

Company Registration No. 2755939

Tata Steel International (UK) Limited

Annual Report and Financial Statements

for the 12 months ended 31 March 2013

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Tata Steel International (UK) Limited

Annual report and financial statements for the 12 months ended 31 March 2013

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Tata Steel International (UK) Limited

Directors' report for the 12 months ended 31 March 2013

Directors

Mr J Caouki
Mr AM Ponshe (appointed 19th November 2012)
Mr R Mani (appointed 19th November 2012)
Mr R Maxwell (resigned 19th November 2012)
Mr A Vollebergh (resigned 14th May 2012)
Mr S Doherty (resigned 30th April 2012)
Mr J Vazquez (resigned 13th April 2012)

Secretary

Miss L Callanan (appointed 19th November 2012)
Mrs A Scandrett (resigned 19th November 2012)

Registered office

30 Millbank
London
SW1P 4WY

Independent auditor

Deloitte LLP
Chartered Accountants and Registered Auditors
London

Tata Steel International (UK) Limited

Directors' report for the 12 months ended 31 March 2013

The directors present their report and the consolidated audited financial statements for the 12 month period ended 31st March 2013

On 19th November 2012 the entire share capital of Tata Steel International (UK) Limited and its subsidiary Industrial Steels Limited was acquired by Tata International Singapore Pte Ltd

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 31 March 2012 £nil) The profit of £760,000 (2012 loss £822,000) will be transferred to reserves

High prices seen in the previous year fell sharply at the beginning of 2012/13, with an average price reduction from £634/mt in April to £522/mt in May Prices did fall even further during the year to lows of £400/mt in December before recovering in the last quarter to give an overall average price of £497/mt Demand during the year remained subdued with a high in the final quarter of 131kt shipped Continuing uncertainty in Europe affected both volume and prices in the region with the majority of European sales going to Russia Better margins than in 2011/2012 especially in the North Africa region, combined with lower administrative costs due to the organisational restructuring has led to a pre-tax profit for the year of £838,000

Key performance indicators

	12 months ended 31 March 2013	12 months ended 31 March 2012
Return on sales (%) *	0.5	(0.4)
Gross margin to sales (%) **	5.7	4.1
Sales price per tonne (£)	497	525

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

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

Future activities

2013/14 has started stronger than 2012/13 with deliveries during April of 45kt vs 18kt for the same period last year Prices recovered over the last quarter of 2012/13 but still much lower than the same period last year, with an average price of £453/mt achieved in April vs £640/mt achieved at the end of 2011/12 Margins still remain tight and the European market remains difficult however more growth is anticipated in the MESAA region going forward

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

Due to predicted growth in the Middle East, South Asia and Africa region and the continued service provided to Tata Steel Europe Limited in sales to Russia and other markets, combined with a much improved cash position following the sale of the company to Tata International Singapore Pte Ltd on 19th November 2012 (2013 £12,573,000) 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

Directors

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

Tata Steel International (UK) Limited

Directors' report (continued) for the 12 months ended 31 March 2013

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. Up to and including 19th November 2012 all risks associated with foreign exchange were borne by the parent company, Tata Steel UK Limited. Following the acquisition of Tata Steel International (UK) Limited by Tata International Singapore Pte Ltd on 19th November 2012, all risks associated with foreign exchange are borne by the company. 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. Both the interest bearing assets and liabilities are cash balances that earn interest at a floating rate of interest.

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 62 days (2012: 17 days). The reason for the increased creditor days was due to timing of large shipments.

Tata Steel International (UK) Limited

Directors' report (continued) for the 12 months ended 31 March 2013

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- 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



J Caouki
Director

20 June 2013

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 31 March 2013 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 20. 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 31 March 2013 and of the group's profit 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

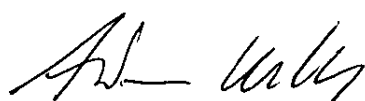
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 20 June 2013

Tata Steel International (UK) Limited

Group profit and loss account for the 12 months ended 31 March 2013

		Group	
		12 months ended 31 March 2013 £'000	12 months ended 31 March 2012 £'000
Turnover	2	180,407	226,075
Cost of Sales	3	(176,619)	(223,490)
Operating profit		3,788	2,585
Other operating expenses	3	(3,364)	(3,407)
Total foreign exchange gains	3	414	-
Profit/(Loss) on ordinary activities before taxation		838	(822)
Tax on profit on ordinary activities	4	(78)	-
Profit/(Loss) for the period	13	760	(822)

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

Tata Steel International (UK) Limited

Reconciliation of the movement in group shareholders' funds for the 12 months ended 31 March 2013

	Group	
	12 months ended 31 March 2013 £'000	12 months ended 31 March 2012 £'000
Opening shareholder funds	12,786	13,608
Profit/(Loss) for the period	760	(822)
Closing shareholder funds	<u>13,546</u>	<u>12,786</u>

Tata Steel International (UK) Limited

Balance sheet as at 31 March 2013

	Notes	31 March 2013		31 March 2012	
		Group £'000	Company £'000	Group £'000	Company £'000
Fixed assets					
Investments	15	-	-	-	-
Current assets					
Stocks	8	6,167	6,167	3,384	3,384
Debtors amounts falling due within one year	9	25,018	25,018	25,554	37,881
Cash at bank and in hand		12,573	12,573	-	-
		<u>43,758</u>	<u>43,758</u>	<u>28,938</u>	<u>41,265</u>
Creditors, amounts falling due within one year	10	<u>(30,042)</u>	<u>(33,849)</u>	<u>(16,152)</u>	<u>(32,286)</u>
Total assets less current liabilities		<u>13,716</u>	<u>9,909</u>	<u>12,786</u>	<u>8,979</u>
Provisions for liabilities and charges	11	<u>(170)</u>	<u>(170)</u>	<u>-</u>	<u>-</u>
Net assets		<u>13,546</u>	<u>9,739</u>	<u>12,786</u>	<u>8,979</u>
Capital and reserves					
Called up share capital	12	1,657	1,657	1,657	1,657
Profit and loss account	13	11,889	8,082	11,129	7,322
Total shareholder funds		<u>13,546</u>	<u>9,739</u>	<u>12,786</u>	<u>8,979</u>

The financial statements of Tata Steel International (UK) Limited, registered number 2755939 were approved by the Board of Directors on 20 June 2013 and signed on its behalf by



J Caouki
Director

20 June 2013

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 31 March 2013

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 31 March 2013 with comparative information shown for the 12 month period to 31 March 2012. 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 relate to steel stocks in transit at the balance sheet date where the risks and rewards of ownership have not yet transferred to the customer and 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 steel sold in 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 31 March 2012 or 31 March 2013.

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.

Financial instruments Up to and including 19th November 2012, the date of the acquisition, the group's previous parent company Tata Steel UK Limited used derivative financial instruments to hedge the group's exposure to fluctuations in foreign exchange rates. Gains and losses on foreign currency hedges were recognised on maturity of the underlying transaction in the financial statements of Tata Steel UK Limited. All costs and risks associated with these were borne by Tata Steel UK Limited. From the date of the acquisition to the balance sheet date, the company did not enter into any currency contracts.

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 31 March 2013

1. Presentation of accounts and accounting policies (continued)

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 14.

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.

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Turnover

Geographical market analysis of turnover by destination is set out below.

	Group	
	12 months ended 31 March 2013 £'000	12 months ended 31 March 2012 £'000
United Kingdom	1,018	2,656
European Union (excluding UK)	13,907	35,368
Europe (excluding EU)	46,540	37,469
USA	34,412	69,271
Other North America	2,258	-
Central/South America	7,810	-
Africa	66,429	48,841
Asia	8,033	32,470
	<u>180,407</u>	<u>226,075</u>
Included in the above		
Sales to group companies	<u>45,263</u>	<u>94,915</u>

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 31 March 2013

3. Operating costs

	Group	
	12 months ended 31 March 2013 £'000	12 months ended 31 March 2012 £'000
Changes in stocks of finished goods	(2,743)	103
Purchase of raw materials and consumables	172,764	217,004
Other external charges	5,533	6,383
Employment costs	1,065	1,477
Other operating expenses	3,364	1,930
Total foreign exchange gains	(414)	-
	<u>179,569</u>	<u>226,897</u>

Other operating expenses is inclusive of other income of £176,000

The above costs are stated after charging:

Fees payable for the audit of parent company and consolidated accounts	28	28
Fees payable for the audit of subsidiary accounts	-	7
	<u>-</u>	<u>7</u>

In 2013, amounts payable to Deloitte LLP by the company in respect of non-audit services were £nil (2012 £nil)

4. Tax charge on profit/(loss) on ordinary activities

	Group	
	12 months ended 31 March 2013 £'000	12 months ended 31 March 2012 £'000
Current tax		-
UK corporation tax on profits for the period		
Current tax charge/(credit)	<u>78</u>	<u>-</u>
The current tax charge/(credit) reconciles with the standard rate of corporation tax as follows		
Profit/(loss) on ordinary activities before taxation	838	(822)
Tax on result at standard rate of 24% (2012 26%)	<u>201</u>	<u>(214)</u>
Effects of		
Decelerated/(accelerated) capital allowances	8	
Non deductible costs	4	
Group relief (claimed)/surrendered free of charge	<u>(136)</u>	<u>214</u>
	<u>78</u>	<u>-</u>

The change in the corporation tax rate from 24% to 23% from 6 April 2013 will not materially affect the future tax charge

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 31 March 2013

5. 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 profit for the financial year is £760,000 (2012: loss £822,000).

6. Employees

	Group	
	12 months ended 31 March 2013 £'000	12 months ended 31 March 2012 £'000
Total costs of all employees in the company were		
Wages and salaries	924	1,324
Social security costs	66	85
Other pension costs	75	68
	<u>1,065</u>	<u>1,477</u>

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

	Group	
	12 months ended 31 March 2013 Number	12 months ended 31 March 2012 Number
Management	2	2
Staff	9	10
	<u>11</u>	<u>12</u>

7. Directors' emoluments

During the year a charge of £195k was paid in respect of these directors (2012: £130k).

8. Stocks

	Group		Company	
	12 months ended 31 March 2013 £'000	12 months ended 31 March 2012 £'000	12 months ended 31 March 2013 £'000	12 months ended 31 March 2012 £'000
Finished goods and goods for resale	<u>6,167</u>	<u>3,384</u>	<u>6,167</u>	<u>3,384</u>

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 31 March 2013

9. Debtors: amounts falling due within one year

	Group		Company	
	12 months ended	12 months ended	12 months ended	12 months ended
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade debtors	6,885	13,345	6,885	13,345
Amounts owed by group companies	13,507	12,035	13,507	24,362
Other debtors	4,626	174	4,626	174
Total debtors	25,018	25,554	25,018	37,881

10 Creditors: amounts falling due within one year

	Group		Company	
	12 months ended	12 months ended	12 months ended	12 months ended
	31 March	31 March	31 March	31 March
	2013	2012	2012	2012
	£'000	£'000	£'000	£'000
Trade creditors	28,673	6,144	28,673	6,145
Amounts owed to group companies	28	7,177	3,835	23,315
Corporation tax creditor	78	-	78	-
Other creditors	1,263	2,831	1,263	2,826
	30,042	16,152	33,849	32,286

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 31 March 2013

11 Provisions for liabilities and charges

	Group £'000	Company £'000
Balance at 31 March 2012	-	-
Accrued during the period	170	170
Balance at 31 March 2013	170	170

The above provision for liabilities and charges relates to a supplier dispute for late shipment which is expected to be settled within 12 months of the balance sheet date

12. Called up share capital

	31 March 2012 £'000	31 March 2012 £'000
Authorised, allotted, issued and fully paid 1,657,666 at ordinary shares of £1 each	1,657	1,657

13. Reserves

	Group £'000	Company £'000
At 31 March 2012	11,129	7,322
Profit for the period	760	760
At 31 March 2013	11,889	8,082

14. Pension and similar obligation

Prior to 29th March 2013, Tata Steel International (UK) Limited participated in the British Steel Pension Scheme sponsored by its former parent company, Tata Steel UK Limited. This was a funded, defined benefit scheme providing benefits based on final pay and service at retirement. The company left the scheme on 29th March 2013. Prior to leaving the scheme the company took advantage of the multi-employer exception under FRS17 and consequently the contributions paid by the company were accounted for as if the scheme were a defined contribution scheme. The pension cost for the 12 months to 31 March 2013 amounted to £75,557 (12 months to 31 March 2012: £67,796). Post year end, the company has entered into a defined contribution scheme.

15. Principal subsidiary undertakings

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

16. Derivative financial instruments

The group's local currency is pounds sterling but approximately 99.1% of sales and 65.9% 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. Up to and including 19th November 2013 the group sought to reduce these risks by entering into forward contracts. Tata Steel UK Limited managed and contracted for all foreign exchange forward contracts.

Tata Steel International (UK) Limited

Notes to the financial statements for the 12 months ended 31 March 2013

on behalf of Tata Steel International (UK) Limited Following the acquisition of Tata Steel International (UK) Limited by Tata International Singapore Pte Ltd on 19th November 2012 the group did not enter into foreign currency contracts

17. Related party transactions

Tata Steel International (UK) Limited is an indirect subsidiary of Tata Sons 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 Tata Sons Limited Group

18. Post balance sheet event

On 31 May 2013 Industrial Steels Limited circulated an ordinary resolution recommending payment of a dividend of £3,810,689 51 to Tata Steel International (UK) Limited The resolution was irrevocably agreed by Tata Steel International (UK) Limited and the dividend was received on 13 June 2013

19. Change of ownership

Tata International Singapore Pte Ltd acquired the entire share capital of Tata Steel International (UK) Limited on 19th November 2012

20. Ultimate parent undertaking and controlling party

Tata International Singapore Pte is the company's immediate parent company, which is registered in Singapore

Tata International Limited, a company incorporated in India, is the intermediate parent company and Tata Sons Limited, also incorporated in India, the ultimate parent and controlling party

Tata International Singapore Pte Ltd is the smallest group, and Tata Sons Limited the largest group to consolidate these financial statements

Copies of reports and accounts for Tata International Singapore Pte Ltd may be obtained from the Secretary, 22 Tanjong Kling Road, Singapore 628048

Copies of the Report & Accounts for Tata International Limited may be obtained from the Secretary, Trent House, C-60, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

Copies of the Report & Accounts for Tata Sons Limited may be obtained from the Secretary, Tata Sons Limited, Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001