

TATA STEEL (THAILAND)



Annual Report

Tata Steel (Thailand)

Public Company Limited



**2011-
2012**



World Class Steel For Thais

VISION & GOALS

VISION

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

GOALS 2015

Value Creation

Increase Return on Invested Capital (ROIC) to 12%

Safety

Reduce Lost Time Injury Frequency (LTIF) to 0.4

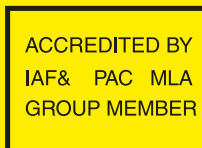
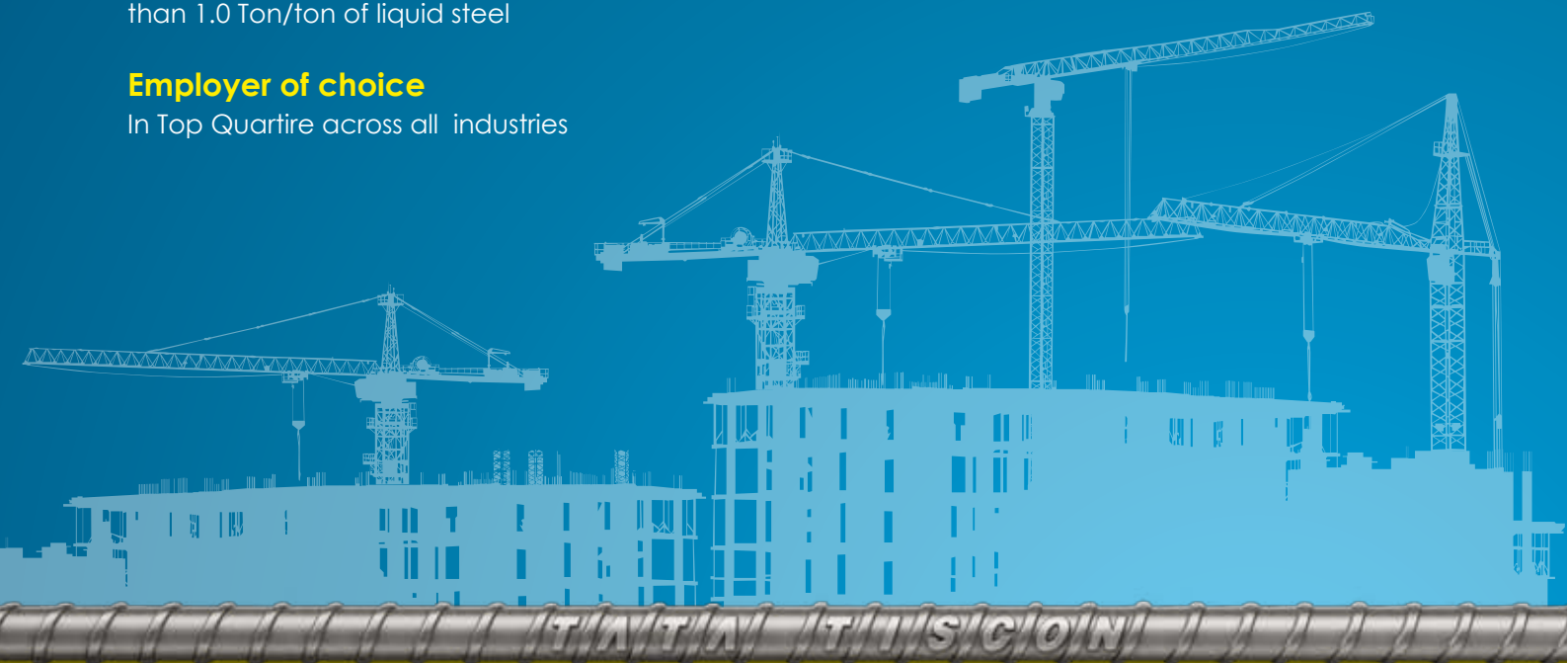
Environment

Maintain Carbon Dioxide (CO₂) emissions to less than 1.0 Ton/ton of liquid steel

Employer of choice

In Top Quartile across all industries

Customer intimacy, Operations excellence, Highest standards of corporate citizenship, happy and enthused employees will be our areas of focus to realise this vision.



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CONSOLIDATED FINANCIAL HIGHLIGHTS

Million Baht

| Financial Statements | 2012 | 2011 | 2010 |
|---|-------------|------------|-----------|
| Statement of Income | | | |
| Net Sales | 26,223.03 | 26,761.72 | 22,421.75 |
| Total Revenues | 26,343.09 | 26,819.64 | 22,520.38 |
| Gross Profit | *(406.00) | (96.91) | 707.01 |
| Earnings before Income Tax, Interest Expense and Financial Charges, Depreciation and Amortization (EBITDA) | **257.98 | 326.60 | 1,023.53 |
| Net Profit (Loss) Before Tax | (1,349.75) | (1,060.51) | (43.54) |
| Net Profit (Loss) After Tax | ***1,580.59 | (976.00) | (54.40) |
| Balance Sheets | | | |
| Total Assets | 22,959.90 | 24,913.23 | 26,514.84 |
| Total Liabilities | 9,432.54 | 9,799.38 | 10,421.31 |
| Total Equity of the Company's Shareholders | 13,528.82 | 15,110.31 | 16,085.82 |
| Total Shareholders' Equity | 13,527.36 | 15,113.85 | 16,093.53 |
| Issued and Fully Paid of Share Capital | 8,421.54 | 8,421.54 | 8,421.54 |
| Financial Ratio | | | |
| Par Value (Baht) | 1.00 | 1.00 | 1.00 |
| Book Value per Share (Baht) | 1.61 | 1.79 | 1.91 |
| Earnings (Loss) per Share (Baht) | (0.19) | (0.12) | (0.01) |
| Proposed Dividends per Share (Baht) | - | - | - |
| Debt to Equity Ratio (Time) | 0.70 | 0.65 | 0.65 |

Note : * One-time costs of ฿408 Mn from MBF Moth ball related expenditure and others.

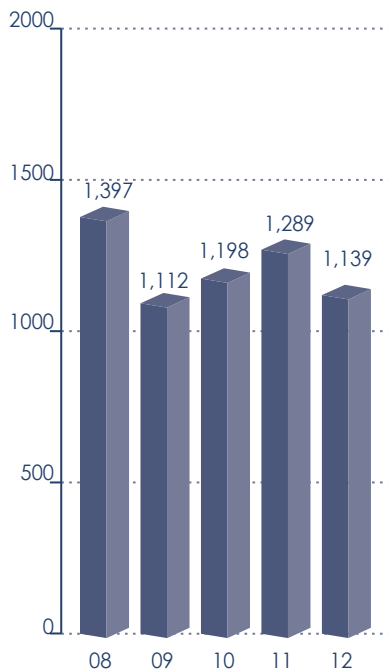
** One-time changes of ฿175 Mn impacting EBITDA.

*** One-time costs of ฿415 Mn from MBF Moth ball related expenditure and others, Deferred Tax Assets Writeback of ฿ 272 Mn on account of reduction in corporate tax rate.

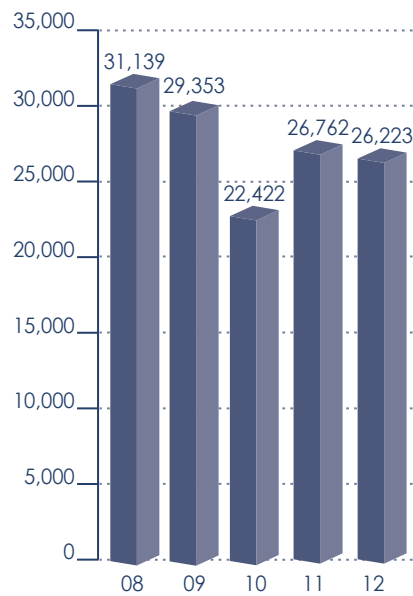


CONSOLIDATED FINANCIAL HIGHLIGHTS

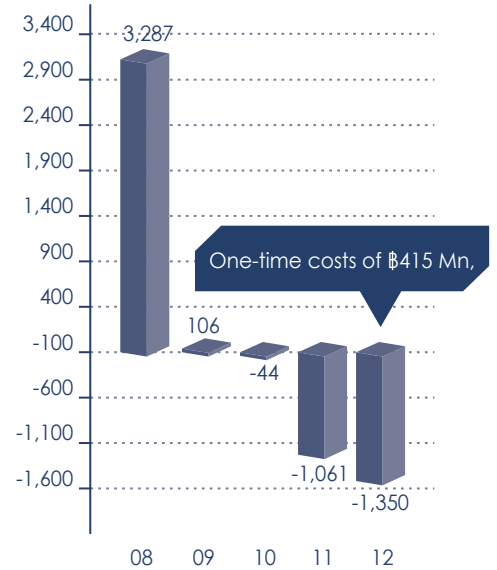
Net Sales (Thousand Ton)



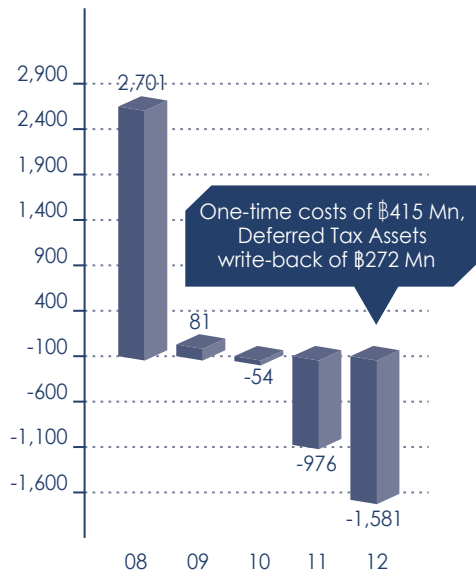
Net Sales (Million Baht)



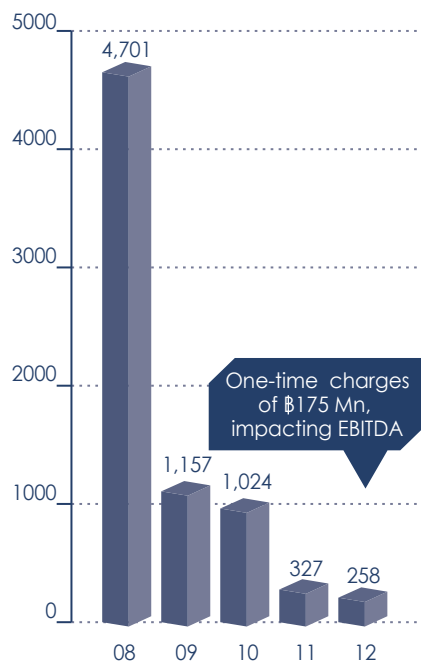
Profit before tax (Million Baht)



Profit after tax (Million Baht)



EBITDA (Million Baht)

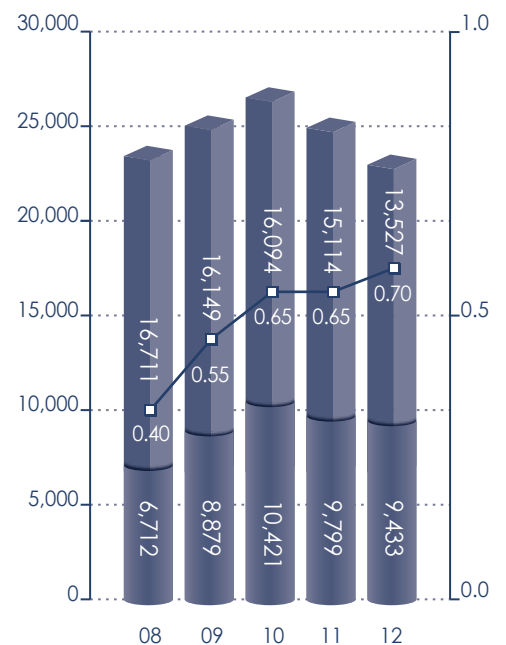


Debt to Equity

Equity

Debt

Debt : Equity



GENERAL INFORMATION OF COMPANY AND SUBSIDIARIES

Tata Steel (Thailand) Public Company Limited

| | |
|--------------------|--|
| Registration No. | 0107545000136 |
| Business Type | Manufacturer and distributor of long steel products. |
| Established | July 12, 2002 |
| Authorized Capital | 11,025,579,573 Baht Ordinary Shares 10,772,806,348 shares Preferred Shares 252,773,225 shares |
| Paid Up Capital | 8,421,540,848 Baht Ordinary Shares 8,168,767,623 shares Preferred Shares 252,773,225 shares |
| Par Value | 1.00 Baht per share |
| Head Office | Rasa Tower 2, 20th Floor, 555 Phaholyothin Road, Chatuchak, Bangkok 10900, Thailand Tel. 66 (2) 937-1000 Fax. 66 (2) 937-1223 |
| Website | http://www.tatasteelthailand.com |

| | |
|---------------------------|---------------------------|
| Securities Trading Symbol | TSTH, TSTH-W1 and TSTH-W2 |
|---------------------------|---------------------------|

| | | |
|-------------|---------|--------------|
| ISIN Number | Local | TH0692010000 |
| | Foreign | TH0692010018 |
| | NVDR | TH0692010R12 |

| | |
|--------------|-------------------|
| Listing Date | November 29, 2002 |
|--------------|-------------------|

| | |
|--------------|-------------------|
| Trading Date | December 18, 2002 |
|--------------|-------------------|

| | | | |
|---------|-----------|---------------|-------|
| Warrant | TSTH – W1 | 1,083,275,200 | units |
| | TSTH – W2 | 1,520,763,525 | units |
| | Total | 2,604,038,725 | units |

| | |
|-----------|--|
| Registrar | Thailand Securities Depository Company Limited 4, 6 -7th Floor, The Stock Exchange of Thailand Building, 62 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. 66 (2) 229-2800 Fax. 66 (2) 359-1262-3 |
|-----------|--|

| | |
|----------|--|
| Auditors | Mrs. Nachalee Boonyakarnkul (Certified Public Accountant Registration No. 3126) Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. Rojanakarn Building, 25th Floor, 183 South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, Thailand Tel. 66 (2) 676-5700 Fax. 66 (2) 676-5757 |
|----------|--|

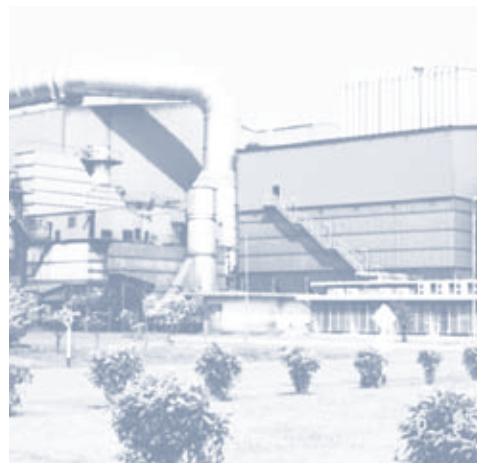
| | |
|--------------------|--|
| Investor Relations | Miss Pratana Sinhaneti Tel. 66(2) 937-1000 Ext. 2430 E-mail pratanas@tatasteelthailand.com |
|--------------------|--|



GENERAL INFORMATION OF COMPANY AND SUBSIDIARIES

N.T.S. Steel Group Public Company Limited

| | |
|---------------------------|---|
| Registration No. | 0107536001273 |
| Business Type | Manufacturer of bars, rebars and wire rods |
| Established | October 4, 1988 |
| Factory | No. 351, Moo 6, 331 Highway, Hemaraj Chonburi Industrial Estate, Bowin, Sriracha, Chonburi 20230 Tel. 66 (3) 834-5355 Fax. 66 (3) 834-5350 |
| Authorized Capital | 4,628,010,864.00 Baht |
| Paid Up Capital | 3,253,398,864.00 Baht |
| Par Value | 1.20 Baht |
| Warrant total | 1,145,510,000 units |
| | NTS - W1 476,530,000 units |
| | NTS - W2 668,980,000 units |
| Held by TSTH | 99.66 % |



The Siam Construction Steel Company Limited

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



The Siam Iron and Steel (2001) Company Limited

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



MESSAGE FROM THE BOARD OF DIRECTORS



Mr. Hemant Madhusudan Nerurkar
Chairman

Dear Shareholders, Greetings,

The year 2011 – 2012 has been one of the toughest periods for the steel industry since the economic meltdown of 2008-2009 in global markets. While, the developed economies (US, Japan, Europe) experienced crisis, unique in its own way, Thailand faced its worst ever floods in the recorded history.

The year FY 12 started on a robust note registering a strong growth in Q1 of FY 12. However, the impact of floods was so severe that the GDP YoY growth in 2011 dropped to mere 0.1% compared to the plan of 4-5% and a concomitant drop in steel consumption in Q4 of CY 11. Overall, total apparent steel use in Thailand in 2011 was recorded at 14.65 million tons (growth of 4.3% over 2010) whereas in long products, steel usage was at 4.78 million tons, a growth of mere 2.2%.

A disturbing feature of Steel industry worldwide in 2011 has been the narrowing gap between rebar and scrap prices leading to an adverse affect on the profitability for EAF producers. The situation at Thailand has been no different and in fact got exacerbated due to floods.

The profitability impact on Blast Furnace (BF) producers has been even more pronounced due to the high raw material prices of iron ore, coal and coke. This led to a higher production cost of billet from the blast furnace route as compared to the scrap route in most parts of the world. Since developed economies have a comparatively richer product mix, an expensive route could still be managed. However, a company with a predominantly construction based product mix like rebars, would suffer when producing billets through a BF based route. This phenomenon has affected the steel companies across the globe leading to announcements of partial and full closures of BF's and MBF's to stem the continued loss.

For Tata Steel (Thailand), by end of Q1 FY12, the adverse impact of continuing with Mini BF operations in a high cost regime was evident as compared to the scrap based route. Therefore, Company took a major decision to mothball the Mini Blast Furnace (MBF) in August 2011 and decide to operate on a 100% scrap based EAF steel making at all its locations. Consequent upon the MBF moth ball, the company had to undertake several "one time expense" actions that have adversely affected the profit performance of the company in Q3 FY12. Since the MBF mothball is temporary, Company did not announce any layoffs and the extra manpower of MBF was accommodated in other areas.

The decision to mothball MBF in August 2011 proved to be timely and appropriate due to onset of floods leading to contraction of sales by 25% in Q3 FY 12 compared to normal quarters. Had the company still been operating the MBF, it would have been catastrophic for the profitability in H2 FY12 and probably the MBF would had to, in any case, forcibly be shutdown.

"Turnaround Plan"

MBF mothball notwithstanding, Tata Steel Group is committed to strengthening its presence in the growing market of SE Asia. With an aim to improve operations and create value for its shareholders, your company has put together a "turnaround plan" that is hinged on 2 key strategic intents :

1. Focus on Operations and Commercial excellence and run the three EAF plants on scrap in an integrated manner to return to profitability.
2. Undertake judicious investments to make the earnings capability of the company robust in the wake of increased competition & continued turbulence from raw material prices.

We are delighted to report that operating on EAFs, the improved performance of the company is evident with a steady increase in contribution leading to positive gross profit performance in Q4 FY 12. Additionally, your company has witnessed an all round improvement in various areas that include,

- Safety practices leading to a best ever LTIFR of 0.77 for FY 12 as compared to 1.31 in FY 11 and 3.24 in FY 10.
- Company branded its rebars as **TATA TISCON** in FY 12 and was able to build sales to an appreciable level on the strength of the



MESSAGE FROM THE BOARD OF DIRECTORS

TATA name, consumer pull for TATA manufactured rebars, and strong relationships with the channel members who have faith in the company. The efforts of increasing coverage in regional and upcountry markets have helped the company to maintain its leadership position in rebars.

- Company maintained its market leadership in special wire rods category with a share of > 40%. Last year, company made an entry in the lucrative Special Bar Quality (SBQ) segment and has reached 8% market share in the carbon steel segment in the very first year. Consequently, the overall % of special products in the sales mix has improved from 23% in FY 11 to 28% in FY 12.
- Procurement of metallics and high spend consumables has been strengthened. Along with specially designed programs with operations, it has caused reduction in the billet costs.

A notable feature of the "turnaround plan" has been the return of confidence of stakeholders in the future of the company. Banks have appreciated the efforts being taken to achieve the profitability intent by agreeing to support the company in innovative funding programs. Customers have displayed loyalty and post return from floods, have continued with the relationship. And, our employees have joined hands to believe in the new and invigorated way of working focused on turning the company to profitability.

While, your company has returned to be in "cash profit", one of the hurdles in returning the company to become PBT positive is an inordinately high depreciation charge. The strategic intent # 2 is to address this aspect and it will entail producing a higher quantity of specialty products to increase the capacity utilization of the company. Exhibiting financial prudence, your company will undertake judicious investments later this year so that the product mix is enriched with non commodity products. Along with financial restructuring, the higher total contribution will make your company robust to face the increased competition and inherent volatility in raw material prices. We anticipate that the turnaround plan results will be fully realized by year 2013.

Outlook for FY 2013

Going forward, the continued uncertainty around Euro zone crisis and strong raw material prices pose a challenging outlook for the steel industry with a recovery expected only in second half of CY 12. GDP growth forecast for 2012 has been placed at 5-6% for Thailand. The growth would also be driven by the Government investment in reconstruction of infrastructure, including actions to prevent flooding in both short and long term. Automotive industry has taken a target to make 2 million numbers of vehicles (an increase of 70% over 2011 of 1.178 million nos).

This will result in Thailand's steel consumption in 2012 to increase by around 3.2% over 2011 to touch 15.4 million tons. The growth in long products is expected to be 4-5% whereas flat products will be higher at 6.9%. However, increasing imports from China, as observed in 2011, are likely to give strong headwinds to the profitability and production volume of domestic producers.

Against this backdrop, we are cautiously optimistic about FY13. While, the all out focus of the management team is to drive the "turnaround", the company continues to stay nimble footed to take advantage of the opportunities that present itself from time to time. In terms of market front facing initiatives, the company intends to continue with its brand building efforts in TATA TISCON rebars and strengthen its reach in the regional and upcountry markets to sustain market leadership. Additionally, company has made firm inroads in the initiative to supply cut and bend, ready to use rebar products directly to the construction sites.

Recognizing the increased competition due to entry of new players as well as higher imports, the product mix enrichment efforts will continue with higher sales in the newly developed Special Bar Quality (SBQ) and special wire rods.

Thailand today is the largest steel consumer in the ASEAN and is poised for a robust growth over the next 5 years. The company is excited with the prospect of participating in the nation building and to play its role as the leading supplier of quality products in FY 13 and beyond. The **new Vision** statement captures the ethos of building partnership extends to suppliers along with the customers with an eye on creating value for our stakeholders. Embracing highest standards of safety in all its operations and Tata Code of Conduct as the guiding principle, the company is committed to be a responsible corporate citizen.

The Board of Directors would like to express their gratitude to the shareholders especially Tata Steel Group (the major shareholder) who extended full support to the company to address the challenges of FY 12. The Board would like to acknowledge the trust and support extended by its customers, employees, business associates, financial institutions both local and overseas, media as well as all other related Government and private agencies to the company.



Mr. Peeyush Gupta
President and CEO

THE BOARD OF DIRECTORS AND MANAGEMENT



Mr. Hemant Madhusudan Nerurkar
Chairman

Age : 64

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

- Bachelor of Technology (Metallurgical Engineering),
Collage of Engineering, Pune, India

Working experiences in the 5 preceding years

| | | | |
|----------------|--|----------------|---|
| 2010 - Present | Chairman, Tata Steel Holdings Pte Ltd., Singapore | 2009 - Present | Managing Director, Tata Steel Limited, India |
| 2010 - Present | Chairman, Tata Steel Global Holdings Pte Ltd., Singapore | 2009 - Present | Director, World Steel Association, Belgium. |
| 2010 - Present | Chairman, Tata Steel Global Minerals Holdings Pte Ltd., Singapore | 2008 - Present | Director, NatSteel Asia Pte Ltd., Singapore |
| 2010 - Present | Chairman, Tata Steel Global Procurement Co. Pte. Ltd., Singapore | 2008 - Present | Director, NatSteel Holdings Pte Ltd., Singapore |
| 2010 - Present | Chairman, Proco Issuer Pte Ltd., Singapore | 2006 - Present | Director, Tata BlueScope Steel, India |
| 2010 - Present | Chairman, Corus Consulting Ltd. U.K. | 2003 - 2010 | Chairman, TM International Logistics Ltd., India |
| 2010 - Present | Director, CEDEP., France. | 2009 - 2009 | Executive Director, India & South East Asia. |
| 2010 - Present | Director, Xavier Institute of Management, Bhubaneswar | 2008 - 2009 | Chairman, Hooghly Met Coke & Power Co. Ltd., India |
| 2010 - Present | President, Institute for Steel Development & Growth | 2008 - 2009 | Chairman, JAMIPOL, India |
| 2010 - Present | Director, New Millenium Capital Corporation, Canada | 2008 - 2009 | Chairman, Tata Metaliks Ltd., India |
| | | 2007 - 2009 | Chief Operating Officer Tata Steel Limited, India |

THE BOARD OF DIRECTORS AND MANAGEMENT



Mr. Koushik Chatterjee

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

Age : 43

No. of Shareholding (%) : 0

Relative : None

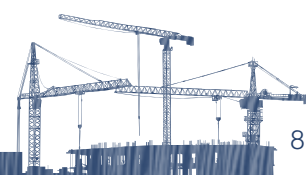
Education / IOD's program

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

Working experiences in the 5 preceding years

| | |
|----------------|--|
| 2010 - Present | Director, Tata Steel Global Procurement Co., Ltd., Singapore |
| 2010 - Present | Director, ProCo Issuer Pte Limited, Singapore. |
| 2009 - Present | Chairman & Director, Tata Metaliks Ltd. |
| 2009 - Present | Director, Tata Steel Global Minerals Holdings Pte Limited, Singapore |
| 2008 - Present | Director, NatSteel Holdings Pte Limited, Singapore |
| 2008 - Present | Director, Tata Steel Global Holdings Pte Ltd., Singapore |
| 2007 - Present | Director, Tata Steel Netherlands B V, Netherlands |
| 2007 - Present | Director, Tulip Netherlands (No. 1) B V, Netherlands |
| 2006 - Present | Director, Tata Steel UK Ltd., U.K. |
| 2006 - Present | Director, Tata Steel Europe Limited |
| 2006 - Present | Director, Tulip UK Holdings (No. 2) Ltd., UK |
| 2006 - Present | Director, Tulip UK Holdings (No. 3) Ltd., UK |
| 2006 - Present | Director, Tatasteel Holdings Pte Ltd., Singapore |

| | |
|----------------|---|
| 2005 - Present | Director, NatSteel Asia Pte Ltd., Singapore |
| 2004 - Present | Chairman & Director, The Tinsplate Company of India Ltd. |
| 2004 - Present | Director, Tata Services Ltd., India |
| 2003 - Present | Group Chief Financial Officer Tata Steel Limited, India |
| 2009 - 2011 | Director, Centennial Steel Company Ltd. |
| 2007 - 2011 | Director, Tulip Netherlands (No. 2) B V, Netherlands |
| 2004 - 2011 | Chairman & Director, Kalimati Investment Co., Ltd., India |
| 2004 - 2011 | Chairman & Director, Rujuvalika Investments Ltd., India |
| 2005 - 2010 | Director, Southern Steel Berhad, Malaysia |
| 2009 - 2009 | Director, Orchid Netherlands (No.1) B V, Netherlands |
| 2006 - 2008 | Director, Tata Steel KZN (Pty) Ltd., South Africa |
| 2006 - 2008 | Director, The Dhamra Port Co., Ltd., India |
| 2002 - 2008 | Director, Tata Refractories Ltd., India |



THE BOARD OF DIRECTORS AND MANAGEMENT



Mr. Kriang Kiatfuengfoo

Independent Director and
Chairman of the Audit Committee

Age : 64

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

- Master of Business Administration, Michigan State University, USA
- Bachelor of Economics, University of Wisconsin, USA
- Directors Accreditation Program (DAP : 1/2003)
- Audit Committee Program (ACP : 4/2005)
- The Role of the Chairman Program (RCP 12/2005)

Working experiences in the 5 preceding years

2001 - Present Independent Director, TPT Petrochemicals Plc.

Mr. Maris Samaram

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

Age : 69

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

- Bachelor of Accounting, University of the East, Philippines
- Program for Management Development, Harvard Business School, USA
- Directors Certification Program (DCP : 33/2003)
- Board's Failure and How to Fix it
- Audit Committee Program (ACP : 3/2004)
- Monitoring the Internal Audit Function (MIA : 3/2008)
- Monitoring the System of Internal Control and Risk Management (MIR : 4/2008)
- The Responsibilities and Liabilities of Directors and Executives under the New SEC ACT (May 2008)
- Handling Conflicts of Interest: What the Board Should Do? (2008)



Working experiences in the 5 preceding years

2010 - Present Director, Indorama Ventures PCL.
2005 - Present Director, PAC Siam Co., Ltd.
2004 - Present Director, Marsh PB Co., Ltd.
2003 - Present Independent Director and Chairman of the Audit Committee, Siam Commercial Bank Plc.
2001 - Present Advisor, M.E.D. Co., Ltd.

2005 - 01/2012 Executive Committee and Chairman of the Audit Committee, Asian Institute of Technology
2008 - 2011 Director and Vice Chairman of the Audit Committee, Indorama Polymers Ltd.
2004 - 2010 Independent Director and Audit Committee Member, Sub Sri Thai Warehouse Plc.



THE BOARD OF DIRECTORS AND MANAGEMENT



Asst. Prof. Rawewan Peyayopanakul
Independent Director, Member of the Audit Committee,
Member of the Corporate Governance and Nomination
Committee and Member of the Remuneration Committee

Age : 64

No. of Shareholding (%) : 22,000 (0.00)

Relative : None

Education / IOD's program

- Master of Business Administration, Michigan State University, USA
- Bachelor of Accounting, Thammasat University
- Directors Accreditation Program (DAP : 4/2003)
- Audit Committee Program (ACP : 4/2005)

Working experiences in the 5 preceding years

2008 - Present Independent Director and Chairman of
the Audit Committee, Sabina Plc.
2000 - Present Independent Director and Member of
the Audit Committee, Thai Cane Paper Plc.

1999 - Present Independent Director and Member of
the Audit Committee, Thai Theparos
Food Products Plc.

Mr. Taratorn Premsoontorn

Director and
Member of the Remuneration Committee

Age : 49

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

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



Working experiences in the 5 preceding years

2001 - Present Director, Sriracha Harbour Plc.
1996 - Present Senior Vice President, Bangkok Bank Plc.

2003 - 2009 Director, Prasit Patana Plc.



THE BOARD OF DIRECTORS AND MANAGEMENT



Mr. Peter John Hogg

Director and
Member of the Executive Committee

Age : 42

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

- MA (Hons) Manufacturing Engineering, University of Cambridge
- MBA, University of Warwick

Working experiences in the 5 preceding years

2012 – present Director – Sales & Marketing,
Tata Steel Europe

2011 - 2012 Commercial Director, Long Products,
Tata Steel Europe

2008 - 2011 General Manager, Tata Steel Speciality,
Tata Steel Europe

2004 - 2008 Director, Wire Rod Business,
Corus UK

Mr. Peeyush Gupta

President and CEO and
Member of the Executive Committee

Age : 43

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

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



Working experiences in the 5 preceding years

2012 - Present Director, N.T.S. Steel Group Plc.

2012 - Present Director, The Siam Iron and Steel (2001) Co.,Ltd.

2012 - Present Director, The Siam Construction Steel Co.,Ltd.

2007 - 2011 Chief (Marketing & Sales – Flat Products),
Tata Steel Limited, India

2007 - 2007 Chief (Strategy & Integration – LP),
Tata Steel Limited, India

2004 - 2007 Financial Controller (Long Products),
Tata Steel Limited, India



THE BOARD OF DIRECTORS AND MANAGEMENT



Mr. Thana Ruangsilasingha
Chief Operating Officer

Age : 57

No. of Shareholding (%) : 50,000 (0.00)

Relative : None

Education / IOD's program

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

Working experiences in the 5 preceding years

| | | | |
|----------------|---|-------------|---|
| 2010 - Present | Director, N.T.S. Steel Group Plc. | 2011 - 2012 | Vice President-Operations, Managing Director of N.T.S. Steel Group Plc., The Siam Iron and Steel (2001) Co.,Ltd., The Siam Construction Steel Co., Ltd. |
| 2004 - Present | Director, The Siam Construction Steel Co., Ltd. | 2010 - 2011 | Managing Director, N.T.S. Steel Group Plc. |
| 2002 - Present | Director, The Siam Iron and Steel (2001) Co.,Ltd. | 2003 - 2010 | Managing Director, The Siam Iron and Steel (2001) Co., Ltd. |

Mr. Amit Ghosh
Chief Financial Officer

Age : 58

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

- Master in Business Administration, XLRI, Jamshedpur, India
- Associate Member of Institute of Cost and Works Accountants of India.
- Bachelor of Commerce (Honours), University of Calcutta



Working experiences in the 5 preceding years

| | | | |
|----------------|---|-------------|--|
| 2012 - Present | Director, The Siam Construction Steel Co., Ltd. | 1996 - 2007 | Vice President - Finance & Accounting, Tata Metaliks Ltd., India |
|----------------|---|-------------|--|



Mr. Sunil Seth
Vice President – Marketing & Sales

Age : 51

No. of Shareholding (%) : 0

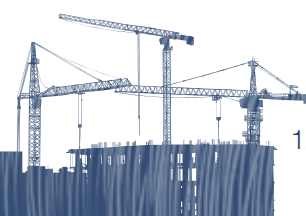
Relative : None

Education / IOD's program

- BSC (Engineering), Mechanical, Birla Institute of Technology, India
- General Management Program, CEDEP, INSEAD , France

Working experiences in the 5 preceding years

| | |
|-------------|--|
| 2004 - 2007 | Chief of Marketing & Sales (Long Products), Tata Steel Ltd., India |
|-------------|--|



THE BOARD OF DIRECTORS AND MANAGEMENT



Mr. Sirorote Matemanosak

Vice President – Human Resources & Corporate Affairs

Age : 49

No. of Shareholding (%) : 220,000 (0.00)

Relative : None

Education / IOD's program

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

Working experiences in the 5 preceding years

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

2008 - 2009 Chief of Corporate Human Resources, Tata Steel (Thailand) Plc.
2003 - 2008 Manager – Corporate Secretary Office, Tata Steel (Thailand) Plc.

Mr. Biswajit Ghosh

Vice President – Quality assurance and Product Development

Age : 46

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

- Bachelor of Engineering (Metallurgical), Ranchi University, India

2011 - 2012 Vice President – New Product Development Tata Steel (Thailand) Plc.
2011 - 2011 Senior Advisor to President, Tata Steel Limited, India



Working experiences in the 5 preceding years

2009 - 2011 Chief Technology (Steel & Mill) Tata Steel Limited, India
2001 - 2009 Head LP (Process Control), Tata Steel Limited, India



Mr. Jacob Gerkema

Vice President – Procurement

Age : 41

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

- Executive MBA, IMD, Lausanne, Switzerland
- Bachelor of Arts (Commercial Economics), Haarlem Business School, Netherlands

Working experiences in the 5 preceding years

2007 - Present Managing Director, Namascor B.V., Netherlands
2010 - 03/2012 Director, Vlietjonge B.V., Nieuwegein, Netherlands
2010 - 03/2012 Director, IJzerleeuw B.V., Zwolle, Netherlands

2010 - 03/2012 Director, Geertsema B.V., Winschoten, Netherlands
2010 - 2011 Director, Tata Steel Distribution Europe
2004 - 2007 Commercial Manager-Exports, Mill to Mill and By-products Corus Strip Products IJmuiden, Netherlands



THE BOARD OF DIRECTORS AND MANAGEMENT



Mr. Paitoon Chuesook

Vice President – Saraburi Plant

Age : 49

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

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

Working experiences in the 5 preceding years

| | |
|----------------|---|
| 2012 - Present | Director, The Siam Iron and Steel (2001) Co.,Ltd. |
| 2011 - 2012 | Plant Manager - Saraburi, Tata Steel (Thailand) Plc. |

| | |
|-------------|---|
| 2010 - 2011 | Senior Department Manager - Rolling Mill, The Siam Iron and Steel (2001) Co., Ltd. |
| 2006 - 2010 | Department Manager – Steel Plant, N.T.S. Steel Group Plc. |

Mr. Wanlert Kanwiwat

Vice President – Rayong Plant

Age : 47

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

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

| | |
|----------------|---|
| 2012 - Present | Director, N.T.S. Steel Group Plc. |
| 2012 - Present | Director, The Siam Construction Steel Co.,Ltd. |
| 2011 - 2012 | Plant Manager - Rayong, Tata Steel (Thailand) Plc. |
| 2010 - 2011 | Senior Department Manager – Steel Plant, N.T.S. Steel Group Plc. |



Working experiences in the 5 preceding years

| | |
|-------------|--|
| 2007 - 2010 | Department Manager – Rolling Mill, The Siam Iron and Steel (2001) Co., Ltd. |
| 2004 - 2007 | Department Manager – Steel Plant, The Siam Iron and Steel (2001) Co., Ltd. |



Mr. Arun Kumar Chowdhary

Vice President – Chonburi Plant

Age : 52

No. of Shareholding (%) : 0

Relative : None

Education / IOD's program

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

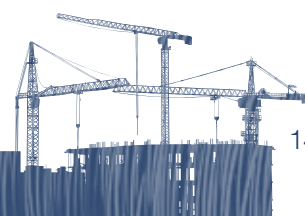
Working experiences in the 5 preceding years

| | |
|----------------|--|
| 2012 - Present | Director, N.T.S. Steel Group Plc. |
| 2012 - Present | Director, The Siam Iron and Steel (2001) Co.,Ltd. |
| 2011 - 2012 | Plant Manager - Chonburi, Tata Steel (Thailand) Plc. |
| 2010 - 2011 | Senior Department Manager - MBF Operations, N.T.S. Steel Group Plc. |

| | |
|-------------|--|
| 2009 - 2010 | Senior Department Manager - Maintenance, N.T.S. Steel Group Plc. |
| 2009 - 2009 | Senior Department Manager, N.T.S. Steel Group Plc. |
| 2004 - 2009 | Senior Department Manager (Engineering & Maintenance), G Steel Plc. |

All of the Board of Directors and Management have no prohibited qualifications as following :

- ❑ Relating in the field of the criminal case and verdict incurred from the property/asset misconduct.
- ❑ Relating in the field of the connected transaction triggering the conflict of interest of the Company in the previous year.
- ❑ Have no kinship among each other.



NATURE OF BUSINESS

Structure of Revenue

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

| Line of Products | Year 2011 - 2012 | | Year 2010 - 2011 | | Year 2009 - 2010 | |
|---|------------------|---------------|------------------|---------------|------------------|---------------|
| | (Million Baht) | % | (Million Baht) | % | (Million Baht) | % |
| Domestic Market | | | | | | |
| Rebars | 12,609 | 48.08 | 12,306 | 45.98 | 11,444 | 51.04 |
| Wire Rods | 10,543 | 40.20 | 10,357 | 38.70 | 7,704 | 34.36 |
| Small Sections | 1,109 | 4.23 | 758 | 2.83 | 617 | 2.75 |
| Others & Billets | 145 | 0.55 | 105 | 0.39 | 127 | 0.57 |
| Total Revenues from Domestic Sales | 24,406 | 93.06 | 23,526 | 87.91 | 19,892 | 88.72 |
| Exports | | | | | | |
| Rebars | 736 | 2.81 | 1,678 | 6.27 | 980 | 4.37 |
| Wire Rods | 1,081 | 4.13 | 1,557 | 5.82 | 1,538 | 6.86 |
| Small Sections | - | - | - | - | - | - |
| Others & Billets | - | - | - | - | 12 | 0.05 |
| Total Revenues from Exports | 1,817 | 6.94 | 3,236 | 12.09 | 2,530 | 11.28 |
| Total Revenues | 26,223 | 100.00 | 26,762 | 100.00 | 22,422 | 100.00 |

Revenue from Sale 2011-2012 (Million Baht)



| | | | |
|----------|----------------|--------|-------|
| 1 | Rebars | 12,609 | (48%) |
| 2 | Wire Rods | 10,543 | (40%) |
| 3 | Exports | 1,817 | (7%) |
| 4 | Small Sections | 1,109 | (4%) |
| 5 | Others | 145 | (1%) |



Business Description of the Company and its subsidiaries

The Company operates its business as a Holding Company with shareholding in 3 subsidiaries namely the NTS, SISC and SCSC. The 3 subsidiaries are producers of rebars, wire rods and small sections steel.

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

The Company's major shareholder is the Tata Steel Global Holdings Pte. Ltd. ("TSGH"), which is wholly owned by Tata Steel Limited ("TSL"), which operates its business as an investment company with head office in Singapore. TSL is a registered company incorporated under Indian Laws and is one of India's largest and comprehensive steel producers in terms of production capacity. The products include Hot rolled coil, Cold rolled coil, Sheet, Rebar, Wire rod etc. The target customers of TSL are mainly in India, whereas the Company's target customers are approximately 90% domestic while exports are of different types of products. Though TSL is in the same steel industry as the Company, but its product lines are

much more diversified and cater to different group of customers. TSL has an aim to support its affiliate in business operation which would help strengthen Company's potentiality without creating any conflict of interest.

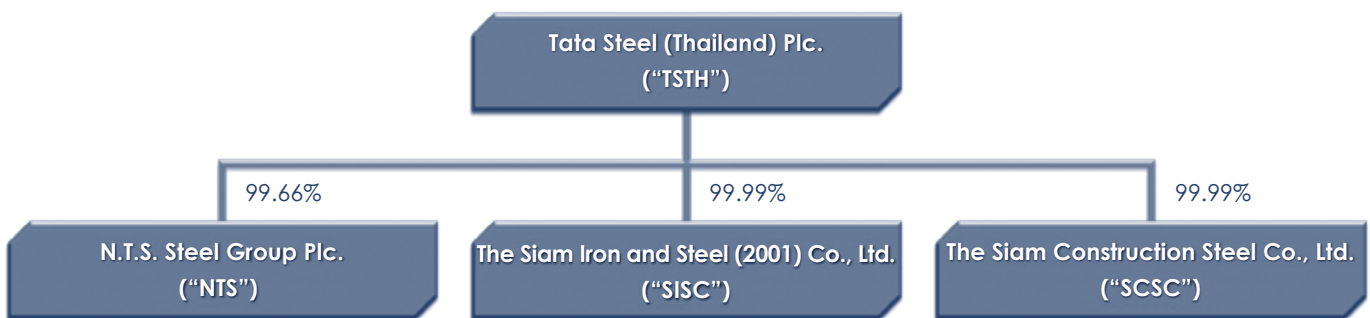
Policy on division of operation between companies within the group

The Company has a policy to allocate production capacity of each subsidiary for maximum production effectiveness with the aim to maintain the cost of production at the lowest level. The production capacity of each product is allocated as follows :

- 1) NTS would produce rebar and wire rods.
- 2) SISC would mainly produce high value products such as high carbon wire rods, special wire rods and small sections.
- 3) SCSC would produce rebar.

Moreover, the Company concerned about the adjustment of productivity allocation to suit the situation for maximum benefit of the Company Groups such as market and industry conditions, including effective use of the machinery.

Shareholding Structure



Management Standard System

TSTH's subsidiaries consisting of SISC, SCSC and NTS have adopted international standards. SISC and SCSC are certified to ISO 9001 : 2008 and NTS is certified to ISO 9001 : 2000 (International standard in Quality Management Systems). In addition, the Company realizes the importance of the environment control and therefore SCSC is certified to ISO 14001 : 2004 (International standard for the environmental control) and NTS is certified to ISO/IEC 17025 : 2005 (General requirements for the competence of testing and calibration laboratories). The Company is well aware of the importance of

the safety in the working environment for its employees. SISC and SCSC are certified to TIS 18001 : 2542 & OHSAS18001 : 2007 (International standard of Occupational Health and Safety Management Systems).

During, in 2011, TSTH's Marketing and Sales Department also received ISO 9001 : 9008 certificate with ongoing surveillance survey and internal control.



NATURE OF BUSINESS

Products

1. Reinforcement Bars ("Rebars")

The products consist of the round bars and deformed bars with diameter of sizes 6-25 mm. and 10-40 mm., respectively. The round bars are produced in accordance with Thai Industrial Standards Institute (TIS) No. 20-2543, grade quality: SR 24 and deformed bars are produced in accordance with Thai Industrial Standards Institute (TIS) No. 24-25 2548, grade quality, SD 30, SD 40 and SD 50. Deformed bars serve various purposes for construction industry mostly for reinforcement of concrete such as road, bridge, footing, buildings, houses and general use for construction industry, etc.

Standards Institute (TIS) No. 349-2548. They are used as raw materials for manufacturer of PC wires and PC strands, compression spring, extension spring, torsion spring, sling etc.

2. Low Carbon Wire Rods ("LCWR")

LCWR is of grade quality: SWRM 6-22, SWRY11 and SWRCH6A-22A. The size range is 5.5-16 mm. and they are produced in accordance with Thai Industrial Standards Institute (TIS) No. 348-2540, JIS G3503 (1980) and JIS G3507 (1991) respectively. They are used as raw materials for construction parts such as binding wire, nails, wire mesh, galvanized wire, barbed wire, welding wire, cold drawn wire, screw and nuts, etc.

4. Small Sections

Small sections have various forms such as angles or channels. They are produced in accordance with Thai Industrial Standards Institute (TIS) No. 1227-2539, grade quality: SS400 (Angles and Channels), SS540 (Angles) . They serve various uses of construction industry e.g. roof structures, electricity poles and billboards etc.

5. Special Bars Quality ("SBQ")

SBQ is round steel bar in plain carbon steel in the size range of ranging 9 – 40 mm. They are produced in accordance with JIS G3101 (1995) for SS400 grade for general usage and JIS G4051 (1979) for S10C – S50C grade for special usage. These products serve automotive and general engineering sector.

3. High Carbon Wire Rods ("HCWR")

HCWR is of grade quality: SWRH 27-82. The size range is 5.5 - 19 mm. and it is produced in accordance with Thai Industrial

6. Cut and Bend ("CAB")

Cut and Bend Services are ready to use produced from our quality Rebars construction products as material to serve customer's requirements which assist them with time saving, labor and transportation cost reduction and better yields.

Production capacity

| | NTS | SISC | SCSC | Total |
|----------------------------------|----------------|----------------|----------------|------------------|
| Capacity (tons per annum) | | | | |
| ⊗ Rebars | 400,000 | - | 500,000 | 900,000 |
| ⊗ Wire rods | 400,000 | 230,000 | - | 630,000 |
| ⊗ Small Sections | - | 170,000 | - | 170,000 |
| Total capacity | 800,000 | 400,000 | 500,000 | 1,700,000 |

Source : Tata Steel (Thailand) Plc.

With the total Finished goods production of 1,206,034 Tons, the production capacity utilization for the period ending on March 31, 2012 stood at 70.94%.

Market and Competition

Domestic Market

1. Rebars

The products are being distributed through dealers in Bangkok and surrounding provinces, up country dealers and

direct to contractors and project owners.

2. Wire Rods

LCWR, the low carbon wire rods category is supplies to the producers of finished goods like nails, fences, mesh etc. The



special wire rods like HCWR, MCWR, Y11 and CHQ are supplied to wire drawers who make finished goods such as PC wire, PC strand, electrodes fasteners. These are direct sales to the customer accounts.

3. Special Bar Quality

The company sells direct to manufacturers who serve automotive and general engineering sector and bright bar makers.

4. Small Sections

The existing distribution channel for this type of product is through dealers who in turn re-distribute to the construction contractors and fabricators. At times, we also carry out direct sales to customer accounts.

5. Cut and Bend

This product is a special service provided to contractors whereby shaped steel is supplied directly to the project site based on bar cut list obtained from the customers.

Export Market

The company exports Rebars and Wire Rods to the neighboring countries such as Laos, Myanmar, Cambodia, India, Vietnam, Indonesia and the Philippines through an existing, market specific distribution network, located in the foreign country.

Procurement

Procurement of metallic scrap, steel billets, raw materials, goods for maintenance, repair and operations (MRO Goods), services and logistics, is done by a dedicated Procurement Team of around 50 professionals, located in the Bangkok Head Office (Rasa Tower 2, 20th Fl) and at 3 steel making sites in Saraburi (SISCO), Rayong (SCSC) and Chonburi (NTS).

Procurement is a centralized function within the Tata Steel Group, and as such the VP Procurement of Tata Steel (Thailand) is a member of the Global Procurement Management Team. On many spend categories there is a co-operation with Tata Steel Procurement colleagues around the globe to derive synergies and benefits of group buy.

In line with the Group Procurement strategy, Tata Steel Thailand is focused on continuously improving its Procurement processes by implementing dedicated Procurement strategies per spend-category, increase strategic sourcing contract coverage and supplier relationship management for selected strategic spend categories and vendors. Automation of repetitive ordering processes is integral part of these change processes, aimed at reducing costs and time, which in turns

allows for more time to work on strategic sourcing. In this light, the Procurement staff is being trained on these processes, tools and techniques.

TSTH emphasizes on strict compliance to the TCOC (Tata code of conduct) and responsible procurement policy, as the embedded standard across the Group.

The responsibility of procurement policy has five areas to guide sourcing activities, namely :

- ✘ Conduct our business with responsibility, integrity and respect, maintaining high ethical standards.
- ✘ Provide a safe, healthy for procurement employees and stakeholders.
- ✘ Generate economic value through enhancing what we offer to our customers.
- ✘ Care of Social Environmental, working with our customers and our suppliers to improve the environment of our products over their full life cycle by maintain Carbon Dioxide (CO₂) emissions to less than 1.0 Ton / ton of liquid steel.
- ✘ Make a positive impact on the communities where we operate.

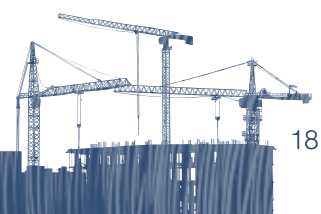
Procurement Division in Tata Steel (Thailand) is organized as per the spend in major 5 functions, focusing on different spend categories :-

Metallics

Represents over 80% of the total spend of TSTH. Sub categories include domestic scrap, imported scrap and billets, in various grades. Basic strategy is to maximize domestic scrap sourcing, and source imported scrap in close co-operation with the global Tata Steel Procurement network. The domestic scrap supply market is segmented in categories and the Metallics procurement team has developed tailored commercial strategies for these segments, thereby supporting the overall metallics procurement strategy of maximizing the Value-In-Use for each of the plants.

Raw Materials

TSTH's Raw Materials Procurement team is handling the procurement of Iron Ore, Metallurgical Coke, Coal, Ferro Alloys and other additives, used for both the Mini Blast Furnace and the Electric Arc Furnace. Most of these items are sourced in close cooperation with Hubs in the India Singapore UK and the Netherlands.



NATURE OF BUSINESS

Key strategy is to find the right source of supply with optimum value and price combination for TSTH operations.

Maintenance Repairs and Operation Material

This department is predominantly working on sourcing (technical) MRO Goods, including Graphite Electrodes, used for melting the scrap in the EAF's, refractories, bearings, rolls, Fuel and Fluid Systems, Water Treatment System, Natural Gases, Filter, Belt-Chain and etc. These categories typically require close co-operation between (plant) engineers and the procurement team. To serve the (internal) end users with smooth and flexible procurement processes, this department has staff stationed at the plants, allowing close collaboration, ensuring the highest service levels to meet and exceed the customer's expectations.

Inbound Logistics and Services

Inbound Logistics and related services to handle import scrap. This team works in close co-operation with the Tata Steel Group Shipping & Logistics team. Key goal is to manage inbound logistics in such a way that all cargoes will reach the end users on time, against optimal costs, in the safest way. This is just as valid for the logistics services in the plants, where safety controls for the employee and all other stakeholders including sub-contractor is key. Therefore, harmonization with company policies is a key goal, with the ultimate goal of eliminating any harm to people.



Competition

Domestic Market

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

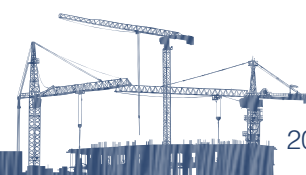
In terms of overall production capacity of the long steel industry, it is estimated that the supply has far outstripped local demand, mainly due to the fact that there are many rebar producers in the market which results in severe competition in rebar category. As for the domestic wire rod producers, there are 3 to 4 local producers and the high quality wire rods are imported from China, Japan, South Korea, etc.

The list of all long product producers in Thailand with their capacities

(as at December 31, 2011)

| Company | Production Capacity of Long Products | | | Tons per annum |
|---|--------------------------------------|--------------------------|-------------------|------------------|
| | EAF Rolling Capacity | Non-EAF Rolling Capacity | Total | Melting Capacity |
| Tata Steel (Thailand) (TSTH) | 1,700,000 | - | 1,700,000 | 1,500,000 |
| Bangsaphan Barmill (BSBM) | - | 700,000 | 700,000 | - |
| Bangkok Steel Industry (BSI) | 750,000 | - | 750,000 | 300,000 |
| Bangkok Iron and Steel Works (BISW) | 500,000 | - | 500,000 | 240,000 |
| Tycoon (TYCN) | - | 500,000 | 500,000 | - |
| Burapa Steel (BRP) / MILLCON (MCST) | - | 550,000 | 550,000 | 500,000 |
| Namheng Steel (NHS) / Zubb Group | 800,000 | - | 800,000 | 300,000 |
| BNS Steel Group (BNS) | 240,000 | - | 240,000 | 250,000 |
| Union Metal Limited (UMC) | 200,000 | - | 200,000 | 420,000 |
| Siam Steel Syndicate (SSS) | 200,000 | - | 200,000 | 110,000 |
| Triumph Steel (Triumph) / Paisarn Steel | 120,000 | - | 120,000 | 120,000 |
| Thai Steel Bar (GS) | 120,000 | - | 120,000 | 120,000 |
| Thai-India Steel (TICO) | 72,000 | - | 72,000 | 78,000 |
| Thai Steel Profile (TSC) | - | 240,000 | 240,000 | - |
| Siam Yamato Steel (SYS) | 1,340,000 | - | 1,340,000 | 1,400,000 |
| Nova Steel | - | 240,000 | 240,000 | - |
| Prapadaeng Shape Steel | - | 300,000 | 300,000 | - |
| BP Wire Rods (SSI) | - | 280,000 | 280,000 | - |
| Kasemsak Trading (KST) | 100,000 | - | 100,000 | 100,000 |
| Others (e.g. RSM, Sahamitr, TDC, CVS, TSSI) | - | 3,978,000 | 3,978,000 | 132,000 |
| Total Capacity | 6,142,000 | 6,788,000 | 12,930,000 | 5,570,000 |

Source : Iron and Steel Institute of Thailand (ISIT)



COMPETITION AND INDUSTRY OUTLOOK

International Market

The company is focused only on a few markets like Cambodia, Laos, India and Indonesia for its exports to maximize its net revenues. A good distribution network set up has helped the company to achieve good prices for its brand TATA TISCON. Since we maintain a consistent presence, we get repeat business from our loyal customers in asean. The competition is mainly from local domestic mills and China.

Industry Outlook Competition Long Steel Product Industry overview for the year 2011-2012

Thailand GDP grew by 0.1% in 2011 and this low GDP was due to the unprecedented floods that impacted Thailand during October-December 2011. As a matter of fact the GDP contracted by 9% during the flooding period. The long product growth was mere 3% compared to 11% in 2010. Also, construction growth was -2.8% as compared to 6.8% in 2010. Many mega projects that were planned for execution in 2011 could not take off as there

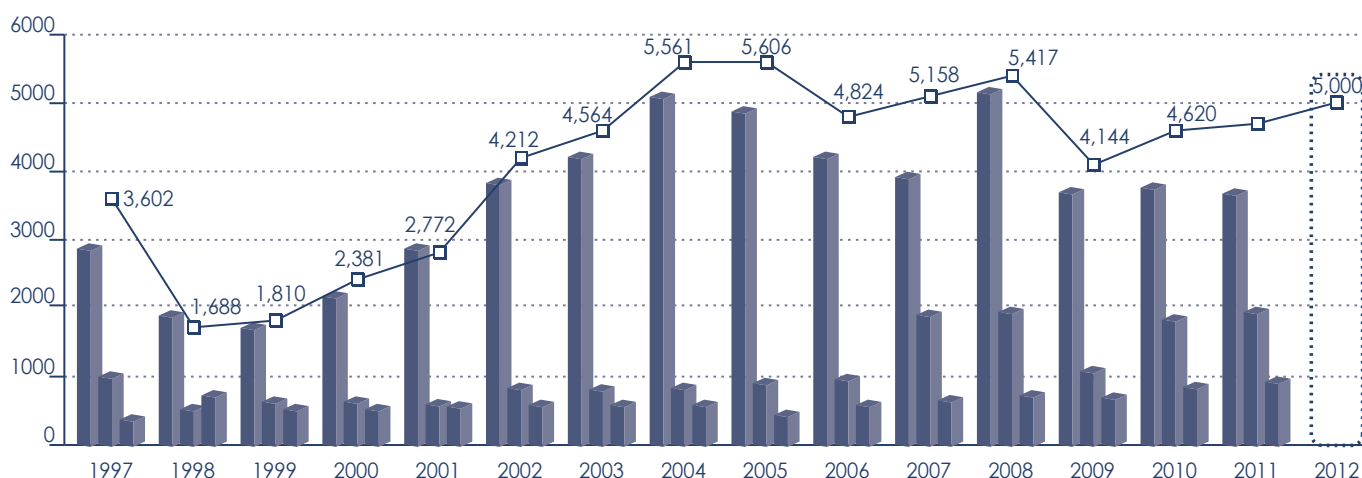
was a change in the government at the center and many policies came under review by the new government leading to delay in financial closures for construction projects.

Steel Industry outlook for the year 2012-2013

GDP of Thailand is expected to grow by 5.5%. Export and tourism sectors are expected to recover in 2012. The government is planning several mega projects to improve country's infrastructure and to support the rehabilitation from the flood crisis as well as creation for flood prevention in its budget spending plans and is expected to commence in the first quarter of FY 2013.

Overall steel consumption is expected to be 15.3 Million Tons in 2012, an increase of around 4% over 2011. In terms of long products, the picture shown below shows how the domestic production has steadily come down over the last few years and imports have grown causing pressure on margins and capacity utilization with domestic producers.

Apparent long steel product use ('000 Tonnes)



While, imports have also caused trouble in Flat products, robust growth in Automotive segment has augured well for Flat product producers compared to long products. Construction Industry is also expected to register YoY growth of 5-6% and this growth will be driven by residential, commercial and Govt aided projects to support infrastructure projects such as the metropolitan electric train which includes the blue, red and

purple lines. It is expected that these projects will continue through 2012. In residential sector, the first house policy with stable interest rate should result in growth. Accordingly, Cement consumption is expected to be 29-30 MT as compared to 28 MT last year.



SIGNIFICANT PROFILE AND DEVELOPMENTS

Previous significant profile and developments

| | | |
|-------------|---|-------------|
| 2002 | ✕ The Company was established as a Public Company Limited named "Millennium Steel Public Company Limited" (MS). | July 12 |
| | ✕ Successfully merged the Company business among NTS, SISC and SCSC, last two of which were subsidiaries of Cementhai Holding Company Limited (CHC). | November 29 |
| | ✕ The Stock Exchange of Thailand (SET) approved the Company securities as listing securities and started trading under the sector of "REHABCO" (Rehabilitation Plan). | December 18 |
| <hr/> | | |
| 2004 | ✕ The SET authorized the Company securities to resume trading at the sector of "CONMAT" (Construction and Furnishing Material). | May 18 |
| <hr/> | | |
| 2005 | ✕ CHC agreed to sell all MS shares pursuant to the Blinding Offer of Tata Steel. | December 15 |
| <hr/> | | |
| 2006 | ✕ Tata Steel Groups submitted their voluntary tender offer to all Company's shareholders. | February 24 |
| | ✕ The Company major shareholders changed from "CHC" to "Tata Steel Group". | April 4 |
| | ✕ The Company name changed from "Millennium Steel Public Company Limited" to "Tata Steel (Thailand) Public Company Limited". | December 14 |
| | ✕ The SET announced the change in stock symbol trading from "MS" to "TSTH". | December 19 |
| <hr/> | | |
| 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). | May 15 |
| <hr/> | | |
| 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). | August 20 |
| <hr/> | | |
| 2009 | ✕ The Mini Blast Furnace (MBF) which is steel production project using iron ore as raw material was completed. This project is considered the first of its kind in Thailand and Southeast Asia. | |
| <hr/> | | |
| 2011 | ✕ The SET announced to regroup the Company securities to be under the sector of "STEEL" | January 4 |
| | ✕ The MBF was temporarily stopped its operation due to high raw material prices and will commence the operation at an appropriate time. | August 30 |



Tata Steel (Thailand) has adopted a Risk Governance structure which promotes a forward looking approach to risk management. This approach enables the Company to counter and mitigate various risks and simultaneously allows it to pursue underlying opportunities for the business benefit.

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

1. Market Risk

Like any other country, the Thai steel industry is vulnerable to the cyclical swings in the market demand and price volatility that stems from input raw materials as well as finished goods. Since, long products are predominantly consumed by the construction segment, GDP growth has a direct impact on the demand volatility. Further, Thailand promotes free trade regime and as such supply situation is severely influenced by imports leading to increased volatility in the finished goods prices.

The company has taken concrete steps to mitigate the adverse effect of the market risk by focusing on having a branded play in one of the main product lines. Further, the company has steadily developed new products to increase its presence in the automotive segment. This segment enables company to hedge against the over dependence in construction as well as allows mix enrichment with a comparatively higher revenue. A focused approach to increasing the specialty products in the total mix is directed at mitigating the market risk.

Development of specialty products is supported by the technical expertise that the company has from the resources at the local and group level.

2. Risk of Raw Material Supply

Being raw material dependent, like any other steel company, TSTH does have to address the risk arising from volatility in quantity and prices of input materials. Post MBF moth ball, the risk exposure of TSTH is limited to scrap. Since, Thailand

generates and provides 60% of the local scrap for domestic use, a mitigation approach of the company has been to strengthen its network of domestic vendors, its approach in the supply space to bring reliability in domestic collections. Imports also provide a hedge to the risk since a timely contracting can help address both quantity and quality risk. TSTH has made significant strides in last one year in this area and has taken assistance of the resources at the Tata Steel Group level.

3. Risks Associated with MBF

Mini blast furnace project at NTS was commissioned to attain an enriched mix. However, the continued high prices of coke and iron ore compelled the company to mothball the furnace in August 2011. By ensuring a proper maintenance, the company has addressed the potential risk of problems in restart. Workforce has been retained but redeployed at NTS and company keeps a tight watch on raw material price movement to check the viability of restart. All supplier relationships have been kept warm and valid to ensure continuity.

4. Health, Safety and Environment Risks

Like any other steel making operation in any other country, the steel making operation has an inherent safety and environment risk. While, steel operations perse do not involve hazardous materials, the operations are at high temperature and heavy loads are moved. Since, the steel plant has manning of contractor and own employees, it is essential to have a comprehensive safety management program. Accordingly, the company has implemented Safety Excellence Management program across all its three plants. In particular, the Fatality Risk Control program has been carried out last year to mitigate the risk potential of unsafe conditions and unsafe acts. The "zero tolerance" approach has enabled rigorous implementation of contractor management safety initiatives to strengthen safe working practices in all outsourced activities. The safety excellence has also been extended to corporate offices wherein regular safety drills and training is carried out to bring in safety awareness and engagement.

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



Steel Group. This enables appropriate warning system for any related risk.

5. Human Resource Risks

Operating out of industrial zone and in the low unemployment region of Bangkok, the company faces an obvious risk of attrition particularly in operating grade and supervisory grade employees. To an extent, the risk is self mitigating in nature due to high churn experienced by almost all industries. However, the company provides career growth opportunities as well as extensive personnel development programs on functional and managerial needs to improve the competency level of employees thereby inducing loyalty. In addition, Knowledge management system and IT related systems are used to retain the tacit and expressed knowledge thereby mitigating the risk associated with loss of critical resources.

6. Risk of Foreign Exchange Volatility

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

7. Risks Associated with Natural Calamity

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



SHAREHOLDING STRUCTURES AND MANAGEMENT

Shareholders

Major shareholders of the Company at last book closing date on June 1, 2012

| No. | Name | Amount of shares | | | Percentage of total shares |
|-------------|--|------------------|-------------|---------------|----------------------------|
| | | Ordinary | Preferred | Total | |
| 1 | TATA STEEL GLOBAL HOLDINGS PTE. LTD. | 5,718,472,083 | 0 | 5,718,472,083 | 67.90 |
| 2 | MR. VEERAPHAN THEEPSUWAN | 408,013,300 | 0 | 408,013,300 | 4.84 |
| 3 | BANGKOK BANK PLC. | 43,277,571 | 252,773,225 | 296,050,796 | 3.52 |
| 4 | THAI NVDR CO., LTD. | 116,014,884 | 0 | 116,014,884 | 1.38 |
| 5 | SOCIAL SECURITY OFFICE (2 CASES) | 107,414,400 | 0 | 107,414,400 | 1.28 |
| 6 | MR. VIROJ UNGPAIBOON | 87,000,001 | 0 | 87,000,001 | 1.03 |
| 7 | Dr. KANOKKAEW VIRAVAN | 86,542,300 | 0 | 86,542,300 | 1.03 |
| 8 | PERSHING LLC | 73,424,985 | 0 | 73,424,985 | 0.87 |
| 9 | KASIKORN BANK PLC. | 52,302,017 | 0 | 52,302,017 | 0.62 |
| Total | | 6,692,461,541 | 252,773,225 | 6,945,234,766 | 82.47 |
| 10 | Other Shareholders (total number of 7,191) | 1,476,306,082 | 0 | 1,476,306,082 | 17.53 |
| Grand Total | | 8,168,767,623 | 252,773,225 | 8,421,540,848 | 100.00 |

Remarks : ✕ A subsidiary that is instituted by SET, for issue a trading instrument called "Non-Voting Depository Receipt (NVDR)". The main purpose of NVDRs is to stimulate trading activities in the Thai stock market. Investors are able to receive all financial benefits as those who invest directly in a company's ordinary shares without the restriction of foreign limited. However there is no any restriction of foreign limited on TSTH shares.

✕ As at June 1, 2012, TSTH has 7,528 of Non-Strategic Shareholders (Free Float), is equivalent to 2,449,899,733 of ordinary shares, calculated from the total paid up ordinary shares of 8,168,767,623 or 29.96% .

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

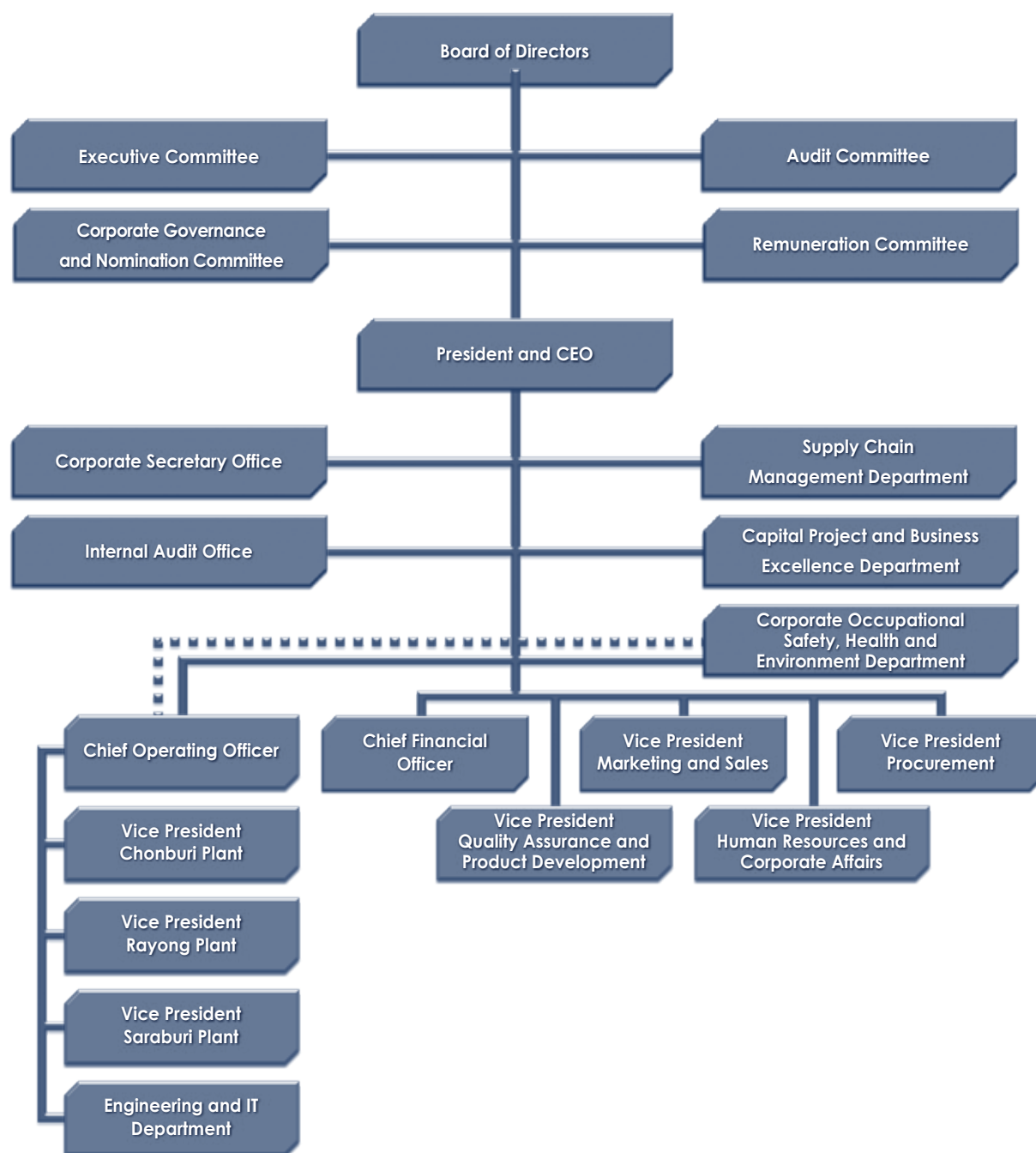
consideration shall be consistent with the concept of maximizing long- term benefit for the shareholders but it shall also be subject to the approval from the Board of Directors and/or the Shareholders' meeting.

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 generate an adequate amount of the net profit and no retained deficits are reported. In addition, the subsidiaries refer to major factors mentioned earlier in consideration of a dividend payment.



Organization of the Company

As at 31 March 2012, the Company's management structure consists of the Board of Directors and Committees, which are the Audit Committee, Executive Committee, Corporate Governance and Nomination Committee, Remuneration Committee and Management.



Remark : The Corporate Occupational Safety, Health and Environment Department will directly report to President and CEO (Solid line) and indirectly report to Chief Operating Officer (Dotted line).

The Structure of the Board of Directors

The Company's Article of Association specifies that The Board of Directors consists of not less than 5 and not more than 14 Directors. Currently, there are 8 Directors with 3 Independent Directors, one-third of the Directors. The Company's Directors are people

with various academic backgrounds like business administration, marketing, production, finance and accounting and vast experiences beneficial to Company's business.

The Board of Directors

as at 31 March 2012

| No. | Name | Positions |
|-----|-----------------------------------|----------------------|
| 1. | Mr. Hemant Madhusudan Nerurkar | Chairman |
| 2. | Mr. Kriang Kiatfuengfoo | Independent Director |
| 3. | Mr. Maris Samaram | Independent Director |
| 4. | Asst. Prof. Rawewan Peyayopanakul | Independent Director |
| 5. | Mr. Koushik Chatterjee | Director |
| 6. | Mr. Taratorn Premsoontorn | Director |
| 7. | Mr. Peter John Hogg | Director |
| 8. | Mr. Peeyush Gupta | President and CEO |

Authorized Directors and Binding Signatory Procedures

Mr. Koushik Chatterjee, Chairman of the Executive Committee and Mr. Peeyush Gupta, the President jointly sign to bind the Company with the Company's seal affixed, or Mr. Koushik Chatterjee, Chairman of the Executive Committee or Mr. Peeyush Gupta, the President jointly sign with either Mr. Hemant Madhusudan Nerurkar or Mr. Taratorn Premsoontorn together with the Company's seal affixed.

Scope of Authority

The Board of Directors has the duty and authority to manage the Company in compliant 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 loans exceeding Baht 50 millions and not in the Group's annual budget.
2. Granting loans, collaterals, indemnifications, guarantees, letters of support or commitments to any persons and not in the Group's annual budget unless allowed in the contracts of the financial restructuring agreement or business rehabilitation plan of NTS.

3. Any investments exceeding Baht 50 millions and not in the Group's annual budget.
4. Sales, transfers, rent out or permissions related to any properties or assets with the book value exceeding Baht 50 millions and not in the group's annual budget.
5. Approvals or amendments of the Group's annual budget.
6. Any transactions with connected parties not regarding as normal business operation.
7. Changing of the accounting policy, approval of the annual consolidated financial statements, annual individual financial statements and quarterly group financial statements.
8. Changes related to the Group's business operation or termination of any business operation.

The Board of Directors may appoint any persons to manage the Company's operation under supervision of the Board of Directors or may authorize such persons with the authorities the Board of Directors deem appropriate for a certain period of time. The Board of Directors may revoke, alter or amend such authorization. The Board of Directors may delegate to the Executive Committee



(Executive Directors) or the President the authority to perform various functions. Approvals of any business operation must comply with the authority limit specified by the Board of Directors. Such delegation of authority shall not be in a way to allow the Executive Committee (Executive Directors) or the President to be able to approve transactions that they or other persons may dispute, have interest in or have conflict of interest with the

Company and its subsidiaries, in accordance with the Company's Articles of Association and SEC's announcement. Exclusion is made to approval of transactions in compliant with the Board of Directors' pre-approved policies and criteria in the normal course of business operation such as procurement of raw materials and connected transactions with related companies.

The Audit Committee

| No. | Name | Positions |
|-----|-----------------------------------|-----------------------------|
| 1. | Mr. Kiang Kiatfuengfoo | Chairman of Audit Committee |
| 2. | Mr. Maris Samaram | Member of Audit Committee |
| 3. | Asst. Prof. Rawewan Peyayopanukul | Member of Audit Committee |

Scope of Authority

(Amended and added the scope of authority as per resolution of the Board of Directors' meeting No. 3/(2/2008-2009 on July 21, 2008)

- 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.
- Encouraging the development of a financial reporting system to meet with international accounting standards.
- Review the Company's internal control and internal audit system for appropriateness and effectiveness.
- Review the Company's risk management system.
- Review the Company's compliancy with laws on securities and securities exchange and other laws and regulations related to Company's business.
- 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.
- Disclosure of the Company's information in case of connected transaction or transaction that may induce conflict of interest for accuracy and completeness in compliant with the Securities Exchange's regulations. This is to ensure that those transactions are reasonable and to the best interest of the Company.
- Review and provide recommendations on Internal Audit Office's performance and coordinate with the auditors.
- Prepare report on business supervision of the Audit Committee and published in the Company's annual report. Such report must be signed off by Chairman of the Audit Committee and must contain at least the following information
 - ⊗ Opinion on accuracy, completeness and credibility of the Company's financial reports.
 - ⊗ Opinion on adequacy of the Company's internal control system.
 - ⊗ Opinion on compliancy with the Securities and Exchange laws, Securities exchange regulations and other laws related to Company's business.
 - ⊗ Opinion on appropriateness of the auditor.
 - ⊗ Opinion on transactions that may induce conflict of interest.
 - ⊗ Number of the Audit Committee meetings and attendances of each Committee member.
 - ⊗ Opinion or overall remark perceived by the Audit Committee upon carrying out their duty according to the Charter.
 - ⊗ Other transactions that should be noted by shareholders and general investors, under the scope of duties and responsibilities delegated to by the Board of Directors.
- Consider, select, nominate and propose remuneration for Company's auditor. Attend meeting with the auditor, in the absence of the Management, at least once a year.



SHAREHOLDING STRUCTURES AND MANAGEMENT

11. Appoint, revoke, transfer or terminate the Director of the Internal Audit Office (if any) or employ or change the employment of other Internal Audit Offices.

12. Consider budget and manpower of the Internal Audit Office (if any) or employment budget of other Internal Audit Offices.

13. Other functions as specified by laws or as delegated to by the Board of Directors.

The Executive Committee (Executive Directors)

| No. | Name | Positions |
|-----|------------------------|---------------------------------|
| 1. | Mr. Koushik Chatterjee | Chairman of Executive Committee |
| 2. | Mr. Peter John Hogg | Member of Executive Committee |
| 3. | Mr. Peeyush Gupta | President and CEO |

Scope of Authority

1. Define policies, strategies, management structure and authority to correspond with and support the economic situation for approval by the Board of Directors.

2. Consider and comment on the business plan and annual budget allocation proposed by the management to the Board of Directors for approval.

3. Supervise, oversee and monitor on the Company's operation to ensure its efficiency and appropriateness with the business situation for the benefit of the Company's operation to

accomplish the objectives according to the policies and business plan prescribed by the Board of Directors.

4. Other functions as occasionally designated by the Board of Directors.

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

The Corporate Governance and Nomination Committee

| No. | Name | Positions |
|-----|-----------------------------------|---|
| 1. | Mr. Koushik Chatterjee | Chairman of Corporate Governance and Nomination Committee |
| 2. | Mr. Maris Samaram | Member of Corporate Governance and Nomination Committee |
| 3. | Asst. Prof. Rawewan Peyayopanukul | Member of Corporate Governance and Nomination Committee |

Scope of Authority

1. Define and review corporate governance guidelines of the Company and its subsidiaries for approval by the Board of Directors.

2. Supervise and oversee the functioning of the Board of Directors and Management to be in compliant with the prescribed corporate governance guidelines.

3. Define procedures, criteria and select an appropriate applicant for nomination as a Director in replacement of the

retiring Director or in other cases. The incoming Director must be approved by the Board of Directors and the resolution of shareholders' meeting.

4. Recruit an appropriate applicant for nomination as the President and propose to the Board of Directors for approval.

5. Facilitate overall performance evaluation of the entire Board of Directors and propose the evaluation results to the Board of Directors for future enhancement of the supervisory function.

6. Other functions as designated by the Board of Directors.



The Remuneration Committee

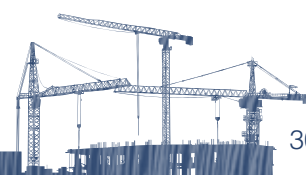
| No. | Name | Positions |
|-----|-----------------------------------|------------------------------------|
| 1. | Mr. Koushik Chatterjee | Chairman of Remuneration Committee |
| 2. | Asst. Prof. Rawewan Peyayopanakul | Member of Remuneration Committee |
| 3. | Mr. Taratorn Premsoontorn | Member of Remuneration Committee |

Scope of Authority

1. Define remuneration for the Board of Directors and other board appointed Committees and propose to the Board of Directors and shareholders' meeting for approval.
2. Define remuneration for the President and Executives of the Company and its subsidiaries and propose to the Board of Directors for approval.
3. Define guidelines, procedures and determination of such remuneration to correspond with the Company's operating result with regard to the various factors and other companies in the industry.
4. Determine budget for salary increases, bonuses and compensation for employees of the Company and its subsidiaries and propose to the Board of Directors.
5. Other functions as designated by the Board of Directors.

The Management

| No. | Name | Positions |
|-----|---------------------------|--|
| 1. | Mr. Peeyush Gupta | President and CEO |
| 2. | Mr. Thana Ruangsilasingha | Chief Operating Officer |
| 3. | Mr. Amit Ghosh | Chief Financial Officer |
| 4. | Mr. Sunil Seth | Vice President - Marketing & Sales |
| 5. | Mr. Sirorote Matemanosak | Vice President - Human Resources & Corporate Affairs |
| 6. | Mr. Biswajit Ghosh | Vice President - Quality Assurance and Product development |
| 7. | Mr. Jacob Gerkema | Vice President - Procurement |
| 8. | Mr. Paitoon Chuesook | Vice President - Saraburi Plant |
| 9. | Mr. Wanlert Kanwiwat | Vice President - Rayong Plant |
| 10. | Mr. Arun Kumar Chowdhary | Vice President - Chonburi Plant |



Scope of Authority

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



Human Resources

Recruitment of Personnel

The Company recruits qualified applicants with ability to adjust themselves to new environment. Human resources development is the Company's key policy. The Company provides career path advancement, work safety, challenging assignments, and appropriate and fair pay to employees. This is done under the supervision of the Human Resources Committee and managers.

Number of Employees

The number of employees of the Company and its subsidiaries as at 31 March 2012 were 1,407 persons.



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

Total Remuneration and Types of Remuneration

Remunerations that the Company and its subsidiaries offered to the employees in 2011 - 2012 were salary, bonus and provident fund which totaled to 501.55 millions Baht.

Additionally, the Company and its subsidiaries have also granted other welfare benefits to employees. Staff welfare and benefits have been consistently reviewed and revised according to staff requirements, for instance, medical expenses, upcountry allowance, staff uniform, master degree scholarship and etc.

However, the Company has no policy to offer employees with the Employee Stock Option Program (ESOP) or Employee Joint Investment Program (EJIP) but has managed employees' remuneration in other forms based on their performance assessment, roles and responsibilities and potential.

Human Resources Development Policies

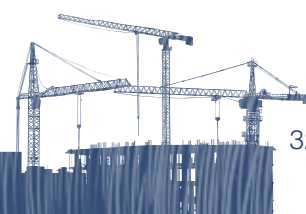
The Company regards the "Employee" as the most valuable asset contributing towards the business competitive advantage. Therefore, the policy has been set to consistently develop employees at all levels and professions in correspondence with their career advancement. The framework for training will be focus on 3 main areas, as follows:

1. Core knowledge development required for all staff in all functions. It is considered key foundation for staff development into knowledgeable, capable and ethical resources of the organization. Topics of basic knowledge also include Productivity Improvement and Development, Safety, Health and Environment Development, Tata Values, Tata Code of Conduct and Corporate Culture Development.
2. Functional Development or Technical Knowledge Development.
3. Business Acumen, Leadership and General Development of which will be correspond to staff's career path.

For the purpose of human resources development, the Company has prepared Job Description to outline roles and responsibilities of each job. Competency Profile outlining essential knowledge, skills and qualifications for employee in each job was also prepared. This includes both Functional Competency and Management Competency, covering knowledge, skills and essential behaviors. They will be used as standard for performance evaluation and staff development on core competency in line with the Company's expectation. Moreover, various committees on productivity, safety and environment were set up to define guidelines as well as development programs to raise staff knowledge and understanding issues related to each function. The organizational culture or the FIRST Culture (Flexibility in operations, Innovation in process, Reliability through products and services, Speed of execution, Teamwork across functions) was also established to guide working behavioral change for employees at all levels in compliance with the Company's current and future business operation.

Employees' development starts from defining requirements for development by assessing knowledge, skills and core competency of an employee in each position and then comparing to the level of company's expectation. Staff who receive performance appraisal lower than the Company expectation will be on a list for preparing annual staff development plan. The HR and relevant managers will jointly define appropriate development programs, for instance, On-the-job Training, In-house Training, External Training, Job Rotation, Special Assignment, including provide chance for staff to share lesson learnt or transfer their knowledge to other staff as appropriate.

The Company gives high priority on maintain systematic Knowledge Management from overall internal knowledge base. It also encourages Best Practice Sharing among employees of the Company and its subsidiaries, including promoting Self Learning by providing all kinds of learning materials for continuous staff development and further applying to their areas of responsibility.



Employees' Work Safety

The Company realizes that the "safety and occupational health" is the most essential aspect of work and daily life of all staff. It is the duty and responsibility of all staff to strictly comply with this concept at all time.

The Company aims to prevent and control losses related to safety and occupational health by encouraging the implementation of the "Safety Excellence Journey" according to policies and standards of TATA Steel (India). Various committees and sub-committees, consisting of senior management team members, will closely monitor and follow up the improvement of safety working conditions and environment. This includes campaigning and promoting activities that raise staff's awareness on safety, i.e., training, motivation, public relation and targeting accident-free for working place safety campaigns, etc. Additionally, the Company has prepared working place safety standards for each step of operation, and provided sufficient and adequate personal protection equipment. Annual employee medical check-up has been provided for both work related and non-work related illnesses.

The Company regards supervisors at all levels to be a good role model, leader, trainer, coach and motivator for employee workplace safety compliance. All employees must be aware of their own safety and their colleagues' at all times.

In order to manage the safety and occupational health procedures efficiently, the Company has allowed employees at all levels to participate in safety improvement on working condition and procedures as well as the quality of life improvement by establishing the "Occupational Safety, Health and Working Environment Committee" as required by the relevant law. The committee is the important mechanism for the management and employees to jointly define policies, target, action plans and measures on safety, occupational health and working environment in each area appropriately. Besides, the Company also hired the safety officer to be in compliance with the law and to efficiently supervise the safety and occupational health measures.

For the year 2010 – 2011, the Company and its subsidiaries have continuously conducted safety and occupational health activities, for instance, reviewing safety policies, procedures and relevant standards, reviewing and setting up safety committees and sub-committees in various areas, weekly safety inspection, safety week exhibition, training on working in confined spaces, training on fire fighting, fire drill and evacuation, safety auditor training, campaigns on safety, cleanliness and tidiness in working place and surrounding areas for better working environment. The Company also conducted trainings of safety rules and regulations for employees of hired contractors working in the Company because the Company always realizes that every one working within the Company and its

subsidiaries must perform their work safely with good working environment as same as the Company's employees.

The Occupational Safety, Health and Working Environment Committee of the Company and its subsidiaries has conducted regular meetings, prepared action plans and followed up on activities such as setting up safety news and information corner, promoted and announced of the safety culture, disseminated both work and non-work related information by posting on the Company's announcement board and intranet website, prepared guidelines on safe working procedures, prepared reports on accidents, investigations, analysis and prevention measures. The main objective was to prevent accident within the Company.

Besides, contractors who have their employees working in the Company were invited to attend meetings of the Occupational Safety, Health and Working Environment Committee to confer, acknowledge and consider measures to facilitate working safe for all in every operation. This would promote better working environment in the Company.

Regarding hygienic issues, for the past year, the Company has encouraged all employees to take care of their own personal hygiene regularly. Activities include organizing campaigns during important festivals or any arising issues of interests, for instance, health care campaign on prevention of the influenza virus by providing face masks and disinfectant gel in the offices, campaigns on stop drinking alcohol during Buddhist lent and other festivals, campaigns on better nutrition and personal health care, inviting public health officers to inspect and advise on hygienic issues to shops and restaurants operators, and employees of contractors.

Employees' Welfare and Benefits

The Company has a policy to manage employee's welfare and benefits to be able to compare and compete with other companies. Welfare and benefits have to cover and response to all requirements of employees, beginning from employees starting to work with the Company, during sickness, and until their separation from the Company. All welfare and benefits have been compiled and screened from different sources, for instance, receiving suggestions from the Company's Welfare Committee which consists of elected employees' representatives. Management team or HR function would meet employees from all levels to answer queries and listen to suggestions on various issues such as working conditions, staff welfare and benefits, skills development, career path and etc. Importantly, the Company commits to its policy and guideline to conduct annual employee satisfaction survey in all aspects of employees at all level. The result of staff responses in each criterion will be used in defining the annual plan to improve the welfare, benefits and working environment. Information voiced from employees will be taken into account by the Human



HUMAN RESOURCES AND DEVELOPMENTS

Resources Committee who will develop appropriate policy and notify to all employees using announcement board, intranet and also in the orientation materials.

Furthermore, the provident fund is established for employees

by the Company, starting from their first day of working, any employee can choose to save at different rates depending on their length of services. The contribution rates of the Company will also increase according to employee's length of services as specified in relevant terms and conditions.



The Board of Directors remain committed to effectiveness of the internal control and audit systems of the Company. Enterprise Risk Management Approach is adopted as a tool for managing risks and internal controls. To strengthen the commitment, the Audit Committee has been established to supervise the financial reporting process of the Company and its subsidiaries in accordance with Generally Accepted and Accounting Principles and prevailing regulations, including requirements of the Stock Exchange of Thailand. Its responsibilities also involve reviewing the company performance in compliance with the Good Corporate Governance Principles, evaluating the risk management, maintaining suitable, effective, and well-recognized internal control and audit systems, selecting and nominating external auditors, and any other tasks as designated by the Board of Directors. Besides, the Audit Committee is entrusted to modify the control measures in response to changing circumstances, environment, and business risks.

The Company is aware of the importance of a solid and structured Corporate Governance. Therefore, Internal Audit Department ("IAD") has been established to fulfill an important assurance and consulting function. IAD is an independent function providing Management and the Audit Committee assurance on the adequacy and effectiveness of the Organization's internal controls and assisting in the continuous improvement of the system of internal controls.

The annual audit plan and five-year audit have been developed by using a risk oriented methodology and approved by the Audit Committee. The audit plan encompasses the assessment of effective controls within the operation, financial reporting, and compliance with the Company's policies and procedures, and prevailing laws and regulations. Significant aspects comprehended in the internal audits entailed improvements in efficiency and controls in the areas of procurement and payables process, sales, marketing and distribution, human resource management, inventory management, accounts and finance and SAP post implementation, etc. The execution of audits is implemented in accordance with the IA plan. Audit findings and Management action plans are summarized and reported on a quarterly basis directly to the Audit Committee, who will further deliberate the report and express opinions to the Board of Directors.

On May 4, 2012, a meeting of the Board of Directors of the Company, which was attended by members of the Audit Committee, the Board of Directors, after considering of the recommendation of the Audit Committee, has come up with the opinion for the internal control system in the year 2011-2012 of the Company in each area as the followings :

Organization and Environment

The Company has an organizational structure and environment that promote operational efficiency and an adequate control system. In addition, there is a clear delineation of responsibilities for each department. This organizational format has also been shown to be suitable to the business plan, including the recruitment of quality personnel and the continual development program to respond to changes in business operations. The Company has established its operating guidelines for each section so as to ensure efficiency, internal control and ensuring a similar operating standard for all departments. The Company established clear business goals for 2011-2012 and long term, incorporating different factors such as economic condition, market condition and competition strategies.

Risk Management

The company and its subsidiaries follow a framework for Risk Management that identifies and proactively addresses risks at the enterprise level and assists in prevention of erosion in shareholder value. In light of the prevailing economic scenario, the focus areas of the Risk management include the following :

- ✧ Safety initiatives to ensure 'Safe Operating procedures' with emphasis on Human Safety of employees and contractors.
- ✧ Observing highest standards of corporate governance in strict compliance with TCOC for all its stakeholders. 'Whistle Blower Policy', Ethics Controller to address 'silent' grievances, and appropriate mechanisms to check fraud & malfeasance are in place.
- ✧ An empowered Internal Audit team, with quarterly reporting to the Audit Committee of the Board on the internal controls and systems.
- ✧ Cash flow forecasting on a continuous basis to ensure cash adequacy for business continuity.

Accordingly, the Board is of the opinion that the risk management practices are at acceptable levels.

Operational Control of Management

The Company has established policies and procedures that are appropriate to 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 System

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

Monitoring System

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



The Company is determined to continuously encourage and support principle of good corporate governance along with its business operation because it realizes that good corporate governance would leverage management system towards efficiency, transparency and accountability. This would affect the confidence of the shareholders, investors, stakeholders and all relevant parties which lead to a sustainable growth and increase value for the shareholders in the long run. Apart from conducting business with high standard of organization and personal behavior according to **"Tata Code of Conduct : TCOC"**, the company has followed the five categories of the principles of good corporate governance for listed companies issued by SET. This has been documented in the Company's "Good Corporate Governance Policy" since 2005. The principles were adapted for appropriate use in relation to Company's circumstances and have been reviewed and improved to make it up-to-date and correspond to the ever changing situation. The Company has been always rated as "very good" in the Corporate Governance evaluation.

For 2010-2011, the company has implemented the principles of good corporate governance for listed companies as follows :

Category I Shareholders' Rights

The Company respects and realizes the importance of shareholders' right to attend shareholders' meeting to consider and decide on important matters such as election of Directors and setting remuneration, profit allocation and dividend payment, appointment of auditor and setting fees, amendment of the Memorandum of Association and Articles of Association, increasing/decreasing of the registered capital and approval of significant transactions affecting Company's business operation. In addition, the Company will not violating or depriving the rights of shareholders as owners of the investment which finances Company's operation. The Company has encouraged shareholders to fully exercise their rights in preserving the Company's interest and to understand their basic rights such as purchase/sales or transfer of shares, profit/dividend participation, equal access share buy back, receiving of information or report, any other rights according to the law.

Apart from encouraging exercising those basic rights, the Company has made it convenient for shareholders to attend shareholders' meeting by implementing mechanism for good meeting arrangement. The Company would provide information about the date, time, venue, meeting agenda, attending procedures, voting procedures and information on matters to be decided well in advance and would not in any way limit the opportunity to receive information or attend the meeting.

The Company also assigns the Corporate Secretary Office to

treat and facilitate shareholders' rights exercise. Shareholders can contact the Corporate Secretary Office via telephone at 66 (2)-937-1000 ext. 2430-2432

The Company arranges shareholders' meeting called Annual General Meeting within four months after the end of Company's financial year (within July every year).

The annual general meeting for 2011 was held on July 20, 2011 at 10.00 AM at the Dusit Thani Hotel, Bangkok. The Company used the Record Date method where shareholding at May 31, 2011 would be eligible for attending the meeting and compile a list according to Section 225 of the Securities and Securities Exchange Act and close the book for transfer suspension on June 1, 2011.

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

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

Moreover, the Company has

- (1) Advertised the meeting invitation announcement in Thai newspaper for 3 consecutive days at least 3 days in advance of the meeting date.



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

The Company has informed shareholders of such schedule through SET news network (www.set.or.th). For 2011 Annual General Meeting of Shareholders, no shareholder has submitted advance inquiries to the Company.

Category II Equitable Treatment of Shareholders

The Company realizes its duty to look after the interest of every shareholder, whether it is the major shareholders, institutional investors, foreign shareholders including minor shareholders by equitable treatments as follow :

Shareholders' Meeting

The Company facilitates for the convenience of attending shareholders such as

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

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

The Board of Directors regards it as the duty and responsibility to attend the meeting. For 2011 Annual General Meeting of Shareholders, the Chairman of the Board of Directors and Chairman of the Committees which are the Chairman of the Audit Committee, the Chairman of the Corporate Governance and Nomination Committee, the Chairman of the Remuneration Committee and all directors attended the meeting. Furthermore, all Executives, auditors including legal advisors have attended the meeting to explain and answer all inquiries.

In 2011, there were 453 shareholders attended the meeting in person and via proxy accounting for 6,493,122,327 shares or 77.10% of the paid up shares of 8,421,540,848.

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.

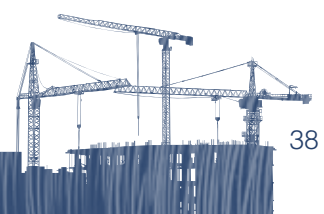
During the meeting The presiding Chairman conducts the meeting transparently according to the announced agendas with no additional agenda for consideration. Appropriate and sufficient time would be allotted for consideration of each agenda before voting. Shareholders would be allowed to vote for election of individual Director and encouraged to provide comments, recommendations and ask questions freely.

Moreover, the Company allows shareholders who arrive after the commencement of the meeting to vote on the considering agenda not already resolved.

The Company uses voting ballots for convenience of shareholders and hires legal advisor to supervise vote counting for transparency according to law and Company's principles (Inspector). Vote counting would be done by computer and the same type of shareholder would have one vote per one share. Results of the vote for each agenda would be announced after the Other Matters agenda by slide projection. Moreover, the meeting would be recorded on a video tape.

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

- (1) names and positions of the attended Directors, Executives including related persons,
- (2) voting procedures and vote counting,
- (3) questions and answers, comments and recommendations,



- (4) meeting resolutions and
- (5) voting result on each agenda, classified as agreement, disagreement and abstention.

Use of insider information

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

Moreover, the Company has implemented a concise internal control measure to supervise the use of insider information to comply with good corporate governance

principles, and define a policy on prohibiting the use of insider information for personal gain (Abusive self-dealing) such as trading with insider information (Insider trading) of Directors, Executive and employees working in the unit with access to information of the Company and its subsidiaries (including spouse and underage children of such persons).

- ✕ Prohibit the above persons to trade Company's securities within 2 weeks prior to the disclosure of Company's quarterly financial statements and annual financial statements and within 24 hours after the disclosure of such financial statements to the SET (Blackout Period).
- ✕ In case of other non-disclosed significant information which may have an affect on the price of Company's securities, the Board of Directors has prohibited trading of Company's securities until expiration of 24 hours after such information has been released to the public.

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



As on March 31, 2012, report on the securities holding of Directors and Management can be summarized as following :

| No. | Name | Ordinary Shares (No. of Shares) | | | | | |
|-----|-----------------------------------|---------------------------------|-----------------------------|---|----------------------|-----------------------------|--|
| | | Tata Steel (Thailand) Plc. | | | Affiliated Companies | | |
| | | Reporter | Spouse or Minor child | increase (decrease) in fiscal year (April 1,11 - March 31,12) | Reporter | Spouse or Minor child | increase (decrease) in fiscal year (April 1, 11 - March 31,12) |
| 1 | Mr. H. M. Nerurkar | - | - | - | 1,326 ^(a) | - | - |
| 2 | Mr. Kriang Kiatfuengfoo | - | - | - | - | - | - |
| 3 | Mr. Maris Samaram | - | - | - | - | - | - |
| 4 | Asst. Prof. Rawewan Peyayopanakul | 22,000 | - | - | - | - | - |
| 5 | Mr. Koushik Chatterjee | - | - | - | 1,320 ^(b) | - | - |
| 6 | Mr. Taratorn Premsoontorn | - | - | - | - | - | - |
| 7 | Mr. Peter John Hogg | - | - | - | - | - | - |
| 8 | Mr. Peeyush Gupta | - | - | - | - | - | - |
| 9 | Mr. Thana Ruangsilasingha | 50,000 | - | - | - | - | - |
| 10 | Mr. Amit Ghosh | - | - | - | - | - | - |
| 11 | Mr. Sunil Seth | - | - | - | - | - | - |
| 12 | Mr. Sirorote Matemanosak | - | 220,000 | - | - | - | - |
| 13 | Mr. Biswajit Ghosh | - | - | - | - | - | - |
| 14 | Mr. Jacob Gerkema | - | - | - | - | - | - |
| 15 | Mr. Paitoon Chuesook | - | - | - | - | - | - |
| 16 | Mr. Wanlert Kanwiwat | - | - | - | - | - | - |
| 17 | Mr. Arun Kumar Chowdhary | - | - | - | - | - | - |

Remarks : 1. Tata Steel (Thailand) Plc. has 8,168,767,623 Ordinary shares, 252,773,225 Preferred shares, 1,083,275,200 units of Warrant 1 and 1,520,763,525 units of Warrant 2. The total Registered and Paid-up Capital are 11,025,579,573 Baht and 8,421,540,848 Baht, respectively.

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) Tata Steel Limited.

(b) 320 shares allotted in the FPO of Tata Steel Limited.

Report on Stakeholders

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

Connected Transactions

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

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

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

Category III Role of Stakeholders

The Company realizes that encouraging a good relationship and co-operation between Company and all stakeholders would be a factor to build wealth and stability. It was adhered to the rights of all stakeholders in relation to its business operation, both defined by law or mutual agreement, by responsible to the internal and external stakeholders, whose rights have been violated, with strict fairness under the "Tata Code of Conduct : TCOC" consisted of 25 matters. The Company's "Code of Ethics" has clearly defined business ethics with all stakeholders and specified measures and channels for stakeholders to communicate/ inform on un-ethical conducts, lead follow-up procedures including measures to protect the informant under the **"Policy and Regulation regarding Whistle Blower" (Whistle Blower)**.

Stakeholders can suggest/ report/ appeal on the above Code of Ethics in person/ letter/ E-mail/ telephone/ fax by contact via :

Mr. Sirorote Metamanosak (Ethic Counselor)

Tata Steel (Thailand) Public Company Limited
Rasa Tower 2, 20th Floor, 555 Phaholyothin Road,
Chatuchak, Bangkok 10900
Tel. : 66 (2) 937-1000 ext. 1810 Fax : 66 (2) 937-1223
E-mail address : sirorotem@tatasteeltailand.com

or directly contact :

Mr. Kriang Kiatfuengfoo

(Chairman of the Audit Committee)

405 Panya village, Phattanakarn Road,
Suan Luang Sub-District, Suan Luang District,
Bangkok 10250

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

Guidelines and responsibility to each group of stakeholders are :

Shareholders

The Company is committed to take care of profit and create value to all shareholders with fairness by operating business efficiently and treat shareholders with strictly respect to laws and regulations. The Company would inform shareholders of correct and complete information, including disclosing such information in accordance with relevant rules and agreement. The details appear on Category I : Shareholders' Right and Category II : Equitable Treatment of Shareholders.

Employees

The Company regards employees as valuable asset. Therefore, emphasis is placed on training and development for employees at all levels and scope of works to strengthen the significant basis of the organization. Safety, occupational health and working environment have been also emphasized to all employees. Besides, the Company sees to it that employees receive fair and appropriate remuneration and welfares to build good relationship, including provides a provident fund for them. The details appear on "Human Resources and Development".

Customers

The Company is committed to provide good quality products and services with international standard at reasonable prices and fairness. The After Sales Services has been provided to harmonize with the customers' need, in regard to maximum benefit of the customers. This would build customers' satisfaction on Company's products and services.



Business alliances, Creditors and Competitors

The Company is determined to create and support the economy with competition in the free trade market throughout the region by not participate any unfair trade activities and not taking advantage of or providing false information related to competitors' products and services. During previous year, there has been no conflict between the Company and competitors.

Creditors

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

Community and Society

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

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

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

Details of activities carried out by the Company in the year 2011 - 2012, appear on titled "Corporate Social and Environmental Responsibility" on "Social Responsibility Activities".

Environment

The consistently focus on environmental conservation in order to preserve well-being of environment by strictly conforming to laws, regulations, and various standards in every production process and step of work, in particular in terms of efficient resources management (covering energy conservation, water resources management, air pollution management, greenhouse effect management, noise pollution management,

and waste management), re-use of resources as well as strictly compliance with environmental laws and regulations.

Tata Group committed to focus and be a leader on the "Climate Change" due to arising global warming issues. All subsidiaries of Tata Group are conducting studies for profound understanding and to be able address issues promptly, resulting in higher creditability. More green technology will be available and implemented. Therefore, the Company and subsidiaries set a long-term goals to monitor and address carbon dioxide and other greenhouse effect gasses emission not to exceeding allowed level. The said goals bring about new environmental friendly process guidelines and research for new innovations in different areas. The "Green" concept is also being applied in each step of the Company's core business operations.

Detailed information on corporate environmental responsibility carried out by the Company during 2011 - 2012 appears under the topic "Corporate Environmental Responsibility".

Category IV Disclosure and Transparency

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

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

1. Financial and non-financial information with completeness, correctness and comparativeness, both in Thai and English : SET news network (www.set.or.th).
2. Analytical clarification of the financial status and operating results in every quarter : SET news network/ TSTH website (www.tatasteelthailand.com)/ Newspapers.
3. Latest shareholding structure is disclosed with transparency by detailing the major shareholders and proportion of minority shareholders, including beneficial owner and no cross holding between the Company's group.



The information of Directors and Executives' shareholding is also included : Annual Report/ TSTH website.

4. Information in the annual report is disclosed completely and clearly for the benefit of shareholders' decision making such as analysis on financial status and operating performance, analysis on industry overview and competition, business risks, bio-data of Directors and Executives, remuneration of Directors and top Executives and information on Directors' meeting attendances : TSTH website.
5. Financial statements in accordance with generally accepted accounting principles and audited by an independent auditor who is qualified and accepted by SEC. The Company had no record on submitted delayed quarterly and annually financial statement to SET and SEC : SET news network/ TSTH website.
6. Information on connected transactions (if any)

Besides, the Company has assigned the President to communicate Company's information to investors who are shareholders and general investors, and assigned the Corporate Secretary to manage the function of Investor Relation by responsible for communicating and coordinating with investors, analysts and related agencies and providing convenient access to Company's information such as meeting materials, operating performance materials and other reports through Company's website (www.tatasteelthailand.com) This is to strengthen investors' understanding and confidence towards the Company.

In 2011 - 2012, The Company has arranged for analysts and interested investors to meet and discuss with the President and Executives. There were eight sub-meetings and three meetings of about 20 analysts.

Category V Responsibilities of the Board of Directors

The Company stress the role of Directors' responsibilities by performing their functions with **"responsibility, cautiousness, integrity and accountability"** on ground of mutual confidence. The Company has defined clear structure of Directors and appointed Committee with specific expertise to allow effective supervision of the operation by Directors and to cautiously screen matters of importance for correct decision making with no any action go against the regulation. Management system in accordance with the principles of good corporate governance was implemented to ensure honest, reasonable and independent supervision and operation under legal framework and business ethics as follows :

Structure of the Board

The Board of Directors composes of qualified persons with appropriate knowledge, ability and experiences in steel industry and other businesses, leadership with broad perspective and capability of functioning as Directors who can express freely and beneficial to the Company's business operation.

Currently, the Board of Directors consists of appropriate eight members, three of which are Independent Directors as specified in the Company and SEC's regulation together with six non-executive Directors and Directors representing major shareholders. The Company has defined that the Chairman, as the policy leader, and the President, as the leader of operation, should not be the same person to clearly segregate the roles and induce equilibrium in operation.

For the greater corporate governance, the Board of Directors also appoint four other committees which are the Audit Committee, the Executive Committee (Management Committee), the Corporate Governance and Nomination Committee and the Remuneration Committee to screen specific matters and present to the Board for consideration or acknowledgement.

Besides, the Board of Directors also appoints the Corporate Secretary on behalf of the Company or the Board of Directors to provide and keep the following documents :

- (1) a register of directors.
- (2) a notice calling a director meeting and minutes of the meeting of the board o directors.
- (3) a notice a calling a shareholder meeting and minutes of the meeting of the shareholders.
- (4) annual report of the Company.

Moreover, the Corporate Secretary also keeps a report of interest filed by directors and executives and performs any other acts as specified by the SEC.

Selection of the Board of Directors and Committees

The Corporate Governance and Nomination Committee is responsible for selection of Directors and Independent Directors before proposes to the Board of Directors and/or the shareholders' meeting for election or appointment. The selection would be in line with the guidelines and principles which had been approved by the Board of Directors as follows :



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

For Independent Directors, besides all of the above guidelines and principles, there are extraordinary qualifications which appear on "Independent Director" subject.

In case the election of Company's Director is proposed to the shareholders' meeting for consideration, it would be proceeded according to the guidelines and procedures specified in the Company's Article of Association such as shareholders will have one vote for each share held and in case of a tie, the Chairman of the meeting will have a deciding vote. However, for the election of Company's Director, voting for individual or multiple Directors may be applied but all voting rights equivalent to all the shares held must be exercised at one time and cannot be various candidates.

In the present, Even though the Company do not specify the limit number of Companies that Directors can take the positions of, the Directors also take no exceeding position to affect the efficiency for performing their own duties.

Independent Director

True independent reflects good management which help create confidence for investors. Therefore, the Company has set a definition of "Independent Director" stricter than the one specified by the SEC which is being reviewed and revised regularly. The details are as follows :

(Amended on January 16, 2009 according to the SEC regulation No. tor. jor. 4/2552 Dated February 20, 2009)

- ✕ Holding not over 1% of the total voting shares of the Company, parent company, subsidiary company, associate company or juristic person who may have conflicts with, including shares held by related persons.
- ✕ No participation in the management nor being an employee, staff, salaried advisor, person with controlling power, parent company, subsidiary, associate or juristic person who may have conflict with, and not having interest in such activities for the previous 24 months prior to appointment.
- ✕ No kinship, marriage or legally registered as the father, mother, spouse brother/sisters and child, including child's spouse, with the Executive, major shareholder, person with controlling power or person who will be nominated as Executive or person with controlling power of the Company or subsidiaries.
- ✕ No kinship, business relationship with the Company, parent company, subsidiary, associate or juristic person who may have conflict with, in a way that may limit the exercise of independent judgement. This includes not being, or not having been a major shareholder, non-independent Director or Executive of an entity which have business relationship with the Company, parent company, subsidiary, associate or juristic person who may have conflict with, and not having direct or indirect interest in the following activities for the previous 24 months.
 - 1) Transactions in the course of normal business operation such as merchandise sales, raw materials purchase or providing services value more than 3% of the Company tangible assets or within the 12 months period.
 - 2) Transactions of renting or renting out of immovable properties.
 - 3) Transactions related to assets or services such as acquisition or disposition of assets, rights or providing or receiving services.
 - 4) Transactions related to granting or receiving financial assistance such as granting or receiving loans, guarantees or providing asset as collateral, including other similar practices which result in the obligation for debt repayment to other parties. Which value more than 3% of the net physical asset or more than Baht 20 millions, whichever the least within the period of 12 months. In case of transactions of granting or receiving financial assistance, debt obligation incurred during the period of one year prior to the date of business relationship of the same person should be accumulated.
- ✕ Not being an auditor of the Company, parent company, subsidiary, associate or juristic person who may have



conflict with, and not being major shareholder, non-Independent Director, Executive or managing partner of the auditing office whose auditor works in the Company, parent company, subsidiary, associate or juristic person who may have conflict with, and should have no interest in such characteristics for the previous 24 months.

- ✘ Not being a professional service provider, including being a legal advisor or financial advisor who receives service fee of more than Baht two millions from the Company, parent company, subsidiary, associate or juristic person who may have conflict with. In case the professional service provider is the juristic person, it should include being a major shareholder, non-Independent Director, Executive or managing partner of such professional service provider and not having interest in such characteristics for the previous 24 months.
- ✘ Not being a Director appointed as representative of the Company's Director, major shareholders or shareholders related to major shareholders.
- ✘ Not having characteristics that would make independent expression of opinion about Company's operation impossible.
- ✘ Capable of taking care of every shareholder's interest equally.
- ✘ Capable of managing conflict of interest.
- ✘ Be able to attend the Board of Directors' meeting to make decision on matters independently.
- ✘ Possess the qualifications with no prohibited characteristics specified by the Company's Article of Association and regulations of the Public Company Limited Act and the SEC.

Appointment of Committees

The Audit Committee

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

The Company has supported, supervised and authorized the Audit Committee to function efficiently and express its opinion independently. To enhance the efficiency to monitor the Company's operation, since the year 2009, the Company had established the internal audit office which is under the supervision of the Committee instead of hiring an outside agency, to carry-out assignments for the succession on internal audit of the Company and its subsidiaries. When needed, the Audit Committee may seek an external independent advisory at the Company's expenses.

The Executive Committee (Management Committee)

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

The Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee was appointed by the Board since the year 2004, consisted of three Directors, including two Independent Directors, with the responsibility to propose, review and supervise the functions of the Board of Directors and Management in accordance with the Company's corporate governance guidelines, and also has the duty to consider selection process and recruit appropriate person for nomination as Director or President in replacement of the retiring Director or in other cases.

The Remuneration Committee

The Remuneration Committee was appointed by the Board since the year 2004, now consisted of four Directors, including one Independent Director, to study, consider and monitor the change and trend of the remuneration of the Board of Directors and the President and propose as the remuneration policy to motivate and enhance an operation for sustainable growth.

Terms of the Board of directors and Committees

The term of office of each director shall be three years, provided that at every annual general meeting of shareholders, one-third of the directors shall retire. Directors have to jointly agree on the sequence of the retiring of the directors and the director who vacates his office may be re-elected with no limit on terms.



The term of Directors of the Committees shall be three years in accordance with the term of the Board of Directors and the director of the Committee who vacates his office may be re-elected with no limit on terms as well.

Serving on other Company Boards by Directors and President and CEO

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

Since the President and CEO is an inside director, just like other employees, he has to dedicate his full efforts for the company according to the terms of the employment contract. There is no President and CEO who also serves on director position in other listed company, except on subsidiary board.

Remuneration of Directors and Executives

The Company has clearly and reasonably set policy and guidelines on remuneration of Directors and Executives. The Remuneration Committee would propose the remuneration of the Board of Directors and Committees by considering the duties, responsibilities, overall performances and Company's operating result to shareholders for approval. The remuneration is appropriate when compared within the same industry to be able to retain competent Directors and Executives and not over-paid. There are two types of financial remuneration for the Directors. They are fixed remuneration paid every quarter and meeting allowance which would be paid only to attending Directors in each quarter.

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

For remuneration of the President and Executives of the Company and its subsidiaries, the Board of Directors, by acknowledgement of the Remuneration Committee, would consider on the duties, responsibilities, individual performance and Company's operating result in both short and long terms. However, the Company has no policy to pay the remuneration to the Executive who takes the position of the Director of the Subsidiaries.

Details of Director's remuneration effective until further changes are :

| | | 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 | 0 | 15,750 |
| | Member | 0 | 10,500 |
| Corporate Governance & Nomination Committee | Chairman | 94,500 | 15,750 |
| | Member | 63,000 | 10,500 |
| Remuneration Committee | Chairman | 94,500 | 15,750 |
| | Member | 63,000 | 10,500 |

Remark : The above fixed remuneration and meeting allowance were deducted by 30% effective from April 1, 2011

CORPORATE GOVERNANCE

In 2011-2012 (April 2011 – March 2012) each Director received total remuneration, separated by Committee, as follows :

| No. | Names | Remuneration (Baht) | | | | | |
|--------------|---|---------------------|-------------------|---------------------|---|------------------------|---------------------|
| | | Board of Directors | Audit Committee | Executive Committee | Corporate Governance & Nomination Committee | Remuneration Committee | Total |
| 1. | Mr. Hemant Madhusudan Nerurkar Chairman | 924,000.00 | - | - | - | - | 924,000.00 |
| 2. | Mr. Kriang Kiatfuengfoo Independent Director and Chairman of Audit Committee | 640,500.00 | 231,000.00 | - | - | - | 871,500.00 |
| 3. | Mr. Maris Samaram Independent Director, Audit Committee and Corporate Governance & Nomination Committee | 619,500.00 | 157,500.00 | - | 84,000.00 | - | 861,000.00 |
| 4. | Asst. Prof. Rawewan Peyayopanakul Independent Director, Audit Committee, Corporate Governance & Nomination Committee and Remuneration Committee | 640,500.00 | 157,500.00 | - | 84,000.00 | 94,500.00 | 976,500.00 |
| 5. | Mr. Koushik Chatterjee Director, Chairman of Executive Committee, Chairman of Corporate Governance & Nomination Committee and Chairman of Remuneration Committee | 672,000.00 | - | - | 126,000.00 | 141,753.00 | 939,750.00 |
| 6. | Mr. Taratorn Premsoontorn Director and Remuneration Committee | 640,500.00 | - | - | - | 94,500.00 | 735,000.00 |
| 7. | Mr. Peeyush Gupta⁽¹⁾ President and CEO and Executive Committee | 330,522.00 | - | - | - | - | 330,522.00 |
| 8. | Mr. Peter John Hogg⁽²⁾ Director and Executive Committee | 309,522.00 | - | - | - | - | 309,522.00 |
| 9. | Mr. Thachart Viswanarth Narendran⁽³⁾ | 288,978.00 | - | - | - | - | 288,978.00 |
| 10. | Mr. Hridayeshwar Jha⁽⁴⁾ | 288,978.00 | - | - | - | 51,130.00 | 340,108.00 |
| 11. | Mr. Laptawee Senavonge⁽⁵⁾ | 480,375.00 | - | - | - | - | 480,375.00 |
| Total | | 5,835,375.00 | 546,000.00 | - | 294,000.00 | 381,880.00 | 7,057,255.00 |

Remarks : (1) Has been appointed as President and CEO since February 1, 2012.

(2) Has been appointed as Director and Member of the Executive Committee since September 23, 2011.

(3) Has been resigned from the positions as Director and Member of the Executive Committee since September 23, 2011.

(4) Has been resigned from the positions as Director, Member of the Executive Committee and Remuneration Committee since September 23, 2011.

(5) Has been resigned from the position as President since January 1, 2012.



Total remuneration of the Executives

Total remuneration in terms of salary and bonus for 2011-2012 (1 April 2011 – 31 March 2012) for 12 executives were Baht 29.78 millions.

Total remuneration of the Board of Directors of core business subsidiaries

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

Total remuneration of Executives of core business subsidiaries

Total remuneration in terms of salary and bonus for 2011 - 2012 (1 April 2011 – 31 March 2012) for three executives was included in the remuneration of the Company's executives.

Other forms of remuneration

The Company has contributed to the provident fund of employees for management of the Company and its subsidiaries approximately 10% of total payroll or equal to the contribution in 2011 - 2012 (1 April 2011 – 31 March 2012) for 12 executives totaling Baht 2.57 millions.

Moreover, the Company provided company's cars to Company's Executives and Managing Directors of its subsidiaries.

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

Roles, Duties and Responsibilities of the Board of Directors

Leadership and Vision

The Board of Directors has a leadership and independence to define Company's vision, mission, policies, long-term strategy, business plan and annual budget which to be proposed by the assigned managements. To consider those matters, directors will fully discuss and share their opinions on the basis of responsibility, cautiousness, honesty and accountability. Besides, the Board also assigned the managements to implement on complying with the specified policy and plan to drive the Company's operation go through the same direction and enhance the effectiveness and efficiency.

Furthermore, the Board of Directors has the responsibility to review operating plans, target, and to allocate adequate budget, especially budget for organization and product

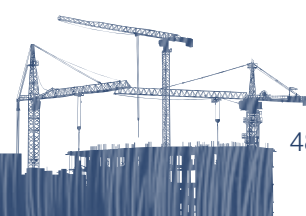
research and development, competitive capability development, Company's performance evaluation and entire Board of Directors performance evaluation, including top Executives, to supervise, review, improve and develop risk management system, internal control and internal audit to correspond to the changing environment, and to oversee and develop Company's corporate governance to international standard. They should dedicate themselves and their time without taking improper advantages for themselves or other persons, and should not act in such a way that could provoke conflict of interest or compete with the Company or its subsidiaries' operation. The ultimate objective is to operate business with stability for the balanced and sustainable benefits of all stakeholders, including create value for shareholders continuously.

Business Ethics

The Company has emphasized the high standard business operation of professionalism, integrity, moral and ethical under the "Tata Code Of Conduct" (TCOC) which has prepared in form of written document and published a Thai version of the "Ethics Handbook" for distribution to the Board of Directors, Executive Committee (Executive Directors), Management, employees and external stakeholders who conduct business with the Company, both government agencies and private sectors. Besides, the Board of Directors has been overseeing, communicating and encouraging employees at all levels to strictly and constantly adhere to the principles of integrity, transparency and fairness. When there is a breach or possibility of a breach of Company's Code of Conduct, supervisors must be notified immediately.

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

Furthermore, the Company has announced "Policy and procedures on Petitioning of Code of Conduct violation" (Whistle Blower) to safeguard employees and external stakeholders who choose to report on the violation or possible violation of the Code of Conduct.



Handling of Conflict of Interest

The Company places importance on the handling of Conflict of Interest issues with cautiousness. Directors, Executives and employees will work with honesty, reasonableness, independence and transparency for the overall best interest of the Company and Shareholders by following the guidelines of SEC, SET, Company's Article of Association and relevant laws. It also reports and discloses complete and clear information on Company's operation and not discloses insider information or uses such information for their personal advantages. 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 issue for employees at all levels.

Risk Management

The Company has implemented appropriate risk management system by adopted an international standard to applied with the Company's business and appointed the Risk Management Committee consisting of the Managements from each major department of the Company and its subsidiaries to define and revise the administrative policy and strategy, the organization-wise implementation, including risk factors, risk probability and impacts to the Company's goal. Moreover, the appropriate plan and process to reduce risks that might cause were defined and followed up, including reviewed and revised to increase efficiency. The Company has also assigned the Audit Committee to evaluate the efficiency of risk management system and report to the Board of Directors regularly. This is the warning mechanism to help protect or minimize the possible losses to Company's operation.

Internal Control and Internal Audit

The Company encourages employees at all levels to realize the importance of internal control and internal audit system by setting up efficient system and controlling/ monitoring procedures throughout the organization both for financial report and compliance process to maintain flexibility where employees can control, supervise, evaluate and review their own work to minimize the risk of fraudulent acts and improper exercise of power and to prohibit illegitimate activities. Since 2009, the Company has also set up its own internal audit office. This office has the responsibility to supervise the internal audit work of the Company and its direct report subsidiaries which operate under the supervision of the Audit Committee who oversees that various operations are in compliant with the policies, plans, authority and regulations, including evaluating the risk management and internal control for appropriateness and effectiveness. These are done on the basis of

independence and assurance that major operations and significant financial transactions are carried out according to the prescribed guidelines and regulations.

Meeting of the Board of Directors

The Company has scheduled meeting dates and significant agenda, including the monitoring of operation. Additional meetings may be arranged for urgent matters. In 2011-2012, the Company had arranged the Board of Directors meeting for eight times with an average over 80% of total Directors who attended in each meeting. For each meeting, invitation letter, agenda and accompanying papers would be sent for advance study. Chairman of the Board of Directors who chairs the meeting would conduct the meeting according to the agenda, with regard to the benefit of shareholders and every group stakeholders, and allowing independent expression of opinion, allocating sufficient time for thorough discussion and expression in each agenda. The resolution of each agenda would be decided by majority voting, in case of a tie, the Chairman of the meeting would cast a deciding vote. Director who has an interest in the discussing matter would not attend the meeting and/or would abstain. The minutes would be clearly recorded after the end of the meeting.

The Management would also attend each meeting of the Board of Directors to report on essential information and to acknowledge the policies and decisions of the Board of Directors for the benefit of efficient and prompt actions. Exception is made to some meeting agenda specifically reserved for only the Board of Directors or non-Executive Directors to allow independence of expression or additional confer meeting among themselves in every quarter.

To ensure that Company's operation is in compliant with the rules, regulations and good corporate governance principles, the Board of Directors has appointed the Corporate Secretary to act as the Secretary to the Board of Directors and other Committees. The Secretary to the Board has the major duties of

- (1) providing recommendations on complying with the laws to Directors and Management,
- (2) coordinating to comply with the Board's resolutions,
- (3) attending every meeting of the Board of Directors, Committees and Shareholders and preparing such minutes of those meetings, and
- (4) implementing any other tasks according to the SEC's regulations.



Training and development Programs for Directors and Management

The Company concerns on Directors and Executives' duty performances since their first appointment by supporting the training and development of Directors and Executives to attain any trainings or activities through related institutions constantly and regularly such as the Securities and Exchange Commission, the Securities Exchange of Thailand, Thai Institute

of Directors Association ("IOD"), public and private academic institutions so that they can perform their duties efficiently and develop themselves to cope with the changing situations. In this regard, all Thai Directors has attended any trainings and seminars that related to the directors' duty performances by IOD.

Summary of number of meetings and attendances of Directors for the year 2011-2012

| No. | Attendances of Directors (% of the entire Board members) | | | | | |
|------------------------|--|-----------------|---------------------|---|------------------------|------------------------|
| | Board of Directors | Audit Committee | Executive Committee | Corporate Governance & Nomination Committee | Remuneration Committee | Annual General Meeting |
| For the year 2011-2012 | - | - | - | - | - | 9 (100%) |
| 1 | 9 (100%) | 3 (100%) | - | 3 (100%) | 4 (100%) | - |
| 2 | 8 (90%) | 3 (100%) | - | 3 (100%) | 4 (100%) | - |
| 3 | 9 (100%) | 3 (100%) | - | - | 3 (100%) | - |
| 4 | 7 (100%) | 3 (100%) | - | - | - | - |
| 5 | 9 (100%) | - | - | - | - | - |
| 6 | 8 (90%) | - | - | - | - | - |
| 7 | 7 (90%) | - | - | - | - | - |
| 8 | 7 (90%) | - | - | - | - | - |



CORPORATE GOVERNANCE

In 2011-2012 (April 2011 – March 2012), Directors attended the meetings as follows :

| Names | Attendances/ Meetings (times) | | | | | | |
|--|-------------------------------|-----------------|---------------------|---|------------------------|------------------------|-------|
| | Board of Directors | Audit Committee | Executive Committee | Corporate Governance & Nomination Committee | Remuneration Committee | Annual General Meeting | Total |
| 1. Mr. Hemant Madhusudan Nerurkar Chairman | 7/8 | - | - | - | - | 1 | 8/9 |
| 2. Mr. Kriang Kiatfuengfoo Independent Director and Chairman of Audit Committee | 8/8 | 4/4 | - | - | - | 1 | 13/13 |
| 3. Mr. Maris Samaram Independent Director, Audit Committee and Corporate Governance & Nomination Committee | 7/8 | 4/4 | - | 2/2 | - | 1 | 14/15 |
| 4. Asst. Prof. Rawewan Peyayopanakul Independent Director, Audit Committee, Corporate Governance & Nomination Committee and Remuneration Committee | 6/6 | 4/4 | - | 2/2 | 3/3 | 1 | 18/18 |
| 5. Mr. Koushik Chatterjee Director, Chairman of Executive Committee, Chairman of Corporate Governance & Nomination Committee and Chairman of Remuneration Committee | 7/8 | - | - | 2/2 | 3/3 | 1 | 13/14 |
| 6. Mr. Taratorn Premsoonorn Director and Remuneration Committee | 8/8 | - | - | - | 3/3 | 1 | 12/12 |
| 7. Mr. Peeyush Gupta⁽¹⁾ President and CEO and Executive Committee | 4/4 | - | - | - | - | - | 4/4 |
| 8. Mr. Peter John Hogg⁽²⁾ Director and Executive Committee | 3/4 | - | - | - | - | - | 3/4 |
| 9. Mr. Thachart Viswanarth Narendran⁽³⁾ | 4/4 | - | - | - | - | 1 | 5/5 |
| 10. Mr. Hridayeshwar Jha⁽⁴⁾ | 4/4 | - | - | - | 2/2 | 1 | 7/7 |
| 11. Mr. Laptawee Senavonge⁽⁵⁾ | 6/6 | - | - | - | - | 1 | 7/7 |

Remarks : (1) Has been appointed as President and CEO since February 1, 2012.

(2) Has been appointed as Director and Member of the Executive Committee since September 23, 2011.

(3) Has been resigned from the positions as Director and Member of the Executive Committee since September 23, 2011.

(4) Has been resigned from the positions as Director, Member of the Executive Committee and Remuneration Committee since September 23, 2011.

(5) Has been resigned from the position as President since January 1, 2012.



President & CEO Statement

Tata Steel (Thailand) with its three subsidiaries is the largest long products manufacturer in Thailand. In all its steel operations, the company makes an efficient use of natural resources that includes recycling and employs appropriate management of the environment to take care of the communities and society. While strictly complying with the law, the group companies adopt the Principles of Good Corporate Governance for listed companies and are engaged in enhancing the quality of life of people in Thailand.

In addition to pursuing the business objectives, the company has adopted a balanced approach to meet the interests and needs of a diverse set of stakeholders with emphasis on social and environmental considerations. Tata Steel (Thailand) has appointed the Energy Management Committee and has announced the energy policy to all its employees. The company has also improved its lighting system, electricity system and water resources management. Waste water treatment is carried out and is reused in production and other useful purposes instead of disposal. The company has also developed Air Pollution Management in order to eliminate dust from production process and limit emission of dust from the smokestack. Collected dust and fumes are treated before release to the atmosphere. In addition, the company has installed Continuous Emission Monitoring System (CEMS) to automatically measure and control the emission of dust and has prevented dust diffusion to surrounding community.

The company takes pride in setting highest standards of Corporate Social Responsibility. The CSR policy of the company has 4 corner stones namely,

- (a) **Support to Community Activities** in local cultural activities, running mobile medical units and providing career training
- (b) **Children Development Project in Rural Areas** that encourages learning and self development for students in remote areas by setting up book corner in 138 schools till date and support with supply of books and reading materials
- (c) In recognition of **Environmental Conservation**, the company organizes activities around plants and urges employees to participate in environmental conservation programs like "Save Our Earth" project
- (d) **Supporting Non-Profit Organizations** to provide support to public welfare projects for example, assisting natural disaster victims, providing support to socially underprivileged groups.

The company strongly believes that no progress in industrial sector is worthwhile unless it leads to a sustainable development of the society, environment and communities around it. As part of the Tata Steel Group, the company endeavours to bring in global practices in Corporate Social Responsibility to Thailand.



The Company and its subsidiaries commit to conduct its business by being a good corporate citizenship with duty and responsibility to the community, society and country,

This can be seen from different activities in various areas as follows :

Corporate Social Responsibility

1. Legal Compliance

The Company and its subsidiaries are committed to strictly comply with applicable laws. This is due to the implementation of "Tata Code of Conduct : TCOC", which states that all employees shall comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which they operate. The Company has set up a unit to be responsible to regulate all functions to comply with laws, regulations and ethical norms. The Company and its subsidiaries have to prepare compliance reports and regularly submit them to the responsible unit. In case there is a non-compliance, negligence or in-appropriate actions occurred, the said unit will notify relevant functions for immediate improvement. Furthermore, whenever new laws, rules, regulations, or orders are enforced, the said unit has to notify or call a meeting to inform and clarify relevant functions promptly and appropriately.

2. Commitment to Produce Products of Applicable Quality Standards

The Company is committed to produce and distribute its products according to relevant standards as prescribed by laws. Each product has to be certified by the Thai Industrial Standard Institute (TISI). The Company has maintained products quality according to applicable laws consistently.

Apart from having certified products, the Company and its subsidiaries' production processes have also received certifications from the International Standard Organization, i.e., ISO 9001 : 2000 and ISO 9001 : 2008 (International Standards for Quality Management Systems). The Company realizes the importance of the environmental conservation, provides safe and hygienic working space to its employees and contractors, and maintains testing laboratory in excellent condition at all times. The Company also receives ISO 14001 (International Standard for Environmental Control), TIS/ OHSAS 18001 (International Standard for Occupational Health and Safety) and ISO/IEC Guide 17025 : 2005 (General Requirements for the Competence of Testing and Calibration Laboratories) certifications, respectively.

Furthermore, the Company recognizes the importance of communication to the consumers to make them aware of how to buy standard products and consequences of using sub-standard products. The Company has organized trainings, prepared publications and marketing materials such as poster comparing between standard steel (TISI certified) and sub-standard one (no TISI certified), product showcase, standard rebar buyers' guide and banners at key distribution points.

3. Responsibility for Employees, Suppliers and Contractors Working at Plants

The Company is responsible for the safety and well-being of its employees, suppliers and contractors who are working in the plants. Life and safety of employees, suppliers and contractors are our main concern. In August 2010, the Company launched the Safety Excellence Journey (SEJ) project by inviting experts from Tata Steel to provide consultancy for improvement of Occupational Health and Safety management of the Company and its subsidiaries using internationally recognized standards. The Company is committed to conduct its business by observing highest standards of safety with appropriate targets for zero accident and lost time injury frequency rate.

4. Social Responsibility

The Company is committed to improve the quality of life of people in the community and society to bring about sustainable national development. Based on the said commitment, the Company's subsidiaries have received awards and certifications showing CSR achievements : the Siam Construction Steel Company Limited was awarded with the certificate for participating in the Corporate Social Responsibility of the industrial sector project Department of Industrial Works (CSR – DIW), and the Siam Iron and Steel (2001) Company Limited was awarded a certificate on transparency and Corporate Social Responsibility from Department of Primary Industries and Mines (CSR – DPIM). The assessment for both certifications is based on applicable guideline of international standard of ISO 26000 : Social Responsibility.

With our firm commitment on social responsibility, the Company has set guideline for implementing social responsibility activities in 4 areas, as follows :



1. Supporting Children and Youth Development in Remote Areas

The Company has initiated a "Grow Smart with Tata Steel" project which aims to encourage learning and self-development for school children in remote areas by encouraging reading habits, expanding their knowledge and skills, including ability to apply lessons learnt to assist their family and community. These will be beneficial to community and social development in the long run.

The Company has created book corners in school libraries and supplied them with books and other learning materials, at first starting with schools in surrounding communities and later extending to schools in remote areas throughout Thailand.

During FY 2011-2012 (1 April 2011 – 31 March 2012), the Company has set up book corners under **"Grow Smart with Tata Steel"** project for 21 schools in different provinces. There are a total of 138 schools receiving book corners since the project initiation in 2009. The Company has set a target to present book corners to 400 schools in all regions of Thailand.

Apart from the book corners, the Company has also prepared a library management manual and provided it to each school in order to support library services to be more efficient. Every six months, the Company sends additional books to those schools and company staff also occasionally visits the schools as appropriate.

2. Supporting Communities Nearby the Plants

The Company provides support to surrounding communities to improve the well-being of communities. There are 7 areas of supporting activities as follows:

2.1 Activities to promote local culture and customs:

Kathin offering or presenting robes to Buddhist monks at monastery, casting and offering candles on Buddhist lent, and improving landscape and painting community temples.

2.2 Promote health and safety for community members:

Organizing mobile clinics,

2.3 Community development:

Donating construction materials and equipment to temples, schools and local government agencies, including supporting other activities organized by communities and local government agencies.

2.4 Support the victims of natural disasters and underprivileged groups in community:

Supporting the poor and old-aged and distributing relief bags to victims of flood in communities.

2.5 Children and youth development in communities:

Presenting scholarship, school supplies, sports gear to schools in surrounding communities, building restrooms, improving play grounds and canteens for community schools, organizing essay contest during Father's Day and Mother's Day, organizing Children's Day Activities for school children in community, arranging soccer skills training under "Tata Steel Football Academy" project, including improving football field for community schools, training basic computer skills for children and youth in community, as well as improving sport field and providing sports equipment to children and youth in community.

2.6 Community environmental conservation:

Organizing environmental conservation camp for kids and school children in community, planting trees around plants and communities, as well as rehabilitating of community forests.

2.7 Occupational promotion in community:

Training on different occupations for community members.

3. Supporting of Non-profit Organizations

The Company has provided support for non-profit organizations in 4 areas as follows:

3.1 Royal-Initiated Projects

Contributing on building chaipattana Low Speed Surface Aerator for royal initiative projects under the "Chaipattana Foundation", contributing to cartoon publication titled "Following the King



footsteps on Sufficiency Economy" in honor of the King by the 5th December Foundation, and donating rebars for building a border patrol police school at Ban Kae Dae school in Songkhla for a project under the royal initiative of Her Royal Highness Princess Maha Chakri Sirindhorn.

3.2 University students

Regularly support voluntary camp for the Faculty of Engineering, Chulalongkorn University on building concrete bridge in remote villages under the "Yuawawitsawakornborphit Bridge" project.

3.3 Socially underprivileged groups

Presentation of used books and used toys donated by staffs, shareholders, customers and suppliers to under-privileged children, donating Braille's teaching materials donated by staffs to the Bangkok School for the Blind.

3.4 Victims of natural disasters

Donating relief bags to flood victims in Saraburi, Ayutthaya and Lopburi provinces, fixing electrical system and improving areas of schools affected by flood in Saraburi province, including donation relief bags and consumer goods with drinking water to disaster victims through government offices or public organizations.

4. Environmental Conservation

The Company initiated "Save Our Earth" project to raise the awareness on environmental responsibility for employees. Key activities under the project are as follows :

- 4.1 Providing the guideline on reducing global warming, and distributing cotton bags to all staff for reducing plastic bags usage on project launching day.
- 4.2 Releasing hatched fish to natural bodies of water, and cleaning public canals.
- 4.3 Gardening, wastewater treatment and Bus station cleaning activity at the area nearby Tata Steel (Thailand) headquarter.
- 4.4 Building permanent and temporary dams, artificial salty earth, and planting flora orchids and banana at Ang Rue Nai Wildlife Sanctuary, Chonburi to create food and water supply sources for wild animals.

Corporate Environmental Responsibility

The Company and its subsidiaries have given high priority to utilize resources effectively and efficiently with appropriate environmental management to minimize impacts to the community. N.T.S. Steel Group Public Co., Ltd. received an award for the best garden in industrial park from the Industrial Estate Authority of Thailand (IEAT) while the Siam Construction Steel Co., Ltd. received an award for outstanding company in quality, environmental and safety management from the Department of Primary Industries and Mines, Ministry of Industry, and received Environmental Governance Award "Green Star" from IEAT.

Apart from the above environmental awards, the Siam Iron and Steel (2001) Co., Ltd., also received TIS 18001 and OHSAS 18001 : 1999 international certifications for occupational health and safety. At the same time the Siam Construction Steel Co., Ltd. received TIS/ISO 14001 (International Standard for Environmental Control) and TIS 18001 (International Certification for Occupational Health and Safety) certifications. During 2011, Siam Iron and Steel (2001) Co., Ltd. and N.T.S. Steel Group Public Co.,Ltd. have worked on environmental process improvements in order to apply for ISO 14001 Certification for Environmental Control.

With regard to environmental responsibility activities implemented by the Company and its subsidiaries, there are activities related to "CSR-In process" in three areas, as follows :

1. Resource management

Energy conservation

- ✕ Energy Management committee has been organized. The policy on energy has been announced and circulated to all staff for full compliance.
- ✕ Incorporated energy management as required by laws into the TPM (Total Productive Maintenance) activities and let all employees participate in searching and amending any deficiency, leakages, reduce left over and avoid unnecessary overuses as well as regularly improving machinery efficiency.
- ✕ Appropriately adjust working time of the Dedusting Systems motor to be in accordance with the amount of dust instead of running at full capacity at all times. It is controlled by PLC (Programmable Logic Controller) which results in the saving of electricity cost of Baht 1.8 million per year.



- ✕ Reduced the usage of electricity at the Electric Arc Furnace (EAF) and Ladle Furnace (LF) by properly adjusted the heating profile in accordance with the production.
- ✕ Reduced the usage of fuel at the Reheating Furnace (RHF) by planning the production of billet to be in line with the rolling mill production. This would allow fresh billet from production to be transferred directly to the rolling mill for further processing.
- ✕ Installed Recuperator, a heat exchanger from the exhaust, for the Reheating Furnace (RHF) before releasing to the atmosphere. Fuel consumption is reduced and the saving from fuel usage and electricity translates to a saving of Baht 4.23 million per year.
- ✕ Installed the Nozzle used with the Tundish to receive the flow of liquid steel to the mould without having to warm it first.
- ✕ Installed automatic air conditioning control system for different control rooms.
- ✕ Improved lighting system inside the plants to utilize natural light in order to reduce electricity consumption at the rolling mill by installing skylight apertures on the roof.
- ✕ Reduce the number of bulbs in the workplace where light intensity is over standard. Installed reflecting fixtures to the fluorescence lamps to increase light intensity. Divided control switches for smaller areas so that lights can be turned off in specific areas. Campaigned for all functions to turn off lights, air conditioners and office equipments during lunch break.

Water Resources Management and Water Treatment

- ✕ Wastewater is treated in the Water Treatment Plant using the oxidation pond method. There is no wastewater discharged outside the plant. Treated wastewater will be reused in various production processes and other purposes, i.e., watering trees and lawns within plants, sprinkling on materials piles and roads to prevent dust dissipation. In any case, there must be zero discharge from all plants.

Air Pollution Management

- ✕ Installing Canopy Hood for dedusting residual from production process and collecting and treating by Baghouse Filter before releasing to the atmosphere.
- ✕ Installed the Continuous Emission Monitoring System (CEMS) to automatically measure and control the emission rate from dedusting plant to the minimum intensity.

- ✕ Installed CCTV at the RHF chimney to inspect dust and fume's quality for immediately resolve any issues found.
- ✕ Installed net wall to prevent dust diffusion to adjacent plants and community.
- ✕ Built footpath along the road shoulder to prevent dust diffusion.
- ✕ Enclosed scraps pile with slant filter to prevent dust diffusion.
- ✕ Planted trees around scrap piles and plants to create pleasurable atmosphere and to prevent dust diffusion.

Greenhouse Effect Management

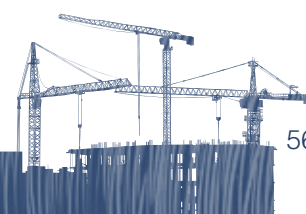
- ✕ Monitoring Carbon Dioxide (CO₂) emissions to atmosphere monthly. The company has set the target to reduce CO₂ emissions to less than 1.0 tonne per a tonne of liquid steel by 2015.
- ✕ Using Natural Gas as fuel instead of oil at the Reheating Furnace (RHF) to reduce Sulfur Dioxide (SO₂) emission and the use of Low NO_x Burner to replace existing Burner at the RHF to reduce Nitrogen Oxide (NO_x) emission.

Noise Pollution Management

- ✕ Set up air-conditioned Control Room in areas where there is extensive heat and noise such as the furnace area and the rolling mill area in order to avoid exposure to any heat and noise outside the control room.
- ✕ Put up the warning signs in areas having excess noises to remind the employees to use hearing protectors when working in those areas.
- ✕ Assigned specific officers to be responsible for continuous inspection and maintenance of all machines and seek measure to control noise from various equipments especially in the area of cutting machines and blast furnace plant.

Waste Management

- ✕ Prepared lists of waste materials and dispose of properly as prescribed by laws for each item.
- ✕ Closely monitored performance of Company's registered waste disposal contractors.



- ❑ Campaigned on garbage sorting to raise awareness among employees and contractors for participation in environmental issues. Sufficient separate colored garbage bins were set up around the plants and offices. Red is designated for hazardous wastes, yellow for general garbage and green for recyclable wastes.

2. Renewable Resources

Gas

- ❑ By-product gas from the Mini Blast Furnace is reused for generating power for hot air blower in sinter plant and in-house small power plant for generating electricity and then feed into power grid of the Mini Blast Furnace. External power consumption can be reduced for more than 50% (only for Mini Blast Furnace).

Dust

- ❑ Emissions from dedusting plants at ore piles, sinter plant, and furnace plant of the Mini Blast Furnace, will be filtered for iron ore content and will be re-used as raw materials for natural ore in sinter making. Not only cost-saving in production process but also environment conservation can be achieved by reduce dust diffusion.
- ❑ Residuals from production process having 28-30% of zinc contents will be sold for zinc extraction instead of sending off to a safety dump site.

Slag

- ❑ Slag from hot iron production process at Mini Blast Furnace is to be sold for mixing in high grade cement production.
- ❑ Slag from steel plant will be recycled for iron sort out and to be reused as raw materials in production process. The rest of slag will be sold for usage in other purposes.

3. Compliance with Environmental Laws and Regulations

- ❑ Have revised and submitted papers for approval of EHIA (Environment and Health Impact Assessment) for Mini Blast Furnace Plant. It is progressing well.
- ❑ Compliance with EIA measures : The Company is completely in compliance with all measures and regularly submits relevant reports to responsible government authorities in timely manner.
- ❑ Compliance with the pollution laws : The Company reports the type and quantity of polluted emissions from plants of which are fully complied with relevant laws and regulations.

- ❑ Compliance with waste laws : Waste handling in all plants is fully complied with laws.



Characteristics of Connected Transactions

For the 12-month period ending March 31, 2012, March 31, 2011 and March 31, 2010, the Company entered into connected transactions with related companies as summarized below :

Thousand Baht

| Type of Connected transactions | Mar 31, 2012 | Mar 31, 2011 | Mar 31, 2010 |
|--|---|--------------|--------------|
| Sales | 2,527,483 | 3,557,767 | 2,053,639 |
| Other income | 13,579 | 16,680 | 74 |
| Purchases | 2,013,754 | 4,528,519 | 3,458,133 |
| Other expense | 11,229 | 35,168 | 40,736 |
| Interest income | - | - | - |
| Interest expenses | - | - | - |
| Trade accounts receivable | 56,684 | 238,352 | 52,088 |
| Receivables and loan to borrowers * | 73,243 | 73,930 | 71,651 |
| Notes receivable | - | - | - |
| Trade accounts payable | 732,495 | 1,352,915 | 438,150 |
| Payables and loan from lenders | 7,248 | 19,896 | 13,871 |
| Short-term loan | 270,596 | 270,596 | - |
| Long-term loan | - | - | 270,596 |
| Guarantees of the Company and its subsidiaries | See details on note to Financial Statements | | |

*Reclassification : Accounts receivable (Tata Sons. Ltd.) 71,220 (in Thousand Baht) from other current to assets to other receivable - relate parties

Pricing Condition and Policy

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

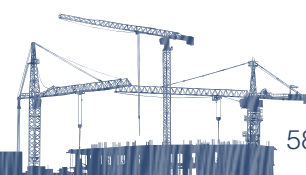
Necessity and Appropriateness of Connected Transaction

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

Measures/ Procedures of Approving Connected Transaction

In approval of connected transactions, each subsidiary, as clearly set forth in the Authority Table of the Company, must seek approval from either its Managing Director 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 on conflicts 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 interests and/ or connection on a matter will not attend the meeting and vote on such matter to make the fair decisions.



CONNECTED TRANSACTIONS

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 seriously conforms to the accounting standards announced by the Institute of Certified Accountants and Auditors of Thailand with respect to the disclosure of connected transactions or acquisition/disposition of major assets of the Company and its subsidiaries. Methods and procedures for the approval of connected transactions are established on the basis of necessity, reasonableness, and the optimal benefit of the Company.

Policy or Future Trend of Connected Transaction

Future connected transactions between the Company and its subsidiaries or related companies will be conducted in the ordinary course of business on an arm's length basis. In respect of transactions involving persons with conflict of interests or having interests and/ or connected persons, the Company will strictly perform accordingly to measures and procedures prescribed by the Securities and Exchange Commission and the Stock Exchange of Thailand.



Financial Performance

Revenues

April 2011 - March 2012

Revenue from sales of the Company and its subsidiaries was Baht 26,223.03 million, 48%, 40% and 5% of which were generated domestically through of the rebars, wire rods, small sections and other respectively. The other 7% was generated through international sales.

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

April 2010 - March 2011

Revenue from sales of the Company and its subsidiaries was Baht 26,761.72 million, 46%, 39% and 3% of which were generated domestically through of the rebars, wire rods, small sections and other respectively. The other 12% was generated through international sales.

Other income of the Company and its subsidiaries amounted to Baht 57.92 million, representing 0.22 % of total revenues. It comprised mainly of gain from store sales of Baht 23.37 million, dividend income of Baht 18.21 million, interest income of Baht 8.17 million, delay penalty income of Baht 2.67 million, previous year income of Baht 2.30 million and other income of Baht 3.20 million.

April 2009 - March 2010

Revenue from sales of the Company and its subsidiaries was Baht 22,421.75 million, 51%, 34% and 3% of which were generated domestically through of the rebars, wire rods, small sections and other, respectively. The other 11% was generated through international sales.

Other income of the Company and its subsidiaries amounted to Baht 98.64 million, representing 0.44 % of total revenues. It comprised mainly of gain on exchange rate of Baht 39.96 million, interest income of Baht 17.60 million, gain from store sales of Baht 2.40 million, delay penalty income of Baht 2.02 million, previous year income of Baht 21.42 million and other income of Baht 15.18 million.

Analysis on changes in revenue structure

The net sales for the company for the year ended (April 2011--

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

The net sales for the company for the year ended (April 2010-March 2011) was Baht 26,762 million from sales volume of 1,289,000 ton (Year/April 2009-March 2010: Baht 22,422 million from sales volume of 1,198,000), it is a increase of 19% and 8%, respectively. It is on account of increased sales in special wire rod, continue rebar export demand from overseas market and consistent volume supported by regular LCWR customers. The average selling price increased by 2,000 Baht per ton or 11%.

The net sales for the company for the year ended (April 2009-March 2010) was Baht 22,422 million from sales volume of 1,198,000 ton (Year/April 2008-March 2009: Baht 29,353 million from sales volume of 1,112,000), showing a decrease of 24% and an increase of 8%, respectively. The average selling price for this year decreased by 7,700 Baht per ton or 29%.

Cost of goods sold and Gross profit margin

April 2011 - March 2012

Cost of goods sold of the Company and its subsidiaries was Baht 26,629.03 million, equivalent to 101.55% of total revenue from sales. Gross profit margin accounted for (1.55%) of total revenue from sales. This includes onetime extraordinary expenses of baht 408 million.

April 2010 - March 2011

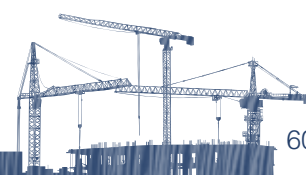
Cost of goods sold of the Company and its subsidiaries was Baht 26,858.63 million, equivalent to 100.36% of total revenue from sales. Gross profit margin accounted for (0.36%) of total revenue from sales.

April 2009 - March 2010

Cost of goods sold of the Company and its subsidiaries was Baht 21,714.74 million, equivalent to 97% of total revenue from sales. Gross profit margin accounted for 3% of total revenue from sales.

Analysis on changes in Cost of goods sold and Gross profit margin

For the period of April 2011 - March 2012, gross profit of the Company and its subsidiaries represented a margin of (1.55%)



MANAGEMENT DISCUSSION AND ANALYSIS

owing to improved sales realization by Baht 2,300 per ton over last year. While the average cost of goods sold (which includes an impact of Baht 408 million as one time expenditure on MBF moth-ball in April 11 - March 12 period and other charges) Therefore, gross profit margin decrease by Baht 300 per ton over last year.

For the period of April 2010 - March 2011, gross profit of the Company and its subsidiaries represented a margin of (0.36%). This was due to improved sales realization by Baht 2,000 per ton over last year. Since the average cost of goods sold was increased by Baht 2,700 per ton, it led to gross profit margin decrease by Baht 700 per ton over last year.

For the period of April 2009 - March 2010, gross profit of the Company and its subsidiaries represented a margin of 3%. Despite the huge drop in the selling price by Baht 7,200 per ton over last year, the gross margin decreased by mere 1% since the drop in cost of goods sold was restricted to Baht 5,100 per year leading to gross profit margin decrease of 1% over last year.

Net profit (Loss)

April 2011 - March 2012

Net loss of the Company and its subsidiaries was Baht 1,580.59 million, attributable to revenue from sales totaling Baht 26,223.03 million, of penalty of Liquidated damages for non-fulfilment of the performance guarantee (MBF Project) Baht 35.00 million, store sales of Baht 39 million, exchange rate of Baht 23.73 million, interest income of Baht 8.34 million and other income of Baht 13.98 million.

April 2010 - March 2011

Net loss of the Company and its subsidiaries was Baht 976.02 million, attributable to revenue from sales totaling Baht 26,761.72 million, interest income of Baht 8.17 million, gain from store sales of Baht 23.37 million, dividend income of Baht 18.21 million, delay penalty income of Baht 2.67 million, previous year income of Baht 2.30 million and other income of Baht 3.20 million.

April 2009 - March 2010

Net loss of the Company and its subsidiaries was Baht 54.40 million, attributable to revenue from sales totaling Baht 22,421.75 million, gain on exchange rate of Baht 39.96 million, interest income of Baht 17.60 million, gain from store sales of Baht 2.40 million, delay penalty income of Baht 2.02 million, previous year income of Baht 21.47 million and other income of Baht 29.47 million.

Analysis on changes in the net profit

For the Period April 2011 - March 2012, net loss of the Company and subsidiaries was Baht 1,580.59 million. When compared to net loss of Baht 976.00 million in the previous year, it was increased by Baht 604.59 million. The difference is mainly due to one-time expenditure 415 Mn coming from moth ball of MBF and Deferred Tax Assets write-back of 272 Mn on account of reduction in corporate tax rate.

For the Period April 2010 - March 2011, net loss of the Company and subsidiaries was Baht 976.00 million. When compared to net loss of Baht 54.40 million in the previous year, it was increased by Baht 921.60 million. The difference is mainly due to increase in cost of goods sold Baht 2,700 per ton or 15%. Conversely, selling price increased by Baht 2,000 per ton or 11% that led to gross profit decreased 113%

For the Period April 2009 - March 2010, net loss of the Company and subsidiaries was Baht 54.40 million. When compared to net profit of Baht 81.93 million in the previous year, it was decreased by Baht 136.33 million. The difference is mainly due to decrease in cost of goods sold by Baht 5,100 per ton or 22%. Further, selling price decreased by Baht 7,700 per ton or 29% that led to gross profit decreased 9%

Financial status

Assets

Composition of assets

As at March 31, 2012, the Company and its subsidiaries had total assets of Baht 22,959.90 million. It was composed of current assets, property, plant and equipment (net) and other asset of Baht 8,485.01 million, Baht 9,646.05 million and Baht 4,828.84 million, respectively. Other assets included goodwill of Baht 4,116.34 million, deferred tax assets of Baht 521.96 million, prepaid tax expenses of Baht 147.61 million, and others.

Asset Quality

As at March 31, 2012, the Company and its subsidiaries had trade accounts receivable net of allowance for doubtful accounts in the amount of Baht 807.07 million, 92.98% of which was from unrelated parties and 7.02% were from related parties. With respect to the quality of the Company's trade accounts receivable, it was regarded as "good" indicating that 99% of aging of trade accounts receivables was less than three months, representing average of the Company's credit term offered to customers.



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 at March 31, 2012, the Company and its subsidiaries set aside a provision for doubtful accounts amounting to Baht 696.69 million, equivalent to 46.33% of total trade accounts receivable, all of which was against NTS' trade accounts receivable accumulated prior to the merger.

In addition, as at March 31, 2012, the Company had set allowance for diminution in value of inventory, for obsolescence and slow-moving items of Baht 298.70 million. The provision was in conjunction with Thai Accounting Standard No. 36 "Re: Impairment". The Company and its subsidiaries will review such impairment on an annual basis.

Liquidity

As at March 31, 2012, the Company and its subsidiaries had a net decrease in cash and cash equivalents of Baht 340.27 million from previous year. The change was due to an decrease in net cash from operating activities amounting to Baht 481.00 million, which was explained by the amount of operating profit before changes in operating assets and liabilities of Baht 257.98 million, and an increase in changes in operating assets and liabilities of Baht 738.97 million largely due to the addition in inventory and decreasing in trade accounts payable, decreasing in other asset. With respect to investing activities, a net cash flow of Baht 139.94 million was additional investment in fixed assets while net cash of Baht 280.67 million was paid for financing activities in respect of short-term loan draw down of Baht 830.67 million and long-term loan repayment of Baht 550.00 million.

As at March 31, 2011, the Company and its subsidiaries had a net decrease in cash and cash equivalents of Baht 1,281.74 million from previous year. The change was due to an decrease in net cash from operating activities amounting to Baht 667.32 million, which was explained by the amount of operating profit before changes in operating assets and liabilities of Baht 326.60 million, and an increase in changes in operating assets and liabilities of Baht 993.92 million largely due to the addition in inventory and trade accounts receivable, decreasing in other asset. With respect to investing activities, a net cash flow of Baht 123.21 million was additional investment in fixed assets while net cash of Baht 491.21 million was paid for financing activities in respect of long-term loan draw down of Baht 421.39 million and long-term loan repayment of Baht 900.00 million.

As at March 31, 2010, the Company and its subsidiaries had a net decrease in cash and cash equivalents of Baht 1,059.17 million from previous year. The change was due to an

decrease in net cash from operating activities amounting to Baht 151.07 million, which was explained by the amount of operating profit before changes in operating assets and liabilities of Baht 1,011.53 million, and an increase in changes in operating assets and liabilities of Baht 1,162.60 million largely due to the addition in inventory and trade accounts payable as well as a decrease in trade accounts receivable. With respect to investing activities, a net cash flow of Baht 1,020.24 million was largely for additional investment in fixed assets while net cash of Baht 112.15 million was received for financing activities in respect of long-term loan draw down of Baht 751.81 million and long-term loan repayment of Baht 625.00 million.

The Company's current ratio was good, as evidenced by its 2.21 times, 1.91 times and 1.70 times during the year ending March 2010, 2011 and 2012, respectively. This is a result of cash flow from operating. The liquidity trend decreased due to decreasing in receivable and Cash holdings reducing.

Sources of Capital Fund

Appropriateness of capital structure

As at March 31, 2012, the Company and its subsidiaries' debt to equity ratio of 0.70 times while it was 0.65 times in 2011.

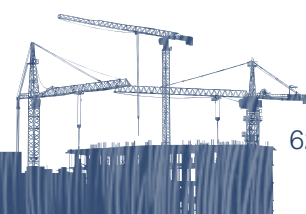
Shareholders' equity

As at March 31, 2012, the Company and its subsidiaries had shareholders' equity of Baht 13,527.36 million consisting of the paid-up capital from ordinary shares and preferred shares totaling Baht 11,680.16 million, accounting for 86% of its shareholders' equity. The retained earnings was Baht 1,389.64 million and the legal reserve increased to Baht 327.22 million.

Liabilities

As at March 31, 2012, the Company and its subsidiaries had liabilities amounting to Baht 9,432.54 million consisting of current liabilities of Baht 4,980.01 million and Baht 4,452.53 million for non-current liabilities, representing 53% and 47% of total liabilities, respectively. Non-current liabilities included long-term loan from financial institutions of Baht 4,325.00 million, and other liabilities of Baht 127.53 million.

On November 29, 2006, the Company entered into two long-term credit facilities agreements with two commercial banks. The facilities included long-term loan agreement for refinance of existing long-term loan of the Company and its subsidiaries which was due in seven years from the date of the first drawdown totaling Baht 5,000 million. The interest rate was



MANAGEMENT DISCUSSION AND ANALYSIS

at the average MLR -1.25% per annum. The other facility amounting to Baht 6,290 million was working capital facilities, with Minimum Overdraft Rate (MOR) interest rate for overdraft, whereas interest rate for Promissory Notes was MMR the same as those of the remaining working capital lines which included Trusts Receipt (T/R).

In addition, under the said two long-term credit facilities agreements, the Company must maintain its financial ratios in accordance with the covenants in that Interest Coverage Ratio were no less than 1.0 time and 1.2 times and Debt to Equity Ratio was no higher than 1.5 times and 2 times, respectively for each agreement.

As at March 31, 2012 the Interest Coverage Ratio was 0.30 times less than bank's covenants. However, Banks have given consent letter for waiver for March 31, 2012. Debt to Equity Ratio was 0.70 times.

The collateral under long-term credit facilities with two commercial banks were NTS's land, building, construction, machinery, excluding its Mini Blast Furnace Project's assets, and assignment of insurance of its three subsidiaries, in proportion to the credit line from each commercial bank.

On November 9, 2007, the Company entered into two long-term credit facilities agreements with two commercial banks. The facilities included long-term loan agreement for investment in the Mini Blast Furnace project, which was due in 7 years from the date of the first drawdown totaling Baht 3,500 million. The interest rate was at the average MLR -2.0% per annum. In addition, under the said two long-term credit facilities agreements, the Company must maintain its financial ratios in accordance with the covenants in that Interest Coverage Ratio were no less than 1.2 times and Debt to Equity Ratio was no higher than 1.5 times, respectively for each agreement, for the year ended March 31, 2012 and 2011, the Company has withdrawn loans totaling baht 3,500 million and Baht 3,500 million, respectively.

As at March 31, 2012 the Interest Coverage Ratio was 0.30 times less than bank's covenants. However, Banks have given consent letter for waiver for March 31, 2012. Debt to Equity Ratio was 0.70 times.

The collateral under long-term credit facilities with two commercial banks were NTS's land, building, construction, machinery and assignment of insurance of its Mini Blast Furnace Project, in proportion to the credit line from each commercial bank.

On November 2010, the Company made the supplement to the loan agreement in order to extend the first repayment for one more year, starting from November 2010 to August 2015.

Vide letter dated November 21, 2011, the Company appealed

for installment deferment of the next four quarterly bank loan installment repayment commencing November 2011 to be due in November 2012 to its two lenders. The rationalization was due to the business interruption the recent flood disaster have had on the overall business. There has been serious impact on the business environment in several areas. Lenders have granted the loan repayment deferment where the next installment of loan repayment is due in November 2012.

Major factors potentially affecting its operation and financial status in the future

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

As of March 31, 2012, the Company had contingent liabilities as follows:

1. Its subsidiaries had Letter of Credit (L/C) amounting to Baht 135 million opened but were not under the liabilities' condition.
2. Letters of guarantee issued by the commercial banks to the Revenue Department mounting Baht 758 million.
3. Its subsidiaries had obligations under the purchase and installation agreement of machineries totaling of Baht 185 million
4. The Company and its subsidiaries had obligations under lease agreements (including service fees) amounting to Baht 111 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. 26 Re: Financial Instruments.

Auditor remuneration

Audit Fee

For the period April 2011 - March 2012, the Company and its subsidiaries paid audit fees of Baht 4,080,000.

Non-audit Fee

For the period of April 2011 - March 2012, the Company and its subsidiaries paid fee of Baht 1,796,855 to its auditor, the audit firm affiliated with the auditor, individuals or business entities related to the auditor and its affiliated audit firm. In addition, there were no other fees to be paid in the future due to incomplete transactions incurred in current period.



Dear Shareholders :

The Audit Committee comprises three independent directors who are neither officers nor employees of the Company. In 2011-2012, each committee member performed their duties according to the charter as designated by the Board. More importantly, the Committee carried out its supervisory tasks pursuant to the regulations concerning Audit Committee responsibilities and compliance with the good corporate governance principles recommended by the Stock Exchange of Thailand. For the year of 2011-2012, the Committee held four meetings. Before the deliberation on various matters in the agenda of each meeting, management were invited to attend the meetings for the discussions and monitoring of issues related to operating performance, risk management, internal control and internal audit as well as general management matters which may affect the Company's operation. These are summarized as follows :

1. Supervision and review of the quarterly and annual financial statements for the year 2011-2012

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

2. Supervision of risk management

The Audit Committee assessed the Risk Management practices of the company and its Subsidiaries in compliance with the SET requirements. This was done in the context of prevailing turbulent economic scenario, aggravated by the business disruption arising out of flood devastation in Thailand. The objective of the risk management was to understand the mitigation plans from an enterprise perspective, integrating concepts of strategic forecasting & planning, operational issues including Human safety, tenets of the Turnaround Plan for business sustainability, and above all fund adequacy to support business continuity.

The Committee has reviewed the guidelines periodically and monitored assessments quarterly, and believes that risks are at acceptable levels.

3. Review of good corporate governance compliance

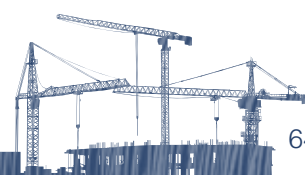
The Audit Committee reviewed compliance to good corporate governance principles, disclosed information, and supervised transactions pertaining to related parties pursuant to the notifications of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand as well as applicable laws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

4. Supervision of internal control

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

5. Supervision of internal audit

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



REPORT OF THE AUDIT COMMITTEE

6. Consideration for the appointment of auditors

The Audit Committee considered that in 2011-2012, the Company's auditor satisfactorily performed its duties to the Company in accordance with the accounting standards set by the Stock Exchange of Thailand. The Committee, therefore, resolved to propose to the Board of Directors to present to the shareholders for approval at the shareholders' meeting on the appointment of Ms. Thanawan Anuratbodee or Ms. Nachalee Boonyakarnkul or Mr. Manoon Manusook or Mr. Choopong Surachutikarn of Deloitte Touche Tomatsu Jaiyos Audit Company Limited as the auditor of the Company and its subsidiaries for the fiscal year of 2012-2013, commencing on April 1, 2012 and ending on March 31, 2013.

In conclusion, the Audit Committee believes that the Company upholds good corporate governance policies by monitoring and evaluating results of agreed operational plans, rendering the internal control system of the Company to be sufficiently efficient without any material deficiencies. As for related transactions which might entail conflict of interest, they were actual transactions reasonably arose from the normal course of business and conducted for optimal benefits according to the Company's policy. These transactions were duly conducted in conformity with prescriptions, laws, and regulations of concerned agencies. In addition, the financial statements for the year ending March 31, 2012 were properly prepared and relevant information was disclosed adequately pursuant to the accounting standards as set by Federation of Accounting Profession. No events were found to indicate problems or transactions with significant financial impact.

Bangkok, May 2, 2012
On Behalf of the Audit Committee



Kiang Kiatfuengfoo
Chairman of the Audit Committee



REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board of Directors of the Company is responsible for the financial statements of Tata Steel (Thailand) Public Company Limited and subsidiaries, including financial information disclosed in the annual report for the year 2011 - 2012, which have been prepared in accordance with generally accepted accounting principles prevailing in Thailand, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act. The policies pursued are appropriate and applied consistently with regard to reasonableness and careful preparation. Important information is also adequately and transparently disclosed in the notes to financial statements for the company's shareholders and investors.

The Board has appointed an Audit Committee comprising independent directors to supervise and review the financial statements as well as to assess the internal control and risk management systems to ensure that accounting records are accurate, complete, and timely to prevent frauds or unusual operations. The views of the Audit Committee are reported in the Report of the Audit Committee for 2011 - 2012 in the annual report herein presented.

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

Bangkok, May 4, 2012



Hemant Madhusudan Nerurkar
Chairman



Peeyush Gupta
President and CEO



FINANCIAL STATEMENTS



REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the consolidated statement of financial position of Tata Steel (Thailand) Public Company Limited and its subsidiaries and the separate statement of financial position of Tata Steel (Thailand) Public Company Limited as at March 31, 2012, and the related consolidated and the separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of the Company and its subsidiaries and the separate financial statements of the Company for the year ended March 31, 2011, were audited by another auditor of the same firm whose report thereon dated May 3, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

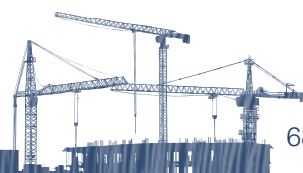
In our opinion, the aforementioned consolidated and the separate financial statements present fairly, in all material respects, the financial position of Tata Steel (Thailand) Public Company Limited and its subsidiaries and of Tata Steel (Thailand) Public Company Limited as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Without qualifying our opinion, as described in Note 2 to the financial statements, since April 1, 2011, the Company and its subsidiaries adopted the new and revised Thai Financial Reporting Standards issued by the Federation of Accounting Professions and adopted the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554", which are effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards, in the preparation and presentation of these financial statements. The consolidated and the separate financial statements for the year ended March 31, 2011, presented herein for comparison, have been presented in the new format to conform to the presentation and disclosures in the consolidated and the separate financial statements for the year ended March 31, 2012. We have audited such reclassifications in the consolidated and the separate financial statements for the year ended March 31, 2011. In our opinion, such reclassifications are appropriate.

BANGKOK, May 4, 2012



Nachalee Boonyakarnkul
Certified Public Accountant (Thailand)
Registration No. 3126
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.



STATEMENTS OF FINANCIAL POSITION

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION AS AT MARCH 31, 2012 AND 2011

BAHT

| | Notes | CONSOLIDATED | | SEPARATE | |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | FINANCIAL | STATEMENTS | FINANCIAL | STATEMENTS |
| ASSETS | | 2012 | 2011 | 2012 | 2011 |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 5.1 | 470,717,186 | 810,990,188 | 371,189,583 | 701,319,195 |
| Trade and other receivables | | | | | |
| Trade accounts receivable - related parties | 23 | 56,683,549 | 238,352,426 | - | - |
| Trade accounts receivable - other companies - net | 6 | 750,390,679 | 1,027,886,958 | - | - |
| Other receivables - related parties | 23 | 73,243,585 | 73,930,764 | 132,305,457 | 116,081,631 |
| Other receivables - others | | 19,641,758 | 19,942,139 | 7,601,882 | 6,193,414 |
| Short-term loans to related parties | 23 | - | - | 4,086,366,311 | 4,089,727,644 |
| Current portion of long-term loans to related party | 23 | - | - | 780,000,000 | 780,000,000 |
| Inventories - net | 7 | 6,942,634,050 | 6,917,795,116 | - | - |
| Value added tax refundable | | 104,830,367 | 156,231,097 | - | - |
| Other current assets | | 66,871,865 | 60,770,842 | 28,187,827 | 2,797,635 |
| Total Current Assets | | 8,485,013,039 | 9,305,899,530 | 5,405,651,060 | 5,696,119,519 |
| NON-CURRENT ASSETS | | | | | |
| Available-for-sale investments | | 1,600,000 | 2,500,000 | - | - |
| Investments in subsidiaries | 8 | - | - | 10,302,359,091 | 10,302,359,091 |
| Other long term investments | 2 | 1,241 | 1,241 | - | - |
| Long-term loan to related party | 23 | - | - | 5,620,000,000 | 5,620,000,000 |
| Property, plant and equipment - net | 9 | 9,487,154,549 | 10,353,379,284 | 22,654,816 | 32,987,278 |
| Computer software - net | 10 | 158,892,030 | 184,772,805 | 156,035,062 | 181,476,304 |
| Goodwill - net | 11 | 4,116,337,558 | 4,116,337,558 | - | - |
| Deferred tax assets | 12 | 521,963,492 | 743,316,197 | 7,446,608 | 10,093,482 |
| Other non-current assets | 13 | 188,938,485 | 207,026,276 | 15,416,526 | 32,965,980 |
| Total Non-current Assets | | 14,474,887,355 | 15,607,333,361 | 16,123,912,103 | 16,179,882,135 |
| TOTAL ASSETS | | 22,959,900,394 | 24,913,232,891 | 21,529,563,163 | 21,876,001,654 |

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



STATEMENTS OF FINANCIAL POSITION

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION (CONTINUED) AS AT MARCH 31, 2012 AND 2011

| | | CONSOLIDATED | | SEPARATE | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | FINANCIAL | STATEMENTS | FINANCIAL | STATEMENTS |
| | | 2012 | 2011 | 2012 | 2011 |
| Notes | | | | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Short-term borrowings from financial institutions | 14.1 | 830,667,166 | - | - | - |
| Trade and other payables | | | | | |
| Trade accounts payable - related parties | 23 | 732,494,718 | 1,352,915,640 | - | - |
| Trade accounts payable - other companies | | 1,704,243,592 | 1,472,021,150 | - | - |
| Other payables - related parties | 23 | 7,247,936 | 19,896,584 | 881,322 | 9,307,147 |
| Advance received from customers | | 74,950,950 | 59,300,280 | - | - |
| Accrued expenses | | 243,325,177 | 309,401,945 | 27,982,165 | 23,434,264 |
| Current portion of long-term liabilities | | | | | |
| Trade accounts payable of subsidiary arising from restructuring | 15 | 186,903,192 | - | - | - |
| Long-term borrowings | 14.2 | 750,000,000 | 1,300,000,000 | 750,000,000 | 1,300,000,000 |
| Long-term borrowing from related party | 23 | 270,596,275 | - | 270,596,275 | - |
| Short-term borrowing from related party | 23 | - | - | 203,427,440 | 806,216,241 |
| Income tax payable | | - | 62,090,976 | - | - |
| Other current liabilities | | 179,579,816 | 303,790,081 | 14,211,158 | 13,092,577 |
| Total Current Liabilities | | 4,980,008,822 | 4,879,416,656 | 1,267,098,360 | 2,152,050,229 |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term borrowings | 14.2 | 4,325,000,000 | 4,325,000,000 | 4,325,000,000 | 4,325,000,000 |
| Trade accounts payable of subsidiary arising from restructuring | 15 | - | 186,903,192 | - | - |
| Long-term borrowing from related party | 23 | - | 270,596,275 | - | 270,596,275 |
| Employee benefit obligations | 17 | 127,529,834 | 137,462,308 | 37,233,040 | 33,644,939 |
| Liabilities under finance lease agreements | | - | 5,521 | - | - |
| Total Non-current Liabilities | | 4,452,529,834 | 4,919,967,296 | 4,362,233,040 | 4,629,241,214 |
| TOTAL LIABILITIES | | 9,432,538,656 | 9,799,383,952 | 5,629,331,400 | 6,781,291,443 |

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



STATEMENTS OF FINANCIAL POSITION

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION (CONTINUED) AS AT MARCH 31, 2012 AND 2011

BAHT

| | Notes | CONSOLIDATED | | SEPARATE | |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | FINANCIAL | STATEMENTS | FINANCIAL | STATEMENTS |
| | | 2012 | 2011 | 2012 | 2011 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED) | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | 18 | | | | |
| Authorised share capital | | | | | |
| Preference shares | | | | | |
| 252,773,225 preference shares of | | | | | |
| Baht 1 each | | <u>252,773,225</u> | <u>252,773,225</u> | <u>252,773,225</u> | <u>252,773,225</u> |
| Ordinary shares | | | | | |
| 10,772,806,348 ordinary shares of | | | | | |
| Baht 1 each | | <u>10,772,806,348</u> | <u>10,772,806,348</u> | <u>10,772,806,348</u> | <u>10,772,806,348</u> |
| Issued and paid-up share capital | | | | | |
| Preference shares | | | | | |
| 252,773,225 preference shares of | | | | | |
| Baht 1 each, fully paid | | 252,773,225 | 252,773,225 | 252,773,225 | 252,773,225 |
| Ordinary shares | | | | | |
| 8,168,767,623 ordinary shares of | | | | | |
| Baht 1 each, fully paid | | 8,168,767,623 | 8,168,767,623 | 8,168,767,623 | 8,168,767,623 |
| Share premium | | | | | |
| Preference shares | | 127,849,137 | 127,849,137 | 127,849,137 | 127,849,137 |
| Ordinary shares | | 3,130,775,629 | 3,130,775,629 | 3,130,775,629 | 3,130,775,629 |
| Warrants | | 130,201,936 | 130,201,936 | 130,201,936 | 130,201,936 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 18 | 327,219,749 | 286,943,671 | 327,219,749 | 286,943,671 |
| Unappropriated | | 1,389,639,343 | 3,010,510,020 | 3,762,644,464 | 2,997,398,990 |
| Other component of equity | | | | | |
| Unrealised gain on remeasuring | | | | | |
| available-for-sale investments | | 1,594,560 | 2,491,500 | - | - |
| TOTAL EQUITY OF THE PARENT COMPANY | | <u>13,528,821,202</u> | <u>15,110,312,741</u> | <u>15,900,231,763</u> | <u>15,094,710,211</u> |
| Non-controlling interests | | (1,459,464) | 3,536,198 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | <u>13,527,361,738</u> | <u>15,113,848,939</u> | <u>15,900,231,763</u> | <u>15,094,710,211</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | <u>22,959,900,394</u> | <u>24,913,232,891</u> | <u>21,529,563,163</u> | <u>21,876,001,654</u> |

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



STATEMENTS OF INCOME

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF INCOME AS AT MARCH 31, 2012 AND 2011

BAHT

| | Notes | CONSOLIDATED | | SEPARATE | |
|--|---------|------------------------|----------------------|--------------------|-------------------|
| | | FINANCIAL | STATEMENTS | FINANCIAL | STATEMENTS |
| | | 2012 | 2011 | 2012 | 2011 |
| Revenue from sales | | 26,223,033,348 | 26,761,717,964 | - | - |
| Cost of sales | | (26,629,035,423) | (26,858,626,728) | - | - |
| Gross profit (loss) | | (406,002,075) | (96,908,764) | - | - |
| Other income | | | | | |
| Interest income | | 8,344,066 | 8,177,579 | 423,508,684 | 359,088,521 |
| Gain on exchange rate - net | | 23,731,173 | - | - | - |
| Others | 20 | 87,976,431 | 49,745,657 | 1,099,461,529 | 324,437,691 |
| Profit (loss) before expenses | | (285,950,405) | (38,985,528) | 1,522,970,213 | 683,526,212 |
| Selling expenses | | (210,068,087) | (219,496,330) | (14,345,677) | (7,794,485) |
| Administrative expenses | | (548,692,172) | (483,683,969) | (387,737,941) | (344,226,301) |
| Directors' remuneration | | (7,057,255) | (9,833,449) | (7,057,255) | (9,833,449) |
| Loss on exchange rate - net | | - | (25,631,432) | (174,322) | (104,573) |
| Finance costs | | (297,982,496) | (282,877,874) | (291,002,512) | (274,960,860) |
| Total expenses | | (1,063,800,010) | (1,021,523,054) | (700,317,707) | (636,919,668) |
| PROFIT (LOSS) BEFORE INCOME TAX EXPENSE | | (1,349,750,415) | (1,060,508,582) | 822,652,506 | 46,606,544 |
| Income tax (expense) income | 12 | (235,836,786) | 80,326,744 | (17,130,954) | (11,274,653) |
| PROFIT (LOSS) FOR THE YEAR | | (1,585,587,201) | (980,181,838) | 805,521,552 | 35,331,891 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Unrealised gain (loss) on remeasuring available-for-sale investments | | (900,000) | 500,000 | - | - |
| TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - NET OF TAX | | (900,000) | 500,000 | - | - |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | | (1,586,487,201) | (979,681,838) | 805,521,552 | 35,331,891 |
| PROFIT (LOSS) ATTRIBUTABLE TO : | | | | | |
| Owners of the parent | | (1,580,594,599) | (976,002,703) | 805,521,552 | 35,331,891 |
| Non-controlling interests | | (4,992,602) | (4,179,135) | - | - |
| | | (1,585,587,201) | (980,181,838) | 805,521,552 | 35,331,891 |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: | | | | | |
| Owners of the parent | | (1,581,491,539) | (975,504,403) | 805,521,552 | 35,331,891 |
| Non-controlling interests | | (4,995,662) | (4,177,435) | - | - |
| | | (1,586,487,201) | (979,681,838) | 805,521,552 | 35,331,891 |
| EARNINGS (LOSS) PER SHARE | | | | | |
| Basic | 22 BAHT | (0.19) | (0.12) | 0.10 | 0.00 |
| Diluted | 22 BAHT | (0.19) | (0.12) | 0.10 | 0.00 |

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

BAHT

| | Issued and paid-up share capital | | Share premium | | Warrants | Retained earnings | | Other components of equity | Owners of the parent | Non-controlling interest | Total shareholders' equity |
|--|----------------------------------|----------------------|--------------------|----------------------|--------------------|----------------------------|----------------------|---|-----------------------|--------------------------|----------------------------|
| | Preference shares | Ordinary shares | Preference shares | Ordinary shares | | Appropriated Legal reserve | Unappropriated | Other comprehensive income Unrealised gain (loss) on remeasuring available-for-sale investments | | | |
| Balance as at April 1, 2010 | 252,773,225 | 8,168,767,623 | 127,849,137 | 3,130,775,629 | 130,201,936 | 285,177,076 | 3,988,279,318 | 1,993,200 | 16,085,817,144 | 7,713,633 | 16,093,530,777 |
| Total comprehensive loss | - | - | - | - | - | - | (976,002,703) | 498,300 | (975,504,403) | (4,177,435) | (979,681,838) |
| Appropriated for legal reserve ¹⁸ | - | - | - | - | - | 1,766,595 | (1,766,595) | - | - | - | - |
| Balance as at March 31, 2011 | 252,773,225 | 8,168,767,623 | 127,849,137 | 3,130,775,629 | 130,201,936 | 286,943,671 | 3,010,510,020 | 2,491,500 | 15,110,312,741 | 3,536,198 | 15,113,848,939 |
| Balance as at April 1, 2011 | 252,773,225 | 8,168,767,623 | 127,849,137 | 3,130,775,629 | 130,201,936 | 286,943,671 | 3,010,510,020 | 2,491,500 | 15,110,312,741 | 3,536,198 | 15,113,848,939 |
| Total comprehensive loss | - | - | - | - | - | - | (1,580,594,599) | (896,940) | (1,581,491,539) | (4,995,662) | (1,586,487,201) |
| Appropriated for legal reserve ¹⁸ | - | - | - | - | - | 40,276,078 | (40,276,078) | - | - | - | - |
| Balance as at March 31, 2012 | 252,773,225 | 8,168,767,623 | 127,849,137 | 3,130,775,629 | 130,201,936 | 327,219,749 | 1,389,639,343 | 1,594,560 | 13,528,821,202 | (1,459,464) | 13,527,361,738 |

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

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SEPARATE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

| | Issued and paid-up share capital | | Preference shares | | Ordinary shares | | Warrants | | | Total shareholders' equity |
|-------------------------------------|----------------------------------|----------------------|--------------------|----------------------|----------------------------|--------------------|----------------------|--|-----------------------|----------------------------|
| | Preference shares | Ordinary shares | Preference shares | Ordinary shares | Appropriated Legal reserve | Unappropriated | | | | |
| Balance as at April 1, 2010 | 252,773,225 | 8,168,767,623 | 127,849,137 | 3,130,775,629 | 130,201,936 | 285,177,076 | 2,963,833,694 | | 15,059,378,320 | |
| Total comprehensive income | - | - | - | - | - | - | 35,331,891 | | 35,331,891 | |
| Appropriated for legal reserve 18 | - | - | - | - | - | 1,766,595 | (1,766,595) | | - | |
| Balance as at March 31, 2011 | <u>252,773,225</u> | <u>8,168,767,623</u> | <u>127,849,137</u> | <u>3,130,775,629</u> | <u>130,201,936</u> | <u>286,943,671</u> | <u>2,997,398,990</u> | | <u>15,094,710,211</u> | |
| Balance as at April 1, 2011 | 252,773,225 | 8,168,767,623 | 127,849,137 | 3,130,775,629 | 130,201,936 | 286,943,671 | 2,997,398,990 | | 15,094,710,211 | |
| Total comprehensive income | - | - | - | - | - | - | 805,521,552 | | 805,521,552 | |
| Appropriated for legal reserve 18 | - | - | - | - | - | 40,276,078 | (40,276,078) | | - | |
| Balance as at March 31, 2012 | <u>252,773,225</u> | <u>8,168,767,623</u> | <u>127,849,137</u> | <u>3,130,775,629</u> | <u>130,201,936</u> | <u>327,219,749</u> | <u>3,762,644,464</u> | | <u>15,900,231,763</u> | |

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

CASH FLOWS

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

BAHT

| | Notes | CONSOLIDATED | | SEPARATE | |
|--|-------|----------------------|----------------------|----------------------|----------------------|
| | | FINANCIAL | STATEMENTS | FINANCIAL | STATEMENTS |
| CASH FLOWS FROM OPERATING ACTIVITIES | | 2012 | 2011 | 2012 | 2011 |
| Profit (loss) before income tax | | (1,349,750,415) | (1,060,508,582) | 822,652,506 | 46,606,544 |
| Adjustments : | | | | | |
| Dividend received from subsidiary | | - | - | (787,499,730) | - |
| Unrealised gain on foreign exchange rate | | (20,093,791) | (36,290,029) | - | - |
| Reversal of allowance for doubtful accounts | | - | (323,553) | - | - |
| Allowance for inventory obsolescence (reversal) | | 18,515,125 | (5,043,859) | - | - |
| Loss from diminution in valuation of inventory | | 217,858,976 | - | - | - |
| Depreciation and amortisation | | 1,034,058,836 | 1,096,121,983 | 36,406,472 | 36,380,209 |
| Amortisation of rolling mill roll | | 36,946,754 | 36,385,130 | - | - |
| Employee benefit obligation expense | | 30,867,622 | 22,889,115 | 31,853,177 | 1,490,804 |
| Interest income | | (8,344,066) | (8,177,579) | (423,508,684) | (359,088,521) |
| Interest expense | | 297,982,496 | 282,877,874 | 291,002,512 | 274,960,860 |
| Gain on sale of property, plant and equipment and intangible asset | | (92,776) | (1,410,375) | - | - |
| Loss from writing off property, plant and equipment and intangible asset | | 27,230 | 78,773 | 2 | 25,193 |
| | | 257,975,991 | 326,598,898 | (29,093,745) | 375,089 |
| (Increase) decrease in trade accounts receivable - related parties | | 277,351,261 | (186,264,765) | - | - |
| (Increase) decrease in trade accounts receivables - other companies | | 181,668,878 | (199,274,921) | - | - |
| (Increase) decrease in other receivables - related parties | | 9,031,245 | (2,279,163) | (9,514,473) | 24,674,753 |
| (Increase) decrease in other receivables - other companies | | 300,380 | 93,381,626 | (1,408,468) | (405,020) |
| Increase in inventories | | (298,159,788) | (488,088,664) | - | - |
| (Increase) decrease in other current assets, value added tax and other non-current assets | | 87,534,702 | 242,302,637 | (9,835,230) | 7,538,211 |
| Increase (decrease) in trade accounts payable - related parties | | (620,420,922) | 914,765,699 | - | - |
| Increase (decrease) in trade accounts payable - other companies | | 228,123,732 | (869,919,089) | - | - |
| Increase (decrease) in other payables - related parties | | (12,648,648) | 6,024,751 | (8,781,690) | (6,367,059) |
| Increase in deferred income | | 15,650,670 | 15,639,366 | - | - |
| Increase (decrease) in accrued expenses, other current liabilities and non-current liabilities | | (158,013,404) | (41,078,691) | 14,245,680 | (38,201,525) |
| Increase in employee benefit obligations | | (40,800,096) | (11,732,546) | (28,265,076) | - |
| Cash received (paid) from operating activities | | (72,405,999) | (199,924,862) | (72,653,002) | (12,385,551) |
| Interest paid | | (297,967,571) | (282,876,010) | (291,691,705) | (273,899,013) |
| Income tax paid | | (110,624,030) | (194,847,175) | (21,475,599) | (38,613,081) |
| Net cash provided by (used in) operating activities | | (480,997,600) | (677,648,047) | (385,820,306) | (324,897,645) |

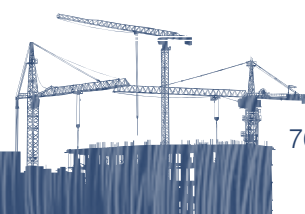


TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

BAHT

| | Notes | CONSOLIDATED | | SEPARATE | |
|--|-------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| | | FINANCIAL | STATEMENTS | FINANCIAL | STATEMENTS |
| | | 2012 | 2011 | 2012 | 2011 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Dividend received from subsidiary | | - | - | 787,499,730 | - |
| Interest received | | 11,249,874 | 6,633,275 | 425,785,342 | 338,653,277 |
| Proceeds from sales of property, plant and equipment | | 585,250 | 1,907,550 | - | - |
| Cash paid for purchases of property, plant and equipment | | (147,482,015) | (130,810,595) | (3,903,663) | (2,842,327) |
| Cash paid for purchases of computer software | | (4,295,677) | (940,500) | (4,263,247) | (921,600) |
| (Increase) decrease in short-term loan to related parties | | - | - | 3,361,333 | (497,037,559) |
| Increase in long-term loan to related party | | - | - | - | (421,393,333) |
| Net cash provided by (used in) investing activities | | <u>(139,942,568)</u> | <u>(123,210,270)</u> | <u>1,208,479,495</u> | <u>(583,541,542)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Increase (decrease) in short-term borrowings from financial institutions | | 830,667,166 | (2,280,185) | - | - |
| Increase (decrease) in short-term borrowing from related party | | - | - | (602,788,801) | 102,140,632 |
| Proceeds from long-term borrowings | | - | 421,393,333 | - | 421,393,333 |
| Repayment of long-term borrowings | | <u>(550,000,000)</u> | <u>(900,000,000)</u> | <u>(550,000,000)</u> | <u>(900,000,000)</u> |
| Net cash provided by (used in) financing activities | | <u>280,667,166</u> | <u>(480,886,852)</u> | <u>(1,152,788,801)</u> | <u>(376,466,035)</u> |
| Net decrease in cash and cash equivalents | | <u>(340,273,002)</u> | <u>(1,281,745,169)</u> | <u>(330,129,612)</u> | <u>(1,284,905,222)</u> |
| Beginning balance of cash and cash equivalents | | <u>810,990,188</u> | <u>2,092,735,357</u> | <u>701,319,195</u> | <u>1,986,224,417</u> |
| ENDING BALANCE OF CASH AND CASH EQUIVALENTS | 5.1 | <u>470,717,186</u> | <u>810,990,188</u> | <u>371,189,583</u> | <u>701,319,195</u> |

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



NOTE TO THE FINANCIAL STATEMENTS

TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

1. General information

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

The Company's three subsidiaries which were incorporated in Thailand, manufacture and distribute rebars, wire rods and small section products. Sales of the subsidiaries are mainly local sales contributing 90% and 88% of the total sales for the years ended March 31, 2012 and 2011, respectively.

Details of the Company's subsidiaries are as follows :

| | Type of business | Shareholding (%) | |
|--|--|-------------------------|-------------------------|
| | | As at March 31, 2012 | As at March 31, 2011 |
| The Siam Iron and Steel (2001) Company Limited | Manufacture steel bars, wire rods and small section products | 99.99 | 99.99 |
| The Siam Construction Steel Company Limited | Manufacture steel bars | 99.99 | 99.99 |
| N.T.S. Steel Group Public Company Limited | Manufacture, distribution and trading of steel bars and wire rods and small section products | 99.66 | 99.66 |

As at March 31, 2012, N.T.S. Steel Group Public Company Limited's ("the subsidiary") total current liabilities are in excess of total current assets by Baht 2,855 million. However, the amount of current liabilities included the short-term borrowing from Tata Steel (Thailand) Public Company Limited ("the parent company") of Baht 4,082 million. The parent company will continue its financial support to N.T.S. Steel Group Public Company Limited to enable its subsidiary to continue its operations satisfactorily at least for next 12 months from the statement of financial position date. The Group's management has prepared the business plan including initiatives to improve operation and financial results of the subsidiary.

2. Basis of preparation of the financial statements

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

The consolidated and the separate financial statements are prepared in compliance with the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554", which is effective for financial periods beginning on or after January 1, 2011 onwards and in accordance with the Regulation of the Stock Exchange of Thailand dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544, and in accordance with accounting standards and practices generally accepted in Thailand. The consolidated and the separate financial statements for the year ended March 31, 2011, presented herein for comparison, have been presented in the new format to conform to the presentation of the consolidated and the separate financial statements for the year ended March 31, 2012.



Adoption of new and revised Thai Financial Reporting Standards ("TFRS")

Since April 1, 2011, the Company has adopted the new and revised TFRS issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards. This adoption does not have significant impact to the Company's financial statements, except TAS 1 (Revised 2009) "Presentation of Financial Statements" which changed requirements about the presentation in the financial statements. Therefore, it affected the reclassification in the financial statements for the year ended March 31, 2011, presented for comparison.

The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Financial Reporting Standards (TFRS), which will become effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards as follows :

Thai Accounting Standards (TAS)

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

Thai Accounting Standards Interpretation (TSI)

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

The Company's management will adopt the above TAS and TSI relevant to the Company in the preparation of the Company's financial statements when they become effective. The Company's management has assessed the effects of these TAS and TSI and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied. However, the Company has elected to early adopt TAS 12 "Income Tax".

The consolidated financial statements for the years ended March 31, 2012 and 2011 did not include investment in Siam Steel Mill Services Company Limited on an equity method because the Company has no significant influence on Siam Steel Mill Services Company Limited which is held by The Siam Construction Steel Company Limited at 24% of its share capital. The Company and the Subsidiary recorded such investment as other long-term investment of Baht 1,241.

2.2 Basis of consolidation

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

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

Subsidiaries

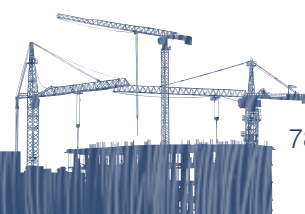
Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of that company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the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

Business combinations

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

3. Significant accounting policies

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



NOTE TO THE FINANCIAL STATEMENTS

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and all types of deposits at financial institutions, including fixed deposit of not more than 3 months and excludes deposit at financial institutions used as collateral, if any.

3.2 Trade and other receivables

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

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

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

3.3 Inventories

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

The costs of inventories are calculated using the following method :

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

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

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

3.4 Investments

Investments in subsidiaries

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

Available-for-sales investments

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

The fair values of marketable securities are determined as the last quoted bid price at the balance sheet date.

Other long-term investment

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

Disposal of investments

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



3.5 Property, plant and equipment

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

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

Depreciation

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

| | | |
|---|--------|-------|
| Land improvements, building and structure | 5 - 30 | Years |
| Machinery and equipment | 5 - 25 | Years |
| Vehicle | 5 - 10 | Years |
| Furniture, fixture and office equipment | 3 - 20 | Years |

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

3.6 Computer software

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

Amortisation

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

3.7 Goodwill

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

Amortisation

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

The Group assesses an impairment of goodwill annually, without consideration of any indication that such intangible asset may be impaired.

3.8 Impairment

The Group assesses whether there is any indication that an asset may be impaired as at year end. If any such indication exists, the Group shall estimate the recoverable amount of the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of comprehensive income.

Calculation of recoverable amount

The recoverable amount is the greater of its fair value less costs to sell of an asset or cash-generating unit or value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Reversals of impairment loss

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



NOTE TO THE FINANCIAL STATEMENTS

3.9 Employee benefits

Provident funds

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

Employee benefit obligations

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

3.10 Long-term lease

Operating lease

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

Finance lease

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

3.11 Revenue

Sale of goods

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

Interest income

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

3.12 Finance costs

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

3.13 Income tax

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

Deferred tax assets and liabilities result from temporary differences between the carrying amounts of assets or liabilities



NOTE TO THE FINANCIAL STATEMENTS

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

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

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

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

Deferred tax expenses are charged or credited in the statement of comprehensive income, except when the temporary differences relate to items credited or charged directly to equity, in which case the deferred tax is also recorded in equity.

3.14 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing profit or loss attributable to owners of the parent company for the year by the weighted average number of ordinary shares outstanding held by the parent company during the year.

3.15 Foreign currency transactions

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

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

3.16 Financial instruments

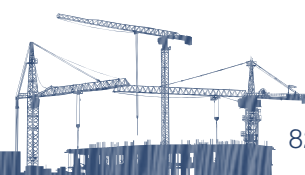
The Group entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates. Further details of financial instruments are disclosed in Notes 26 and 27.

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

Gains and losses on forward foreign exchange contracts designated as hedges that are attributable to construction are capitalised as part of construction in progress.

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

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



NOTE TO THE FINANCIAL STATEMENTS

3.17 Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Group's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statements of financial position and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying accounting policies are as follows :

Impairment

The Group shall assess whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset and shall also test an intangible asset.

Recognition of deferred tax assets associated with tax losses carried forward

A deferred tax asset is recognised to the extent that it is probable that it will be utilized in the future. Such an assessment is based upon (1) management's review of forecast financial information for at least five years, and (2) management have assessed it to be probable that the Company will generate taxable income sufficient to fully utilise the tax losses that exist.

4. CHANGES IN ACCOUNTING ESTIMATES

Re-measurement of deferred tax assets/liabilities due to the change in corporate income tax rate.

On October 11, 2011, the Thai Cabinet approved a reduction of the corporate income tax rate from 30% to 23% of profits for companies or juristic partnerships with a 2012 accounting period ending on or after December 31, 2012, and from 23% to 20% for companies or juristic partnerships with a 2013 accounting period beginning on or after January 1, 2013. Subsequently, the Royal Decree No. 530 B.E. 2554, issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 22, 2011, was announced for the reduction of the corporate income tax rate for three consecutive accounting periods beginning on or after January 1, 2012.

Based on the aforementioned information and the guideline of the Federation of Accounting Professions, the Group assumes that the related tax law will be amended in order that the corporate income tax rate for the accounting period beginning on or after January 1, 2015 will not be over 20% to comply with the Cabinet's Resolution regarding corporate income tax rate reduction. As a result, the Group uses the tax rate as approved by the Cabinet in order to re-measure deferred tax assets/ liabilities and recognised the effect of change in corporate income tax rate in the consolidated and the separate financial statements for the year ended March 31, 2012 amounting to Baht 272 million and Baht 4 million, respectively (see Note 12).

5. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

5.1 Cash and cash equivalents as at March 31, 2012 and 2011 consist of :

| | Unit : Thousand Baht | | | |
|-----------------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Cash | 11 | 111 | - | - |
| Bank deposits in current accounts | 37,544 | 52,017 | 709 | 160 |
| Bank deposits in savings accounts | 433,120 | 758,840 | 370,438 | 701,137 |
| 3-month fixed deposits | 42 | 22 | 42 | 22 |
| | <u>470,717</u> | <u>810,990</u> | <u>371,189</u> | <u>701,319</u> |



NOTE TO THE FINANCIAL STATEMENTS

5.2 Non-cash transactions in the consolidated and separate financial statements for the years ended March 31, 2012 and 2011 are as follows :

✕ The recording of investment in available-for-sale investments at fair value and recognising unrealised gain (loss) on such investments of Baht (0.9) million and Baht 0.5 million, respectively.

✕ Non cash item from purchases and increase of property, plant and equipment and intangible asset for the years ended March 31, 2012 and 2011 are as follows :

| | Unit : Thousand Baht | | | |
|---|-----------------------------------|---------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Payables for fixed assets and intangible assets brought forward | 38,571 | 160,882 | 4,563 | 14,236 |
| <u>Add</u> Purchase during the years | 155,842 | 81,018 | 7,126 | 4,128 |
| <u>Less</u> Cash payment during the years | (151,778) | (131,751) | (8,167) | (3,764) |
| <u>Less</u> Cash payment for finance lease agreements | (59) | (10,326) | (2) | (10,037) |
| <u>Less</u> Reversal of accrued expenses for fixed assets and intangible assets | (8,819) | (61,252) | (3,200) | - |
| Payable for fixed assets and intangible assets carried forward | <u>33,757</u> | <u>38,571</u> | <u>320</u> | <u>4,563</u> |

6. TRADE ACCOUNTS RECEIVABLE - OTHER COMPANIES - NET

Trade accounts receivable - others companies - net as at March 31, 2012 and 2011 are as follows :

| | Unit : Thousand Baht | | | |
|---|-----------------------------------|------------------|-------------------------------|----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Within credit terms | 745,464 | 1,014,893 | - | - |
| Overdue: | | | | |
| Less than 3 months | 4,927 | 12,994 | - | - |
| 3 - 6 months | - | - | - | - |
| 6 - 12 months | - | - | - | - |
| Over 12 months | 696,692 | 696,692 | - | - |
| Total | 1,447,083 | 1,724,579 | - | - |
| <u>Less</u> Allowance for doubtful accounts | (696,692) | (696,692) | - | - |
| Net | <u>750,391</u> | <u>1,027,887</u> | <u>-</u> | <u>-</u> |

The Group has entered into a "Receivable Purchase Agreement" with a financial institution which all risks and rewards have been transferred to the buyer.

For the years ended March 31, 2012 and 2011, the Group had sold trade receivables to the financial institution amounting to Baht 7,732 million and Baht 7,786 million, respectively. The discount and other related fees related to the sales of the trade receivables included in administrative expenses are Baht 16 million and Baht 19 million, respectively.



NOTE TO THE FINANCIAL STATEMENTS

7. Inventories - net

Inventories - net as at March 31, 2012 and 2011 are as follows :

| | Unit : Thousand Baht | | | |
|---|-----------------------------------|-----------|-------------------------------|------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Finished goods | 1,872,750 | 1,043,342 | - | - |
| Goods in process | 953,832 | 942,521 | - | - |
| Raw materials | 2,030,566 | 3,011,086 | - | - |
| Spare parts | 860,605 | 857,503 | - | - |
| Supplies and others | 633,872 | 534,863 | - | - |
| Raw materials in transit | 889,712 | 590,809 | - | - |
| Total | 7,241,337 | 6,980,124 | - | - |
| Less Allowance for diminution in value of inventory, for obsolescence and slow-moving items | (298,703) | (62,329) | - | - |
| Net | 6,942,634 | 6,917,795 | - | - |

The amounts of inventories recognised as an expense in the consolidated financial statements for the years ended March 31, 2012 and 2011 included the loss from diminution in valuation of inventories, allowance for inventories obsolescence and slow-moving inventories of Baht 236 million and included reversal of diminution in valuation of inventories, allowance for inventories obsolescence and slow-moving inventories of Baht (5) million, respectively.

The amounts of inventories recognised as an expense in the consolidated financial statements for the years ended March 31, 2012 and 2011 are Baht 26,220 million and Baht 26,859 million, respectively.

8. Investments in subsidiaries

Investments in subsidiaries as at March 31, 2012 and 2011 are as follows :

| | Unit : Thousand Baht | | | | | | | |
|--|-----------------------------------|-------|-----------------|-----------|---------------------|------------|-----------------|------|
| | The separate financial statements | | | | | | | |
| | Ownership interest (%) | | Paid-up capital | | Investments at cost | | Dividend income | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Investment in equity | | | | | | | | |
| The Siam Iron and Steel (2001) Company Limited | 99.99 | 99.99 | 120,000 | 120,000 | 2,554,386 | 2,554,386 | - | - |
| The Siam Construction Steel Company Limited | 99.99 | 99.99 | 1,750,000 | 1,750,000 | 3,656,874 | 3,656,874 | 787,500 | - |
| N.T.S. Steel Group Public Company Limited | 99.66 | 99.66 | 3,253,399 | 3,253,399 | 4,033,824 | 4,033,824 | - | - |
| | | | 5,123,399 | 5,123,399 | 10,245,084 | 10,245,084 | 787,500 | - |
| Investment in warrant of subsidiary | | | | | | | | |
| N.T.S. Steel Group Public Company Limited | | | - | - | 57,275 | 57,275 | - | - |
| | | | - | - | 57,275 | 57,275 | - | - |
| Total | | | 5,123,399 | 5,123,399 | 10,302,359 | 10,302,359 | 787,500 | - |



NOTE TO THE FINANCIAL STATEMENTS

9. Property, plant and equipment – net

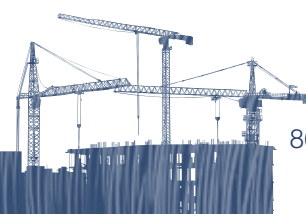
Property, plant and equipment - net as at March 31, 2012 and 2011 are as follows :

Unit : Thousand Baht

| | Consolidated financial statements | | | | |
|---|-----------------------------------|-------------|----------|----------|------------------------------|
| | Balance as at March 31 2011 | Addition | Disposal | Transfer | Balance as at March 31, 2012 |
| Cost | | | | | |
| Land | 714,611 | - | - | - | 714,611 |
| Land improvement, building and structure | 4,383,069 | 10,868 | (619) | 2,003 | 4,395,321 |
| Machinery and equipment | 14,577,319 | 29,924 | (7,976) | 40,765 | 14,640,032 |
| Vehicles | 3,468 | - | - | - | 3,468 |
| Furniture, fixtures and office equipment | 155,629 | 10,698 | (426) | 10,036 | 175,937 |
| Total cost | 19,834,096 | 51,490 | (9,021) | 52,804 | 19,929,369 |
| Accumulated depreciation | | | | | |
| Land improvement, building and structure | (2,111,596) | (173,860) | 34 | - | (2,285,422) |
| Machinery and equipment | (7,328,829) | (815,696) | 1,220 | - | (8,143,305) |
| Vehicles | (3,043) | (207) | - | - | (3,250) |
| Furniture fixtures and office equipment | (93,934) | (20,612) | 372 | - | (114,174) |
| Total accumulated depreciation | (9,537,402) | (1,010,375) | 1,626 | - | (10,546,151) |
| Construction in progress and machinery and equipment under installation | 56,685 | 100,056 | - | (52,804) | 103,937 |
| Property, plant and equipment - net | 10,353,379 | | | | 9,487,155 |

Unit : Thousand Baht

| | Consolidated financial statements | | | | |
|---|-----------------------------------|-------------|----------|-----------|------------------------------|
| | Balance as at March 31 2010 | Addition | Disposal | Transfer | Balance as at March 31, 2011 |
| Cost | | | | | |
| Land | 714,611 | - | - | - | 714,611 |
| Land improvement, building and structure | 4,376,253 | 495 | (300) | 6,621 | 4,383,069 |
| Machinery and equipment | 14,373,267 | 17,120 | (5,753) | 192,685 | 14,577,319 |
| Vehicles | 4,097 | - | (863) | 234 | 3,468 |
| Furniture, fixtures and office equipment | 147,490 | 6,696 | (2,168) | 3,611 | 155,629 |
| Total cost | 19,615,718 | 24,311 | (9,084) | 203,151 | 19,834,096 |
| Accumulated depreciation | | | | | |
| Land improvement, building and structure | (1,939,710) | (170,387) | 270 | (1,769) | (2,111,596) |
| Machinery and equipment | (6,452,573) | (881,526) | 5,306 | (36) | (7,328,829) |
| Vehicles | (3,690) | (212) | 863 | (4) | (3,043) |
| Furniture, fixtures and office equipment | (76,412) | (19,556) | 2,069 | (35) | (93,934) |
| Total accumulated depreciation | (8,472,385) | (1,071,681) | 8,508 | (1,844) | (9,537,402) |
| Construction in progress and machinery and equipment under installation | 264,496 | 56,649 | (61,252) | (203,208) | 56,685 |
| Property, plant and equipment – net | 11,407,829 | | | | 10,353,379 |
| Depreciation for the years | | | | | |
| 2012 | | | | | 1,010,375 |
| 2011 | | | | | 1,071,681 |



NOTE TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

Cost

Furniture, fixtures and office equipment
Total cost

| The separate financial statements | | | | |
|-----------------------------------|----------|----------|----------|------------------------------|
| Balance as at March 31 2011 | Addition | Disposal | Transfer | Balance as at March 31, 2012 |
| 65,475 | 2,862 | (33) | 1,605 | 69,909 |
| 65,475 | 2,862 | (33) | 1,605 | 69,909 |

Accumulated depreciation

Furniture, fixtures and office equipment
Total accumulated depreciation
Equipment under installation
Property, plant and equipment - net

| | | | | |
|----------|----------|----|---------|----------|
| (34,093) | (13,194) | 33 | - | (47,254) |
| (34,093) | (13,194) | 33 | - | (47,254) |
| 1,605 | - | - | (1,605) | - |
| 32,987 | | | | 22,655 |

Unit : Thousand Baht

Cost

Furniture fixtures and office equipment
Total cost

| The separate financial statement | | | | |
|----------------------------------|----------|----------|----------|------------------------------|
| Balance as at March 31 2010 | Addition | Disposal | Transfer | Balance as at March 31, 2011 |
| 63,326 | 2,485 | (336) | - | 65,475 |
| 63,326 | 2,485 | (336) | - | 65,475 |

Accumulated depreciation

Furniture fixtures and office equipment
Total accumulated depreciation
Equipment under installation
Property, plant and equipment - net

| | | | | |
|----------|----------|-----|---|----------|
| (21,967) | (12,436) | 310 | - | (34,093) |
| (21,967) | (12,436) | 310 | - | (34,093) |
| - | 1,605 | - | - | 1,605 |
| 41,359 | | | | 32,987 |

Depreciation for the years

2012
2011

13,194
12,436

Costs of fully depreciated plant and equipment that are still in use as at March 31, 2012 and 2011 are as follows :

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---|-----------------------------------|-----------|-----------------------------------|-------|
| | 2012 | 2011 | 2012 | 2011 |
| Cost of fully depreciated plant and equipment | 4,169,054 | 2,612,406 | 1,753 | 1,603 |

As at March 31, 2012 and 2011, there are office equipment under finance lease agreements of the Group included in the property, plant and equipment as follows :

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|--|-----------------------------------|----------|-----------------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Cost of asset under finance lease agreements | 44,128 | 44,447 | 43,582 | 43,582 |
| <u>Less</u> Accumulated depreciation | (34,581) | (25,926) | (34,173) | (25,457) |
| Asset under finance lease agreements - net | 9,547 | 18,521 | 9,409 | 18,125 |



NOTE TO THE FINANCIAL STATEMENTS

Property, plant and equipment of The Siam Iron and Steel (2001) Co., Ltd., The Siam Construction Steel Co., Ltd. and N.T.S. Steel Group Plc. which have net book value of Baht 3,832 million as at March 31, 2012 (Baht 4,606 million as at March 31, 2011) are used as collateral for the borrowings comprising long-term borrowings and short-term borrowings from two local banks (see Note 14).

In August 2011, the Group's management decided to temporarily stop a Mini Blast Furnace (MBF) operation of N.T.S. Steel Group Public Company Limited, the Company's subsidiary, from the end of August 2011 to September 2012 due to spiraling Mini Blast Furnace (MBF) input raw material prices internationally, thereby adversely impacting the viability of costs of steel produced through Mini Blast Furnace (MBF) route. Nonetheless, during the temporary closure period, the Company continuously produces billets and finished goods by Electric Arc Furnace (EAF). The Group's management deemed the temporary stoppage of operation not to impact the normal course of business of the Company.

Depreciation and other expenses of the MBF totally of Baht 191 million which incurred during the temporary closure period of MBF for the year ended March 31, 2012, included in cost of sales.

10. Computer software - net

Computer software - net as at March 31, 2012 and 2011 are as follows :

Unit : Thousand Baht

Computer software
Less Accumulated amortisation
 Computer software under installation
 Computer software - net

| Consolidated financial statements | | | | |
|-----------------------------------|----------|----------|----------|------------------------------|
| Balance as at March 31 2011 | Addition | Disposal | Transfer | Balance as at March 31, 2012 |
| 248,889 | 791 | (7,897) | 3,505 | 245,288 |
| (64,116) | (23,684) | 1,404 | - | (86,396) |
| - | 3,505 | - | (3,505) | - |
| 184,773 | | | | 158,892 |

Unit : Thousand Baht

Computer software
Less Accumulated amortisation
 Computer software - net

| Consolidated financial statements | | | | |
|-----------------------------------|----------|----------|----------|------------------------------|
| Balance as at March 31 2010 | Addition | Disposal | Transfer | Balance as at March 31, 2011 |
| 248,774 | 57 | - | 58 | 248,889 |
| (39,674) | (24,442) | - | - | (64,116) |
| 209,100 | | | | 184,773 |

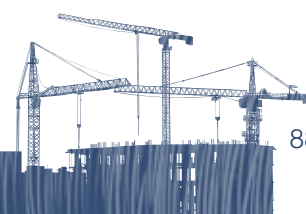
Amortisation for the years

| | |
|------|--------|
| 2012 | 23,684 |
| 2011 | 24,442 |

Unit : Thousand Baht

Computer software
Less Accumulated amortisation
 Computer software under installation
 Computer software - net

| The separate financial statements | | | | |
|-----------------------------------|----------|----------|----------|------------------------------|
| Balance as at March 31 2011 | Addition | Disposal | Transfer | Balance as at March 31, 2012 |
| 239,458 | 759 | (7,897) | 3,505 | 235,825 |
| (57,982) | (23,212) | 1,404 | - | (79,790) |
| - | 3,505 | - | (3,505) | - |
| 181,476 | | | | 156,035 |



NOTE TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

| The separate financial statement | | | | | |
|--------------------------------------|--------------------------------|----------|----------|----------|---------------------------------|
| | Balance as at March 31 2010 | Addition | Disposal | Transfer | Balance as at March 31, 2011 |
| Computer software | 239,420 | 38 | - | - | 239,458 |
| Less Accumulated amortisation | (34,038) | (23,944) | - | - | (57,982) |
| Computer software - net | <u>205,382</u> | | | | <u>181,476</u> |
| Amortisation for the years | | | | | <u>23,212</u> |
| 2012 | | | | | <u>23,944</u> |

Cost of fully amortised computer software that is still in use as at March 31, 2012 and 2011 are as follows :

| | Consolidated financial statements | | The separate financial statements | |
|---|--------------------------------------|--------------|--------------------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Cost of fully amortised computer software | <u>4,813</u> | <u>4,750</u> | <u>-</u> | <u>-</u> |

11. Goodwill - net

Goodwill - net as at March 31, 2012 and 2011 are as follows :

| | Consolidated financial statements | |
|---|-----------------------------------|--------------------|
| | 2012 | 2011 |
| Cost | 5,607,769 | 5,607,769 |
| Less Accumulated amortization (Up to March 31, 2008) | <u>(1,491,432)</u> | <u>(1,491,432)</u> |
| Goodwill - net | <u>4,116,337</u> | <u>4,116,337</u> |

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

Since April 1, 2008, the Group has ceased amortisation of goodwill and has changed to test of impairment of goodwill instead resulting in no amortisation expense being incurred on such goodwill in the consolidated financial statements for the years ended March 31, 2012 and 2011.

As at March 31, 2012 and 2011, the Group had performed a test of impairment of goodwill and considered no impairment of goodwill as the Group's management has prepared the business plan including initiatives to improve operation and financial results.



NOTE TO THE FINANCIAL STATEMENTS

12. Income tax expense and deferred tax assets

Income tax expense are as follows :

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|--|-----------------------------------|---------------|-----------------------------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Current tax | | | | |
| Current year | (14,484) | (141,488) | (14,484) | (11,722) |
| Deferred tax | | | | |
| Movements in temporary differences | 50,437 | 221,815 | 937 | 447 |
| Effects of Tax rate reduction | (271,790) | - | (3,584) | - |
| Income tax expense as included in statements of comprehensive income | <u>(235,837)</u> | <u>80,327</u> | <u>(17,131)</u> | <u>(11,275)</u> |

The difference between the tax rate of 15 percent, of 20 percent, of 25 percent and of 30 percent for the years ended March 31, 2012 and 2011, respectively and the Group's effective income tax rate compared to income before income tax are reconciled as follows :

Unit : Thousand Baht

| | Consolidated financial statements | |
|--|-----------------------------------|-----------------|
| | 2012 | 2011 |
| Income (loss) before income taxes | (1,349,750) | (1,060,509) |
| Profit from inter-companies transactions | 10,070 | 112,487 |
| Income (loss) before income taxes including profit from inter-companies transactions | (1,339,680) | (948,022) |
| Income (loss) before income taxes - promoted sector | - | (24,932) |
| | (1,339,680) | (972,954) |
| Tax at 15% | - | 3,740 |
| Tax at 20% | (94,715) | - |
| Tax at 25% | - | 12,024 |
| Tax at 30% | 14,484 | (303,613) |
| Effect of non-deductible expenses (income) for tax purpose: | | |
| - Temporary differences | (3,679) | 348 |
| - Permanent differences | 98,394 | 428,989 |
| Income tax per tax return form | 14,484 | 141,488 |
| Movements in temporary differences | (50,437) | (221,815) |
| Effects of Tax rate reduction | 271,790 | - |
| Income tax expense (income) | <u>235,837</u> | <u>(80,327)</u> |
| | Tax rate | Tax rate |
| | % | % |
| Effective Tax Rate | 0 | 0 |

NOTE TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

The separate financial statements

| | 2012 | 2011 |
|---|-----------------|-----------------|
| Income before income taxes | 822,653 | 46,607 |
| Tax at 20% | 154,874 | - |
| Tax at 25% | - | 12,024 |
| Tax at 30% | 14,484 | (447) |
| Effect of non-deductible expenses (benefits) for tax purpose: | | |
| - Temporary differences | 937 | 447 |
| - Permanent differences | (155,811) | (302) |
| Income tax per tax return form | 14,484 | 11,722 |
| Movements in temporary differences | (937) | (447) |
| Effects of Tax rate reduction | 3,584 | - |
| Income tax expense (income) | 17,131 | 11,275 |
| | Tax rate | Tax rate |
| | % | % |
| Effective Tax Rate | 1.76 | 25.15 |

Permanent differences for the year ended March 31, 2012 amounting to Baht 156 million resulted from the dividend received from the Company's subsidiary.

As at March 31, 2012 and 2011, deferred tax assets which resulted from the temporary differences between the carrying amount of an asset and liability in the statement of financial position and its tax base are as follows :

Unit : Thousand Baht

Consolidated financial statements

| | Balance as at March 31 2011 | Additions | Utilised/ reversal | Effects of Tax rate reduction | Balance as at March 31 2012 |
|---|--------------------------------|-----------|-----------------------|-------------------------------------|--------------------------------|
| Deferred tax assets resulted from | | | | | |
| Employee benefit obligations | 41,239 | 1,189 | (2,630) | (14,232) | 25,566 |
| Allowance for obsolescence and slow-moving items | 18,624 | 1,288 | (8,214) | (6,306) | 5,392 |
| Accumulated of tax loss carried forward | 662,105 | 268,908 | (195,967) | (244,928) | 490,118 |
| Profit on inventory from inter-company sales | (1,924) | 2,367 | - | (353) | 90 |
| Allowance for doubtful accounts | 1,675 | - | (320) | (558) | 797 |
| Others | 21,597 | - | (16,184) | (5,413) | - |
| Total deferred tax assets | 743,316 | 273,752 | (223,315) | (271,790) | 521,963 |



NOTE TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

| Consolidated financial statements | | | | | |
|---|--------------------------------|----------|-----------------------|-------------------------------------|--------------------------------|
| | Balance as at March 31 2010 | Addition | Utilised/ reversal | Effects of Tax rate reduction | Balance as at March 31 2011 |
| Deferred tax assets resulted from | | | | | |
| Employee benefit obligations | 37,893 | 4,158 | (812) | - | 41,239 |
| Allowance for obsolescence and slow-moving items | 20,240 | - | (1,616) | - | 18,624 |
| Accumulated of tax loss carried forward | 440,572 | 432,057 | (210,524) | - | 662,105 |
| Profit on inventory from inter-company sales | (573) | - | (1,351) | - | (1,924) |
| Allowance for doubtful accounts | 1,772 | - | (97) | - | 1,675 |
| Others | 21,597 | - | - | - | 21,597 |
| Total deferred tax assets | 521,501 | 436,215 | (214,400) | - | 743,316 |

Unit : Thousand Baht

| The separate financial statements | | | | | |
|-----------------------------------|--------------------------------|----------|-----------------------|-------------------------------------|--------------------------------|
| | Balance as at March 31 2011 | Addition | Utilised/ reversal | Effects of Tax rate reduction | Balance as at March 31 2012 |
| Deferred tax assets resulted from | | | | | |
| Employee benefit obligations | 10,093 | 1,189 | (252) | (3,584) | 7,446 |

Unit : Thousand Baht

| The separate financial statements | | | | | |
|-----------------------------------|--------------------------------|----------|-----------------------|-------------------------------------|--------------------------------|
| | Balance as at March 31 2010 | Addition | Utilised/ reversal | Effects of Tax rate reduction | Balance as at March 31 2011 |
| Deferred tax assets resulted from | | | | | |
| Employee benefit obligations | 9,646 | 447 | - | - | 10,093 |

As of March 31, 2012, the Group has deferred tax assets related to tax loss carried forward of N.T.S. Steel Group Plc. amounting to Baht 486 million. The Group's management has prepared the business plan including initiatives to improve operation and financial result. Accordingly, the Group's management deemed such deferred tax assets has a future benefit and recognised in the financial statements.

13. Other non - current assets

Other non - current assets as at March 31, 2012 and 2011 are as follows :

| Unit : Thousand Baht | | | | |
|-----------------------|--------------------------------------|---------|--------------------------------------|--------|
| | Consolidated financial statements | | The separate financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Income tax refundable | 147,606 | 167,212 | 6,992 | 25,707 |
| Others | 41,332 | 39,814 | 8,425 | 7,259 |
| Total | 188,938 | 207,026 | 15,417 | 32,966 |



NOTE TO THE FINANCIAL STATEMENTS

In December 2009, a subsidiary had a dispute regarding the interpretation of tax computation and the propriety of tax loss carry forward for promoted sector and its utilisation, amounting to a tax element inclusive of surcharge of Baht 103 million. In order to avoid the surcharge, the subsidiary decided to pay such additional tax. Subsequently, on September 13, 2010, the subsidiary submitted the filing of a revised return for tax refund and will follow-up with an appeal to the Board of Tax Appeal based on the legal advice, seeking a clarification on the process for adjustment of carry forward losses with BOI schemes. On May 26, 2011, the subsidiary issued a letter requesting a refund from the Revenue Department where the Revenue Department has acknowledged and is determining such request. As at March 31, 2012, the case is still pending.

14. Borrowings from financial institutions

14.1 Short-term borrowing

Short-term borrowing from local financial institutions as at March 31, 2012 and 2011 are as follows :

| | | Unit : Thousand Baht | | | |
|--|--|-----------------------------------|------|-----------------------------------|------|
| | | Consolidated financial statements | | The separate financial statements | |
| | | 2012 | 2011 | 2012 | 2011 |
| Short-term borrowings from financial institution | | 830,667 | - | - | - |
| Total | | 830,667 | - | - | - |

As at March 31, 2012, the Group has borrowing from a financial institution in the amount of Baht 831 million, bearing the interest rate of BIBOR+2% per annum. The Group entered into an agreement with a bank to obtain short-term credit facilities of Baht 900 million, for capital of scrap purchasing between subsidiaries.

As at March 31, 2012 and 2011, the Group has agreements with 11 local banks to obtain credit facilities of Baht 6,290 million and Baht 8,110 million, respectively, for working capital. The interest rates of these credit facilities are as follows :

Credit Line

- 1) Bank Overdraft
- 2) Trust receipts (Baht)
- 3) Promissory note

Interest rate

- Minimum Overdraft Rate (MOR)
- Money Market Rate (MMR)
- Money Market Rate (MMR)

As at March 31, 2012 and 2011, the Group has withdrawn the loans including letters of credit and trust receipts totaling Baht 2,406 million and Baht 2,570 million, respectively.

14.2 Long-term borrowings

The period to maturity of long-term borrowings (denominated in Thai Baht) as at March 31, 2012 and 2011 are as follows :

| | | Unit : Thousand Baht | | | |
|---|--|-----------------------------------|-----------|-----------------------------------|-----------|
| | | Consolidated financial statements | | The separate financial statements | |
| | | 2012 | 2011 | 2012 | 2011 |
| Within one year | | 750,000 | 1,300,000 | 750,000 | 1,300,000 |
| After one year but not exceeding five years | | 4,325,000 | 4,325,000 | 4,325,000 | 4,325,000 |
| Total | | 5,075,000 | 5,625,000 | 5,075,000 | 5,625,000 |



NOTE TO THE FINANCIAL STATEMENTS

The long-term borrowings bear interest at MLR-1.25 per annum. Repayments of debt principal are to be made in 28 quarterly installments commencing on February 28, 2007.

In November 2007, the Company entered into a long-term loan in the amount of Baht 3,500 million with two local financial institutions. The loan is for Mini Blast Furnace Project of the Company's subsidiary, N.T.S. Steel Group Plc. Repayments of debt principal are to be made in 20 quarterly installments, starting from November 2009 to August 2014 bearing floating interest rate MLR-2 per annum. The Company uses plant and equipment of two subsidiaries as collateral for long-term borrowings as mentioned in Note 9. The loans contain restrictions on financial ratios and shareholders' structure which is in accordance with requirements in loan agreement from financial institutions.

In November 2009, the Company made a supplement to the loan agreement in order to delay the first repayment for one more year, starting from November 2010 to August 2015. The loan is collateralised by the Mini Blast Furnace Project's entire asset except land. For the years ended March 31, 2012 and 2011, the Company has withdrawn loans totaling Baht 3,500 million and Baht 3,500 million respectively.

Vide letter dated November 21, 2011, the Company appealed for installment deferment of the next four quarterly bank loan installment repayment commencing November 2011 to be due in November 2012 to its two lenders. The rationalisation was due to the business interruption the recent flood disaster have had on the overall business. There has been serious impact on the business environment in several areas, including drop in sales arising out of steep drop in customer off take, domestic unavailability of scrap, logistic and supply chain disruption, all resulting in reduced cash generation volume and cycles. Lenders have granted the loan repayment deferment where the next installment of loan repayment is due in November 2012.

15. Trade accounts payable of subsidiary arising from restructuring

As at March 31, 2011 the aforementioned trade accounts payable represent trade payable of N.T.S. Steel Group Plc. under the Reorganisation Plan which was approved by the creditors' meeting on July 8, 2002 and the Central Bankruptcy Court on July 19, 2002. The creditors in these groups will receive repayment in full of their principal claims within 10 years. Condition in the Plan stated the Company is able to select the repayment term commencing from the fifth year to the tenth year commencing from November 29, 2002. This debt is guaranteed by The Siam Iron and Steel (2001) Co., Ltd. and The Siam Construction Steel Co., Ltd. without guarantee fees.

As at March 31, 2012, the above payable is due within one year and therefore, it is classified as other current liabilities.

16. Provident fund

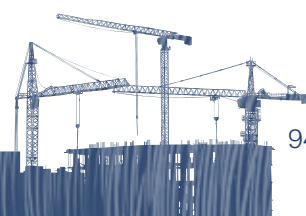
The defined contribution plan comprise provident fund for its employees of the Group. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Group at rate from 5% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed Fund Manager.

For the years ended March 31, 2012 and 2011, the contribution of the Group recognised as expenses included in the consolidated financial statements amounting to Baht 38 million and Baht 37 million, respectively and in the separate financial statements amount to Baht 11 million and Baht 9 million, respectively.

17. Employee benefit obligations

As at March 31, 2012 and 2011, the Group recorded a provision for employee benefit obligations totaling Baht 127.53 million and Baht 137.46 million, respectively. The estimated liability was calculated based on the projected unit credit method by qualified independent actuary.

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



NOTE TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|--|-----------------------------------|-----------|-----------------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Discount rate (%) | 3.68 | 4.25 | 3.68 | 4.25 |
| Average expected rate of salary increase (%) | 5.00 | 6.00 | 5.00 | 6.00 |
| Voluntarily resignation Rate (%) | 0 - 10.00 | 0 - 10.00 | 0 - 8.00 | 0 - 8.00 |
| Retirement age (year) | 55 - 60 | 55 - 60 | 55 - 60 | 55 - 60 |

The benefit cost included in administrative expenses and recognised in the statement of comprehensive income for the years ended March 31, 2012 and 2011, are as follows :

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---|-----------------------------------|---------------|-----------------------------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| Current service cost | 38,400 | 11,822 | 21,219 | 3,752 |
| Interest cost | 5,306 | 6,906 | 1,299 | 1,795 |
| Net actuarial losses (gains) recognised during the year | (12,838) | 4,161 | 9,335 | (4,056) |
| Total | <u>30,868</u> | <u>22,889</u> | <u>31,853</u> | <u>1,491</u> |

The provision for employee benefit obligations as at March 31, 2012 and 2011, and a reconciliation with amounts recognised in the statement of comprehensive income are as follows :

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---------------------------------------|-----------------------------------|----------------|-----------------------------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| Present value of unfunded obligations | <u>127,530</u> | <u>137,462</u> | <u>37,233</u> | <u>33,645</u> |

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---|-----------------------------------|----------------|-----------------------------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| Beginning of provision for employee benefit obligations | 137,462 | 126,306 | 33,645 | 32,154 |
| Current service cost | 38,400 | 11,822 | 21,219 | 3,752 |
| Interest cost | 5,306 | 6,906 | 1,299 | 1,795 |
| Actuarial losses (gains) | (12,838) | 4,161 | 9,335 | (4,056) |
| Severance paid during the years | (40,800) | (11,733) | (28,265) | - |
| Ending of provision for employee benefit obligations | <u>127,530</u> | <u>137,462</u> | <u>37,223</u> | <u>33,645</u> |



18. Share capital, legal reserve and warrants

Preference Shares

Rights attaching to the preference shares are as follows :

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

Legal reserve

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

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

Warrants

There are two types of warrants :

- (a) Warrant 1 : 1,083,275,200 units issued at Baht 0.05 per warrant, exercise price Baht 2.10 per ordinary share
- (b) Warrant 2 : 1,520,763,525 units issued at Baht 0.05 per warrant, exercise price Baht 6.114 per ordinary share

Warrants, which are negotiable, have a 10 years term from the issued date (December 2, 2002). If any warrants have not been exercised within the specified period, such warrants will be cancelled.

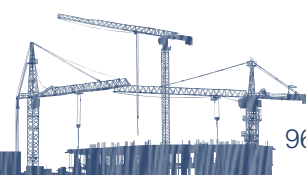
19. Capital management

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

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

20. Other income

Other income for the years ended March 31, 2012 and 2011 are as follows :



NOTE TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|------------------------|-----------------------------------|---------------|-----------------------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Management fees income | - | - | 309,739 | 309,455 |
| Others | 87,976 | 49,746 | 789,722 | 14,983 |
| Total | <u>87,976</u> | <u>49,746</u> | <u>1,099,461</u> | <u>324,438</u> |

21. EXPENSES BY NATURE

Net profit (loss) for the years ended March 31, 2012 and 2011 has been arrived at after charging the following significant expenses :

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---|-----------------------------------|-------------------|-----------------------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Raw material used | 21,419,997 | 21,952,015 | - | - |
| Employee benefits expense | 779,725 | 760,843 | 216,914 | 165,525 |
| Depreciation and amortization | 1,034,059 | 1,096,122 | 36,406 | 36,380 |
| Interest expense | 297,982 | 282,878 | 291,003 | 274,961 |
| Delivery expense | 188,315 | 206,588 | - | - |
| Utilities expenses | 2,059,248 | 2,229,704 | 1,129 | 1,119 |
| Repair and maintenance expenses | 679,220 | 775,310 | 5,315 | 1,077 |
| Effects of tax rate reduction on deferred tax asset | 271,790 | - | 3,584 | - |
| Loss from diminution in value of inventories | 276,401 | - | - | - |
| Others | 921,935 | 476,363 | 163,098 | 169,132 |
| Total | <u>27,928,672</u> | <u>27,779,823</u> | <u>717,449</u> | <u>648,194</u> |

22. Basic earnings (loss) per share

Basic earnings (loss) per share for the years ended March 31, 2012 and 2011 are as follows :

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---|-----------------------------------|------------------|-----------------------------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| Profit (loss) for the year | (1,585,587) | (980,182) | 805,522 | 35,332 |
| Net loss attributable to non-controlling interest | 4,993 | 4,179 | - | - |
| Net profit (loss) attributable to the parent company | (1,580,594) | (976,003) | 805,522 | 35,332 |
| Adjust loss (profit) attributable to preference share (Note18) | 47,442 | 29,420 | (24,178) | (1,060) |
| Profit (loss) used in calculating basic earnings per ordinary share | <u>(1,533,152)</u> | <u>(946,583)</u> | <u>781,344</u> | <u>34,272</u> |
| Weighted average number of ordinary shares | 8,168,767,623 | 8,168,767,623 | 8,168,767,623 | 8,168,767,623 |
| Basic earnings (loss) per share | (0.19) | (0.12) | 0.10 | 0.00 |

Diluted earnings per share reconciliation



NOTE TO THE FINANCIAL STATEMENTS

For the years ended March 31, 2012 and 2011, there are no effects to the dilution of earnings per share because there are no converting warrants.

23. Related party transactions and balances

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

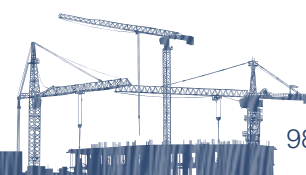
The pricing policies for particular types of transactions are explained further below :

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

The major related parties as at March 31, 2012 and 2011 are as follows :

| Type | Name | Type of Business | Relationship |
|---------------------|--|---|------------------------------------|
| Subsidiaries | The Siam Iron and Steel (2001) Co., Ltd. | Manufacture steel bars, wire rods and small section products | Common shareholders and management |
| | The Siam Construction Steel Co., Ltd. | Manufacture steel bars | Common shareholders and management |
| | N.T.S Steel Group Plc. | Manufacture, distributions and trading of steel bars and wire rods and small section products | Common shareholders and management |

| Type | Name | Type of Business | Relationship |
|----------------------|--|--|----------------------------|
| Other parties | The Siam Industrial Wire Co., Ltd. | Manufacture steel wire | Same group of shareholders |
| | NatSteel Trade International Pte. Ltd. | Trading | Same group of shareholders |
| | NatSteel Recycling Pte. Ltd. | Trading | Same group of shareholders |
| | Tata Steel International (Hong Kong) Ltd. (Formerly Corus International Trading Limited) | Trading | Same group of shareholders |
| | Tata Steel Asia (Hong Kong) Ltd. | Trading | Same group of shareholders |
| | Tata Refractories Ltd. | Manufacture refractory | Same group of shareholders |
| | NatSteel Holdings Pte. Ltd. | Manufacture steel | Same group of shareholders |
| | Tata Steel UK Ltd. (Formerly Corus UK Ltd.) | Manufacture steel | Same group of shareholders |
| | Tata Steel International (Singapore) Ltd. | Manufacture steel | Same group of shareholders |
| | Corus Staal B.V. | Manufacture steel | Same group of shareholders |
| | Tata Steel IJmuiden BV | Manufacture steel | Same group of shareholders |
| | Tata Consultancy Services (Thailand) Ltd. | Software services | Same group of shareholders |
| | Tata Consultancy Services Ltd. | Software services | Same group of shareholders |
| | Tata Services Ltd. | Training services | Same group of shareholders |
| | Tata Sons Ltd. | Investment holdings and consultancy services | Same group of shareholders |



NOTE TO THE FINANCIAL STATEMENTS

| Type | Name | Type of Business | Relationship |
|------|---|--|-------------------------------------|
| | Tata Steel Resources Australia Pte. Ltd. | Procurement | Same group of shareholders |
| | Tata NYK Shipping Pte. Ltd. | Shipping | Same group of shareholders |
| | Mjunction Services Limited | Manufacture steel | Same group of shareholders |
| | Siam Steel Mill Services Co., Ltd. | Recycling and reprocessing steel scrap | Indirect shareholding by subsidiary |
| | Tata Steel Global Holdings Pte. Ltd. | Investing | Shareholder |
| | Tata Steel Limited | Manufacture steel | Parent company |
| | Tata Steel Global Procurement Co. Pte. Ltd. | Trading | Same group of shareholders |
| | Tata Steel International (UK) Ltd. | Shipping | Same group of shareholders |
| | Tata Steel Nederland Services B.V. | Manufacture steel | Same group of shareholders |

Balances with related parties as at March 31, 2012 and 2011 are as follows :

| | Unit : Thousand Baht | | | |
|--|-----------------------------------|----------------|-----------------------------------|----------|
| | Consolidated financial statements | | The separate financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Trade accounts receivable – related parties | | | | |
| The Siam Industrial Wire Co., Ltd. | 54,243 | 24,229 | - | - |
| NatSteel Trade International Pte. Ltd. | - | 165,070 | - | - |
| Tata Steel International (Singapore) Ltd. | 2,441 | - | - | - |
| Tata Steel International (Hong Kong) Ltd. | - | 49,053 | - | - |
| Total | <u>56,684</u> | <u>238,352</u> | <u>-</u> | <u>-</u> |

As at March 31, 2012 and 2011, trade accounts receivable from related parties aged are as follows :

| | Unit : Thousand Baht | | | |
|---------------------|-----------------------------------|----------------|-----------------------------------|----------|
| | Consolidated financial statements | | The separate financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Within credit terms | | | | |
| Overdue: | 23,954 | 229,340 | - | - |
| Less than 3 months | 32,730 | 9,012 | - | - |
| Total | <u>56,684</u> | <u>238,352</u> | <u>-</u> | <u>-</u> |

| | Unit : Thousand Baht | | | |
|--|-----------------------------------|---------------|-----------------------------------|----------------|
| | Consolidated financial statements | | The separate financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Other receivables - related parties | | | | |
| The Siam Iron and Steel (2001) Co., Ltd.a | - | - | 29,729 | 16,408 |
| The Siam Construction Steel Co., Ltd. | - | - | 26,011 | 23,763 |
| N.T.S. Steel Group Plc. | - | - | 4,143 | 4,690 |
| Siam Steel Mill Services Co., Ltd. | 821 | 2,027 | - | - |
| Tata Steel Nederland Services B.V. | 1,202 | - | 1,202 | - |
| NatSteel Recycling Pte. Ltd. | - | 683 | - | - |
| Tata Sons Ltd.* | 71,220 | 71,220 | 71,220 | 71,220 |
| Total | <u>73,243</u> | <u>73,930</u> | <u>132,305</u> | <u>116,081</u> |

* The Company had paid for advance payment for Brand Promotion fee, aggregating to Baht 71 million approximately.



NOTE TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|--|-----------------------------------|------|-----------------------------------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| Short-term loans to related parties | | | | |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 784,426 | 745,770 |
| N.T.S. Steel Group Plc. | - | - | 3,301,940 | 3,343,957 |
| Total | - | - | 4,086,366 | 4,089,727 |

Short-term loans to related parties are non-collateralised loans carrying interest as at March 31, 2012 and 2011 at 1 - 5.5% p.a.

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

Unit : Thousand Baht

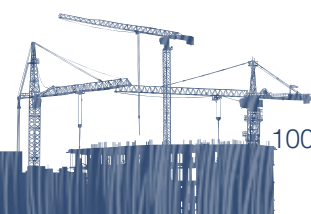
| | Consolidated financial statements | The separate financial statements |
|-----------------------------|-----------------------------------|-----------------------------------|
| As at March 31, 2010 | - | 3,592,690 |
| Increase | - | 497,037 |
| As at March 31, 2011 | - | 4,089,727 |
| Decrease | - | (3,361) |
| As at March 31, 2012 | - | 4,086,366 |

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|--|-----------------------------------|------|-----------------------------------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| Long-term loan to related party | | | | |
| N.T.S. Steel Group Plc. | | | | |
| (Interest at MLR-1.25% p.a.) | - | - | 2,900,000 | 2,900,000 |
| (Interest at MLR-2.00% p.a.) | - | - | 3,500,000 | 3,500,000 |
| Total | - | - | 6,400,000 | 6,400,000 |

The long-term loan to related party is non-collateralised loan according to the loan agreement dated November 30, 2006 and November 9, 2007.

In November 2011, the Company made the supplement to both agreements of long-term loan to related party in order to extend the first repayment to November 30, 2012 and final maturity date is on August 31, 2017 with carrying interest rate of MLR-1.25% and MLR-2.00% p.a.



NOTE TO THE FINANCIAL STATEMENTS

The period of maturity as at March 31, 2012 and 2011 are as follows :

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---|-----------------------------------|------|-----------------------------------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| Within one year | - | - | 780,000 | 780,000 |
| After one year but not exceeding five years | - | - | 5,220,000 | 5,220,000 |
| After five years | - | - | 400,000 | 400,000 |
| Total | - | - | 6,400,000 | 6,400,000 |

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---|-----------------------------------|-----------|-----------------------------------|---------|
| | 2011 | 2010 | 2011 | 2010 |
| Trade accounts payable to related party | | | | |
| Tata Steel Ltd. | - | 42,671 | - | - |
| Tata Steel UK Ltd. | - | 572,269 | - | - |
| Tata Steel Global Procurement Co. Pte. Ltd. | - | 715,079 | - | - |
| NatSteel Recycling Pte. Ltd. | 677,013 | 12,621 | - | - |
| Mjunction Services Limited | - | 351 | - | - |
| Tata Steel Asia (Hong Kong) Ltd. | 47,375 | - | - | - |
| Siam Steel Mill Services Co., Ltd. | 8,107 | 9,924 | - | - |
| Total | 732,495 | 1,352,915 | - | - |
| Other payables - related parties | | | | |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 63 | 82 |
| The Siam Construction Steel Co., Ltd. | - | - | 475 | 1,193 |
| N.T.S. Steel Group Plc. | - | - | 343 | 152 |
| Tata Consultancy Services (Thailand) Ltd. | - | 7,880 | - | 7,880 |
| The Siam Industrial Wire Co., Ltd. | 2 | 585 | - | - |
| Mjunction Services Limited | - | 144 | - | - |
| Siam Steel Mill Services Co., Ltd. | 7,246 | 11,287 | - | - |
| Total | 7,248 | 19,896 | 881 | 9,307 |
| Short-term borrowing from related party | | | | |
| The Siam Construction Steel Co., Ltd. | | | | |
| (Interest at 1.5% p.a) | - | - | 203,427 | 806,216 |
| Borrowing from related party due in one year | | | | |
| Tata Steel Global Holding Pte. Ltd | 270,596 | - | 270,596 | - |
| Long-term borrowing from related party* | | | | |
| Tata Steel Global Holding Pte. Ltd | - | 270,596 | - | 270,596 |

* Long-term borrowing from related party carries no interest. The Company is able to select repayment term commencing from the fifth year to tenth year commencing from November 29, 2002.

NOTE TO THE FINANCIAL STATEMENTS

Significant transactions for the years ended March 31, 2012 and 2011 with related parties are summarised as follows :

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---|--------------------------------------|------------------|--------------------------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Revenue | | | | |
| Sales | | | | |
| The Siam Industrial Wire Co., Ltd. | 2,198,612 | 1,794,622 | - | - |
| NatSteel Trade International Pte. Ltd. | - | 895,474 | - | - |
| Tata Steel Limited | 67,828 | 420,906 | - | - |
| Tata Steel International (Hong Kong) Ltd. | 234,915 | 436,048 | - | - |
| Tata Steel International (Singapore) Ltd. | 26,128 | 10,717 | - | - |
| Total | <u>2,527,483</u> | <u>3,557,767</u> | <u>-</u> | <u>-</u> |
| Interest income | | | | |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 35,605 | 39,685 |
| The Siam Construction Steel Co., Ltd. | - | - | 411 | - |
| N.T.S Steel Group Plc. | - | - | 379,342 | 311,468 |
| Total | <u>-</u> | <u>-</u> | <u>415,358</u> | <u>351,153</u> |
| Management fees income | | | | |
| The Siam Iron and Steel (2001) Co., Ltd. | - | - | 124,411 | 122,709 |
| The Siam Construction Steel Co., Ltd. | - | - | 173,328 | 174,749 |
| N.T.S Steel Group Plc. | - | - | 12,000 | 11,997 |
| Total | <u>-</u> | <u>-</u> | <u>309,739</u> | <u>309,455</u> |
| Other income | | | | |
| The Siam Construction Steel Co., Ltd. | - | - | 787,500 | - |
| NatSteel Trade International Pte. Ltd. | - | 1,467 | - | - |
| NatSteel Recycling Pte. Ltd. | - | 6,298 | - | - |
| Tata Steel Nederland Services B.V. | 6,949 | - | 6,949 | - |
| Siam Steel Mill Services Co., Ltd. | 6,630 | 8,915 | - | - |
| Total | <u>13,579</u> | <u>16,680</u> | <u>794,449</u> | <u>-</u> |
| Expenses | | | | |
| Purchases | | | | |
| The Siam Industrial Wire Co., Ltd. | 3,998 | 5,519 | - | - |
| NatSteel Trade International Pte. Ltd. | (38) | 79,972 | - | - |
| NatSteel Recycling Pte. Ltd. | 1,489,394 | 1,100,082 | - | - |
| Siam Steel Mill Services Co., Ltd. | 178,487 | 220,121 | - | - |
| Tata Steel UK Ltd. | 6,393 | 1,482,897 | - | - |
| Tata NYK Shipping Pte. Ltd. | 1,287 | 115,891 | - | - |
| Tata Steel Limited | 181,796 | 392,651 | - | - |
| Tata Steel Asia (Hong Kong) Ltd. | 94,402 | - | - | - |
| Tata Steel International (Hong Kong) Ltd. | - | 27,128 | - | - |
| Tata Steel International (UK) Ltd. | 55,999 | - | - | - |
| Tata Steel IJmuiden B.V. | 64 | - | - | - |
| Tata Steel Global Procurement Co. Pte. Ltd. | 1,432 | 1,091,159 | - | - |
| Mjunction Services Limited | 540 | 260 | - | - |
| Corus Staal B.V. | - | 12,839 | - | - |
| Total | <u>2,013,754</u> | <u>4,528,519</u> | <u>-</u> | <u>-</u> |
| Interest expenses | | | | |
| The Siam Construction Steel Co., Ltd. | - | - | 8,987 | 11,494 |
| Total | <u>-</u> | <u>-</u> | <u>8,987</u> | <u>11,494</u> |



NOTE TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---|-----------------------------------|---------------|-----------------------------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| Other expenses | | | | |
| NatSteel Recycling Pte. Ltd. | 74 | - | - | - |
| Tata Sons Ltd. | - | 19 | - | 19 |
| The Siam Industrial Wire Co., Ltd. | - | 387 | - | 387 |
| Tata Steel Limited | 27 | 55 | 12 | 55 |
| Tata Steel UK Ltd. | - | 8,907 | - | - |
| Tata Services Ltd. | - | 164 | - | 164 |
| Tata Technologies Pte. Ltd. | - | 12 | - | 12 |
| Tata Consultancy Services (Thailand) Ltd. | 10,379 | 24,572 | 10,379 | 24,572 |
| Mjunction Services Limited | 749 | 967 | 38 | |
| Tata Consultancy Services Ltd. | - | 85 | | 85 |
| Total | 11,229 | 35,168 | 10,429 | 25,294 |
| Management benefit expenses | 40,434 | 46,912 | 40,434 | 46,912 |

24. Promotional privileges

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

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

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

25. Revenues reporting of a promoted industry

According to the Announcement of the Board of the Investment No. 14/1998 dated December 30, 1998, regarding revenues reporting of a promoted industry, the Company is required to report the revenues from domestic sales and export sales separately and to report separately between the promoted and non-promoted sectors. For the years ended March 31, 2012 and 2011, such information is as follows :

Unit : Million Baht

| | Consolidated Financial Statements for the year ended March 31, 2012 | | |
|-----------------------------|---|---------------------|---------------|
| | Promoted sector | Non-promoted sector | Total |
| Revenues | | | |
| Revenue from domestic sales | 6,072 | 18,334 | 24,406 |
| Revenue from export sales | 57 | 1,760 | 1,817 |
| Total revenue from sales | 6,129 | 20,094 | 26,223 |
| Other income | 15 | 105 | 120 |
| Total revenues | 6,144 | 20,199 | 26,343 |



NOTE TO THE FINANCIAL STATEMENTS

Unit : Million Baht

| | Consolidated Financial Statements for the year ended March 31, 2011 | | |
|-----------------------------|--|---------------------|--------|
| | Promoted sector | Non-promoted sector | Total |
| Revenues | | | |
| Revenue from domestic sales | 5,533 | 20,090 | 25,623 |
| Revenue from export sales | 338 | 801 | 1,139 |
| Total revenue from sales | 5,871 | 20,891 | 26,762 |
| Other income | - | 58 | 58 |
| Total revenue | 5,871 | 20,949 | 26,820 |

26. Financial instruments

Credit Risk

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

Interest Rate Risk and Foreign Exchange Risk

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

Foreign exchange risk occurs from the fluctuating of foreign currency. The Group has no policy to use financial derivatives for speculation or trading.

In addition, in order to manage risk from fluctuation in currency, the Group has entered into forward exchange contract agreements to hedge its debts as disclosed in Note 27.

Liquidity Risks

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

Fair Value

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

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

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

Long-term borrowings - the carry values approximate to their fair values because these financial instruments bear interest at floating market rates.

The fair values as at March 31, 2011 of trade accounts payable of subsidiary arising from restructuring and long-term borrowing from related party is calculated by discounting the future cash at current loan rates. The estimated fair values as at March 31, 2011 are as follows :



NOTE TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

| | Consolidated financial statements | The separate financial statements |
|---|-----------------------------------|-----------------------------------|
| Trade accounts payable of subsidiary arising from restructuring | 156,522 | - |
| Long-term borrowing from related party | 226,611 | 226,611 |

27. Forward exchange contracts

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

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

| Consolidated financial statements As at March 31, 2012 | | | | |
|---|-----------------------|---|--|--|
| | Contract amount (USD) | Forward exchange rate per contract (Baht per USD) | Value per forward rate (Thousand Baht) | Fair Value gain (loss) (Thousand Baht) |
| Maturity date | | | | |
| Forward exchange contracts - bought | | | | |
| April 30, 2012 - October 31, 2012 | 49,453,412 | 30.47 - 32.05 | 1,543,016 | (1,702) |
| Consolidated financial statements As at March 31, 2011 | | | | |
| | Contract amount (USD) | Forward exchange rate per contract (Baht per USD) | Value per forward rate (Thousand Baht) | Fair Value gain (loss) (Thousand Baht) |
| Maturity date | | | | |
| Forward exchange contracts - bought | | | | |
| April 1, 2011 - August 31, 2011 | 56,970,000 | 30.21 - 33.71 | 1,741,902 | (4,521) |
| Forward exchange contracts - sold | | | | |
| April 29, 2011 | 6,370,000 | 30.67 | 195,368 | 2,143 |

28. Commitments

As at March 31, 2012 and 2011, the Group had commitments as follows:

- (a) Letters of credit used but not qualified as liabilities as at March 31, 2012 and 2011 amounting to Baht 135 million and Baht 182 million, respectively.
- (b) Letters of guarantee issued by the commercial banks to the Revenue Department and Electricity Authorities as at March 31, 2012 and 2011 amounting Baht 758 million and Baht 755 million, respectively, in the normal courses of business.
- (c) Commitments on purchase and installation of machinery as at March 31, 2012 and 2011 amounting Baht 185 million and Baht 315 million, respectively.
- (d) As at March 31, 2012 and 2011, the Group has operating lease commitment for land and office building, vehicles and office equipment (including service charges) as follows :



NOTE TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

| | Consolidated financial statements | | The separate financial statements | |
|---|-----------------------------------|---------|-----------------------------------|--------|
| | 2012 | 2011 | 2012 | 2011 |
| Within one year | 32,413 | 40,914 | 18,496 | 27,195 |
| After one year but not exceeding five years | 63,792 | 70,377 | 13,054 | 21,013 |
| After five years | 14,860 | 26,715 | - | - |
| Total | 111,065 | 138,006 | 31,550 | 48,208 |

29. Segment information

The Company's subsidiaries manufacture and distribute rebars, wire rods and small sections products which are located in Thailand. Sales of the subsidiaries are mainly local sales whereas an export sale is not significant. Therefore, the Group does not disclose this segment information.

30. Reclassifications

Certain reclassifications have been made to the consolidated financial statements and separate financial statements as at March 31, 2011, to conform to the classifications used in the consolidated financial statements and separate financial statements as at March 31, 2012.

Unit : Thousand Baht

| Items | Consolidated financial statements | Separate financial statements | Previously presented as | Reclassified to |
|---|-----------------------------------|-------------------------------|---|---------------------------------|
| Other receivable – related parties | 71,220 | 71,220 | Other current assets | Trade and other receivables |
| Other receivable – others | 19,942 | 6,193 | Other current assets | Trade and other receivables |
| Investments in shares of subsidiaries | - | 10,245,084 | Investments in share of subsidiaries | Investment in subsidiaries |
| Investment in warrants of Subsidiary | - | 57,275 | Investment in warrants of Subsidiary | Investment in subsidiaries |
| Advance received from customers | 59,300 | - | Other current liabilities | Advance received from customers |
| Current portion of liabilities under finance lease agreements | 58 | 2 | Current portion of liabilities under finance lease agreements | Other current liabilities |

31. Approval for financial statements

These financial statements have been approved for issue by an authorized director for issuing on May 4, 2012.

