quality scrap steel and strict production control from the separation process of scrap to refining. This may result in poor product quality throughout the line as there may be some contaminants in the product. This billet is used to produce ready-made products such as Rebar and Sections.
3. Non-electric arc furnace manufacturers (Non-EAF) using domestic and imported billet. It is used to produce finished products such as Rebar, Wire Rod, Sections and Special products.
4. Importers of semi-finished products such as billet, and finished products such as Wire Rod, Sections and Special products as an user as well as the distributor.

Considering the current capacity of domestic Rebar, Wire Rod and Section, totaling over 15 million tons, compared to the domestic demand for long product in 2017 at 5.6 million tonnes, the remaining capacity is sufficient to accommodate future demand and there should not be any need to import.

In 2017, the steel industry experienced high competition from existing domestic producer who have invested in the machinery and engaged external experts to improve their production capability to produce high quality grades and also from the increase of Materials available from the new manufacturers through Induction Furnace Route.

With the policy of reducing production capacity and increasing in domestic demand, export of steel products from China has decreased during the last year. However, Thailand's import of wire rod products from Vietnam recorded increase. The Company continues to closely monitor the imports of Wire Rod into Thailand.

### Export Market

The Company has focused on exports to the countries in the ASEAN region such as Lao, Cambodia, Myanmar, Vietnam and Indonesia. Major competition in Lao and Cambodia is from Vietnam steel manufacturers. China is dominant player in Myanmar. However, 'Made in Thailand' and 'Tata Tiscon' enjoys good reputation in the neighboring countries and are recognized for their superior quality. Accordingly, the Company has been working to strengthen the network in these countries. The Company also exports Rebar to India.



## TREND OF INDUSTRY IN 2018

The World Bank forecasts world economic growth at 3.1%, increased from previous year (3%) due to the growth of the US, Europe and Japan, and the developing countries like India, Russia, Brazil and the Middle East. China's economy has slowed down to 6.4%, decreased from last year (6.8%) due to economic restructuring and actions to bring stability in the financial system.

According to forecasts of the National Economics and Social Development Board (NESDB), the Thai economy is expected to grow in the range of 3.6-4.6%, up from 3.9% from the previous year. The supporting factors are the world economic growth, increase in exports and in the number of foreign tourists. Public investments in the old projects and new projects, such as the double rail trains, electric train in Bangkok and province, high speed rail, creation and expansion of airports, ports, roads and dams, and the establishment of Eastern Economic Corridor (EEC), accompanied by increased private investment expect to increase income and employment in agriculture, services and industry. There are some concerns that inflation may be higher from increase in oil prices. Protectionist economic policies of the US, trade protection measures in the form of tax and non-tax measures by many countries and a possibility that the prices of agricultural products remain unchanged may also have some impact on the Thai economy.

Iron and Steel Institute estimates world demand for iron at 1.648 million tonnes, increased 1.6% from previous year from global economic recovery.

China's demand for steel is at 766 million tonnes, the same as last year. The government has taken measures to strengthen the real estate sector. In addition, the policy to reduce excess capacity in the steel industry such as raw materials and steel products is expected to continue for next few years.

The domestic steel industry is still very competitive from induction furnaces, new investments by Chinese steelmakers and import of steel products from China and Vietnam. Measures to increase import tax of the United States, may cause steel prices to fluctuate and the countries who were exporting to the US may look for an alternate markets may also disturb the demand-supply balance in the ASEAN region. With the unprecedented increase in the price of raw materials like graphite electrodes and ferro alloys, the cost pressure on steel producers continues.



The Company follows the Enterprise Risk Management (ERM) process to address the risks associated with its business. The ERM process framework is aligned with Tata Steel (TSL) Group framework and based on international standards such as ISO 31000 and Committee of Sponsoring Organizations of the Treadway Commission (COSO) with inputs drawn from the best practices of leading companies across industries. The Company's ERM has evolved and matured over the years and has been used effectively in identifying and analyzing unforeseen risks that enable management to take decisions. ERM is also 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.

Operating in the steel industry, the Company confronts several risks in areas of commercial, operations, Safety, 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 Company identified risks and categorized them into A, B & C category based on likelihood of its occurrence and its impact to business. Category A risk is being high on risk metric.

The Risk Register is reviewed by TSTH management team on monthly basis, where the risk owners present the status update on mitigation plan and trend of early warning indicators. The movement of risk is understood through the enterprise risk heat map. The same is also reviewed at TSTH Board meeting on quarterly basis.

An assessment of management approach to various types of risks is given below;

## 1. Market Risk

The GDP growth of the country significantly relies on public investment which has an impact on the steel demand. In 2017, public investment has contracted by 1.2% which has been below the estimated growth and steel consumption also declined. In addition, Imports from China and rising imports from Vietnam are also challenges to the domestic steel industry in Thailand. Periodic engagement with the regulators through the Steel Manufacturers' Associations has helped to reduce the impact of gap in anti-dumping measures taken by the government. In the past year, the Company has expanded in the Cut and Bend market and increased its capacity following the sales growth when compared with last year. Besides, focused actions to create Tata Tiscon branding through online social media, dealer partnership program and other marketing activities have helped to build relationship with customers and end users.

The Company also intensified its efforts in export markets to expand its market reach, especially to the ASEAN countries and India; as additional measure to mitigate the volatility in domestic steel demand. This effort has enabled to increase the customer base which resulted in higher export sales volume as compared to last year and also build Tata Tiscon brand to be popular in the ASEAN region.

## 2. Risk of Raw Material Supply

TSTH sources raw materials from domestic market as well as through imports. In recently year, International prices of scrap, billets etc. have been rising continually due to high demand. The demand within China has also increased resulting in lower export of raw materials from China.

Consequently, almost all domestic manufacturers in Thailand have increased their efforts to use more domestic scrap which has resulted in higher competition in domestic raw material market of scrap and billets.

The Company has managed this risk through the strategy to develop key partner vendors in domestic raw material sourcing. TSTH has succeeded in increasing domestic raw material sourcing volumes. The risk of inconsistency in raw material price was reduced by balancing of inventory level.

## 3. Risks Associated with MBF

The Company has signed an Asset Purchase Agreement with a prospective buyer on November 15, 2017 for the sale of its plant and equipment, tools and spares relating to the MBF complex on "as is, where-is" basis at a consideration of US\$ 15.15 mn. The terms of the agreement requires the buyer to make advance remittances in tranches before dismantling and dispatch of the parts of the complex is allowed. It's a complex dismantling job likely to run for 12-18 months, there is a risk in execution of the agreement and risk of forex exposure leading to loss of value of the assets. From the buyer's point of view, there may also be some regulatory challenges in foreign exchange remittances as advance payments.

## 4. Safety, Health and Environment Risks

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). At TSTH, 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. 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 strengthen up road safety, The Company focused on tracking lead indicators such as Lost Time Injury

(LTIF), First Aid Case (FAC) and Property Damage. The employees are motivated to report Near Misses, Safety Observation and Fatal Risk Control Program (FRCP). This highlights vulnerable areas and thereby helps to increase focus on the same.

The Company focuses on health by providing good working environment and regularly monitors industrial hygiene such as dust, noise, chemical and heat. The Company provides physical health check for employees, follows up and supports necessary treatment in case of abnormal result related to work is found. Organizational performance in this area is measured by tracking Health Index.

The Company accords 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. The Company also emphasizes 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 NO<sub>x</sub>, SO<sub>x</sub>, CO and dust in all plants by targeting zero complaint and 100% compliance to the regulatory requirements. The Company also effectively utilizes water and applies 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. All plants of Company increase environment standard to Green Industry level 4.

## 5. Human Resource Risks

The Company may encounter the risk of strategic workforce planning and retaining employees especially with high potential employees and skilled labor in the long run due to its operating in the industrial zone with low unemployment rate in Thailand, business challenges and competition, strict control of alien labor, rising trend of minimum wage as well as head-hunting by other companies offering higher compensation package. Although the attrition rate of the Company has been maintained at a good level; a decline from 8.2% to 5.1% and to 4.5% in FY16, FY17, and FY18 consecutively, the Company has prepared various initiatives to reduce such risks.

The Company engaged an external consultant to study about the strategic workforce planning at three major divisions as a pilot project. 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 remains at minimum level. The Company provides career growth opportunities and promotes the internal recruitment program which provides 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) Programme was conducted for the 3rd batch this year to give a fast track career growth opportunity to employees for their development.

In addition, to understand the concerns of employees, the Company availed the services of external HR consultants to do the Employee Engagement Survey. The Company appoints Engagement Champions who are the representatives from various units to discuss and identify the improvement plans. Welfare and benefits are constantly improved to be competitive, based on market survey and benchmark with other leading companies as well as reflects employees' voices and needs. Team building sessions are also constantly held across TSTH locations to foster team working spirit and engagement. Meetings with employees group are arranged to capture employees' opinion and ensure proper communication to avoid risk of employees' dissatisfaction.

## 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. Liquidity management is integrated with business planning and cash flow projection. The Company has also appropriated insurance policies to cover assets and business.

## 7. Risks Associated with Natural Calamity

The Company's inherent risk to natural calamity is relatively moderate due to its operations spread in four different locations. However, the Company is aware of the risk associated with operating in industrial areas and 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. Besides, the Company has taken extensive insurance coverage related to natural calamity and all industrial risks.

# SIGNIFICANT MILESTONES

**2002**

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

**2004**

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

**2005**

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

**2006**

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

**2007**

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

**2008**

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

**2009**

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

**2011**

- The SET announced to regroup the Company securities to be under the sector of "STEEL"
- Mini Blast Furnace mothballed in August 2011 due to significantly high 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 Stock Exchange of Thailand (SET) for Outstanding CSR Award and CSRI Recognition award.
- N.T.S. was awarded the Prime Minister's Industry Award - Safety Management.

**2014**

- The Company was recognized by the Stock Exchange of Thailand for Outstanding CSR Award and CSR Recognition award.
- N.T.S. was awarded the Prime Minister's Industry Award - Quality Management.



## 2015

- The Company received “Thailand Sustainability Investment Award 2015” from SET for its outstanding performances in Environment, Social and Governance aspects with potential of given long term profit to the investors.
- The Company was one 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 - Safety Management.
- 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 (CSR-DIW).
- SCSC received Green Star Award 2016.



## 2017

- The Company organized, for the first time, “Tata Steel Mini Marathon 2018 Run for War Veterans” to strengthen corporate brand.
- The Company received “Thailand Sustainability Investment Award” and “Sustainability Report Award 2017” from the SET.
- N.T.S. has been awarded with Prime Minister’s Industry Award - Safety Management.
- N.T.S. and SCSC received “National Safety award ” from the Ministry of Labour.
- N.T.S. and SISCO received “Carbon Footprint for Organization” from Thailand Greenhouse Gas Management Organization.
- N.T.S. received “CSR DPIM” from Department of Primary Industries and Mines.
- SCSC received ‘Green Star Award’ from IEAT.
- SCSC received “Green Mining Award” from Department of Primary Industries and Mines (DPIM).
- SCSC received “Corporate Social Responsibility - Department of Industrial Works Award” (CSR-DIW) and SISCO won Corporate Social Responsibility (Continuous level).
- SCSC received “Kaizen Gold Award”.



Top ten major shareholders from 6,285 Shareholders on the book closing date on May 25, 2018 for the right to attend the Annual General Meeting of Shareholders No. 17 are detailed below;

Name	Ordinary Shares	%
1. T S GLOBAL HOLDING PTE LTD <sup>(a)</sup>	5,718,472,083	67.90
2. MR. VEERAPHAN THEEPSUWAN	456,306,500	5.42
3. BANGKOK BANK PLC	296,050,796	3.52
4. MR. VIROJ UNGPAIBOON	273,002,901	3.24
5. EAST FOURTEEN LIMITED <sup>(b)</sup>	114,829,000	1.36
6. MR. THEERACHAI KEERATITECHAKORN	108,420,200	1.29
7. PERSHING LLC	100,772,455	1.20
8. THAI NVDR COMPANY LIMITED <sup>(c)</sup>	97,555,777	1.16
9. MR. AMPON VIROJVECHAPAND	52,384,000	0.62
10. MR. ANAN RAVEESANGSOON	52,000,000	0.62
<b>TOTAL</b>	<b>7,269,793,712</b>	<b>86.32</b>
11. OTHER SHAREHOLDERS (6,267 persons)	1,151,747,136	13.68
<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) East Fourteen Limited comprises;

- EAST FOURTEEN LTD-WORLD EX US CORE EQUITY PORTFOLIO OF DFA INVESTMENT DIMENSIONS GROUP

- EAST FOURTEEN LTD-WORLD EX U.S. TARGETED VALUE PORTFOLIO OF DFA INVESTMENT DIMENSIONS GROUP INC.
- EAST FOURTEEN LIMITED-OLD WESTBURY SMALL & MID CAP STRATEGIES FUND
- EAST FOURTEEN LIMITED-JOHN HANCOCK FUNDS
- EAST FOURTEEN LIMITED-EMERGING MARKETS SMALL CAP SERIES
- EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD
- EAST FOURTEEN LIMITED-DFA-TA WORLD EX US CORE EQ DFAIDG

- EAST FOURTEEN LIMITED-DFA EMERG MKTS SOCIAL CORE PORT
- EAST FOURTEEN LIMITED-DFA EMERG MARKET CORE EQ PORT

(c) 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, 2018, TSTH has 6,028 of Non-Strategic Shareholders (Free-Float), is equivalent to 2,246,736,228 of ordinary shares, calculated from the total paid up ordinary shares of 8,421,540,848 or 26.68%.

## DIVIDEND PAYMENT POLICIES OF THE COMPANY AND ITS SUBSIDIARIES

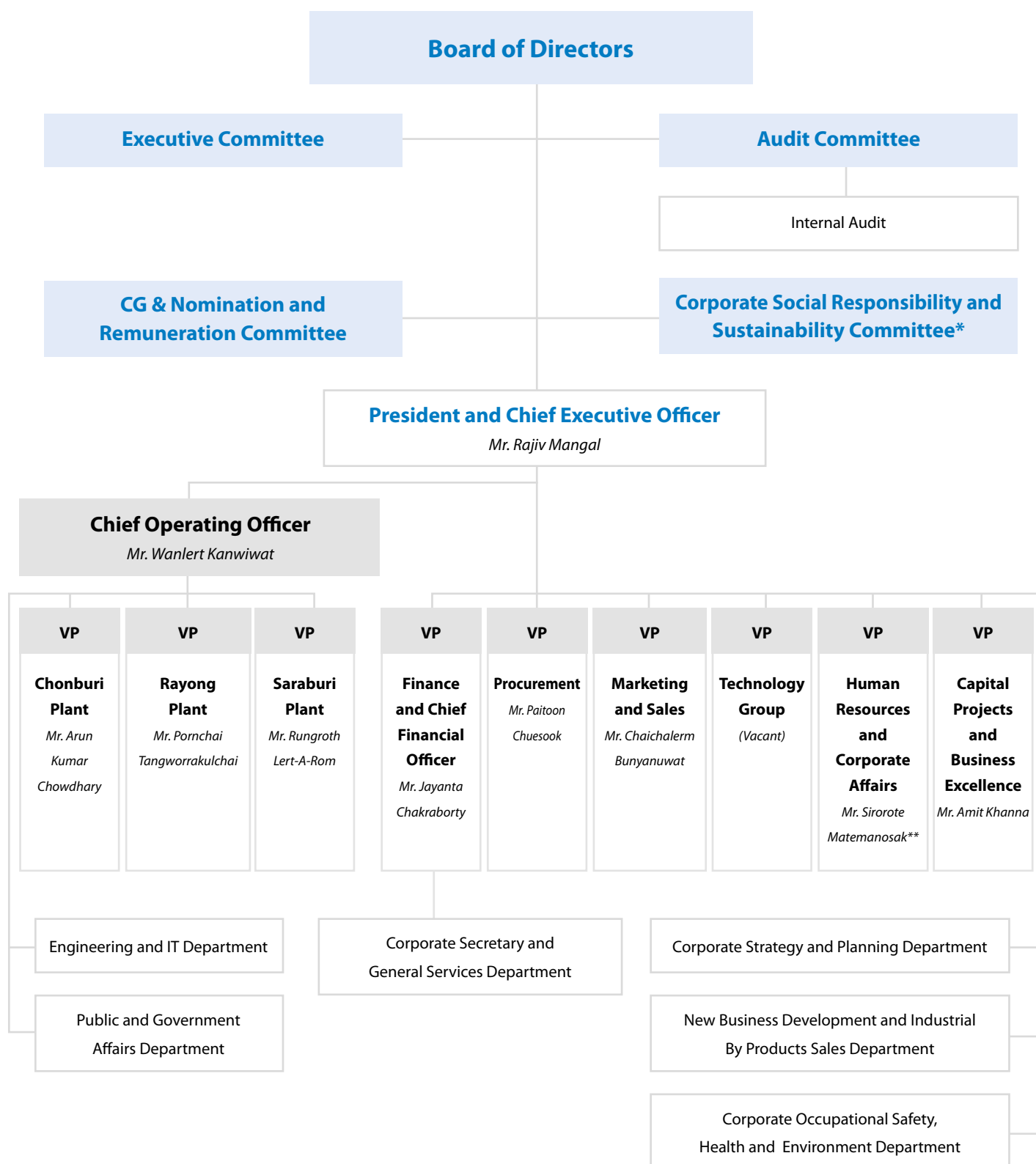
The Company has the policy for the dividend payment to the shareholders at the rate of not exceeding 40% of net profit after tax (after deduction of legal reserve) of consolidated financial statements by considering the relevant factors which shall not cause significant effects to the Company's business 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

## TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED – ORGANIZATION STRUCTURE



\* As of May 31, 2018

\*\* Ethics Counselor

## BOARD OF DIRECTORS

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

### The Board of Directors

Name	Positions	Number of Meetings (During financial year 2017-2018)	Attendance
1. Mr. Peeyush Gupta (appointed as Chairman effective March 20, 2018)	Chairman Director	6	2 4 <sup>(a)</sup>
2. Mr. Alan Kam (appointed as member effective July 8, 2017)	Independent Director	6	4
3. Mr. Hatasakdi Na Pombejra	Independent Director	6	6
4. Ms. Anuttara Panpothong (appointed as member effective March 20, 2018)	Independent Director	6	1
5. Mr. Taratorn Premsoontorn	Director	6	6
6. Mr. Ranganath Raghupathy Rao	Director	6	6 <sup>(b)</sup>
7. Mr. Rajiv Mangal	Director	6	6
8. Mr. Ashish Anupam (appointed as member effective January 30, 2018)	Director	6	2 <sup>(c)</sup>
9. Mr. Thachai Viswanath Narendran (stepped down from the position effective January 10, 2018)	Chairman	6	4 <sup>(d)</sup>
10. Mr. Maris Samaram (retired from the position effective July 7, 2017)	Independent Director	6	2
11. Ms. Rawewan Peyayopanakul (retired from the position effective March 20, 2018)	Independent Director	6	5

Remarks : Directors meeting attendance

(a), (c) and (d) Attend one meeting through video conference.

(b) Attend three meetings through video conference.

### Authorized Directors and binding signatory procedures

Mr. Peeyush Gupta, Chairman of the Executive Committee and Mr. Rajiv Mangal, the President & CEO jointly sign with the Company's seal affixed, or Mr. Peeyush Gupta, 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 N.T.S.
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.

## The Audit Committee

Name	Positions	Number of Meetings (During financial year 2017-2018)	Attendance
1. Mr. Alan Kam <i>(appointed as member effective July 8, 2017 and appointed as Chairman effective March 20, 2018)</i>	Chairman Member	5	2 1
2. Mr. Hatasakdi Na Pombejra	Member	5	5
3. Ms. Anuttara Panpothong <i>(appointed as member effective March 20, 2018)</i>	Member	5	-
4. Mr. Maris Samaram <i>(retired from the position effective July 7, 2017)</i>	Chairman	5	2
5. Ms. Rawewan Peyayopanakul <i>(appointed as Chairperson effective July 8, 2017 and retired from the position effective March 20, 2018)</i>	Chairperson Member	5	3 2

## Scope of authority of the Audit Committee

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

7. Disclosure of the Company's information in case of connected transaction or transaction that may induce conflict of interest for accuracy and completeness in compliance 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 function's performance and coordinate with the auditors.
9. Prepare report on business supervision of the Audit Committee for publishing in the Company's Annual Report. Such report to signed by Chairman of the Audit Committee and should 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 compliance with the Securities and Exchange laws, Securities exchange regulations and other laws related to Company's business.
  - Opinion on appropriateness of the audit process.
  - 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 or remove an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a meeting with the auditor and without the presence of the management at least once a year.
11. Appoint, revoke, transfer or terminate the Head of the Internal Audit Office (if any) or employ or change the employment terms of other members of the 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.

## Corporate Governance, Nomination and Remuneration Committee

Name	Positions	Number of Meetings (During financial year 2017-2018)	Attendance
1. Mr. Peeyush Gupta (appointed as Chairman effective March 20, 2018)	Chairman	3	1
2. Mr. Alan Kam* (appointed as member effective July 8, 2017)	Member	3	2
3. Mr. Taratorn Premsoontorn	Member	3	3
4. Ms. Anuttara Panpothong* (appointed as member effective March 20, 2018)	Member	3	-
5. Mr. Thachat Viswanath Narendran (stepped down from the position effective January 10, 2018)	Chairman	3	1
6. Mr. Maris Samaram* (retired from the position effective July 7, 2017)	Member	3	1
7. Ms. Rawewan Peyayopanakul* (appointed as Chairperson effective July 8, 2017 and retired from the position effective March 20, 2018)	Chairpeson Member	3	1 1

Remark: \* Independent Director

## Scope of authority of the Corporate Governance, Nomination and Remuneration 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.
5. To facilitate Directors in evaluating performance of the Board of Directors collectively and summarize the evaluation result to the Board of Directors so as to enhance the Board's supervision effectiveness.
6. 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.
7. To review and recommend remuneration (including Salary increase and Bonus) for the President, Senior Management (COO and VPs) of the Company and propose to the Board of Directors for approval.
8. 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.

9. 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.
10. Other duties assigned 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 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 Social Responsibility & Sustainability Committee

The responsibilities of the Committee shall be the following:

1. Formulate and recommend to the Board, the CSR Policy. Recommend the activities and expenditure to be incurred by the Company under the CSR Policy and monitor the same.
2. Review and monitor the CSR activities to ensure that the Company is in compliance with the CSR Policy.
3. Discuss with the Management, its perspective on social trends and public issues, and concerns which they believe may affect the Company's business activities or performance, and make recommendations to the Board regarding how the Company should respond to these trends, issues and concerns to more effectively achieve its business and CSR goals.
4. Review Management's position on key stakeholder expectations involving Corporate Social Responsibility and provide perspectives for the Board's consideration.
5. Review on a continuing basis, the partnerships and relationships, both current and proposed that support the Company's sustainable growth.
6. Review the Company's annual Sustainability Report prior to its issuance.
7. Review benchmarking of the policies, systems and monitoring processes against global best practices in CSR.
8. Review and recommend to the Board the annual budget for CSR.
9. Review half year reports by Management on CSR initiatives.
10. Review occupational health, safety and environment plan of the Company and compliance to the same.
11. Review on a continuous basis, the Company's communication strategies relating to Corporate Social Responsibility and sustainable growth.
12. Review whether the Company's disclosure requirements on CSR are in compliance with the requirement of the Stock Exchange of Thailand.
13. Review and assess the remit and reports of any audit processes to gain assurance over the CSR activities.
14. Oversee the Company's conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen.
15. Oversee activities impacting the quality of life of various stakeholders.
16. Monitor the CSR policy and expenditure of the subsidiary companies that are mandated by the CSR Policy to constitute a CSR Committee.
17. Assist Management in formulation, implementation and review of policies, principles and practices to foster the sustainable growth of the Company that creates value consistent with the long-term preservation and enhancement of financial, manufactured, natural, social, human and intellectual capital.
18. Provide formal feedback to the Board on the matters discussed by the Committee.
19. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

## Annual General Shareholder Meeting for year 2017

Name	Positions	Number of Meetings (During financial year 2017-2018)	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



## The Management

Name	Positions
1. Mr. Rajiv Mangal	President and CEO
2. Mr. Wanlert Kanwiat	Chief Operating Officer
3. Mr. Jayanta Chakraborty	Vice President – Finance and Chief Financial Officer
4. Mr. Sirorote Matemasak	Vice President – Human Resources and Corporate Affairs
5. Mr. Paitoon Chuesook	Vice President - Procurement
6. Mr. Chaichalerm Bunyanuwat	Vice President – Marketing and Sales
7. Mr. Amit Khanna	Vice President – Capital Projects and Business Excellence
8. Mr. Arun Kumar Chowdhary	Vice President – Chonburi Plant
9. Mr. Pornchai Tangworrakulchai	Vice President – Rayong Plant
10. Mr. Rungroth Lert-A-Rom	Vice President – Saraburi Plant

## Scope of authority of the President and 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 and the Board of Directors.
3. Scrutinize information and facts on issues related to business operation before presenting to the Executive Committee 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 designated by the Board of Directors.

Company Secretary. She has knowledge and experience to carry out the functions of Company Secretary as well as completed the courses related to Company Secretary matter i.e. 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.
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 follows 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.

## 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. As of present, Ms. Arisara Na Ranong is the

## Remuneration of the Board 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. As per the policy of the Company, the Executives who are nominated as a Director on the Board of the subsidiaries are not paid any remuneration for the position they hold as the Director of the subsidiary.

The Board of Directors, by acknowledgement of the Corporate Governance, Nomination and Remuneration Committee, considers the

duties, responsibilities, individual performance and Company's operating result in both short and long terms while deciding on the remuneration for the President & CEO and Executives of the Company and its subsidiaries. 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. These are fixed remuneration that is paid every quarter and a meeting allowance, which is paid to the Directors attending the meeting after each meeting.

In case of the retiring or incoming Directors, the remuneration is paid pro-rata by calculating for the actual days in office during that quarter.

### Details of Director's remuneration in effective until resolved otherwise by the shareholders' meeting:

		Remuneration (Baht/year)	Meeting Allowance (Baht/meeting)
Board of Directors	Chairman	630,000	42,000
	Vice Chairman	525,000	21,000
	Director	472,500	21,000
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
Corporate Social Responsibility & Sustainability Committee*	Chairman	150,000	15,750
	Member	75,000	10,500

Remark: \*The Corporate Social Responsibility & Sustainability Committee was appointed effective date April 24, 2018 and the remuneration to be paid after the same is approved in the shareholders' meeting.

## Details of the Directors Remuneration in 2017 - 2018

No.	Names	Remuneration (Baht)				
		Board of Directors	Audit Committee	Executive Committee	Corporate Governance, Nomination and Remuneration Committee	Total
1.	Mr. Peeyush Gupta <sup>(a)</sup> Chairman of the Board, the Executive Committee and the Corporate Governance, Nomination and Remuneration Committee	-	-	-	-	-
2.	Mr. Alan Kam <sup>(b)</sup> Independent Director, Chairman of the Audit Committee Member of Corporate Governance, Nomination and Remuneration Committee	429,388	107,178	-	65,324	601,890
3.	Ms. Anuttara Panpothong <sup>(c)</sup> Independent Director, Member of Audit Committee Member of Corporate Governance, Nomination and Remuneration Committee	36,750	3,850	-	2,500	43,100
4.	Mr. Hatasakdi Na Pombejra Independent Director, Member of Audit Committee	598,500	168,000	-	-	766,500
5.	Mr. Taratorn Premsoontorn Director, Member of Corporate Governance, Nomination and Remuneration Committee	598,500	-	-	106,500	705,000
6.	Mr. Ranganath Raghupathy Rao Director, Member of Executive Committee	-	-	-	-	-
7.	Mr. Ashish Anupam <sup>(d)</sup> Director, Member of Executive Committee	-	-	-	-	-
8.	Mr. Rajiv Mangal Director, Member of Executive Committee, President and CEO	-	-	-	-	-
9.	Mr. Thachath Viswanath Narendran <sup>(e)</sup> Chairman of the Board, the Executive Committee and the Corporate Governance, Nomination and Remuneration Committee	-	-	-	-	-
10.	Mr. Maris Samaram <sup>(f)</sup> Independent Director, Chairman of the Audit Committee Member of Corporate Governance, Nomination and Remuneration Committee	169,113	76,696	-	30,677	276,486
11.	Ms. Rawewan Peyayopanakul <sup>(g)</sup> Independent Director, Chairperson of Audit Committee Member of Corporate Governance, Nomination and Remuneration Committee	561,750	216,527	-	151,074	929,351
Total		2,394,001	572,251	-	356,075	3,322,327

### Remarks:

Effective 30 June, 2016, current employees of Tata Steel and its subsidiaries who are nominated as Directors on Board of subsidiaries do not receive any sitting fees or other remuneration as a Director.

- a. Mr. Peeyush Gupta was appointed as Chairman in place of Mr. Thachath Viswanath Narendran effective January 30, 2018.
- b. Mr. Alan Kam was appointed as Chairman of Audit Committee in place of Ms. Rawewan Peyayopanakul effective March 20, 2018.
- c. Ms. Anuttara Panpothong was appointed as Independent Director in place of Ms. Rawewan Peyayopanakul effective March 20, 2018.
- d. Mr. Ashish Anupam was appointed as Director in place of Mr. Thachath Viswanath Narendran effective January 30, 2018.
- e. Mr. Thachath Viswanath Narendran stepped down from the positions effective January 10, 2018.
- f. Mr. Maris Samaram stepped down from the positions effective July 7, 2017.
- g. Ms. Rawewan Peyayopanakul stepped down from the positions effective March 20, 2018.

## THE AMOUNT AND TOTAL REMUNERATION OF DIRECTORS AND MANagements

### Total remuneration of the Executives

Total remuneration in terms of salary and bonus for the financial year 2017-2018 (1 April 2017 - 31 March 2018) for the 10 members of the senior management executives was Baht 49.59 million.

### 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 2017-2018 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 year 2017-2018 was Baht 6.58 million.

### Other remuneration paid to Directors

There is no other remuneration i.e. bonus, pension and other privileges paid to the Directors.

## Number of the employees and remuneration

2017 – 2018 (as of March 31, 2018)	Tata Steel (Thailand) Plc.	N.T.S Steel Group Plc.	The Siam Iron & Steel (2001) Co., Ltd.	The Siam Construction Steel Co., Ltd.
Management Employee (person)	51 (51)	11 (11)	10 (10)	9 (9)
Supervisory Employee (person)	194 (191)	63 (62)	53 (51)	50 (51)
Operational Employee (person)	88 (85)	277 (274)	193 (197)	237 (236)
Employee in Headquarter (person)	170 (172)	-	-	-
<b>Total (person)</b>	<b>333 (327)</b>	<b>351 (347)</b>	<b>256 (258)</b>	<b>296 (296)</b>
Employee's Remuneration (MB)	267.44 (265.83)	270.35 (262.87)	185.03 (187.39)	215.89 (210.13)

Previous year (2016-2017) data are shown in bracket.

During the past 3 years, the Company has no significant increase or decrease in employees' number and has not received any significant labour disputes.

## OTHER REMUNERATION PAID TO EXECUTIVES

### Provident Fund

The Company has contributed to the provident fund for all Management employees of the Company and its subsidiaries at the rate of approximately 10% of total payroll. The contribution in financial year 2017-2018 on this account was Baht 3.62 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). The compensation for Management is dependent on norms based on Company's operating results, individual performance, duties, responsibilities and potential.

### Employees

The total number of employees of the Company and its subsidiaries as at 31 March 2018 was 1,236. For the financial year 2017-2018, the Company has paid remuneration to its employees totaling to approximately Baht 267.44 million. The remuneration included salary, overtime, variable bonus, cash allowance, social security and provident fund.

In addition, the three subsidiaries have also paid in the same way to their employees an amount of approximately Baht 671.27 million.



## HUMAN RESOURCES DEVELOPMENT POLICY

The Company focuses on recruitment and selection of capable employees who are intelligent and ethical. The recruitment of new employee both internally and externally focuses on merit system to ensure that most appropriate person is selected through an interview committee based on technical and behavioral competencies and also fit with the organization culture. 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 of external recruitment.

In addition, the Company gives importance to merit and fairness of thinking and cultural diversity which can be witnessed by the recruiting policy which welcomes both experienced and newly graduated candidates, expatriate and local, female employees including exchange program between Tata Group Companies, short period learning at Tata Steel Limited constantly. The HR regulations also cover employment of differently abled persons, hiring people with Disabilities in compliance with regulations including contributing to Department of Empowerment of Persons with Disabilities. The Company also provides equipment and welfare for employees with disabilities, arranges medical support and provides the differently abled employees with proper work table, safety equipment.

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 and the group's operation, plant visits, on the job training, knowledge sharing through lectures and two year's coaching are conducted. These help the new employees to quickly get adjusted to the processes and cultures of the 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 capital at all levels and takes responsibility for professional development and career growth of its employees 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 has initiated skill gap assessment in the group of Operational employees in operating functions. The results of skill gap evaluation are used for determining development plan to raise the skill and competencies of employees to perform efficiently. 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, Shop Floor Knowledge Transformation or SKT, Site Visit (both domestic and overseas) and learning from experts.

The Company provides appropriate career advancement opportunities to its employees in accordance with their potential and capability. Career Path for employees at each level have been defined. With internal recruitment and appointment policy, employee can be confident that anyone who has good performance along with appropriate capability will have the opportunity for higher position, subject to vacant position, and matching of their expertise to the position.

The Company had initiated "Leaders of Tomorrow" (LOT)" program with an objective to select high potential employees who have proven performance track and can take forward the Company to the future. Under this LOT programme, the Company prepares the development plan to be ready for special assignment responsibility, important working group/committee, rotation in existing line or different line in order to increase new skills and experience. The 3rd batch of LOT selection process was completed in the year 2017 – 2018.

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 three 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 increasing, annual reward or special increased compensation for instance.

Effort is made to balance cash and non-cash compensation together with employee need and appropriate money need. The Company seeks to listen and understand employees through various channels such as Welfare Committee, Employee Committee, suggestion box and has a review process in place to consider improving welfare and benefits from time to time. 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 including dental care, medical check-up, provident fund, employee uniform, per diem for working up country, emergency loan, etc.

In addition, various activities are conducted round the year for the employees and their family participation e.g. activity related to religion and Thai culture such as Candle and Candle Rain Out Ceremony, Songkran Festival, other activities such as various sports and recreation activities, employee birthday celebration and activities on different important days like Children's Day, Valentine's Day, Chinese New Year, Father's Day, Mother's Day, Company's Birthday, and Tata Group Founder's Day for instance.

The Company continues to focus on promoting good relationship between employees and Company by encouraging various communications related to Company performance to all employee levels on a regular basis. There is a quarterly CEO and top Management meeting with employee of three factories discussing and answering various questions together with an increasing of communication through different media such as suggestion box directly to the President & CEO, order, announcement, internal journal, line group and intranet.



## CORPORATE GOVERNANCE POLICY

The Company is committed to conduct business with conscience to all groups of stakeholders as mirrored in its 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, and other regulations. 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 latest guideline has been reviewed on January 30, 2018. The contents include the principles and practices, role and responsibilities of the Company's Directors and committees, shareholders' rights and equitable treatment of shareholders, role of stakeholders, disclosure and transparency, internal control and risk management.

## OTHER COMMITTEES

### Structure of Committees

Currently the Board of Directors consists of eight members, three of whom are Independent Directors as specified in the Company and SEC's regulation, with five Directors representing majority shareholders. The Company's Directors are knowledgeable and have extensive experience in the areas of law, accounting, finance and steel business. In order to balance of power for conducting 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 four Committees to perform specific functions. These are the Audit Committee, Executive Committee, Corporate Governance, Nomination & Remuneration Committee and Corporate Social Responsibility & Sustainability Committee. These committees deliberate at regular intervals and submit their recommendations to the Board for further consideration.

List of members of each Committee and scope of authority appear under "Management Structure".

## SELECTION OF THE DIRECTORS AND EXECUTIVES

The Company follows a matrix of the desired capability/expertise mix of the Directors in the Board of Directors.

### Independent Directors

The Corporate Governance, Nomination and Remuneration Committee, comprising of four Directors two of whom are Independent Directors, is responsible for the selection of Independent Directors, before proposing to the Board of Directors and/or the shareholders' meeting for election or appointment. The selection of the Independent Directors is not only relying on the Committee's judgement but also need to be in line with the guidelines and principles approved by the Board of Directors. The Committee ensures that the qualification of the selected Directors are in sync with the Company's business strategy. The Company also considers the list of Directors available from the Thai Institute of Directors while selecting of new 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, transparent and ability to express opinions independently.
3. Persons who can devote sufficient time to attend Board and Committee meetings to monitor Company's operation. Holding of Board positions in other companies should be limited to an appropriate numbers.
4. Persons who are not Directors, Executives, shareholders or partners with substantial shareholding of the similar or competitive business operations or business operations that may provoke conflict of interest with the Company.
5. For Director who is also the President, selection consideration would also base on past performance and result of appropriate evaluation.

### Qualifications of Independent Director

1. Holding not over 0.5% 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, company secretary, 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 any 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 judgement. This includes not being, or not having been a major shareholder, non-Independent Director or Executive of an entity which have business relationship with the Company, parent company, subsidiary, associate or juristic person who may have conflict with, and not having direct or indirect interest in the following activities for the previous 24 months.
  - 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 Articles of Association and regulations of the Public Company Limited Act and the SEC.
13. The age not younger than 21 years.

## Retirement Age

The retirement age for the Independent Directors and Non-Executive Director would be 70 years. The retirement age for other Directors, Executive Directors and President & CEO would not be beyond the age of 60 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 Articles 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, except 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 3/4 majority votes of remaining Directors.



## Selection of Executives

The Executive Committee makes initial selection for individuals to be appointed as the President & CEO and senior executives, by filtering qualified persons having knowledge, skills and experience 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 with following 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 group-wide policies.
4. Considers key matters such as strategic directions, business plans, capital increases or decreases and divestment.
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 2017 - March 2018, the Company and its subsidiaries paid audit fee of Baht 3,395,757.

### Non-audit Fee

For the period of April 2017 - March 2018, the Company and its subsidiaries paid a fee such as audit procedures of the consolidated reporting packages under the Group Accounting Policies of Baht 1,032,000 and

travelling, per diem, lodging etc. of Baht 622,648 to its auditor, the audit firm affiliated with the auditor, individuals or business entities related to the auditor and its affiliated audit firm.

## Compliance with Good Corporate Governance Principles in Other Matters

The Company has always followed the principles of good corporate governance for listed companies issued by SET. The Company also follows the OECD Principles of Corporate Governance. It comprises of 5 relevant principles and practices; (1) shareholders' right, (2) equitable treatment of shareholders, (3) role of stakeholders, (4) disclosure and transparency and (5) responsibilities of the Board of Directors. The Company incorporated this in "Good Corporate Governance Policy" to improve the practices standard. 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 rated as "very good" in the Corporate Governance evaluation, and strives to improve the corporate governance of the company continuously.

The Company's corporate governance report for the year 2017-2018 is as follows:

### 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 shareholders 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 shareholders 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 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. This is an easy process as a result of the documents required to attend the meeting be 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 Secretary office is facilitating and protecting the rights of the shareholders. Shareholders can contact the Company Secretary office on phone number 02 937 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 organizes a shareholders meeting within four months from 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 was organized.

The 2017 Annual General Meeting was conducted at 13:30 pm on the 7th of July 2017 at the Siam Kempinski Bangkok Hotel. Those who had a shareholding record date as 24th of May 2017 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 25th of May 2017.

The Company's Directors has established a system and mechanism that allows 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 all 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 delivers 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 paper 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 a 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 one month in advance so that the shareholders are able to stay informed about the meeting in a convenient and speedy 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 are addressed at the next Annual General Meeting. The submitted times are as follow;
  - Proposing for general agenda and nomination Director election agenda During 1 April – 30 April
  - Sending the questions During 1 April – 31 May

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 old sweater to children in northern 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 is recorded on a video media.

## After the Meeting

The Company announces the meeting resolutions (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 the 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 545 shareholders who attended the Annual General Meeting of the shareholders on 7th July 2017 in person and through proxy. This represents 6,476,035,939 shares or 76.90% 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 Corporate Governance, Nomination and Remuneration 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 under "Use of Insider Information" on Page 50.

There has been no incident of the use of insider information for the benefit of securities trading by the Directors or 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 as the Directors or Executives or changes in the report, the Company 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 strictly complies with the regulation of the Securities and Exchanges Commission, Capital Market Supervisory Board and the Stock Exchange of Thailand in regard to the conflict of connected transactions. The Directors and Executives having interests and/or connection on a matter do not attend the meeting and vote on such matter.

For new upcoming connected transactions, its volume and amount are 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

No.	Name	Ordinary Shares (No. of Shares)				
		Tata Steel (Thailand) Plc.		Affiliated Companies		
		Reporter	Spouse or Minor child	increase (decrease) in fiscal year (April 1, 17 - March 31, 18)	Reporter	Spouse or Minor child
						increase (decrease) in fiscal year (April 1, 17 - March 31, 18)
Board of Directors						
1.	Mr. Peeyush Gupta	-	-	-	-	-
2.	Mr. Alan Kam	-	-	-	-	-
3.	Mr. Hatasakdi Na Pombreja	-	-	-	-	-
4.	Ms. Anuttara Panpothong	-	-	-	-	-
5.	Mr. Taratorn Premsoontorn	-	-	-	-	-
6.	Mr. Ranganath Raghupathy Rao	-	-	-	-	-
7.	Mr. Ashish Anupam	-	-	-	185 <sup>(a)</sup>	-
8.	Mr. Rajiv Mangal	-	-	-	-	-
Executives						
9.	Mr. Wanlert Kanwiwat	-	-	-	-	-
10.	Mr. Jayanta Chakraborty	-	-	-	-	-
11.	Mr. Sirorote 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 Tangworrakulchai	-	-	-	-	-
17.	Mr. Rungroth Lert-a-rom	-	-	-	-	-

Remarks: 1. Tata Steel (Thailand) Plc. has 8,421,540,848 Ordinary shares. The total Registered and Paid-up Capital are 8,421,540,848 Baht.

2. 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.

3. "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 or Finance at the level of department manager up or equivalent, according to the notification of SEC "Kor Jor 17/2551"

4. (a) 185 shares of Tata Steel Limited of Rs.10/- each

(b) Spouse

## CATEGORY III

### Role of Stakeholders

Engagement of all relevant stakeholders of the Company's operations, both directly and indirectly, is the most important component to analyze and determine the sustainability framework of the Company. Therefore, the Company recognizes the rights and benefits of all relevant stakeholders, not only the statutory rights, but also includes mutual agreements by responsible for both internal and external stakeholders who are effected in term of sustainability with strict fairness. Key issues are communicated and stakeholder's engagement mechanisms are developed regularly.

The Company focuses on the stakeholders' engagement that effects Company's performance. The guidelines and responsibilities of each group of stakeholders are:

### Shareholders

The Company is committed to create maximum benefits and maximize value for the shareholders continuously and fairly. The operations of the Company are performed in line with corporate governance and vision of the Company. The Company is also committed to provide correct and complete information about the Company's business in accordance with the relevant regulations and agreements.

### Employees

The Company recognizes that employees are the backbone for achieving the organizational goals. Accordingly, emphasis is placed in providing equal opportunities for all employees without discrimination against any social status, nationality, caste, religion, family, marital status, gender, sexual orientation, age and ethnicity. The quality of life for employees and families are enhanced and comparable to other leading companies. Provident Fund is applied as an instrument to motivate employees and maintains long-term employee retention by providing a consistent savings as a guarantee for the life after retirement.

There is also a focus on safety, health and environment for all employees. Training and staff development at all levels is considered as an important factor in the journey towards sustainable development.

### Customers

The Company has adopted "customer centricity" to ensure that the products and services delivered to the customers meet their needs and maximize customer satisfaction. The Company continues to improve the quality of products and services in terms of both quality standards and fair prices to satisfy the diversified needs of the customers. The Company

has channels for receiving complaints, including return policy, if any unqualified product is found. The Company maintains client confidentiality and does not use customer data to generate undue benefits.

### Partners

The Company and its subsidiaries set 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. Compliance with the fair commercial competition framework and TCoC, maintain payment standard by close monitoring of payment status help to build good and long-term relationship with business partners. The Code covers joint operations between the Company and its partners, for instance, regular trainings on safety have been extended to transport contractors.

### Competitors

The Company strives to operate with integrity and comply with the rules of fair competition. The Company does not use unfair or misleading information about the products or services of any competitors. The Company also cooperates with its competitors to create fair competition conditions.

### Creditors

The Company carefully and strictly complies with the conditions and requirements of both trade creditors, lenders and makes timely payment. The Company also provides information with accuracy, transparency, equity and fairness to the creditors throughout the liable period.

### Community and Society

The Company is committed to operate with carrying out business by being a good corporate citizenship. The corporate social responsibility is set as framework for operation to all levels of employees to perform to be conscious of the social responsibility throughout the process (CSR in Process), together with carry out business under the responsibility of community and society (CSR after Process). The Company also supports for community development and quality of life through activities in various forms.

The Company focuses on environmental protection, rigorously and continuously 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. TSTH 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. The Company responds rapidly and effectively to the environment and community by fully cooperating with the government and relevant external agencies.

## Government authorities

The Company operates in compliance with the law. All employees are required to strictly abide by the laws and regulations of government agencies.

## Media & Reporters

The Company gives importance to the disclosures in the media and ensures that the communication to the public are shared correctly and with up to date information.

## Code of Ethics

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 "Whistle Blower Policy" for Directors, Employees, Customers, Suppliers and other Stakeholders of Tata Steel (Thailand) Public Company Limited Group.

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

### Chairman of the Audit Committee

**Mr. Alan Kam**

E-mail address: alank@libertasth.com

### Ethics Counselor

**Mr. Sirorote Metamanosak**

Tata Steel (Thailand) Public Company Limited

Rasa Tower 2, 20th Floor,

555 Phaholyothin Road, Chatuchak, Bangkok 10900

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

E-mail address: sirorotem@tatasteeltailand.com

## Workplace Safety

The safety and occupational health responsibilities of the Company are driven by our commitment to ensure zero harm to people we work with and society at large and are integral to the way we do business. The Company has a clear and concrete policy pertaining to the workplace safety and sanitation which is posted on the website of the company.

The Company is driven by the following Safety Principles:

- Safety is line management responsibility.
- All injuries can be prevented.
- Felt concern and care for the employee on "24 hours safety" shall be demonstrated by Leaders.
- Employees shall be trained to work safely.
- Working safely shall be condition of employment.
- Every job shall be assessed for the risk involved and shall be carried out as per authorized procedures/ checklist/ work permit and using necessary work permit and personal protective equipment.

The Company is also committed to continual improvement in our safety & occupational health performance and accordingly, we shall set objective-targets, develop, implement and maintain management standards and systems, and go beyond compliance of the industry standard, legal and other requirements.

The safety & occupational health performance during the last three years is shown in the following table:

Content	Unit	FY18	FY17	FY16
<b>Number of Incident</b>				
Lost time injuries frequency rate	Case/Million man-hour	0.17	0.00	0.17
Health Index	Index	10.84	10.75	9.89
Abnormal medical checkup result from work	%	2.55	3.30	3.50

## 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 is 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 involves asset acquisition and disposal, 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. 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) % 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 senior 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 provides 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 conducts quarterly Press briefing and Analyst Meeting to disseminate its operational performances to the public via several types of media, including newspapers and magazines. The quarterly Press Release issued by the Company provides the contact details of the relevant person should anyone need more information.





## 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 appropriate knowledge, ability, experience, professionalism, gender diversity (at least one woman Director), 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 are also appointed to consider specific matters leading to appropriate decision making in compliance with corporate governance principles.

In addition, the Board of Directors has also appointed a qualified and experienced Corporate Secretary to be responsible for secretarial matters in accordance with the provisions in Section of "Structure and Management".

### 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 shareholders' value in the long run, conforming to the Company's vision and goal.

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 the financial year 2017-2018, the Board of Directors has reviewed the Company's operations, risk management and budget allocation plans, while evaluating the overall performance of the Company and its committees on a quarterly basis. The Directors have also reviewed the strategies, objectives and annual budgets. The Board of Directors monitors the implementation of the Company strategy through the performance of the Company on quarterly basis. 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 open/close bank accounts
4. Approve changes to accounting principle, or update/change to schedule of depreciation rate
5. Approve financial statements and allocation of accumulated profit
6. Approve purchase, sell, exchange, mortgage, sale with right of redemption, lease, rent, or let of land and buildings which the book value is not be over than 50 Million Baht
7. Approve selling tangible and other assets (excluding land and building)
8. Approve organizational structure, HR planning, nomination and recruitment of senior executive and budgeting for annual raises and bonus
9. Approve joint-venture, stock investment
10. Approve matters submitted to AGM
11. 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/ or Subsidiaries:
  - 11.1 Any loan exceeding Baht 50 million and not in the Group's annual budget
  - 11.2 Granting loans, collaterals, indemnifications, guarantees, letters of support or commitments to any persons and not in the Group's annual budget except allowed in the contracts of the financial restructuring agreement and business rehabilitation plan of N.T.S.
  - 11.3 Any investments exceeding Baht 50 million and not in the Group's annual budget

- 11.4 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
- 11.5 Approvals or amendments of the Group's annual budget
- 11.6 Any transactions with connected parties not regarding as normal business operation
- 11.7 Any Changing of the accounting policy, approval of the annual consolidated financial statements, annual individual financial statements and quarterly group financial statements
- 11.8 Any Changes related to the Group's business operation or termination of any business operation

### **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 & CEO of the Company. Also, the Chairman is expected to disseminate the Board's resolutions to all parties involved, ensuring that all requirements are 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 the 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 & CEO with independent advices.
3. Consulting with the President & CEO, and Corporate Secretary to prose 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.

Mr. Alan Kam, Chairman of the Audit 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 Corporate Governance, Nomination and Remuneration 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.

## Corporate Social Responsibility & Sustainability Committee

As a responsible corporate citizen, the Company has increased emphasis on long term sustainability and in accordance with the guidelines from Tata Group, the Board of Directors has established Corporate Social Responsibility & Sustainability Committee in the year 2018.

The Corporate Social Responsibility & Sustainability Committee includes three members of the Board of Directors, and one of them being an Independent Director. The Chairman should be a Non-Executive Director. The Committee will assist the Board to formulate, monitor and review CSR strategy and policy of the Company and the amount of expenditure to be incurred on CSR activities. The Committee will also guide the Management to formulate, implement and review policies, principles and practices to foster the sustainable growth of the Company that creates value consistent with the long-term preservation and enhancement of financial, manufactured, natural, social, human and intellectual capitals.

### 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. According to the Board of Directors policy, Directors have to jointly agree on the retiring sequence and the Director whose term has been 9 years or 3 continuous terms in his/her office may be re-elected with the tenure of 1 year for each re-election period. The term for Independent Directors shall not be over 9 years. 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 & CEO

The Company has a clear policy on maximum number of other listed companies allowed for each Director to serve as the member of their Boards. The Directors shall not serve more than 5 listed companies as the member of the Boards. The President & CEO shall not serve in other listed companies except as a Director on the Board of other Tata Group Companies.

50% of the current Board of Directors should have their domicile in Thailand. According to the data captured during the last five years, no Director has served on more than 5 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.

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) board meetings each year, where all members of the Board of Directors are informed in advance. Pre-circulated agendas are determined for each meeting, both for the Board of Directors and the Committees. The Company is also 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 specific requirement. For each meeting, the invitation letter as well as agenda and supportive documents are delivered to all the members of the Board of Directors at least 7 (seven) days prior to the actual meeting date. The Company uses Board Pad, a meeting and document collaboration solution and makes all board documents available on the Board Pad which can be accessed online or offline from any location giving the board members the tools to operate efficiently in a secure, paperless environment.

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 the 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.

After the meeting, 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 2017-2018, the Company has held 6 (six) board meetings and the meetings were attended by all the Directors on the Board. 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 hold further discussion outside the meeting requirements on a quarterly basis.

The summary of the total number of meetings and attendance of the Board of Directors during 2017-2018 is detailed in Section of "Structure and Management".

### 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 will be 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 statements 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 Secretary compiles the result and comments of the performance evaluation.
3. The Company 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 completely and independently in the performance evaluation form of the Board of Directors and Committees for year 2017 – 2018. The result of the evaluation is "Good".

### Performance Evaluation of the President & CEO

The Committee reviews 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, 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 other stakeholders, product and service knowledge, and performances compared to other business companies in the same industry. During 2017-2018, 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 guide and direct 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 the employees and other stakeholders. A copy of the same has been distributed to the Board of Directors, Management Committee, 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 conduct 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. 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 "Whistle blower Policy" for the Directors, employees, customers, suppliers and other stakeholders of Tata Steel (Thailand) Public Company Limited Group 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.



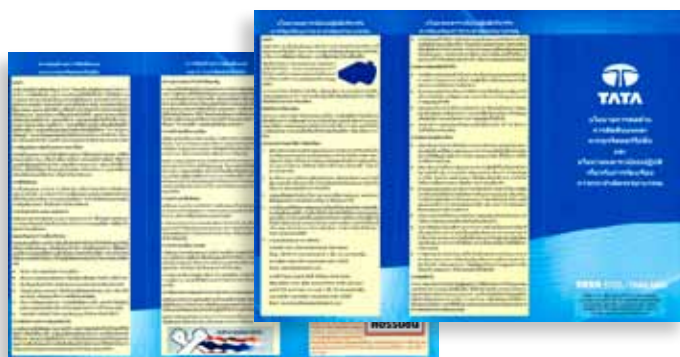
Since 1st October 2016, The Company started TCoC Helpline, a new way to connect employees, contractors and partners to a third party who is independent from Tata Steel (Thailand) Group, is based in a different country and is an expert in taking note of the code of conduct violation from employees or contractors. The service is totally confidential and is available at any time, 24 hours a day, 7 days a week. The helpline can be called for free on 001800 441 0657. Calls made to 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/tssth/>. The whistle blower's identity is not recorded to ensure confidentiality and the whistle blower's identity remains anonymous.

## 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 comply with these policies. 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 function. This Internal Audit team 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 Articles 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.

### 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 arranges an orientation for new members of the Board of Directors and executives. The schedule for the 2 day "Induction Program" is with the President & CEO and Vice Presidents sharing the update on the performance, opportunities, concerns and risks of the Company as a whole and individually in the areas of operation, finance, marketing & sales, procurement, human resources, and capital projects and business excellence. The program includes the new Directors visiting the Plants and understand the operations. The Company Secretary prepares a dossier with the Director's Manual and other useful documents for the new Directors.



Training programs are 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, President & CEO and VP Finance & CFO have been attended various training programs organized by IOD.



# INTERNAL CONTROL SYSTEM

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 2017-2018, 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 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 legislations. The responsibilities of the Audit Committee include reviewing the Company's performance in compliance with 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 reports to the Audit Committee. The 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 reports 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 has considered the recommendations of the Audit Committee, evaluated its opinion on the internal control systems of the Company and its subsidiaries and found the internal control systems to be adequate. The internal control system in use at the Company has adopted 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 annual 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 detailed Code of Conduct for its Directors, executives, stakeholders 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 implemented appropriate risk management process by adopted an international standard to be applied for the Company's business. The Company has a process 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. Risk Velocity, as another dimension, has also been added. Risks Assessment Matrix is cascaded throughout the Company. 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.

## 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 Company uses information technology and uploads all the relevant Board documents on the iPads of the Board members. The access to the information is secured by password. This technology helps the Company to reduce its carbon footprint by using less paper and also allows the Directors more time to review the information and data. 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 by the Chairman of the meeting. The Company Secretary fulfills any requirement or provides 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 Independent Director and Chairman of the Audit Committee directly by sending an email to: [alank@libertasth.com](mailto:alank@libertasth.com) or may contact the third party TCoC Helpline through toll-free phone/via the website reporting as detailed in the whistle blower policy.

### Monitoring

The annual business plan is reviewed and approved by the Board of Directors. The Company's quarterly financial statements are reviewed and approved by the Audit Committee. Moreover, the Audit Committee reviews the annual audited financial statements and makes recommendations 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 agencies responsible for implementation. The audit reports and findings are presented to the Audit Committee on quarterly basis.

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.



## CHARACTERISTICS OF CONNECTED TRANSACTIONS

For the 12-month period ended March 31, 2018, March 31, 2017 and March 31, 2016, the Company entered into connected transactions with related companies as summarized below:

### Type of Connected transactions

Unit : Thousand Baht

	Mar 31, 2018	Mar 31, 2017	Mar 31, 2016
Sales	1,625,518	1,027,145	1,166,977
Other income	15,073	-	-
Purchases	730,406	1,213,500	1,964,425
Purchases of assets	562	7,766	720
Interest expenses	-	1,520	6,880
Other expense	5,870	4,460	1,543
Trade receivables	464,272	236,845	175,368
Other receivables	199	153	145
Other non-current assets	-	71,220	71,220
Trade payables	2,943	2,493	441,782
Other payables	32,536	28,009	12,099
Advance received from customer	-	-	46,100
Short-term loans	-	-	201,822
Current-portion of long-term loans	-	270,596	-
Long-term loans	-	-	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 on fair and at an arms' length basis, with prices and interest rates applicable to third party. 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 in accordance with generally accepted trading terms. 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 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 continue to be conducted in the ordinary course of business on fair and at 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

## Financial Performance

During FY18 (April 2017 – March 2018), the Company recorded a sales volume of 1,217,000 tons, lower than FY17 (April 2016 – March 2017) by 4%. The revenue from sales during FY18 was Baht 22,246 million, higher than FY17 by 13%. EBITDA for FY18 at Baht 1,318 million was lower than FY17 by 24% and Profit before tax for the year of FY18 at Baht 585

million was higher by 33% over FY17. The Company has taken one-off adjustments of Baht 61 million during H2FY18 (October 2017 – March 2018) represented by Provision for impairment of MBF machinery which reclassification to non-current asset classified as held-for-sale. Excluding the impact, the Profit before tax for FY18 was Baht 646 million.

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

### 1) Revenue from sales and other income

Unit: Million Baht

	FY18	FY17	Change %
Revenue from sales	22,246	19,701	13%
Gain on exchange rate - net	3	16	(81%)
Dividend income from other long-term investment	15	-	100%
Interest income	3	4	(25%)
Compensation from insurance company	25	7	257%
Others	15	26	(42%)
Revenue from sales and other income	22,307	19,754	13%

Revenue from sales during FY18 increased by 13% as compared to FY17 primary due to higher prices of finished goods from the increasing trend of raw material prices, partly offset by the lower sales volume which mainly in Rebar.

### 2) Cost of sales

Unit: Million Baht

	FY18	FY17	Change %
Cost of sales	20,675	17,745	17%

Cost of sales higher by 17% reflecting higher metallic prices and increase in Graphite Electrode, Ferro Alloys prices leading to higher conversion cost.

### 3) Selling expenses

Unit: Million Baht

	FY18	FY17	Change %
Selling expenses	208	248	(16%)

The selling expenses during FY18 lower by 16% as compared to the previous year due to lower delivery expense from lower sales volume

#### 4) Administrative & Other expenses

Unit: Million Baht

	FY18	FY17	Change %
Administrative expenses	757	682	11%
Other expenses	-	537	(100%)
Administrative and Other expenses	757	1,219	(38%)

The administrative expenses during FY18 higher by 11% as compared to the previous year, explained by provision for impairment of non-current asset classified as held-for-sale, increase in Receivable Purchase arrangement and Brand Equity & Brand Promotion fees which is linked to the increase in turnover. Other expenses during FY17 represent the one-off adjustments on impairment of MBF Asset and provision for obsolescence of fixed assets.

#### 5) Finance Costs

Unit: Million Baht

	FY18	FY17	Change %
Finance Costs	83	101	(18%)

Finance cost during the year decreased by 18% over FY17 attributable to:

- All long term loan commitments stand repaid.
- Lower interest from usance LC due to the lower purchase of imported billet.

#### 6) Profit before income tax expense

Unit: Million Baht

	FY18	FY17	Change %
Profit before income tax expense	585	441	33%

PBT for the year of FY18 was higher by 33% over FY17. However, by excluding the one-off items of FY17, the PBT for the current fiscal year would have been lower by 39% primary due to:

- The lower sales volume reflecting the negative market sentiments in the construction sector.
- Higher conversion cost from the increased price of raw materials.

#### 7) Income tax expense

Unit: Million Baht

	FY18	FY17	Change %
Income tax expense	131	227	(42%)

Income tax expense for the year of FY18 was lower by 42% over FY17 reflecting lower profit before taxes on subsidiaries-SCSC & SISCO. Additionally the previous year includes an adjustment of Baht 100 million the income tax refund relating to previous years, accounted in Qtr1 FY'17 (April-June 2016).



## 8) Cash and cash equivalents

Unit: Million Baht

	FY18	FY17	Change %
Cash and cash equivalents	520	930	(44%)

As on March 31, 2018, the Company and its subsidiaries had a net decrease in cash and cash equivalents of Baht 410 million as compared to the previous year. The change was due to an increase in net cash from operating activities amounting to Baht 319 million. This comprised of operating profit before changes in operating assets and liabilities of Baht 1,318 million and increase in changes in operating assets and liabilities of Baht 999 million largely due to the increase in the inventory. With respect to investing activities, a net cash flow of Baht 110 million was used up for additional investment in fixed assets. Net cash of Baht 620 million was paid for financing activities towards long-term loan repayment of Baht 199 million and short-term loan repayment of Baht 421 million.

## 9) Trade and other receivables, net

Unit: Million Baht

	FY18	FY17	Change %
Trade and other receivables, net	1,259	964	31%

The increase in trade and other receivables, net mainly on account of higher export in March as compared to the previous year.

As on March 31, 2018, trade receivable from related parties was 38% as compared to 25% in the previous year, reflecting export sales to India.

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, 2018, the Company and its subsidiaries set aside a provision for doubtful accounts amounting to Baht 58 million, equivalent to 4.77% of total trade accounts receivables.

## 10) Inventories, net

Unit: Million Baht

	FY18	FY17	Change %
Inventories, net	3,478	3,112	12%

The increase in inventories, net reflect higher price of raw materials and consumables.

## 11) Property, plant & equipment and Intangible assets

Unit: Million Baht

	FY18	FY17	Change %
Property, plant & equipment and Intangible assets	3,317	3,681	(10%)

Reduction in property, plant & equipment and intangible assets on account of normal depreciation and amortization for the year.

## 12) Other non-current assets

Unit: Million Baht

	FY18	FY17	Change %
Other non-current assets	78	168	(54%)

Reduction in Other non-current assets mainly reflect the settlement of the amount receivable from T S Global Holdings Pte. Ltd.

### 13) Short-term borrowings from financial institutions

Unit: Million Baht

	FY18	FY17	Change %
Short-term borrowings from financial institutions	1,774	2,195	(19%)

Reduction in short-term borrowings from financial institutions mainly due to lower utilization of scrap, utilities, and other raw material financing.

As at 31 March 2018, short-term borrowings from financial institutions amounting to Baht 1,774 million (2017: Baht 2,195 million) bear interest rate at BIBOR+2% per annum (31 March 2017 : interest rate at BIBOR+2% per annum and at 2.66% per annum) and due from 2 April 2018 to 18 June 2018 (2017 : 3 April 2017 to 12 July 2017).

### 14) Current portion of long-term liabilities

Unit: Million Baht

	FY18	FY17	Change %
Current portion of long-term liabilities	-	271	(100%)

Reduction in current portion of long-term liabilities due to repayment of the loan from T S Global Holding Pte. Ltd. as per schedule.

## SOURCES OF CAPITAL FUNDS

### Appropriateness of capital structure

As on March 31, 2018, the Company and its subsidiaries' had a debt to equity ratio of 0.37 times while it was 0.48 times in 2017.

### Shareholders' equity

As on March 31, 2018, the Company and its subsidiaries had shareholders' equity of Baht 9,227 million consisting of the paid-up capital from ordinary shares totaling Baht 11,810 million. The retained earnings (deficit) was Baht (2,939) million, the legal reserve was Baht 366 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, 2018, the Company and its subsidiaries had liabilities amounting to Baht 3,446 million consisting of current liabilities of Baht 3,240 million and Baht 206 million for non-current liabilities, representing 94% and 6% of total liabilities, respectively. Current liabilities included short-term borrowing from financial institutions of Baht 1,774 million, trade and other payables of Baht 1,372 million and other current liabilities of Baht 94 million. Non-current liabilities was employee benefit obligations of Baht 206 million.

### Contingent Liabilities potentially affecting its operation and financial status in the future

As of March 31, 2018, the Company had contingent liabilities as follows:

1. Its subsidiaries had Letter of Credit (L/C) amounting to Baht 31 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 325 million in the normal courses of business.
3. Its subsidiaries had obligations under the purchase and installation agreement of machineries totaling of Baht 37 million
4. The Company and its subsidiaries had obligations under lease agreements (including service fee) amounting to Baht 103 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. 31 : Financial Instruments.

# REPORT OF THE AUDIT COMMITTEE

## Dear Shareholders,

The Audit Committee of Tata Steel (Thailand) Public Company Limited consists of three Independent Directors of the Company, who possess appropriate qualifications to serve on the Audit Committee, namely :

- |                               |          |
|-------------------------------|----------|
| 1. Mr. Alan Kam               | Chairman |
| 2. Mr. Hatasakdi Na Prombejra | Member   |
| 3. Ms. Anuttara Panpothong    | Member   |

For the year 2017-2018, the Committee held 5 meetings, with the attendance of the Audit Committee Members as under :

Name	Position	Attendance /Total Attendance
Mr. Maris Samaram <i>(retired from the position effective July 7, 2017)</i>	Chairman of Audit Committee	2/2
Ms. Rawewan Peyayopanakul <i>(appointed as Chairperson effective July 8, 2017 and retired from the position effective March 20, 2018)</i>	Chairperson of Audit Committee Member of Audit Committee	3/3 2/2
Mr. Alan Kam <i>(appointed as member effective July 8, 2017 and appointed as Chairman effective March 20, 2018)</i>	Member of Audit Committee	3/3
Mr. Hatasakdi Na Pombejra	Member of Audit Committee	5/5
Ms. Anuttara Panpothong <i>(appointed as member effective March 20, 2018)</i>	Member of Audit Committee	-

The Audit Committee has performed the tasks in accordance with the scope of its responsibilities as assigned by the Board of Directors, as per the Audit Committee Charter and in alignment with the regulations of the Stock Exchange of Thailand (SET).

During the financial year 2017-2018, the Committee held 5 meetings and also held 2 meetings with the Internal Auditor without the presence of the Management.

Significant activities of the committee during the year are summarised hereunder:

- 1) The committee reviewed and approved the quarterly financial statements and the annual financial statements of the Company, discussed the significant accounting policies, internal controls etc. with the Management, internal auditor and external auditors of the Company.

Based on the review and discussions with the external auditors of the Company, the Committee believes that the Company's financial statements are correct, complete, presented fairly with adequate information in compliance with generally accepted accounting standards and relevant regulations.

- 2) The committee held meeting with external auditor's in the absence of Management to review external auditor's scope of work, audit approach and any issues they might be facing.
  - 3) Each quarter of the year, the Committee deliberated the Management Discussion and Analysis (MD&A) in consultation with the Management. The Committee approved the quarterly MD&A reports and reviewed the annual MD&A report before recommending the same to the Board of Directors.
- The Committee believes that the Management Discussion and Analysis (MD&A) report is presented fairly with adequate information.

4) The Committee reviewed and approved the Annual Internal Audit Plan for the year 2017. The audit findings were reviewed by the committee and recommendations were given to follow up the corrective actions. The Committee reviewed quarterly presentation of Internal Audit which include progress of audit coverage according to the plan, significant findings and follow up status of audit recommendations. The Committee also reported some of the significant audit issues to the Board for their information.

Based on its review, the Committee is of the opinion that the Company's internal audit function including its independence and team size is adequate and effective.

5) The Committee assessed the adequacy of internal control systems with the Company's Management, external auditors and internal audit and reviewed significant findings on internal controls of all the major subsidiaries of the Company, recommended corrective actions. The Committee works together with the Internal Auditor and Management to streamline the internal control systems and procedures as a continuous process.

6) The Committee reviewed the Enterprise Risk Management of the Company in its quarterly meetings. The risk register covers several corporate risks related to operations, climate change risk, reputational risk, and product stewardship. The committee took note of these risks, risk mitigation plans and also provided recommendations for further improvement in the risk management process.

7) The Audit Committee has conducted a self-assessment to review and evaluate its performance by benchmarking it with the Audit Committee Charter and best practice guidelines. The Audit Committee is satisfied that it has been effective in carrying out its duties and has followed the terms of reference in its charter. The results of the self-assessment were reported to the Board of Directors of the Company.

In summary, the Audit Committee performed its duties as specified in the Board-approved charter with competence, prudence, and independence in equitable interests of stakeholders. In the opinion of the committee, TSTH's financial reports were accurately prepared in all material aspects under generally accepted accounting principles TSTH has adequate risk management practices, appropriate internal control and internal audit system, compliance with good corporate governance, legislation, requirements, and obligations relevant to its businesses.

On behalf of the Audit Committee



**Alan Kam**

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 2017-2018, 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 in pursuance to the regulations concerning the good corporate governance principles.

For the year 2017-2018, the CG, Nomination and Remuneration Committee held a total of three meetings, with attendance record as shown below.

Name	Position	Attendance/Total Attendance
1. Mr. Peeyush Gupta <i>(appointed as Chairman effective March 20, 2018)</i>	Chairman of CG, Nomination and Remuneration Committee	1/1
2. Ms. Rawewan Peyayopanukul* <i>(appointed as Chairperson effective July 8, 2017 and retired from the position effective March 20, 2018)</i>	Chairperson of CG, Nomination and Remuneration Committee	1/1
	Member of CG, Nomination and Remuneration Committee	1/1
3. Mr. Thachat Viswanath Narendran <i>(stepped down from the position effective January 10, 2018)</i>	Chairman of CG, Nomination and Remuneration Committee	1/1
4. Mr. Maris Samaram* <i>(retired from the position effective July 7, 2017)</i>	Member of CG, Nomination and Remuneration Committee	1/1
5. Mr. Alan Kam* <i>(appointed as member effective July 8, 2017)</i>	Member of CG, Nomination and Remuneration Committee	2/2
6. Mr. Taratorn Premsoontorn	Member of CG, Nomination and Remuneration Committee	3/3
7. Ms. Anuttara Panpothong* <i>(appointed as member effective March 20, 2018)</i>	Member of CG, Nomination and Remuneration Committee	-

Remark : \* Independent Director

Significant duties performed by the Committee in 2017-2018 were as follows :

## CG and Nomination

- Considered and revised the Company's CG Policy to ensure compliance with the concerned regulations and strengthen corporate governance systems within the Company.
- Reviewed and improved the Corporate Governance Report (CGR) scores of the Company for the year 2017 to meet with the CGR regulation of Stock Exchange of Thailand (SET), Thai Institute of Directors (IOD) and others regulations.
- Held discussion with the Management and proposed the Board to consider the CGR action plan to improve the score.
- Considered the candidature and proposed the Board to consider appointment of Independent Directors in replacement those who retired in accordance with the Company's CG Policy.
- Proposed the Board to consider appointment of Directors who retire by rotation in Annual Shareholders' Meeting.

## Remuneration

- Proposed the Board for consideration of remuneration to Directors for the year 2018-2019.
- Considered Annual Salary Increase and Variable Bonus for the President & CEO.
- Considered Annual Salary Increase and Variable Bonus budget for the employees of Company and its subsidiaries.



**PEEYUSH GUPTA**

Chairman of CG, Nomination and Remuneration Committee



# REPORT OF THE BOARD OF 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 2017-2018, which have been prepared in accordance with generally accepted accounting principles prevailing in Thailand, and 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 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 and unusual operations. The views of the Audit Committee are reported in the Report of the Audit Committee for 2017-2018 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 flow accurately.



**PEEYUSH GUPTA**  
Chairman



**RAJIV MANGAL**  
President and CEO

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Tata Steel (Thailand) Public Company Limited

### My opinion

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

### What I have audited

The consolidated financial statements and the separate financial statements comprise:

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

### Basis for opinion

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

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter: Assessment of impairment of investments in subsidiaries and goodwill. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

## Assessment of impairment of investments in subsidiaries and goodwill

Refer to Note to the consolidated financial statements No. 4 for critical accounting estimates and judgements related to assessment of impairment of investments in subsidiaries and goodwill, Note 13 investments in subsidiaries and Note 17 goodwill.

As at 31 March 2018, investments in subsidiaries, net, amount of Baht 12,013 million was presented in the separate financial statements and goodwill, net, amount of Baht 3,456 million was presented in the consolidated financial statements.

For the year ended 31 March 2018, the management performed an impairment assessment over the investments in subsidiaries and the goodwill balances by:

1. Calculating the discounted cash flow using a discounted cash flow model for 5 years, with constant terminal growth rate applied from the 5th year onward. These cash flows were then discounted to net present value using the weighted average cost of capital; and
2. Comparing the discounted cash flow to their respective book values of each cash generating unit. The Group's management considered each subsidiary representing each cash generating unit. The discounted cashflow of each subsidiary was used to assess for allowance for impairment of investments in subsidiaries and goodwill of each subsidiary.

I focused on this area because the assessment of the recognition of loss from impairment in the investments in subsidiaries and goodwill were complex based on judgments and assumptions that were affected by expectation of future market and economic conditions, particularly those related to the cash flows forecasts.

Based on the annual impairment test, the management identified no allowance for impairment of the investments in subsidiaries and goodwill required for additional recognition during the year. The key assumptions were disclosed in Note 17 to the consolidated financial statements.

I obtained an understanding of and evaluated the key controls over the impairment assessment, and focused on detailed analysis and challenged the assumptions used by management in conducting the impairment assessment which included:

- I obtained, understood, evaluated and challenged the composition of management's cash flow forecasts and the process by which they were developed, including test the mathematical accuracy of the underlying calculations.
- I compared the cash flow forecast to the approved budgets and business plans and other evidence of future intentions.
- I compared current year actual results with the figures included in the prior year forecast to consider whether the forecasts included assumptions had been reasonable.
- I assessed management's key assumptions by comparing them to historical results and economic and industry outlook.
- I tested the parameters used to determine the discount rate applied and re-performed the calculations.
- I involved my valuation expert to independently check the expectations, in particular, forecasted sales volume, selling prices, growth rates and discount rates, and comparing the independent expectations to those used by management.

Based on my procedures above, I considered management's key assumptions used in assessing of investments in subsidiaries and goodwill for impairment were reasonable based on available evidence.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine 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 directors are responsible for assessing the Group 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 and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and 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 financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide the audit committee with a statement that I 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 my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



**VARAPORN VORATHITIKUL**

Certified Public Accountant (Thailand) No. 4474

Bangkok

24 April 2018



# FINANCIAL STATEMENTS

Tata Steel (Thailand) Public Company Limited

Statement of Financial Position

As at 31 March 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7 a)	519,588,872	930,334,774	378,137,760	786,381,671
Short-term investments	8	-	21,000,000	-	-
Trade and other receivables, net	9	1,258,850,108	963,930,188	87,268,457	126,797,534
Short-term loans to a subsidiary	32 c)	-	-	2,780,640,396	2,719,633,872
Inventories, net	10	3,477,955,726	3,111,916,465	-	-
Other current assets	11	64,484,423	43,458,897	1,509,974	2,058,503
Non-current assets classified as held-for-sale	12	460,000,000	521,000,000	-	-
<b>Total current assets</b>		<b>5,780,879,129</b>	<b>5,591,640,324</b>	<b>3,247,556,587</b>	<b>3,634,871,580</b>
<b>Non-current assets</b>					
Available-for-sale investments	14	3,500,000	3,300,000	-	-
Investments in subsidiaries	13	-	-	12,013,047,275	12,013,047,275
Other long-term investments	15	1,241	1,241	-	-
Property, plant and equipment, net	16	3,291,485,003	3,632,843,944	32,939,309	40,432,273
Goodwill, net	17	3,456,014,092	3,456,014,092	-	-
Intangible assets, net	18	25,592,259	48,022,868	24,212,714	47,244,851
Deferred tax assets, net	19	36,974,966	37,242,765	12,524,556	12,181,181
Other non-current assets	20	78,474,431	167,848,834	42,710,697	107,110,834
<b>Total non-current assets</b>		<b>6,892,041,992</b>	<b>7,345,273,744</b>	<b>12,125,434,551</b>	<b>12,220,016,414</b>
<b>Total assets</b>		<b>12,672,921,121</b>	<b>12,936,914,068</b>	<b>15,372,991,138</b>	<b>15,854,887,994</b>

**Tata Steel (Thailand) Public Company Limited**  
**Statement of Financial Position**  
**As at 31 March 2018**

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	21	1,774,341,350	2,194,927,638	-	150,000,000
Trade and other payables	22	1,372,387,425	1,368,375,730	103,518,522	138,283,068
Current portion of long-term liabilities	23	-	270,596,275	-	270,596,275
Short-term borrowings from subsidiaries	32 d)	-	-	1,913,950,203	1,988,798,242
Current income tax payable		55,976,523	95,822,867	-	-
Other current liabilities		37,691,945	51,062,604	13,332,776	13,702,488
<b>Total current liabilities</b>		<b>3,240,397,243</b>	<b>3,980,785,114</b>	<b>2,030,801,501</b>	<b>2,561,380,073</b>
<b>Non-current liabilities</b>					
Employee benefit obligations	24	205,572,789	191,418,768	57,947,169	56,401,021
<b>Total non-current liabilities</b>		<b>205,572,789</b>	<b>191,418,768</b>	<b>57,947,169</b>	<b>56,401,021</b>
<b>Total liabilities</b>		<b>3,445,970,032</b>	<b>4,172,203,882</b>	<b>2,088,748,670</b>	<b>2,617,781,094</b>

**Tata Steel (Thailand) Public Company Limited**  
**Statement of Financial Position**  
**As at 31 March 2018**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Liabilities and equity (continued)					
Equity					
Share capital					
Authorised share capital					
Ordinary shares, 8,421,540,848 shares at par value 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 shares paid-up of Baht 1 each		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
Expired warrants		130,201,936	130,201,936	130,201,936	130,201,936
Retained earnings (deficits)					
Appropriated - legal reserve	25	365,870,595	363,690,516	365,870,595	363,690,516
Unappropriated		(2,938,625,575)	(3,398,733,435)	1,108,004,323	1,063,048,834
Other components of equity		2,893,039	2,733,423	-	-
Equity attributable to owners					
of the parent		9,240,505,609	8,778,058,054	13,284,242,468	13,237,106,900
Non-controlling interests		(13,554,520)	(13,347,868)	-	-
Total equity		9,226,951,089	8,764,710,186	13,284,242,468	13,237,106,900
Total liabilities and equity		12,672,921,121	12,936,914,068	15,372,991,138	15,854,887,994

**Tata Steel (Thailand) Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 March 2018**

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	Notes	Baht	Baht	Baht	Baht
Revenue from sales		22,246,272,866	19,701,472,306	-	-
Revenue from rendering services		-	-	482,130,000	471,120,000
Cost of sales		(20,674,642,255)	(17,745,186,141)	-	-
Cost of rendering services		-	-	(456,875,489)	(450,856,646)
<b>Gross profit</b>		<b>1,571,630,611</b>	<b>1,956,286,165</b>	<b>25,254,511</b>	<b>20,263,354</b>
Other income	26	60,985,790	53,182,705	88,769,329	606,406,870
Selling expenses		(207,502,644)	(248,242,157)	-	-
Administrative expenses		(756,826,636)	(682,335,214)	(21,650,599)	(20,913,775)
Other expenses	28	-	(537,097,233)	(3,838)	(31,374)
Finance costs		(82,998,031)	(101,108,960)	(49,994,687)	(62,647,284)
<b>Profit before income tax expense</b>		<b>585,289,090</b>	<b>440,685,306</b>	<b>42,374,716</b>	<b>543,077,791</b>
Income tax income (expense)	29	(130,935,251)	(226,935,415)	1,226,870	(15,353,580)
<b>Profit for the year</b>		<b>454,353,839</b>	<b>213,749,891</b>	<b>43,601,586</b>	<b>527,724,211</b>
<b>Other comprehensive income (expense)</b>					
Items that will not be reclassified					
to profit or loss					
Remeasurements of post-employment					
benefit obligations		9,239,298	(4,546,576)	4,417,478	780,226
Income tax on items that					
will not be reclassified		(1,512,234)	388,191	(883,496)	(156,045)
Total items that will not be reclassified					
to profit or loss		7,727,064	(4,158,385)	3,533,982	624,181
Items that will be reclassified subsequently					
to profit or loss					
Change in value of available-for-sale		200,000	1,100,000	-	-
investment					
Income tax relating to items that					
will be reclassified		(40,000)	(220,000)	-	-
Total items that will be reclassified					
subsequently to profit or loss		160,000	880,000	-	-
<b>Other comprehensive income (expense)</b>					
<b>for the year, net of tax</b>		<b>7,887,064</b>	<b>(3,278,385)</b>	<b>3,533,982</b>	<b>624,181</b>
<b>Total comprehensive income for the year</b>		<b>462,240,903</b>	<b>210,471,506</b>	<b>47,135,568</b>	<b>528,348,392</b>



**Tata Steel (Thailand) Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 March 2018**

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Profit (loss) attributable to:</b>					
Owners of the parent		454,560,875	214,477,321	43,601,586	527,724,211
Non-controlling interests		(207,036)	(727,430)	-	-
		<u>454,353,839</u>	<u>213,749,891</u>	<u>43,601,586</u>	<u>527,724,211</u>
<b>Total comprehensive income (expense)</b>					
<b>attributable to:</b>					
Owners of the parent		462,447,555	211,196,824	47,135,568	528,348,392
Non-controlling interests		(206,652)	(725,318)	-	-
		<u>462,240,903</u>	<u>210,471,506</u>	<u>47,135,568</u>	<u>528,348,392</u>
<b>Earnings per share</b>					
Basic earnings per share (Baht)	30	0.05	0.03	0.01	0.06

**Tata Steel (Thailand) Public Company Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 March 2018**

Attributable to owners of the parent										Consolidated financial statements			
Retained earnings (Deficits)										Other component of equity			
										Other			
										comprehensive income			
										- Available-for-sale			
										investments			
										Total owners of the parent			
										Baht			
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**Tata Steel (Thailand) Public Company Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 March 2018**

	Note	Separate financial statements					
		Issued and paid-up share capital	Premium on ordinary shares	Expired warrants	Retained earnings		Total equity
		Baht	Baht	Baht	Appropriated - legal reserve	Unappropriated	Baht
<b>Opening balance as at 1 April 2016</b>		8,421,540,848	3,258,624,766	130,201,936	337,304,305	561,086,653	12,708,758,508
<b>Changes in equity for the year</b>							
Legal reserve	25	-	-	-	26,386,211	(26,386,211)	-
Total comprehensive income for the year		-	-	-	-	528,348,392	528,348,392
<b>Closing balance as at 31 March 2017</b>		8,421,540,848	3,258,624,766	130,201,936	363,690,516	1,063,048,834	13,237,106,900
<b>Opening balance as at 1 April 2017</b>		8,421,540,848	3,258,624,766	130,201,936	363,690,516	1,063,048,834	13,237,106,900
<b>Changes in equity for the year</b>							
Legal reserve	25	-	-	-	2,180,079	(2,180,079)	-
Total comprehensive income for the year		-	-	-	-	47,135,568	47,135,568
<b>Closing balance as at 31 March 2018</b>		8,421,540,848	3,258,624,766	130,201,936	365,870,595	1,108,004,323	13,284,242,468

**Tata Steel (Thailand) Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 March 2018**

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Profit before income tax expense		585,289,090	440,685,306	42,374,716	543,077,791
Adjustments :					
Dividend income	26	(14,400,000)	-	-	(539,499,340)
Depreciation and amortisation charge		529,809,715	533,949,314	33,793,106	27,867,208
Allowance for doubtful accounts		40,577,063	-	-	-
Employee benefit obligations		36,146,189	27,655,965	8,858,676	7,764,179
(Gain) loss on foreign exchange rate		39,168	2,710,773	(520)	(61,744)
Other adjustments from non-cash items	7 b)	60,967,729	631,692,006	(120,682)	34,456
Interest income		(3,102,818)	(4,151,153)	(86,566,467)	(58,497,923)
Interest expense		82,998,031	101,108,960	49,994,687	62,647,284
		1,318,324,167	1,733,651,171	48,333,516	43,331,911
<b>Changes in working capital</b>					
Trade and other receivables		(339,373,446)	(300,869,446)	41,489,560	(74,499,046)
Inventories		(407,281,981)	(1,001,318,631)	-	-
Trade and other payables		42,334,014	6,439,885	(13,131,498)	50,985,212
Other cash received (paid) from operating activities	7 c)	(11,774,321)	27,633,961	7,569,173	24,415,171
<b>Cash flows from operating activities</b>					
Cash generated from operations		602,228,433	465,536,940	84,260,751	44,233,248
Adjustment of cash occurred from borrowings	7 d)	(93,653,375)	(104,743,761)	(60,519,202)	(64,772,978)
Income tax paid		(189,538,420)	(98,289,516)	(17,357,332)	(13,203,488)
<b>Net cash generated from (used in) operating activities</b>		319,036,638	262,503,663	6,384,217	(33,743,218)

**Tata Steel (Thailand) Public Company Limited**

**Statement of Cash Flows**

**For the year ended 31 March 2018**

		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
		21,000,000	(21,000,000)	-	-
		(6,173,598)	(2,272,332)	(5,266,798)	(2,267,042)
		(143,760,068)	(249,785,475)	(9,152,378)	(25,895,882)
		1,358,810	1,028,026	163,840	25,073
		-	-	(61,006,524)	(753,889,856)
		-	-	-	200,000,000
		14,400,000	-	-	539,499,340
		3,354,516	4,157,015	84,857,682	55,420,581
<b>Net cash generated from (used in) investing activities</b>					
		(109,820,340)	(267,872,766)	9,595,822	12,892,214
<b>Cash flow from financing activities</b>					
		(420,586,288)	150,779,829	(150,000,000)	150,000,000
	32 d)	-	(201,822,179)	(74,848,038)	(264,789,703)
	23	-	(200,000,000)	-	(200,000,000)
	23	(199,375,912)	-	(199,375,912)	-
<b>Net cash used in financing activities</b>					
		(619,962,200)	(251,042,350)	(424,223,950)	(314,789,703)
<b>Net decrease in cash and cash equivalents</b>					
		(410,745,902)	(256,411,453)	(408,243,911)	(335,640,707)
		930,334,774	1,186,746,227	786,381,671	1,122,022,378
<b>Cash and cash equivalents at the end of the year</b>					
	7 a)	519,588,872	930,334,774	378,137,760	786,381,671



## **1 General information**

Tata Steel (Thailand) Public Company Limited ("the Company") is a public limited company which is incorporated and domiciled in Thailand and is listed on the Stock Exchange of Thailand since November 2002 with the objective to invest in other companies and provide management services. The address of the Company's registered office is as follows:

Rasa Tower 2, 20<sup>th</sup> Floor, 555 Phaholyothin Road, Chatuchak Sub-district, Chatuchak District, Bangkok 10900.

For reporting purposes, the Company and its subsidiaries are referred to as "the Group".

The major shareholder is T S Global Holdings Pte. Ltd., which is incorporated in Singapore and hold 67.90% of the Company's shares, and is an affiliate of Tata Steel Limited, a listed company incorporated under the law of India.

The principal business operation of the Group is manufacturing, rendering manufacturing services, distributing and trading of steel bars, wire rods and small section products.

As at 31 March 2018 and 2017, N.T.S. Steel Group Public Company Limited ("N.T.S.") which is a subsidiary has total current liabilities exceeding total current assets by Baht 1,841 million and Baht 2,052 million, respectively. However, the amount of current liabilities included the short-term borrowings from the parent company of Baht 2,781 million and Baht 2,720 million, respectively. The parent company confirmed to 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.

These Group consolidated and separate financial statements were authorised for issue by the Board of Directors on 24 April 2018.

## **2 Accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

### **2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai financial reporting standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in accounting policies available for sale investments as described in Note 2.8 and non-current assets (or disposal groups) held-for-sale as described in Note 2.22.

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

The consolidated financial statements for the years ended March 31, 2018 and 2017 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 15).

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

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

## **2 Accounting policies (Cont'd)**

### **2.2 Revised financial reporting standards, and related interpretations**

2.2.1 Revised financial reporting standards and interpretations, which are effective on 1 January 2017, have no significant impacts on the financial statements of the Group.

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

TAS 7 (revised 2017) Statement of cash flows

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

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

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

TFRS 15 will replace the following standards and interpretations:

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

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

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

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

Key changes to current practice are:

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

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

The Group's management is currently assessing the impact of initial adoption of this standard.

**2 Accounting policies (Cont'd)**

**2.3 Group accounting - investments in subsidiaries**

**(1) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**(2) Transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**(3) Disposal of subsidiaries**

When the Group ceases to have control it shall cease to consolidate its subsidiaries. Any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

**(4) Separate financial statement**

In the separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

**2 Accounting policies (Cont'd)**

**2.4 Foreign currency translation**

**(a) Functional and presentation currency**

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

**(b) Transactions and balances**

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

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

**(c) Group companies**

The results and financial position of all of the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**2.5 Cash and cash equivalents**

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

**2.6 Trade accounts receivable**

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

**2 Accounting policies (Cont'd)**

**2.7 Inventories**

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

**2.8 Investments**

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

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

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

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

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

General investments are carried at cost less impairment loss.

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

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



## **2 Accounting policies (Cont'd)**

### **2.9 Property, plant and equipment**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land improvement, buildings and structures	5 - 30 years
Machinery and equipment	5 - 25 years
Furniture, fixtures and office equipment	3 - 25 years
Vehicles	5 - 10 years

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

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.12).

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

### **2.10 Goodwill**

At the date of acquisition. Goodwill on acquisitions of subsidiaries (Note 2.3 (1)) is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

## **2 Accounting policies (Cont'd)**

### **2.11 Intangible assets**

#### **Computer software**

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

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

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

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

Computer software development costs and the rights to use computer software recognised as assets are amortised over their estimated useful lives, which does not exceed 3 years to 10 years.

### **2.12 Impairment of assets**

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

### **2.13 Leases**

#### **Leases - where the Group is the lessee**

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

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

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

## **2 Accounting policies (Cont'd)**

### **2.14 Troubled debt restructuring where the Group is the debtor**

When the Group transfers its assets or equities in settlement of its debts as part of the debt restructuring, the excess of the carrying amount of the payable settled (including accrued interest, unamortised premium or discount, finance charges or issue costs) over the fair value of the assets or equities transferred to the lender is recognised as a gain on restructuring.

Legal fees and other direct costs incurred in transferring equities are deducted from the amount recorded for that equity. All other direct costs incurred to effect the debt restructuring are deducted to arrive at the gain on restructuring. If no gain on restructuring is recognised other direct costs incurred are included in expenses for the period.

Where the debt restructuring involves modification of terms of payables, the Group accounts for the effects of the restructuring prospectively from the time of restructuring and does not change the carrying amount of the payable at the time of the restructuring unless the carrying amount exceeds the total undiscounted future cash payment specified by the new terms. If it exceeds the total undiscounted future cash payment, the carrying amount of the payable is reduced to the amount equal to the total undiscounted future cash payments specified by the new terms and a gain on restructuring is recognised in the profit or loss.

### **2.15 Borrowings**

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

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

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

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

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

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

### **2.16 Current and deferred income taxes**

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

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

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

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

**2 Accounting policies (Cont'd)**

**2.16 Current and deferred income taxes (Cont'd)**

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

**2.17 Employee benefits**

**2.17.1 Post-employment**

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

**2.17.1.1 Defined contribution**

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

**2.17.1.2 Retirement benefits**

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

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

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

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

## **2 Accounting policies (Cont'd)**

### **2.17 Employee benefits (Cont'd)**

#### **2.17.2 Other long-term employee benefits**

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

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

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

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

#### **2.17.3 Bonus plans**

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

### **2.18 Provisions**

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

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

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

### **2.19 Revenue recognition**

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

Revenue from rendering management services is recognised when the service is rendered.

Other revenues are recognised on the following bases:

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

## **2 Accounting policies (Cont'd)**

### **2.20 Dividend distribution**

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

### **2.21 Segment reporting**

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

### **2.22 Non-current assets (or disposal groups) held-for-sale**

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell.

## **3 Risk management**

### **3.1 Financial risk management**

#### **Financial risk factors**

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

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

- **Interest rate risk**

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

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

- **Credit risk**

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

- **Liquidity risk**

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

- **Foreign exchange risk**

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



**3 Financial risk management (Cont'd)**

**3.2 Accounting for derivative financial instruments and hedging activities**

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

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

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 31.

**3.3 Fair value estimation**

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

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

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

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

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

There were no change in valuation techniques during the year.

#### **4 Critical accounting estimates, assumption and judgements**

Estimates, assumption and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **4.1 Critical accounting estimates and assumptions**

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

1) Allowance for doubtful accounts.

The Group has established the allowance for doubtful to reflect the impairment of trade receivables, related to the provision in loss from unbillable customer. The allowance for doubtful is the effect from the Group's estimation of inflow future cash flow, based up on the experience in pressed the claim, reputation, and default, and market trend.

2) Allowance for decrease in value of inventories

The Group has established the allowance for decrease in value of inventories to reflect the net realise value from inventories. The allowance for decrease in value of inventories is the effect from the Group's analysis of obsolete and slow-moving inventories. The balance of inventories will be written-off once they are obsoleted and unable to sell out.

3) Buildings and equipment and intangible assets

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

4) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.10. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

5) Current and deferred income taxes

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 utilize the deferred tax assets. The Group's management use 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.

#### **5 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

## 6 Segment information

Operating segment information is reported in a manner consistent with the Group's internal reports that are regularly obtained and reviewed by the chief operating decision maker (Board of Directors) 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 sales is not significant. As a result, all the revenues from sales of goods, cost of sales, gross margin, profit for the year and assets of segment are in accordance with the presentation of these financial statements.

During the year ended 31 March 2018, the Group has revenue from 1 customer which contributed equal or over 10.0% of the Group's total revenue (2017 : 1 customer). The revenue from sales to this customer is Baht 2,531 million (2017 : Baht 2,851 million) which are domestics sales.

For the years ended 31 March	Consolidated financial statements	
	2018 Thousand Baht	2017 Thousand Baht
Segment revenue		
Local	20,297,660	18,392,869
Export	1,948,613	1,308,603
	<u>22,246,273</u>	<u>19,701,472</u>

## 7 Cash and cash equivalents

a) Cash and cash equivalents consist of:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Cash on hand	1	4	-	-
Deposits at banks - current accounts	35,521	42,108	704	1,404
- savings accounts	484,067	888,181	377,434	784,936
Short-term bank deposits	-	42	-	42
	<u>519,589</u>	<u>930,335</u>	<u>378,138</u>	<u>786,382</u>
	Consolidated financial statements		Separate financial statements	
	2018 %	2017 %	2018 %	2017 %
<u>Interest rate</u>				
Deposits at bank - savings accounts	0.05 - 0.50	0.05 - 0.80	0.10 - 0.50	0.10 - 0.80
Short-term bank deposits	-	1.00	-	1.00

**7 Cash and cash equivalents (Cont'd)**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Loss from diminution in value of inventories and obsolete inventories	-	137,773	-	-
(Gain) loss on disposal of plant and equipment	(71)	1,700	(121)	(1)
Loss from impairment of plant and equipment	-	474,211	-	31
Loss from write-off of plant and equipment and intangible assets	40	18,171	-	4
Loss from decrease in value of non-current assets classified as held-for-sale	61,000	-	-	-
Gain from reversal of credit notes	(1)	(163)	-	-
	<u>60,968</u>	<u>631,692</u>	<u>(121)</u>	<u>34</u>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Decrease in other current assets and other non-current assets	14,350	47,825	10,834	22,659
Increase (decrease) in other current liabilities and other non-current liabilities	(14,497)	(9,304)	(572)	2,132
Employee benefit obligations paid	(11,627)	(10,887)	(2,693)	(376)
	<u>(11,774)</u>	<u>27,634</u>	<u>7,569</u>	<u>24,415</u>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Interest paid	(93,653)	(104,744)	(60,519)	(64,773)

**7 Cash and cash equivalents (Cont'd)**

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

The recording of investments in available-for-sale securities in the consolidated financial statements at fair value. For the year ended 31 March 2018, the Group recorded unrealised gain on such investments of Baht 0.2 million (2017 : Baht 1.1 million) as income in the statement of 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 classified as held-for-sale as at 31 March 2017.

On 25 April 2017, the Board of Directors of T S Global Holdings Pte. Ltd. ("TSGH") approved for offsetting the other receivable from TSGH of Baht 71 million which was presented as non-current assets in prior period and current portion of long-term borrowings (Note 32 e)).

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Payables for plant and equipment and intangible assets brought forward	37,314	13,215	11,362	2,644
<u>Add</u> Purchases during the year	126,105	276,157	3,311	36,881
<u>Less</u> Payments during the year	(149,934)	(252,058)	(14,419)	(28,163)
Payables for plant and equipment and intangible assets carried forward	<u>13,485</u>	<u>37,314</u>	<u>254</u>	<u>11,362</u>

**8 Short-term investments**

As at 31 March 2017, the fixed deposits not over 12 months carry interest at the rate of 0.50% per annum and has maturity date on 21 November 2017. The Group used such deposit as collateral in Note 34.1.

**9 Trade and other receivables, net**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Trade receivables - other parties	814,220	731,532	-	-
- related parties (Note 32 b))	464,272	236,845	42,244	88,382
<u>Less</u> Allowance for doubtful accounts	(58,212)	(17,635)	-	-
Trade receivables, net	1,220,280	950,742	42,244	88,382
Other receivables - other parties	1,206	1,093	32	2
- related parties (Note 32 b))	199	153	37,940	28,540
Prepayments	37,165	11,942	7,052	9,874
	<b>1,258,850</b>	<b>963,930</b>	<b>87,268</b>	<b>126,798</b>

The credit term for trade receivable normally requires 15 days to 90 days (31 March 2017 : 15 days to 90 days). As at 31 March, the outstanding trade receivables can be analysed as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Not yet due	1,134,674	910,432	42,244	88,382
Overdue:				
Under 3 months	49,956	39,489	-	-
3 - 6 months	75,528	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	18,334	18,456	-	-
	1,278,492	968,377	42,244	88,382
<u>Less</u> Allowance for doubtful accounts	(58,212)	(17,635)	-	-
	<b>1,220,280</b>	<b>950,742</b>	<b>42,244</b>	<b>88,382</b>

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

For the years ended 31 March 2018 and 2017, the Group had sold receivables to the financial institution amounting to Baht 9,496 million and Baht 7,890 million, respectively.

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



**Tata Steel (Thailand) Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 March 2018**

**10 Inventories, net**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Raw materials	786,519	644,340	-	-
Work in progress	418,460	399,281	-	-
Finished goods	1,352,467	1,219,927	-	-
Spare parts	507,207	541,996	-	-
Supplies and others	393,239	315,094	-	-
	<b>3,457,892</b>	<b>3,120,638</b>	<b>-</b>	<b>-</b>
<u>Less</u> Allowance for diminution in value of inventories and obsolete inventories				
- Raw materials	-	(67,241)	-	-
- Spare parts	(49,997)	(56,130)	-	-
- Supplies and others	(18,192)	(32,582)	-	-
	<b>3,389,703</b>	<b>2,964,685</b>	<b>-</b>	<b>-</b>
<u>Add</u> Goods in transit	<b>88,253</b>	<b>147,231</b>	<b>-</b>	<b>-</b>
	<b>3,477,956</b>	<b>3,111,916</b>	<b>-</b>	<b>-</b>

The cost of inventories recognised as expense and included in 'cost of sales' in the consolidated statement of comprehensive income amounting to Baht 20,762 million (2017 : Baht 17,628 million).

During the year ended 31 March 2018, amortisation of rolling mill which were categorised in supplies and others amounting to Baht 41 million included in cost of sales in the statement of comprehensive income (2017 : Baht 48 million).

During the year ended 31 March 2018, the Group reversed allowance for diminution in value of inventories and obsolete inventories of Baht 88 million to the consolidated statement of comprehensive income because of sales of such inventories during the year.

During the year ended 31 March 2017, the allowance for diminution in value of inventory and inventory obsolescence 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 parts of other expense as the Group management plan to dispose MBF and its spare parts and store supplies that mentioned in Note 12 and classified such aforementioned items to non-current assets held-for-sale.

**11 Other current assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Value added tax refundable	39,380	11,360	-	-
Other current assets	25,104	32,099	1,510	2,059
	<b>64,484</b>	<b>43,459</b>	<b>1,510</b>	<b>2,059</b>

**12 Non-current assets classified as held-for-sale**

Assets of disposal group classified as held-for-sale as at March 31, 2018 consist of:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Machinery, spare parts and store supplies	460,000	521,000	-	-

In August 2011, the Group's management had decided to cease production 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, which adversely impacting the viability of costs of steel produced through the MBF route.

As at 31 March 2017, the Group's management plans to dispose MBF machinery, equipment and its spare parts and store supplies. The Group had active programme to locate buyers, which expected to dispose such assets within 1 year. Therefore, MBF machinery, equipment and its spare part and store supplies are presented as non-current assets classified as held-for-sale. The net realisable value as at 31 March 2017 was Baht 521 million.

On 15 November 2017, the Group entered into an asset purchase agreement with a buyer for the disposal of MBF machinery, equipment, its spare parts and store supplies.

The Group's management has made an additional provision for impairment of non-current asset classified as held-for-sale amounting to Baht 61 million resulted from changes in the exchange rate. This has been recorded in other expenses in the consolidated statement of comprehensive income. Consequently, the net realisable value as at 31 March 2018 was Baht 460 million.

As at 31 March 2018, while the Group's management remains committed to the plan of disposal, it is expected that the dismantling and dispatch will take 12-18 months. Accordingly, the MBF assets continue to be classified as non-current assets classified as held-for-sale as at 31 March 2018.

13 Investments in subsidiaries

Investment in subsidiaries as at 31 March consist of:

Company name	Country of incorporation	% Ownership interest		Separate financial statements (Unit : Thousand Baht)			
		2018 %	2017 %	Cost method 2018		Cost method 2017	
				Cost	Allowance for impairment	Cost	Allowance for impairment
The Siam Iron and Steel (2001) Company Limited	Thailand	99.99	99.99	2,554,386	-	2,554,386	-
The Siam Construction Steel Company Limited	Thailand	99.99	99.99	3,656,874	-	3,656,874	-
N.T.S. Steel Group Public Company Limited	Thailand	99.76	99.76	9,181,787	(3,380,000)	9,181,787	(3,380,000)
				15,393,047	(3,380,000)	15,393,047	(3,380,000)
						12,013,047	12,013,047

As at 31 March 2018 and 2017, 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 allowance for impairment was necessary.

**14 Available-for-sale investment**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Thousand Baht</b>	<b>2017 Thousand Baht</b>	<b>2018 Thousand Baht</b>	<b>2017 Thousand Baht</b>
Opening net book amount	3,300	2,200	-	-
Changes in fair value of available-for-sale Investments	200	1,100	-	-
Closing net book amount	<u>3,500</u>	<u>3,300</u>	<u>-</u>	<u>-</u>

Available-for-sale investment is an investment in equity securities of a public company limited which is a listed company in the Stock Exchange of Thailand. The fair value of investment is based on quoted closing price as at the period end and are within level 1 of the fair value hierarchy.

**15 Other long-term investment**

As at 31 March 2018 and 2017, the Group 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. The Company has no significant influence to determine the financial and operating policies of and does not have any authorized director to sign on behalf of Siam Steel Mill Service Company Limited. The Group, therefore, recorded such investment as other long-term investment in the statement of financial position at cost of Baht 1,241 in the consolidated statement of financial position.

As at 31 March 2018, fair value of other long-term investment amount of Baht 125.52 million (2017 : Baht 109.44 million). The fair value of other long-term investment is determined using valuation techniques, discounted cash flow which assessed by independent valuer and are within level 3 of the fair value hierarchy.

16 Property, plant and equipment, net

	Consolidated financial statements						
	Land Thousand Baht	Improvement, buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, fixtures, and equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
<b>As at 1 April 2016</b>							
Cost	714,611	4,492,013	15,038,438	201,464	3,355	43,395	20,493,276
Less: Accumulated depreciation	-	(2,668,377)	(9,899,497)	(163,118)	(3,306)	-	(12,734,298)
Allowance for decrease in value of asset	-	(1,124,556)	(1,792,825)	-	-	-	(2,917,381)
Net book amount	714,611	699,080	3,346,116	38,346	49	43,395	4,841,597
<b>For the year ended 31 March 2017</b>							
Opening net book amount	714,611	699,080	3,346,116	38,346	49	43,395	4,841,597
Additions	84,083	95	26,961	5,638	75	152,998	269,850
Transfers	-	11,832	105,903	10,603	-	(128,338)	-
Disposals - cost	-	(3,403)	(295,369)	(14,794)	(213)	-	(313,779)
- accumulated depreciation	-	3,020	203,270	14,395	213	-	220,898
- allowance for decrease in value of asset	-	-	71,983	-	-	-	71,983
Reclassification	-	-	-	-	-	(911)	(911)
Reclassify to non-current assets classified as held-for-sale	-	-	-	-	-	-	-
- cost	-	-	(2,395,713)	-	-	-	(2,395,713)
- accumulated depreciation	-	-	538,164	-	-	-	538,164
- allowance for decrease in value of asset	-	-	1,336,549	-	-	-	1,336,549
Depreciation charge	-	(81,284)	(366,943)	(13,339)	(17)	-	(461,583)
Allowance for decrease in value of asset	-	(935)	(473,153)	(123)	-	-	(474,211)
Closing net book amount	798,694	628,405	2,097,768	40,726	107	67,144	3,632,844
<b>As at 31 March 2017</b>							
Cost	798,694	4,500,537	12,480,220	202,911	3,217	67,144	18,052,723
Less: Accumulated depreciation	-	(2,746,641)	(9,525,006)	(162,062)	(3,110)	-	(12,436,819)
Allowance for decrease in value of asset	-	(1,125,491)	(857,446)	(123)	-	-	(1,983,060)
Net book amount	798,694	628,405	2,097,768	40,726	107	67,144	3,632,844

**Tata Steel (Thailand) Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 March 2018**

**16 Property, plant and equipment, net (Cont'd)**

	Consolidated financial statements						
	Land Thousand Baht	Improvement, buildings and structures Thousand Baht	Machinery and equipment Thousand Baht	Furniture, Fixtures, and equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
<b>As at 1 April 2017</b>							
Cost	798,694	4,500,537	12,480,220	202,911	3,217	67,144	18,052,723
Less Accumulated depreciation	-	(2,746,641)	(9,525,006)	(162,062)	(3,110)	-	(12,436,819)
Allowance for decrease in value of asset	-	(1,125,491)	(857,446)	(123)	-	-	(1,983,060)
Net book amount	798,694	628,405	2,097,768	40,726	107	67,144	3,632,844
<b>For the year ended 31 March 2018</b>							
Opening net book amount	798,694	628,405	2,097,768	40,726	107	67,144	3,632,844
Additions	-	54	1,990	4,925	10	116,938	123,917
Transfers	-	181	128,361	33,227	138	(161,907)	-
Disposals - cost	-	(2,032)	(197,834)	(37,662)	(284)	-	(237,812)
- accumulated depreciation	-	1,109	117,987	37,501	284	-	156,881
- allowance for decrease in value	-	935	78,591	116	-	-	79,642
Write-off - cost	-	(180)	(6,491)	(605)	-	-	(7,276)
- accumulated depreciation	-	141	6,491	605	-	-	7,237
Depreciation charge	-	(79,148)	(366,326)	(18,438)	(36)	-	(463,948)
Closing net book amount	798,694	549,465	1,860,537	60,395	219	22,175	3,291,485
<b>As at 31 March 2018</b>							
Cost	798,694	4,498,560	12,406,246	202,796	3,081	22,175	17,931,552
Less Accumulated depreciation	-	(2,824,539)	(9,766,854)	(142,394)	(2,862)	-	(12,736,649)
Allowance for decrease in value of asset	-	(1,124,556)	(778,855)	(7)	-	-	(1,903,418)
Net book amount	798,694	549,465	1,860,537	60,395	219	22,175	3,291,485



**16 Property, plant and equipment, net (Cont'd)**

	<b>Separate financial statements</b>		
	<b>Furniture, Fixtures, and equipment Thousand Baht</b>	<b>Construction in progress Thousand Baht</b>	<b>Total Thousand Baht</b>
<b>As at 1 April 2016</b>			
Cost	78,719	7,495	86,214
<u>Less</u> Accumulated depreciation	(71,412)	-	(71,412)
Net book amount	<u>7,307</u>	<u>7,495</u>	<u>14,802</u>
<b>For the year ended 31 March 2017</b>			
Opening net book amount	7,307	7,495	14,802
Additions	916	29,664	30,580
Transfers	8,801	(8,801)	-
Disposals - cost	(4,106)	-	(4,106)
- accumulated depreciation	4,078	-	4,078
Reclassification	-	(911)	(911)
Depreciation charge	(3,980)	-	(3,980)
Allowance for decrease in value of asset	(31)	-	(31)
Closing net book amount	<u>12,985</u>	<u>27,447</u>	<u>40,432</u>
<b>As at 31 March 2017</b>			
Cost	84,330	27,447	111,777
<u>Less</u> Accumulated depreciation	(71,314)	-	(71,314)
Allowance for decrease in value of asset	(31)	-	(31)
Net book amount	<u>12,985</u>	<u>27,447</u>	<u>40,432</u>
<b>As at 1 April 2017</b>			
Cost	84,330	27,447	111,777
<u>Less</u> Accumulated depreciation	(71,314)	-	(71,314)
Allowance for decrease in value of asset	(31)	-	(31)
Net book amount	<u>12,985</u>	<u>27,447</u>	<u>40,432</u>
<b>For the year ended 31 March 2018</b>			
Opening net book amount	12,985	27,447	40,432
Additions	962	1,117	2,079
Transfers	28,330	(28,330)	-
Disposals - cost	(33,611)	-	(33,611)
- accumulated depreciation	33,536	-	33,536
Depreciation charge	(9,528)	-	(9,528)
Allowance for decrease in value of asset	31	-	31
Closing net book amount	<u>32,705</u>	<u>234</u>	<u>32,939</u>
<b>As at 31 March 2018</b>			
Cost	80,011	234	80,245
<u>Less</u> Accumulated depreciation	(47,306)	-	(47,306)
Net book amount	<u>32,705</u>	<u>234</u>	<u>32,939</u>

For the year ended 31 March 2018

On 14 June 2017, there was a fire occurred at the power sub-station of The Siam Iron and Steel (2001) Co., Ltd. From this incident, building, machinery and equipment, which are fully depreciated were partially damaged. The subsidiary is in the damage claim process from insurance company. In third quarter, the subsidiary received for damage claim interim payment amounting to Baht 25 million which were recorded as other income in consolidated statement of comprehensive income (Note 26).

**16 Property, plant and equipment, net (Cont'd)**

For the year ended 31 March 2017

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 year ended 31 March 2017, depreciation and other expenses of MBF incurred during the mothball period were Baht 10 million.

As at 31 March 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 31 March 2017.

For the year ended 31 March 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.

**17 Goodwill, net**

	<b>Consolidated financial statements</b>
	<b>Thousand Baht</b>
<b>As at 1 April 2016</b>	
Cost	5,607,769
<u>Less</u> Accumulated amortisation (up to 31 March 2008)	(1,491,432)
Allowance for impairment	(660,323)
Net book amount	<u>3,456,014</u>
<b>For the year ended 31 March 2017</b>	
Opening net book amount	3,456,014
Impairment charge	-
Closing net book amount	<u>3,456,014</u>
<b>As at 31 March 2017</b>	
Cost	5,607,769
<u>Less</u> Accumulated amortisation (up to 31 March 2008)	(1,491,432)
Allowance for impairment	(660,323)
Net book amount	<u>3,456,014</u>
<b>For the year ended 31 March 2018</b>	
Opening net book amount	3,456,014
Impairment charge	-
Closing net book amount	<u>3,456,014</u>
<b>As at 31 March 2018</b>	
Cost	5,607,769
<u>Less</u> Accumulated amortisation (up to 31 March 2008)	(1,491,432)
Allowance for impairment	(660,323)
Net book amount	<u>3,456,014</u>

**17 Goodwill, net (Cont'd)**

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 29 November 2002 by Tata Steel (Thailand) Public Company Limited.

Since 1 April 2008, the Group has ceased amortisation of goodwill and has changed to test impairment of goodwill instead.

As at 31 March 2018 and 2017, 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.

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment (subsidiary).

A segment-level summary of the goodwill allocation is presented below:

	Consolidated financial statements					
	2018			2017		
	The Siam Iron and Steel (2001) Million Baht	The Siam Construction Steel Million Baht	Total Million Baht	The Siam Iron and Steel (2001) Million Baht	The Siam Construction Steel Million Baht	Total Million Baht
Goodwill allocation	1,685	1,771	3,456	1,685	1,771	3,456

The key assumptions used for value-in-use calculations are as follows:

	Goodwill
Gross margin <sup>1</sup>	3.25% and 7.44%
Growth rate <sup>2</sup>	3.5%
Discount rate <sup>3</sup>	9%

<sup>1</sup> Budgeted gross margin.

<sup>2</sup> Weighted average growth rate used to extrapolate cash flows beyond the budget period.

<sup>3</sup> Pre-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each CGU

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Key assumptions, having significant influence to sensitivity of discounted cashflows, were growth rate and discount rate.

A fall in growth rate of 1.0% or a rise in discount rate of 1.0% would remove the remaining headroom of certain cash generating units.

18 Intangible assets, net

	Consolidated financial statements		
	Computer software Thousand Baht	Software under installation Thousand Baht	Total Thousand Baht
<b>As at 1 April 2016</b>			
Cost	247,963	-	247,963
<u>Less</u> Accumulated amortisation	(182,836)	-	(182,836)
Net book amount	<u>65,127</u>	<u>-</u>	<u>65,127</u>
<b>For the year ended 31 March 2017</b>			
Opening net book amount	65,127	-	65,127
Additions	759	5,548	6,307
Transfers	5,548	(5,548)	-
Write-off - cost	(1,321)	-	(1,321)
- accumulated amortisation	1,321	-	1,321
Reclassification	911	-	911
Amortisation charge	(24,322)	-	(24,322)
Closing net book amount	<u>48,023</u>	<u>-</u>	<u>48,023</u>
<b>As at 31 March 2017</b>			
Cost	253,860	-	253,860
<u>Less</u> Accumulated amortisation	(205,837)	-	(205,837)
Net book amount	<u>48,023</u>	<u>-</u>	<u>48,023</u>
<b>For the year ended 31 March 2018</b>			
Opening net book amount	48,023	-	48,023
Additions	141	2,047	2,188
Transfers	815	(815)	-
Write-off - cost	(729)	-	(729)
- accumulated amortisation	729	-	729
Amortisation charge	(24,619)	-	(24,619)
Closing net book amount	<u>24,360</u>	<u>1,232</u>	<u>25,592</u>
<b>As at 31 March 2018</b>			
Cost	254,087	1,232	255,319
<u>Less</u> Accumulated amortisation	(229,727)	-	(229,727)
Net book amount	<u>24,360</u>	<u>1,232</u>	<u>25,592</u>

**18 Intangible assets, net (Cont'd)**

	Separate financial statements		
	Computer software Thousand Baht	Software under installation Thousand Baht	Total Thousand Baht
<b>As at 1 April 2016</b>			
Cost	238,641	-	238,641
<u>Less</u> Accumulated amortisation	(174,721)	-	(174,721)
Net book amount	<u>63,920</u>	<u>-</u>	<u>63,920</u>
<b>For the year ended 31 March 2017</b>			
Opening net book amount	63,920	-	63,920
Additions	753	5,548	6,301
Transfers	5,548	(5,548)	-
Reclassification	911	-	911
Amortisation charge	(23,887)	-	(23,887)
Closing net book amount	<u>47,245</u>	<u>-</u>	<u>47,245</u>
<b>As at 31 March 2017</b>			
Cost	245,853	-	245,853
<u>Less</u> Accumulated amortisation	(198,608)	-	(198,608)
Net book amount	<u>47,245</u>	<u>-</u>	<u>47,245</u>
<b>For the year ended 31 March 2018</b>			
Opening net book amount	47,245	-	47,245
Additions	-	1,232	1,232
Amortisation charge	(24,264)	-	(24,264)
Closing net book amount	<u>22,981</u>	<u>1,232</u>	<u>24,213</u>
<b>As at 31 March 2018</b>			
Cost	245,853	1,232	247,085
<u>Less</u> Accumulated amortisation	(222,872)	-	(222,872)
Net book amount	<u>22,981</u>	<u>1,232</u>	<u>24,213</u>

**19 Deferred tax assets, net**

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

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Deferred tax assets</b>				
- To be recovered within 12 months	3,468	4,616	935	895
- To be recovered more than 12 months	<u>34,580</u>	<u>33,489</u>	<u>11,590</u>	<u>11,286</u>
	<u>38,048</u>	<u>38,105</u>	<u>12,525</u>	<u>12,181</u>
<b>Deferred tax liabilities</b>				
- To be recovered within 12 months	(473)	(302)	-	-
- To be recovered more than 12 months	<u>(600)</u>	<u>(560)</u>	<u>-</u>	<u>-</u>
	<u>(1,073)</u>	<u>(862)</u>	<u>-</u>	<u>-</u>
Deferred tax assets, net	<u>36,975</u>	<u>37,243</u>	<u>12,525</u>	<u>12,181</u>

**19 Deferred tax asset, net (Cont'd)**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Opening balance for the year	37,243	31,937	12,181	10,553
Increase to profit or loss	1,284	5,138	1,227	1,784
Increase (decrease) to other comprehensive income	(1,552)	168	(883)	(156)
Closing balance for the year	<u>36,975</u>	<u>37,243</u>	<u>12,525</u>	<u>12,181</u>

The movement of deferred tax assets, net as at 31 March 2018 and 2017 are as follows:

	<b>Consolidated financial statements</b>			
	<b>1 April 2017</b>	<b>Charged (credited) to profit or loss</b>	<b>Charged (credited) to other comprehensive income</b>	<b>31 March 2018</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	736	-	-	736
Allowance for diminution in value of inventory and obsolete inventories	2,235	(1,328)	-	907
Allowance for impairment on plant, machinery and equipment	215	(215)	-	-
Employee benefit obligations	34,919	2,998	(1,512)	36,405
	<u>38,105</u>	<u>1,455</u>	<u>(1,512)</u>	<u>38,048</u>
<b>Deferred tax liabilities</b>				
Available-for-sale investments	(560)	-	(40)	(600)
Derivatives assets	(302)	(171)	-	(473)
	<u>(862)</u>	<u>(171)</u>	<u>(40)</u>	<u>(1,073)</u>
<b>Deferred tax assets, net</b>	<u>37,243</u>	<u>1,284</u>	<u>(1,552)</u>	<u>36,975</u>



**19 Deferred tax asset, net (Cont'd)**

The movement of deferred tax assets, net as at 31 March 2018 and 2017 are as follows: (Cont'd)

	Consolidated financial statements			
	1 April 2016 Thousand Baht	Charged (credited) to profit or loss Thousand Baht	Charged (credited) to other comprehensive income Thousand Baht	31 March 2017 Thousand Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	736	-	-	736
Allowance for diminution in value of inventory and obsolete inventories	1,744	491	-	2,235
Allowance for impairment on plant, machinery and equipment	-	215	-	215
Employee benefit obligations	32,399	2,132	388	34,919
	<u>34,879</u>	<u>2,838</u>	<u>388</u>	<u>38,105</u>
<b>Deferred tax liabilities</b>				
Available-for-sale investments	(340)	-	(220)	(560)
Derivatives assets	(2,602)	2,300	-	(302)
	<u>(2,942)</u>	<u>2,300</u>	<u>(220)</u>	<u>(862)</u>
<b>Deferred tax assets, net</b>	<u>31,937</u>	<u>5,138</u>	<u>168</u>	<u>37,243</u>

As at 31 March 2018, deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 1,115 million (2017 : Baht 1,127 million) in respect of losses amounting to Baht 5,576 million (2017: Baht 5,635 million) that can be carried forward against future taxable income. Such losses will be expired in March 2019 to November 2022.

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**19 Deferred tax asset, net (Cont'd)**

The movement of deferred tax assets, net as at 31 March 2018 and 2017 are as follows: (Cont'd)

	<b>Separate financial statements</b>		
	<b>1 April 2017 Thousand Baht</b>	<b>Charged (credited) to profit or loss Thousand Baht</b>	<b>Charged (credited) to other comprehensive income Thousand Baht</b>
<b>Deferred tax assets</b>			
Allowance for impairment on plant, machinery and equipment	6	(6)	-
Employee benefit obligations	12,175	1,233	(883)
<b>Deferred tax assets, net</b>	<b>12,181</b>	<b>1,227</b>	<b>(883)</b>

	<b>Separate financial statements</b>		
	<b>1 April 2016 Thousand Baht</b>	<b>Charged (credited) to profit or loss Thousand Baht</b>	<b>Charged (credited) to other comprehensive income Thousand Baht</b>
<b>Deferred tax assets</b>			
Allowance for impairment on plant, machinery and equipment	-	6	-
Employee benefit obligations	10,854	1,477	(156)
	<b>10,854</b>	<b>1,483</b>	<b>(156)</b>
<b>Deferred tax liabilities</b>			
Derivatives assets	(301)	301	-
<b>Deferred tax assets, net</b>	<b>10,553</b>	<b>1,784</b>	<b>(156)</b>

As at 31 March 2018, deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Company did not recognise deferred income tax assets of Baht 50 million (2017 : Baht 59 million) in respect of losses amounting to Baht 250 million (2017 : Baht 296 million) that can be carried forward against future taxable income. Such losses will be expired in March 2019 to March 2021.

**20 Other non-current assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Thousand Baht</b>	<b>2017 Thousand Baht</b>	<b>2018 Thousand Baht</b>	<b>2017 Thousand Baht</b>
Corporate income tax refundable	66,644	88,409	37,795	32,064
Long-term account receivable - TS Global Holdings Pte. Ltd. (Note 32 b))	-	71,220	-	71,220
Accrued expenses - other companies	11,830	8,220	4,916	3,827
	<b>78,474</b>	<b>167,849</b>	<b>42,711</b>	<b>107,111</b>

**21 Short-term borrowings from financial institutions**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Opening balance for the year	2,194,928	2,044,148	150,000	-
Additions during the year	200,000	350,780	200,000	350,000
Repayments during the year	(620,587)	(200,000)	(350,000)	(200,000)
Closing balance for the year	<u>1,774,341</u>	<u>2,194,928</u>	<u>-</u>	<u>150,000</u>

**Short-term borrowings from financial institutions - the Company**

As at 31 March 2017, short-term borrowings from financial institutions for the Company in amount of Baht 150 million bear interest rate at 2.66% per annum and due on 12 July 2017.

**Short-term borrowings from financial institutions - Subsidiaries**

As at 31 March 2018, short-term borrowings from financial institutions for subsidiaries in amount of Baht 1,774 million (2017 : Baht 2,045 million) bear interest rate at BIBOR+2% per annum (31 March 2017 : interest rate at BIBOR+2% per annum) and due from 2 April 2018 to 18 June 2018 (2017 : 3 April 2017 to 28 June 2017).

**22 Trade and other payables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Trade payables - other parties	778,632	687,857	-	-
- related parties (Note 32 b))	2,943	2,493	-	-
Other payables - other parties	18,191	41,188	4,960	15,236
- related parties (Note 32 b))	32,536	28,009	35,228	31,202
Advance received from customers	68,203	50,452	-	-
Accrued expenses - other companies	471,882	558,377	63,330	91,845
	<u>1,372,387</u>	<u>1,368,376</u>	<u>103,518</u>	<u>138,283</u>

**23 Current portion of long-term liabilities**

Current portion of long-term liabilities as at 31 March 2018 and 2017 comprised of

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Long-term borrowings from financial institutions	-	-	-	-
Long term borrowings from a related party (Note 32 e))	-	270,596	-	270,596
Total	<u>-</u>	<u>270,596</u>	<u>-</u>	<u>270,596</u>

**23 Current portion of long-term liabilities (Cont'd)**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Opening balance for the year	-	200,000	-	200,000
Repayments of loans during the year	-	(200,000)	-	(200,000)
Closing balance for the year	-	-	-	-

**24 Employee benefit obligations**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Statement of financial position:				
Retirement benefits	186,158	180,244	55,648	54,985
Other long-term benefits	19,415	11,175	2,299	1,416
Liability in the statement of financial position	<u>205,573</u>	<u>191,419</u>	<u>57,947</u>	<u>56,401</u>
(Profit) loss charge included in operating profit for:				
Retirement benefits	23,589	23,425	7,296	6,847
Other long-term benefits	11,431	3,066	1,361	406
	<u>35,020</u>	<u>26,491</u>	<u>8,657</u>	<u>7,253</u>
Remeasurement in other comprehensive (income) expense	<u>(9,239)</u>	<u>4,547</u>	<u>(4,417)</u>	<u>(780)</u>

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

**24 Employee benefit obligations (Cont'd)**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Opening balance for the year	191,419	171,269	56,401	50,304
Current service cost	22,180	22,275	6,415	6,077
Past service cost	7,481	-	823	-
Interest cost	5,359	4,216	1,419	1,176
Remeasurements:				
(Gain)/loss from change in demographic assumptions	3,298	3,742	13	(734)
(Gain)/loss from change in financial assumptions	(8,185)	12,376	(1,599)	2,849
Experience gain	(4,352)	(11,572)	(2,832)	(2,895)
Employee benefit paid	(11,627)	(10,887)	(2,693)	(376)
Closing balance for the year	<u>205,573</u>	<u>191,419</u>	<u>57,947</u>	<u>56,401</u>

The principal actuarial assumptions used were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Discount rates	2.72 - 2.99	2.30 - 2.54	2.72	2.38
Salary growth rate	5.00	4.95	5.00	4.95
Staff turnover rate	0.00 - 22.00	0.00 - 23.00	0.00 - 22.00	0.00 - 23.00

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

	<b>Consolidated financial statements</b>					
	<b>Increase (decrease) to employee benefit obligations</b>					
<b>Change in assumption</b>	<b>Increase in assumption</b>		<b>Decrease in assumption</b>			
<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	
<b>%</b>	<b>%</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	
Discount rate	1.00	1.00	(20,776)	(19,729)	24,278	22,939
Salary growth rate	1.00	1.00	22,248	21,817	(19,382)	(18,975)
Staff turnover rate	1.00	1.00	(22,028)	(20,989)	10,234	9,823

	<b>Separate financial statements</b>					
	<b>Increase (decrease) to employee benefit obligations</b>					
<b>Change in assumption</b>	<b>Increase in assumption</b>		<b>Decrease in assumption</b>			
<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	
<b>%</b>	<b>%</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	
Discount rate	1.00	1.00	(5,341)	(5,265)	6,188	6,116
Salary growth rate	1.00	1.00	5,885	5,871	(5,182)	(5,161)
Staff turnover rate	1.00	1.00	(5,691)	(5,586)	1,890	1,899

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

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

The weighted average duration of the defined benefit obligation is 10.52 - 12.81 years (2017 : 11.03 - 13.38 years).

**25 Legal reserve**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
As at 1 April	363,691	337,305	363,691	337,305
Appropriation during the year	2,180	26,386	2,180	26,386
As at 31 March	<u>365,871</u>	<u>363,691</u>	<u>365,871</u>	<u>363,691</u>

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

**26 Other income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Gain on exchange rate, net	3,091	15,685	-	2,146
Dividend income from subsidiaries	-	-	-	539,499
Dividend income from other long-term investment	14,400	-	-	-
Interest income	3,103	4,151	86,566	58,498
Compensation from insurance companies	25,000	6,683	-	-
Others	15,392	26,664	2,203	6,264
Total	<u>60,986</u>	<u>53,183</u>	<u>88,769</u>	<u>606,407</u>

**27 Expense by nature**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Change in finished goods and work in process	(151,719)	(966,610)	-	-
Raw materials and consumables used	14,616,813	13,394,975	-	-
Store and supplies used	935,581	571,522	-	-
Fuel	656,091	619,254	-	-
Depreciation and amortisation and amortisation of rolling mill expenses	529,810	533,949	33,793	27,867
Employee benefits expenses	938,706	926,224	267,441	265,832
Utilities expenses	2,445,480	1,963,338	1,025	1,020
Repair and maintenance expenses	711,085	609,492	310	238
Contractor fees	206,741	197,876	-	-
Delivery and selling expenses	189,838	230,943	-	-
Bank charges	60,415	49,882	66	86
Rental expenses	47,405	44,835	29,434	27,702
Doubtful accounts	40,577	-	-	-
Loss on diminution in value of inventory and obsolete inventories	-	117,352	-	-
Loss from impairment of plant and equipment	-	474,211	-	31

**28 Other expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Loss on diminution in value of inventory	-	62,886	-	-
Loss from impairment of plant and equipment	-	474,211	-	31
Loss on exchange rate, net	-	-	4	-
	<b>-</b>	<b>537,097</b>	<b>4</b>	<b>31</b>

**29 Income tax (income) expense**

Income tax (income) expense for the years ended 31 March comprise of

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Current tax:				
Current tax on profits for the year	132,219	132,092	-	-
Total current tax	132,219	132,092	-	-
Increase in deferred tax assets (Note 19)	(1,455)	(2,838)	(1,227)	(1,483)
(Decrease) increase in deferred tax liabilities (Note 19)	171	(2,300)	-	(301)
Total deferred tax	(1,284)	(5,138)	(1,227)	(1,784)
	130,935	126,954	(1,227)	(1,784)
Write-off of refundable income tax of previous year	-	99,981	-	17,138
Total income tax (income) expense	130,935	226,935	(1,227)	15,354

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

	<b>Consolidated financial statements</b>	
	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Profit before income tax	585,289	440,685
Tax calculated at a tax rate of 20% (2017 : 20%)	117,058	88,137
Tax effect of:		
- Non-taxable income from BOI activities	-	91,203
- Temporary differences and unused tax losses not accounted for as deferred tax assets and elimination entries	18,992	93,823
- Income not subject to tax (dividend)	-	(107,900)
- Expenses not deductible for tax purpose	6,675	10,415
- Double tax expenses deductible	(2,597)	(1,502)
- Utilisation of tax loss carried forward which was not recognised as deferred tax asset	(9,193)	(47,222)
Tax charge	130,935	126,954



**29 Income tax expenses (Cont'd)**

	<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Profit before income tax		
Tax calculated at a tax rate of 20% (2017 : 20%)	42,375	543,078
Tax effect of:	8,475	108,616
- Income not subject to tax (dividend)	-	(107,900)
- Expenses not deductible for tax purpose	657	1,661
- Double tax expenses deductible	(1,166)	(354)
- Utilisation of tax loss carried forward which was not recognised as deferred tax asset	(9,193)	(3,807)
<b>Tax charge</b>	<b>(1,227)</b>	<b>(1,784)</b>
	<b>2018</b>	<b>2017</b>
	<b>Tax rate</b>	<b>Tax rate</b>
	<b>%</b>	<b>%</b>
Effective tax rate	(3)	3

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

	<b>Consolidated financial statements</b>					
	<b>2018</b>			<b>2017</b>		
	<b>Before tax</b>	<b>Tax charge/</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax charge/</b>	<b>After tax</b>
	<b>Thousand Baht</b>	<b>(credit)</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>(credit)</b>	<b>Thousand Baht</b>
Remeasurement on retirement benefit obligations	9,239	(1,512)	7,727	(4,546)	388	(4,158)
Change in value of available-for-sale investment	200	(40)	160	1,100	(220)	880
<b>Other comprehensive income</b>	<b>9,439</b>	<b>(1,552)</b>	<b>7,887</b>	<b>(3,446)</b>	<b>168</b>	<b>(3,278)</b>
Current tax		-			-	
Deferred tax (Note 19)		(1,552)			168	
		<b>(1,552)</b>			<b>168</b>	

	<b>Separate financial statements</b>					
	<b>2018</b>			<b>2017</b>		
	<b>Before tax</b>	<b>Tax charge/</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax charge/</b>	<b>After tax</b>
	<b>Thousand Baht</b>	<b>(credit)</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>(credit)</b>	<b>Thousand Baht</b>
Remeasurement on retirement benefit obligations	4,417	(883)	3,534	780	(156)	624
<b>Other comprehensive income</b>	<b>4,417</b>	<b>(883)</b>	<b>3,534</b>	<b>780</b>	<b>(156)</b>	<b>624</b>
Current tax		-			-	
Deferred tax (Note 19)		(883)			(156)	
		<b>(883)</b>			<b>(156)</b>	

### 30 Earnings per share

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>For the years ended 31 March</b>				
Net profit attributable to ordinary shareholders of the parent (Thousand Baht)	454,561	214,477	43,602	527,724
Weighted average number of ordinary shares outstanding (Share)	8,421,540,848	8,421,540,848	8,421,540,848	8,421,540,848
Basic earnings per share (Baht per share)	0.05	0.03	0.01	0.06

### 31 Financial instruments

#### 31.1 Financial assets and liabilities in foreign currency

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

<b>Currency</b>	<b>Consolidated financial statements</b>					
	<b>2018</b>			<b>2017</b>		
	<b>Amount</b>		<b>Average exchange rate as at 31 March</b>	<b>Amount</b>		<b>Average exchange rate as at 31 March</b>
	<b>Financial assets Thousand Baht</b>	<b>Financial liabilities Thousand Baht</b>		<b>Financial assets Thousand Baht</b>	<b>Financial liabilities Thousand Baht</b>	
US dollars	540,911	124,082	31.23	237,704	91,203	34.45
Euro	-	8,156	38.44	-	28,469	36.79
Pound Sterling	-	52	43.83	-	134	43.02
Swiss franc	-	621	32.69	-	193	34.42
Swedish Krona	-	177	3.74	-	502	3.86
Japanese Yen	-	354	0.29	-	205	0.31
Singapore dollars	5	-	23.82	-	86	24.65

<b>Currency</b>	<b>Separate financial statements</b>					
	<b>2018</b>			<b>2017</b>		
	<b>Amount</b>		<b>Average exchange rate as at 31 March</b>	<b>Amount</b>		<b>Average exchange rate as at 31 March</b>
	<b>Financial assets Thousand Baht</b>	<b>Financial liabilities Thousand Baht</b>		<b>Financial assets Thousand Baht</b>	<b>Financial liabilities Thousand Baht</b>	
US dollars	349	643	31.23	261	4,297	34.45

**31 Financial instruments (Cont'd)**

**31.2 Foreign exchange forward contracts**

As at 31 March 2018, the Company has foreign exchange forward contracts due to purchase of goods with maturity contracts not over 9 months (2017 : 6 months) as follows:

	<b>Consolidated financial statements</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Foreign currency amounts</b>	<b>Fair values favourable (unfavourable) Thousand Baht</b>	<b>Foreign currency amounts</b>	<b>Fair values favourable (unfavourable) Thousand Baht</b>
Foreign exchange forward contracts				
US Dollars	500,000	(84)	5,308,109	(1,752)
Euro	418,000	(32)	-	-

As at 31 March 2018, the Company has foreign exchange forward contracts due to sales of goods with maturity contracts not over 3 months (2017 : 4 months) as follows:

	<b>Consolidated financial statements</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Foreign currency amounts</b>	<b>Fair values favourable (unfavourable) Thousand Baht</b>	<b>Foreign currency amounts</b>	<b>Fair values favourable (unfavourable) Thousand Baht</b>
Foreign exchange forward contracts				
US Dollars	8,200,000	1,047	4,000,000	1,251

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

## 32 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

Relationship between company and related parties:

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

**32 Related party transactions (Cont'd)**

The following transactions were carried out with related parties:

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

For the years ended 31 March	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Revenues</b>				
Sales				
Tata Steel Limited	659,564	450,145	-	-
The Siam Industrial Wire Co., Ltd.	731,456	472,033	-	-
Tata International Metals Trading Asia Ltd.	6,971	-	-	-
NatSteel Holdings Pte. Ltd.	55,071	-	-	-
TSN Wires Co., Ltd.	163,952	104,967	-	-
Tata projects Limited	8,504	-	-	-
<b>Total</b>	<b>1,625,518</b>	<b>1,027,145</b>	<b>-</b>	<b>-</b>
<b>Interest income</b>				
N.T.S. Steel Group Public Company Limited	-	-	83,693	54,547
<b>Management fees income</b>				
The Siam Iron and Steel (2001) Co., Ltd.	-	-	94,410	94,640
The Siam Construction Steel Co., Ltd.	-	-	178,620	184,320
N.T.S. Steel Group Public Company Limited	-	-	209,100	192,160
<b>Total</b>	<b>-</b>	<b>-</b>	<b>482,130</b>	<b>471,120</b>
<b>Other income</b>				
NatSteel Holdings Pte. Ltd.	80	-	-	-
Tata Steel Limited	14,993	-	-	-
<b>Total</b>	<b>15,073</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company has made the service agreement with subsidiaries which charges at the rate specified in the agreement and calculated by cost plus method.

**32 Related party transactions (Cont'd)**

a) Related party transactions for the years ended 31 March 2018 and 2017 (Cont'd)

For the years ended 31 March	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Expenses</b>				
Purchases				
Tata Steel Limited	24,065	6,530	-	-
NatSteel Recycling Pte. Ltd.	627,233	235,384	-	-
Tata International Metals Trading Asia Ltd.	-	950,531	-	-
Tata International Singapore Pte. Ltd.	37,392	16,378	-	-
Tata International Limited	6,874	4,677	-	-
Tata International West Asia DMCC	34,842	-	-	-
Total	730,406	1,213,500	-	-
Purchases of assets				
Tata Steel Limited	-	5,449	-	5,449
Natsteel (Xiamen) Ltd.	-	2,317	-	-
Tata Technologies Pte. Ltd.	562	-	562	-
Total	562	7,766	562	5,449
Interest expenses				
T S Global Holdings Pte. Ltd.	-	1,520	-	1,520
The Siam Iron and Steel (2001) Co., Ltd.	-	-	4,710	8,079
The Siam Construction Steel Co., Ltd.	-	-	23,732	28,390
Total	-	1,520	28,442	37,989
Other expenses				
Tata Steel Limited	32	-	32	-
The Siam Industrial Wire Co., Ltd.	136	42	-	5
NatSteel Holdings Pte. Ltd.	-	22	-	-
Tata Sons Limited	847	890	847	890
Mjunction Services Limited	116	58	116	-
TSN Wires Co., Ltd.	31	-	-	-
Tata South East Asia (Cambodia) Ltd.	2,430	3,448	2,430	3,448
Tata Technologies (Thailand) Ltd.	850	-	850	-
Tata Technologies Pte. Ltd.	1,408	-	1,408	-
Tata AIG General Insurance Co., Ltd.	20	-	-	-
Total	5,870	4,460	5,683	4,343
Key management compensation				
Short-term employee benefits	63,108	62,474	63,108	62,474
Post-employment benefits	18,185	16,433	18,185	16,433
Total	81,293	78,907	81,293	78,907

**32 Related party transactions (Cont'd)**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Trade receivable - related parties</b>				
Tata Steel Limited	447,482	196,224	-	-
The Siam Iron and Steel (2001) Co., Ltd.	-	-	8,260	16,992
The Siam Construction Steel Co., Ltd.	-	-	15,633	34,443
N.T.S. Steel Group Public Company Limited	-	-	18,351	36,947
The Siam Industrial Wire Co., Ltd.	3,565	33,585	-	-
Natsteel Holdings Pte. Ltd.	1,943	-	-	-
TSN Wires Co., Ltd.	9,883	7,036	-	-
Tata Projects Limited	1,399	-	-	-
<b>Total</b>	<b>464,272</b>	<b>236,845</b>	<b>42,244</b>	<b>88,382</b>
<b>Other receivables - related parties</b>				
Tata Steel Limited	24	16	24	16
The Siam Iron and Steel (2001) Co., Ltd.	-	-	5,795	4,335
The Siam Construction Steel Co., Ltd.	-	-	13,085	9,050
N.T.S. Steel Group Public Company Limited	-	-	18,861	15,002
Tata Sons Limited	136	137	136	137
Tata Communication (Thailand) Ltd.	21	-	21	-
Tata Power Co., Ltd.	18	-	18	-
<b>Total</b>	<b>199</b>	<b>153</b>	<b>37,940</b>	<b>28,540</b>
<b>Other non-current asset</b>				
T S Global Holdings Pte. Ltd. (Note 20)	-	71,220	-	71,220
<b>Trade payable - related parties</b>				
Tata Steel Limited	2,242	2,493	-	-
Tata International Singapore Pte. Ltd.	701	-	-	-
<b>Total</b>	<b>2,943</b>	<b>2,493</b>	<b>-</b>	<b>-</b>
<b>Other payables - related parties</b>				
Tata Steel Limited	-	3,978	-	3,978
The Siam Iron and Steel (2001) Co., Ltd.	-	-	278	627
The Siam Construction Steel Co., Ltd.	-	-	2,337	2,552
N.T.S. Steel Group Public Company Limited	-	-	77	14
Tata Sons Limited	30,836	23,361	30,836	23,361
Tata South East Asia (Cambodia) Ltd.	612	670	612	670
Tata Technologies Pte. Ltd.	1,088	-	1,088	-
<b>Total</b>	<b>32,536</b>	<b>28,009</b>	<b>35,228</b>	<b>31,202</b>



**32 Related party transactions (Cont'd)**

c) Short-term loans to a subsidiary

The movements of short-term loans to a subsidiary during the year ended 31 March 2018 and 2017 comprise the following:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Opening balance for the year	-	-	2,719,634	1,965,744
Additions of loans during the year	-	-	61,006	753,890
Closing balance for the year	-	-	2,780,640	2,719,634

As at 31 March 2018, short-term loans to a subsidiary in amount of Baht 2,781 million (2017 : Baht 2,720 million) bear interest rate at 3.0% per annum (2017 : interest rate at 2.0% to 5.5% per annum), are non-collateralised loans and not specified maturity date.

d) Short-term borrowings from related parties

The movements of short-term borrowings from related parties during the years ended 31 March 2018 and 2017 comprise the following:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Opening balance for the year	-	201,822	1,988,798	2,253,588
Repayments of loans during the year	-	(201,822)	(74,848)	(264,790)
Closing balance for the year	-	-	1,913,950	1,988,798

As at 31 March 2018, short-term borrowings from related parties for the Company in amount of Baht 1,914 million (2017 : Baht 1,989 million) bear interest rate at 1.50% per annum (2017 : interest rate at 1.50% per annum) and are non-collateralised loans and not specified maturity date.

e) Long-term borrowings from a related party

Long-term borrowings from a related party comprise the following:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Current portion of long-term borrowings from a related party	-	270,596	-	270,596

**32 Related party transactions (Cont'd)**

e) Long-term borrowings from a related party (Cont'd)

The movements of long-term borrowings from a related party comprise the following:

	<b>Consolidated financial statements Thousand Baht</b>	<b>Separate financial statements Thousand Baht</b>
<b>For the year ended 31 March 2018</b>		
Opening balance for the year	270,596	270,596
Repayments during the year	(270,596)	(270,596)
Closing balance for the year	<u>-</u>	<u>-</u>

On 18 April 2016, the related party agreed with the Company to extend long-term borrowings repayment that fell due on 31 August 2016 to 31 December 2017. Such long-term borrowings from a related party carries no interest.

The Company had paid for the advance payment for Brand Promotion fee of Tata Sons Limited of Baht 71 million in 2008. During the year 2014, the receivable was changed from Tata Sons Limited to T S Global Holdings Pte. Ltd. ("TSGH"). On 25 April 2017, the Board of Directors of TSGH approved for offsetting such other receivable as part of other non-current assets from TSGH of Baht 71 million and current portion of long-term borrowings.

On 12 January 2018, the Company has already made repayment in full amount of long-term borrowings from a related party in the amount of Baht 199 million.

**33 Contingent liabilities**

For the year ended 31 March 2014, The Siam Construction Steel Company Limited, a subsidiary, received the notifications from the Revenue Department informing the assessments of additional surcharge of Baht 16 million in respect of the half-year corporate income tax filing for the year ended 31 March 2008 which the 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. The subsidiary has made the appeal to the Revenue Department.

As at 31 March 2018, the result of this assessment has not been finalised. However, the subsidiary expected that there would not be payment and has not recorded any provisions in the financial statements.

**34 Commitments**

**34.1 Letter of guarantee**

Letters of guarantee issued by the financial institutions to the Revenue Department, Electricity Generating Authority of Thailand, Provincial Electricity Authority Industrial, Estate Authority of Thailand and Bureau of Indian Standards as at 31 March 2018 and 2017 amounting to Baht 325 million and Baht 305 million, respectively, in the normal courses of business.

**34 Commitments (Cont'd)**

**34.2 Capital commitments**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Buildings, machinery and equipment	34,471	22,988	-	880
Computer software	2,237	-	2,237	-

**34.3 Operating lease commitments - where the Group is the lessee**

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

The Group leases various land, office building, vehicles and office equipment (including service charges). The minimum lease payments under these non-cancellable operating lease agreements are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Not later than 1 year	45,142	32,375	28,776	23,384
Later than 1 year but not later than 5 years	58,051	48,664	33,764	31,736
	<b>103,193</b>	<b>81,039</b>	<b>62,540</b>	<b>55,120</b>

**34.4 Commitments from letter of credit**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>	<b>Thousand</b>
<b>Currency</b>				
USD	366	4,527	-	-
EUR	523	96	-	-

### 35 Fair value measurement

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

Financial assets and financial liabilities	Consolidated financial statements		Separate financial statements		Fair value hierarchy	Valuation techniques and key inputs for fair value measurement
	Fair value as at		Fair value as at			
	31 March 2018	31 March 2017	31 March 2018	31 March 2017		
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht		
<u>Financial assets</u>						
1. Foreign currency forward contracts (including in other current assets)	1,047	1,362	-	-	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	3,500	3,300	-	-	Level 1	Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
<u>Financial liabilities</u>						
1. Foreign currency forward contracts (including in other current liabilities)	116	1,863	-	-	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.

### 36 Promotional privileges

The Group received the promotional privileges from the Board of Investment 2 project no.2084(8)/2550 and 9018(2)/2557 on 18 July 2007 and 29 September 2014 respectively for manufacturing of steel sections, hot metal, pig iron, steel billet wire rods. Subject to certain imposed conditions, the privileges include the following conditions:

- Exemption from import duty on machinery as approved by the board.
- Exemption from corporate income tax earned from promoted business for the period of 3 years counting from the date the company first derived revenue from the respective business activities.

Revenues in the consolidated statements of comprehensive income classified by BOI and Non BOI businesses are as follows:

	Consolidated financial statements		
	2018 (Unaudited)		
	BOI promoted activities which are subject to corporate income tax Thousand Baht	Non BOI promoted activities Thousand Baht	Total Thousand Baht
Revenue from local sales	-	20,297,660	20,297,660
Revenue from export sales	-	1,948,613	1,948,613
Total revenue	-	22,246,273	22,246,273

**36 Promotional privileges (Cont'd)**

Revenues in the consolidated statements of comprehensive income classified by BOI and Non BOI businesses are as follows: (Cont'd)

	<b>Consolidated financial statements</b>		
	<b>2017 (Unaudited)</b>		
	<b>BOI promoted activities which are subject to corporate income tax Thousand Baht</b>	<b>Non BOI promoted activities Thousand Baht</b>	<b>Total Thousand Baht</b>
Revenue from local sales	-	18,392,869	18,392,869
Revenue from export sales	-	1,308,603	1,308,603
Total revenue	-	19,701,472	19,701,472









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