

**Company Registration No. 2755939**

**Tata Steel International (UK) Limited**

**Annual Report and Financial Statements**

**for the 12 months ended 31 March 2014.**



# **Tata Steel International (UK) Limited**

## **Annual report and financial statements for the 12 months ended 31 March 2014**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>7</b>
<b>Group profit and loss account</b>	<b>9</b>
<b>Reconciliation of movements in group shareholders' funds</b>	<b>10</b>
<b>Balance sheet</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12</b>

# **Tata Steel International (UK) Limited**

## **Officers and professional advisers**

### **Directors**

Mr J Caouki  
Mr AM Ponkshe  
Mr R Mani

### **Secretary**

Miss L Callanan

### **Registered office**

30 Millbank  
London  
SW1P 4WY

### **Independent auditor**

Deloitte LLP  
Chartered Accountants and Registered Auditor  
London

# Tata Steel International (UK) Limited

## Strategic report

### for the 12 months ended 31 March 2014

#### Strategic report

The Directors present the Strategic report of Tata Steel International (UK) Limited (the Group) for the year ended 31 March 2014.

#### Principal activities

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

#### Business review

The results of the Group are as follows:

	<i>Year ended</i> <b>31 March 2014</b>	<i>Year ended</i> <b>31 March 2013</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the financial year	<b>(111,000)</b>	<b>760,000</b>

#### Key performance indicators

	<b>12 months ended 31 March 2014</b>	<b>12 months ended 31 March 2013</b>
Return on sales (%) *	(0.0)	0.5
Gross margin to sales (%) **	6.7	5.7
Sales price per tonne (£)	444	497

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

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

# **Tata Steel International (UK) Limited**

## **Strategic report (continued)**

### **for the 12 months ended 31 March 2014**

As shown in the profit and loss account on page 9, the profit before tax for the year ended 31 March 2014, the key performance indicator for the business, has decreased in comparison to the prior year mainly due to decreased sales prices and decreased margins. Sales prices started the year stronger than they were at the end of 2012/13 with sales prices for the period April to June 2013/14 averaging £507/mt versus an average sales price in the period January to March 2012/13 of £467/mt. Unfortunately this was not sustained with an average sales price of £423/mt in the period July to September, recovering slightly to £476/mt in the period October to December, before falling to a low of £391/mt at the end of the year. Overall the average sales price realised during 2013/14 was £444/mt, a reduction of 12% from the £497/mt average price attained in 2012/13. Volumes were improved over 2012/13 with sales of 452kt during 2013/14 versus 363kt the previous year however, margins were reduced, partially as a result of exchange losses during the year, realising 1.8% in 2013/14 versus 2.3% in 2012/13 and this, combined with decreased sales prices, has resulted in a loss for the year.

The balance sheet on page 11 of the financial statements shows the Group's financial position at the end of the financial year. The net assets have decreased from £13,546,000 to £13,435,000 as a result of the loss for the year.

#### *Going concern*

The Group's activities, together with the factors likely to affect its future development and position, are set out within this report. The Company's Directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future based on current plans and forecasts and the position of the Group, including the short term borrowing facilities referred to in note 21 and the \$50m facility as disclosed in note 22. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Principal risks and uncertainties**

##### *Interest rate risk*

The Group has both interest bearing assets and interest bearing liabilities. Both the Interest bearing assets and liabilities are cash balances that earn or accrue interest at either a fixed or floating rate.

##### *Currency risk*

The Group has transactions in currencies other than its local currency. The Group matches transaction exposures in advance where possible and also enters into forward currency contracts if necessary. The Directors have assessed the exposure to currency transaction risk as acceptable.

##### *Liquidity risk*

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

During the year the group entered into a disclosed invoice discounting agreement and an overdraft facility, in order to facilitate the growing demand for our goods and services and to ensure that the group has sufficient available funds to manage operations. As at 31 March 2014 £648,000 had been drawn down on the invoice discounting facility (2013: £nil) and £4,978,000 had been drawn down on the overdraft facility (2013: £nil).

# **Tata Steel International (UK) Limited**

## **Strategic report (continued)**

### **for the 12 months ended 31 March 2014**

#### **Future developments and subsequent events**

On 7 March 2014 the Company signed a facility agreement which allows available facilities of \$50m for potential drawdown. This facility became available for use subsequent to the year end.

The Company has no other significant future developments to report and there have been no other significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'John Caouki', with a stylized, cursive script.

**J Caouki**

**Director**

**16 April 2014**

# **Tata Steel International (UK) Limited**

## **Directors' report for the 12 months ended 31 March 2014**

### **Directors' report**

The Directors present their report and audited financial statements of Tata Steel International (UK) Limited (the Group) for the year ended 31 March 2014.

### **Information disclosed in the strategic report**

The following information has been disclosed in the strategic report:

- Principal activities
- Business review
- Principal risks and uncertainties including going concern; and
- Future developments

### **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2014 (2013: £nil).

### **Directors**

The Directors who held office during the financial year and up to the date of this report were as follows:

Mr J Caouki

Mr AM Ponkshe

Mr R Mani

### **Employees**

Details of the number of employees and related costs can be found in note 7 to the financial statements.

### **Political and charitable donations**

The Company did not make any political or charitable donations during the year (2013: £nil).

# **Tata Steel International (UK) Limited**

## **Directors' report (continued) for the 12 months ended 31 March 2014**

### **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.

### **Disclosure of information to the auditor**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

### **By order of the Board**



**J Caouki**

**Director**

**16 April 2014**



## **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 2014 which comprise the Group profit and loss account, the Group reconciliation of movements in shareholders' funds, the Group and Parent Company balance sheets and the and the related notes 1 to 23. 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 2014 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**

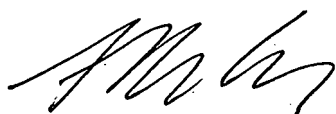
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **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

16/4/2014

## Tata Steel International (UK) Limited

### Group profit and loss account for the 12 months ended 31 March 2014

		<b>Group</b>	
		<b>12 months ended</b>	<b>12 months ended</b>
		<b>31 March</b>	<b>31 March</b>
		<b>2014</b>	<b>2013</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	2	200,511	180,407
Cost of Sales	3	(195,568)	(176,619)
<b>Operating profit</b>		<b>4,943</b>	<b>3,788</b>
Other operating expenses	3	(3,614)	(3,364)
Net finance (charge)/gain	4	(143)	-
Total foreign exchange (losses)/gains	3	(1,325)	414
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(139)</b>	<b>838</b>
Tax on profit on ordinary activities	5	28	(78)
<b>(Loss)/profit for the period</b>	15	<b>(111)</b>	<b>760</b>

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 2014**

	<b>Group</b>	
	<b>12 months ended 31 March 2014 £'000</b>	<b>12 months ended 31 March 2013 £'000</b>
Opening shareholder funds	13,546	12,786
(Loss)/profit for the period	(111)	760
Closing shareholder funds	<u>13,435</u>	<u>13,546</u>

# Tata Steel International (UK) Limited

## Balance sheet as at 31 March 2014

	Notes	31 March 2014		31 March 2013	
		Group £'000	Company £'000	Group £'000	Company £'000
<b>Fixed assets</b>					
Investments	17	-	-	-	-
Tangible assets	9	5	5	-	-
<b>Current assets</b>					
Stocks	10	5,578	5,578	6,167	6,167
Debtors: amounts falling due within one year	11	42,224	42,224	25,018	25,018
Cash at bank and in hand		1,424	1,424	12,573	12,573
		<u>49,226</u>	<u>49,226</u>	<u>43,758</u>	<u>43,758</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(35,646)</u>	<u>(35,646)</u>	<u>(30,042)</u>	<u>(33,849)</u>
<b>Total assets less current liabilities</b>		<u>13,585</u>	<u>13,585</u>	<u>13,716</u>	<u>9,909</u>
<b>Provisions for liabilities and charges</b>	13	<u>(150)</u>	<u>(150)</u>	<u>(170)</u>	<u>(170)</u>
<b>Net assets</b>		<u>13,435</u>	<u>13,435</u>	<u>13,546</u>	<u>9,739</u>
<b>Capital and reserves</b>					
Called up share capital	14	1,657	1,657	1,657	1,657
Profit and loss account	15	11,778	11,778	11,889	8,082
<b>Total shareholder funds</b>		<u>13,435</u>	<u>13,435</u>	<u>13,546</u>	<u>9,739</u>

The financial statements of Tata Steel International (UK) Limited, registered number 2755939 were approved by the Board of Directors on 16 April 2014 and signed on its behalf by:



J Caouki  
Director

16 April 2014

# **Tata Steel International (UK) Limited**

## **Notes to the financial statements for the 12 months ended 31 March 2014**

### **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 principal 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 2014 with comparative information shown for the 12 month period to 31 March 2013. As set out in the Strategic 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 a deferred tax asset of £28,000 as at 31 March 2014 (2013: £nil).

#### **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. The company has not adopted the fair value rules of the Companies Act 2006 and, accordingly does not state derivative financial instruments at fair value.

#### **Financial instruments**

The Group 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.

# Tata Steel International (UK) Limited

## Notes to the financial statements for the 12 months ended 31 March 2014

### 1. Presentation of accounts and accounting policies (continued)

#### Pension costs

The Group operates a Defined Contribution scheme. The cost of providing pension benefits is charged to the profit and loss account as incurred. Further details are given in note 16.

#### 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.

### 2. Turnover

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

	<b>Group</b>	
	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	-	1,018
European Union (excluding UK)	8,085	13,907
Europe (excluding EU)	30,586	46,540
USA	34,127	34,412
Other North America	8	2,258
Central/South America	1,262	7,810
Africa	109,156	66,429
Asia	17,287	8,033
	<u>200,511</u>	<u>180,407</u>
Included in the above:		
Sales to group companies (within Tata International Limited)	<u>52,375</u>	<u>45,263</u>

# Tata Steel International (UK) Limited

## Notes to the financial statements for the 12 months ended 31 March 2014

### 3. Operating costs

	Group	
	12 months ended	12 months ended
	31 March	31 March
	2014	2013
	£'000	£'000
Changes in stocks of finished goods	589	(2,743)
Purchase of raw materials and consumables	186,501	172,764
Other external charges	8,478	5,533
Employment costs	1,106	1,065
Other operating expenses	2,508	3,364
Total foreign exchange gains	1,325	(414)
	<u>200,507</u>	<u>179,569</u>

Other operating expenses is inclusive of other income of £229,000.

The above costs are stated after charging:

Fees payable for the audit of parent company and consolidated accounts	<u>29</u>	<u>28</u>
--	-----------	-----------

In 2014, amounts payable to Deloitte LLP by the company in respect of non-audit devices were £nil (2013: £nil).

### 4. Net finance charge

	Group	
	12 months ended	12 months ended
	31 March	31 March
	2014	2013
	£'000	£'000
Interest payable and similar charges	<u>143</u>	<u>-</u>



# Tata Steel International (UK) Limited

## Notes to the financial statements for the 12 months ended 31 March 2014

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

	Group	
	12 months ended 31 March 2014 £'000	12 months ended 31 March 2013 £'000
Current tax:		
UK corporation tax on profits for the period		
Current tax charge/(credit)	(28)	78
The current tax charge/(credit) reconciles with the standard rate of corporation tax as follows:		
(Loss)/profit on ordinary activities before taxation	(139)	838
Tax on result at standard rate of 23% (2013: 24%)	(32)	201
Effects of:		
(Accelerated)/decelerated capital allowances	(2)	8
Non deductible costs	7	4
Tax losses not recognised	(1)	-
Group relief (claimed)/surrendered free of charge	-	(136)
	(28)	78

The reduction in the tax rate from 24% to 23% effective from 1 April 2013 as announced in the March 2012 Budget and substantively enacted on 3 July 2012 resulted in a corporation tax rate for 2014 financial year of 23%.

Further reductions to 21% from 1 April 2014 and to 20% from 1 April 2015 were announced in the March 2013 Budget and substantively enacted on 2 July 2013, but these had no impact on the results for the year.

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

### 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 £115,000 (2013: profit £760,000).

### 7. Employees

	Group	
	12 months ended 31 March 2014 £'000	12 months ended 31 March 2013 £'000
Total costs of all employees in the company were:		
Wages and salaries	877	924
Social security costs	168	66
Other pension costs	61	75
	1,106	1,065

# Tata Steel International (UK) Limited

## Notes to the financial statements for the 12 months ended 31 March 2014

### 7. Employees (continued)

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

	Group	
	12 months ended 31 March 2014 Number	12 months ended 31 March 2013 Number
Management	2	2
Staff	11	9
	<u>13</u>	<u>11</u>

### 8. Directors' emoluments

During the year a charge of £222,000 was paid in respect of these directors (2013: £195,000). The highest paid Director earned £222,000 (2013: £195,000).

### 9. Tangible assets

During the year the Group invested in laptops and desktops the value of which is defined below:

	Group	Company
	12 months ended 31 March 2014 £'000	12 months ended 31 March 2013 £'000
At 31 March 2013	-	-
Additions	5	5
Depreciation	-	-
Net book value at 31 March 2014	<u>5</u>	<u>5</u>

### 10. Stocks

	Group		Company	
	12 months ended 31 March 2014 £'000	12 months ended 31 March 2013 £'000	12 months ended 31 March 2014 £'000	12 months ended 31 March 2013 £'000
Finished goods and goods for resale	<u>5,578</u>	<u>6,167</u>	<u>5,578</u>	<u>6,167</u>

# Tata Steel International (UK) Limited

## Notes to the financial statements for the 12 months ended 31 March 2014

### 11. Debtors: amounts falling due within one year

	Group		Company	
	12 months ended 31 March 2014	12 months ended 31 March 2013	12 months ended 31 March 2014	12 months ended 31 March 2013
	£'000	£'000	£'000	£'000
Trade debtors	27,940	6,885	27,940	6,885
Amounts owed by group companies	13,117	13,507	13,117	13,507
Corporation tax	58	-	58	-
Deferred tax asset	28	-	28	-
Other debtors	1,081	4,626	1,081	4,626
<b>Total debtors</b>	<b>42,224</b>	<b>25,018</b>	<b>42,224</b>	<b>25,018</b>

### 12. Creditors: amounts falling due within one year

	Group		Company	
	12 months ended 31 March 2014	12 months ended 31 March 2013	12 months ended 31 March 2014	12 months ended 31 March 2013
	£'000	£'000	£'000	£'000
Trade creditors	9,909	28,673	9,909	28,673
Amounts owed to group companies	19,402	28	19,402	3,835
Corporation tax creditor	-	78	-	78
Other creditors	709	1,263	709	1,263
Short-term borrowing	5,626	-	5,626	-
	<b>35,646</b>	<b>30,042</b>	<b>35,646</b>	<b>33,849</b>

During the year the group entered into a disclosed invoice discounting agreement and an overdraft facility, in order to facilitate the growing demand for our goods and services and to ensure that the group has sufficient available funds to manage operations. As at 31 March 2014 £648,000 had been drawn down on the invoice discounting facility (2013: nil) and £4,978,000 had been drawn down on the overdraft facility (2013: nil).

# Tata Steel International (UK) Limited

## Notes to the financial statements for the 12 months ended 31 March 2014

### 13. Provisions for liabilities and charges

	Group £'000	Company £'000
Balance at 31 March 2013	170	170
Released during the period	(170)	(170)
Accrued during the period	150	150
<b>Balance at 31 March 2014</b>	<b>150</b>	<b>150</b>

The above provision for liabilities and charges relates to a customer dispute for incorrect material supplied and a cost for delayed shipment and ground rent which are expected to be settled within 12 months of the balance sheet date. The release of £170,000 relates to a prior year provision for a supplier dispute for late shipment that is no longer required.

### 14. Called up share capital

	31 March 2014 £'000	31 March 2013 £'000
Authorised, allotted, issued and fully paid 1,657,666 at ordinary shares of £1 each	1,657	1,657

### 15. Reserves

	Note	Group £'000	Company £'000
At 31 March 2013		11,889	8,082
Loss for the period		(111)	(115)
Dividend received	20	-	3,811
<b>At 31 March 2014</b>		<b>11,778</b>	<b>11,778</b>

### 16. Pension and similar obligation

The Company operates a Defined Contribution scheme. The pension cost for the 12 months to 31 March 2014 amounted to £61,457 (12 months to 31 March 2013: £75,557).

### 17. 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, number 4138235. Industrial Steels Limited is a dormant company. Following an audited 15 month period of account to 30 June 2013 Industrial Steels Limited has taken an s480 exemption from audit.

### 18. Derivative financial instruments

The group's local currency is pounds sterling but approximately 99.8% of sales and 92.3% 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. These forward contracts have not been recorded in the financial statements at the balance sheet date as the Company has not adopted FRS26. There were zero open forward contracts at the balance sheet date.

## **Tata Steel International (UK) Limited**

### **Notes to the financial statements for the 12 months ended 31 March 2014**

#### **19. 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.

#### **20. Dividend from subsidiary**

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.

#### **21. Short-term borrowing**

During the year the group entered into a disclosed invoice discounting agreement and an overdraft facility, in order to facilitate the growing demand for our goods and services and to ensure that the group has sufficient available funds to manage operations.

#### **22. Post balance sheet events**

On 7 March 2014 the Company signed a facility agreement which allows available facilities of \$50m for potential drawdown. This facility became available for use subsequent to the year end.

#### **23. 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 and Accounts for Tata Sons Limited may be obtained from the Secretary, Tata Sons Limited, Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001.