



Tata Steel International (UK) Limited

Annual report and financial statements

for the 12 months ended 02 April 2011

Registered number 2755939



Tata Steel International (UK) Limited

Annual report and financial statements for the 12 months ended 02 April 2011

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Tata Steel International (UK) Limited

Directors and advisers as at 02 April 2011

Directors

Mr J Caouki
Mr A Vollebergh
Mr S Doherty (appointed 31 July 2011)
Mr R Maxwell (appointed 31 July 2011)
Mr J Uijterwaal (resigned 31 July 2011)

Secretary

Mrs A L Scandrett

Registered office

30 Millbank
London
SW1P 4WY

Independent auditor

Deloitte LLP
Chartered Accountants and Registered Auditors
2 New Street Square, London
EC4A 3BZ

Tata Steel International (UK) Limited

Directors' report for the 12 months ended 02 April 2011

The directors present their report and the consolidated audited financial statements for the 12 month period ended 02 April 2011. A resolution was passed on 08 April 2010 to rename Corus International Trading Limited to Tata Steel International (UK) Limited.

Principal activities

The principal activity of the group is the performance of worldwide trade in steel and related materials.

Review of business

The profit and loss account for the period is set out on page 7.

The directors do not recommend the payment of a dividend (12 months to 03 April 2010 £nil). The loss of £240,000 (2010 profit £441,000) will be transferred to reserves.

Sharp price increases and strong demand, particularly in the Middle East and North Africa and Americas, resulted in a good result for the first quarter of 2010/11. Unfortunately, economic recovery was slower in all regions than anticipated, with the construction industry particularly badly hit, and consequently demand fell during the remaining three quarters. Despite prices remaining significantly higher than those recorded in the previous year, falling demand and increasingly tight margins resulted in a pre-tax loss for the year of £334k.

Key performance indicators

	12 months ended 02 April 2011	12 months ended 03 April 2010
Return on sales (%) *	(0.2)	0.3
Gross margin to sales (%) **	2.7	5.4
Sales price per tonne (£)	475	359

* Profit/(loss) before tax for the period over revenue

** Revenue less raw materials (incl. movements in stock) for the period over revenue

Future activities

The first quarter of 2011/12 has started slowly with deliveries of 92kt vs 157kt for the same quarter last year. Prices have increased over the last quarter of 2010/11, with an average price of £536/mt vs £458/mt at the end of 2010/11. Margins remain tight as the global economy continues a slow recovery.

During the first quarter of 2011/12 the company has dramatically increased its presence in the Middle East, North Africa and Sub-Saharan Africa and is expecting to generate substantial volumes in these regions during the remainder of the year.

It is anticipated that Tata Steel International (UK) Limited will continue to trade in steel and related materials in the global market for the foreseeable future.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Tata Steel International (UK) Limited

Directors' report for the 12 months ended 02 April 2011 (continued)

Directors

The directors of the company who served through the year are listed on page 1

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and foreign exchange risk. Most of the company's purchases and sales are denominated in US dollars or Euros. All risks associated with foreign exchange are borne by the parent company, Tata Steel UK Limited (formerly Corus UK Limited). The company also seeks to limit the adverse effects on financial performance by monitoring levels of debt finance and the related finance costs.

The policies set by the board of directors are monitored by the finance committee and implemented by the company's finance department.

Price risk

The company has no exposure to equity securities price risk. Exposure to commodity price risk is managed by matching customer and supplier terms.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Deposits of surplus funds are limited to approved institutions.

Liquidity risk

The finance department actively maintains short-term debt finance that is designed to ensure the company has sufficient available funds for operations.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets are cash balances that earn interest at a floating rate of interest. Interest bearing liabilities are loans from the parent company that bear interest at a floating rate of interest. The company has a policy of maintaining debt at a floating rate of interest to match the interest charge to income and obtain the most favourable market rate. The directors will revisit this policy should there be a fundamental shift in market conditions.

Payment to creditors

It is the policy of the company to establish terms of payment with suppliers when agreeing the terms of business transactions. The aim is to deliver funds to suppliers when due, either by cheque or other means of payment.

Trade creditors' days as at the period end are 43 days (2009 78 days). The reason for the decreased creditor days was a change in payment terms.

Tata Steel International (UK) Limited

Directors' report for the 12 months ended 02 April 2011 (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor and disclosure of information to auditor

Each director in office at the date of this Directors' report confirms that

- a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A resolution to re-appoint Deloitte LLP as auditor to the company will be proposed at the Annual General Meeting.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies House Act 2006.

By order of the board



R Maxwell
Director
28 September 2011

Tata Steel International (UK) Limited

Independent Auditor's report to the members of Tata Steel International (UK) Limited

We have audited the financial statements of Tata Steel International (UK) Limited for the 12 months ended 2 April 2011 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 2 April 2011 and of the group's loss for the 12 months then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Tata Steel International (UK) Limited

Independent Auditor's report to the members of Tata Steel International (UK) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Kelly (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

28/9/2011

Tata Steel International (UK) Limited

Group profit and loss account for the 12 months ended 02 April 2011

	Notes	Group 12 months ended 02 April 2011 £'000	Group 12 months ended 03 April 2010 £'000
Turnover	2	193,831	161,961
Operating costs	3	(194,165)	(161,387)
Operating (loss)/profit		(334)	574
Interest receivable and similar income	4	-	38
(Loss)/profit on ordinary activities before taxation		(334)	612
Tax credit/(charge) on (loss)/profit on ordinary activities	5	94	(171)
(Loss)/profit for the period	14	(240)	441

The above results relate wholly to continuing operations

The company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of recognised gains and losses has been presented

There is no difference between the (loss)/profit on ordinary activities before taxation and (loss)/profit for the period stated above, and their historical cost equivalents

Tata Steel International (UK) Limited

Reconciliation of the movement in group shareholders' funds for the 12 months ended 02 April 2011

	Notes	Group 12 months ended 02 April 2011 £'000	Group 12 months ended 03 April 2010 £'000
Opening shareholder funds		13,848	13,407
(Loss)/profit for the period	14	(240)	441
Closing shareholder funds		13,608	13,848

Tata Steel International (UK) Limited

Balance sheet as at 02 April 2011

		Group	Company	Group	Company
	Notes	02 April 2011	02 April 2011	03 April 2010	03 April 2010
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	16	-	-	-	-
Current assets					
Stocks	9	3,989	3,989	3,136	3,136
Debtors amounts falling due within one year	10	27,107	30,194	44,000	37,228
		31,096	34,183	47,136	40,364
Creditors amounts falling due within one year	11	(17,232)	(24,111)	(33,098)	(30,115)
Total assets less current liabilities		13,864	10,072	14,038	10,249
Provisions for liabilities and charges	12	(256)	(256)	(190)	(190)
Net assets		13,608	9,816	13,848	10,059
Capital & reserves					
Called up share capital	13	1,657	1,657	1,657	1,657
Profit & loss account	14	11,951	8,159	12,191	8,402
Total shareholder funds		13,608	9,816	13,848	10,059

The notes on pages 10 to 18 form part of these financial statements. The financial statements of the company, registered number 2755939 were approved by the Board on 28 September 2011 and signed on its behalf by



R Maxwell
Director
28 September 2011

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 02 April 2011

1. Presentation of accounts and accounting policies

These financial statements have been prepared on the going concern basis, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The accounts have been prepared for the 12 month period to 02 April 2011 with comparative information shown for the 12 month period to 03 April 2010. As set out in the Directors' report, the ability of the Group to continue as a going concern has been assessed and these accounts have been prepared on a going concern basis.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the company and its subsidiary. The profits or losses of subsidiaries are included from the date of acquisition or up to the date of their disposal.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is measured as actual cost incurred for purchasing of the goods.

Turnover

Turnover, which excludes value added tax, represents the sales value of all goods despatched during the period. Turnover is recognised when the risk and rewards of the transactions are transferred in accordance with the Incoterm stated in the sales contract.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts. There is no deferred tax balance as at 02 April 2011.

Foreign currency translation

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction or, where forward cover contracts have been arranged, at the contracted rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contracted rate if applicable and any exchange differences arising are taken to the profit and loss account.

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 02 April 2011 (continued)

1. Principal accounting policies (continued)

Financial instruments

The group's parent company Tata Steel UK Limited uses derivative financial instruments to hedge the group's exposure to fluctuations in foreign exchange rates. Gains and losses on foreign currency hedges are recognised on maturity of the underlying transaction in the financial statements of Tata Steel UK Limited. All costs and risks associated with these are borne by Tata Steel UK Limited.

Pension costs

The expected cost of providing pension benefits is charged to the profit and loss account so as to spread the cost over the expected average remaining service lives of employees. Further details are given in note 15.

Cash flow

The financial statements do not include a cash flow statement because the company, as a wholly-owned subsidiary, is exempt from the requirements to prepare such a statement under Financial Reporting Standard Number 1 (revised 1996) "Cash Flow Statements".

Fixed asset investments

Investments are stated at cost less provision for diminution in value where appropriate.

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 02 April 2011 (continued)

2. Turnover

Geographical market analysis of turnover by destination is set out below

	Group 12 months ended 02 April 2011 £'000	Group 12 months ended 03 April 2010 £'000
United Kingdom	3,096	2,205
European Union (excluding UK)	13,609	9,802
Europe (excluding EU)	18,959	23,759
USA	65,890	29,845
Central/South America	59	-
Africa	7,280	39,983
Asia	84,938	56,367
	193,831	161,961
Included in the above		
Sales to group companies	91,153	35,094

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 02 April 2011 (continued)

3. Operating costs

	Group 12 months ended 02 April 2011 £'000	Group 12 months ended 03 April 2010 £'000
Changes in stocks of finished goods	(853)	(383)
Raw materials and consumables	189,480	152,929
Other external charges	1,785	2,521
Employment costs	1,043	895
Other operating charges	2,710	5,425
	194,165	161,387

The above costs are stated after charging:

Fees payable for the audit of parent company and consolidated accounts	27	28
Fees payable for the audit of subsidiary accounts	8	7

In 2011, amounts payable to Deloitte LLP by the company in respect of non-audit services were £nil (2010 £none)

4. Interest receivable and similar income

	Group 12 months ended 02 April 2011 £'000	Group 12 months ended 03 April 2010 £'000
Interest receivable from group companies	-	38

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 02 April 2011 (continued)

5. Tax (credit)/charge on (loss)/profit on ordinary activities

	Group 12 months ended 02 April 2011 £'000	Group 12 months ended 03 April 2010 £'000
United Kingdom corporation tax at 28% (2010 28%)		
- Current tax	(94)	171
	(94)	171

The tax assessed for the period is equal to (2010 equal to) the standard rate of corporation tax in the UK (28%)

The UK Government has proposed to reduce the main rate of Corporation tax to 25% The current tax charge reconciles with the standard rate of corporation tax as follows

	Group 12 months ended 02 April 2011 £'000	Group 12 months ended 03 April 2010 £'000
(Loss)/profit on ordinary activities before taxation	(334)	612
(Loss)/profit on ordinary activities multiplied by standard rate of UK corporation tax at 28% (2010 28%)	(94)	171
Total current tax (credit)/charge	(94)	171

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 02 April 2011 (continued)

6. Result of the company

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the financial year is £243,000 (2010 profit £326,000)

7. Employees

	Group 12 months ended 02 April 2011 £'000	Group 12 months ended 03 April 2010 £'000
Total costs of all employees in the company were		
Wages and salaries	886	734
Social security costs	62	66
Other pension costs	95	95
	1,043	895

The average monthly number of employees of the company during the period was

	Group 12 months ended 02 April 2011 Number	Group 12 months ended 03 April 2010 Number
Management	2	3
Staff	10	10
	12	13

8. Directors' emoluments

The emoluments of the directors are borne by the parent company, Tata Steel UK Limited. During the year Tata Steel International (UK) Limited was recharged £130k in respect of these directors (2009 £nil)

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 02 April 2011 (continued)

9. Stocks

	Group	Company	Group	Company
	02 April 2011	02 April 2011	03 April 2010	03 April 2010
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	3,989	3,989	3,136	3,136

10. Debtors: amounts falling due within one year

	Group	Company	Group	Company
	02 April 2011	02 April 2011	03 April 2010	03 April 2010
	£'000	£'000	£'000	£'000
Trade debtors	5,030	5,030	23,111	23,111
Provision for bad debts	(129)	(129)	(129)	(129)
Amounts owed by group companies	22,097	25,184	20,738	13,966
Corporation tax debtor (group relief)	94	94	-	-
Other debtors	15	15	280	280
Total debtors	27,107	30,194	44,000	37,228

11. Creditors: amounts falling due within one year

	Group	Company	Group	Company
	02 April 2011	02 April 2011	03 April 2010	03 April 2010
	£'000	£'000	£'000	£'000
Trade creditors	5,087	5,087	22,436	22,436
Amounts owed to group companies	8,130	15,013	8,009	5,076
Corporation tax creditor	-	-	171	127
Other creditors	4,015	4,011	2,482	2,476
	17,232	24,111	33,098	30,115

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 02 April 2011 (continued)

12. Provisions for liabilities and charges

	Group	Company
	£'000	£'000
Balance at 03 April 2010	(190)	(190)
Utilised during the period	-	-
Provided during the period	(66)	(66)
Balance at 02 April 2011	(256)	(256)

The company has received payments from a supplier which is payable to a customer. The group will not pay over the funds until a sufficient amount of cash has been received.

13. Called up share capital

	Authorised, allotted, issued and fully paid	
	Number	£'000
Ordinary shares of £1 each		
At 03 April 2010 and at 02 April 2011	1,657,666	1,657

14. Reserves

	Group	Company
	£'000	£'000
At 03 April 2010	12,191	8,402
Loss for the period	(240)	(243)
At 02 April 2011	11,951	8,159

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 02 April 2011 (continued)

15. Pension and similar obligations

Tata Steel International (UK) Limited participates in the British Steel Pension Scheme sponsored by the parent company, Tata Steel UK Limited. This is a funded, defined benefit scheme providing benefits based on final pay and service at retirement. The fund is valued every three years by a professionally qualified independent actuary. The latest formal valuation was carried out as at 31 March 2008. Particulars of the scheme's valuation are contained within the accounts of Tata Steel UK Limited. The contributions paid by the Company are accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. The pension cost for the 12 months to 02 April 2011 amounted to £94,925 (12 months to 03 April 2010: £95,355). The scheme was fully funded with a very small surplus on an ongoing basis to meet its liabilities at the valuation date and the Directors do not consider that the contribution rates will change significantly until the results of the next actuarial assessment are made available.

16. Principal subsidiary undertakings

Tata Steel International (UK) Limited holds 100% of the equity and shares of Industrial Steels Limited (£2), which is incorporated in Great Britain. The directors intend to liquidate Industrial Steels Limited.

17. Derivative financial instruments

The group's local currency is pounds sterling but approximately 92.9% of sales and 85.2% of purchases are denominated in different currencies, mainly United States Dollars or Euros. As a result, the group is subject to foreign currency exchange risk due to exchange rate movements between pounds sterling and the other currencies. The group seeks to reduce these risks by entering into forward contracts. Tata Steel UK Limited manages and contracts for all foreign exchange forward contracts on behalf of Tata Steel International (UK) Limited. It is not possible to accurately allocate the cost or benefit of such forward contracts to Tata Steel International (UK) Limited and, as such, no fair value disclosures have been included in these accounts.

18. Related party transactions

Tata Steel International (UK) Limited is an indirect subsidiary of Tata Steel UK Holdings Limited (formally Tata Steel UK Limited), the consolidated accounts of which are publicly available. In accordance with FRS8 'Related Parties' the company is exempt from disclosing transactions with entities that are part of the TSUKH Group.

Tata Steel UK Holdings Limited provides Tata Steel International (UK) Limited with a number of support and administrative services.

19. Ultimate parent undertaking and controlling party

Tata Steel UK Limited is the company's immediate parent company, which is registered in England and Wales. Tata Steel UK Holdings Limited is the intermediate holding company, which is registered in England and Wales.

Tata Steel Limited, a company incorporated in India, is the ultimate parent company and controlling party.

Tata Steel UK Holdings Limited is the smallest group, and Tata Steel Limited the largest group to consolidate these financial statements.

Copies of reports and accounts for Tata Steel UK Limited and Tata Steel UK Holdings Limited may be obtained from the Secretary, 30 Millbank, London SW1P 4WY.

Copies of the Report & Accounts for Tata Steel Limited may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001.