

Company Registration No. 2755939

Tata International Metals (UK) Limited

Annual Report and Financial Statements

for the year ended 31 March 2017

Tata International Metals (UK) Limited

Annual report and financial statements for the year ended 31 March 2017

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Tata International Metals (UK) Limited

Officers and professional advisers

Directors

Mr J Caouki
Mr AM Ponkshe
Mr R Mani

Registered office

30 Millbank
London
SW1P 4WY

Independent auditor

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Tata International Metals (UK) Limited

Strategic report

for the year ended 31 March 2017

Strategic report

The Directors present the Strategic report of Tata International Metals (UK) Limited for the year ended 31 March 2017.

Principal activities

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

Business review

The results of the company are as follows:

	<i>Year ended</i> 31 March 2017	<i>Year ended</i> 31 March 2016
	\$'000	\$'000
Profit for the financial year	749	310

Key performance indicators

	Year ended 31 March 2017	Year ended 31 March 2016
Return on sales (%) *	0.4	0.2
Gross margin to sales (%) **	2.7	4.3
Average sales price per tonne (\$)	487	427
Profit before tax (\$'000)	959	375

* Profit before tax for the year over revenue

** Gross profit for the year over revenue

Tata International Metals (UK) Limited

Strategic report (continued)

for the year ended 31 March 2017

Business review (continued)

As shown in the income statement on page 8, the profit before tax for the year ended 31 March 2017, a key performance indicator for the business, has increased by 2.5 times in comparison to the prior year. Volume levels for the year 2016/17 have remained at similar levels as last year however there has been an increase of about 14% in Turnover. Average sales prices has increased in 2016/17 to 487 per metric tonne versus 427 per metric tonne in 2015/16. There has been increase in business in Europe North and West Africa region in comparison with previous year from tonnage of 228 thousand metric tonne to 358 thousands metric tonne in current year.

The statement of financial position on page 9 of the financial statements shows the Company's financial position at the end of the financial year. The net assets have increased from \$21,109k to \$21,858k and net current assets have increased from \$21,690k to \$22,396k. These movements are largely attributable to improvements in working capital particularly in respect to improvements in the debtor ageing profile, lower utilisation of the invoice discounting facility and profits earned for the year.

Going concern

The Company's activities, together with the factors likely to affect its future development and position, are set out within this report. The Company plans to build on volume, reaching 360kt during 2017/18 through new market development. In the current year there has been good margin business in Europe West and North Africa regions. Additionally, focus is being given to costs with a shared service centre set up which has been a quite success in current year 2016/17. The Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future based on current plans and forecasts and the position of the Company, including the short term borrowing facilities referred to in note 15. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Principal risks and uncertainties

Interest rate risk

The Company 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. To minimise this risk, minimal cash and bank balances are held.

Currency risk

The Company has transactions in currencies other than its reporting currency. The Company 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.

Customer Credit Risk

The Company has receivables with its customers globally, some of which are in politically unstable regions. To reduce the risk of recoverability the Company has global insurance for a proportion of receivables and specific insurance for higher risk regions (Kenya, Uganda and Tanzania) both up to 90% of the value. The Directors have assessed the exposure to recoverability risk to be acceptable on this basis.

Tata International Metals (UK) Limited

Strategic report (continued)

for the year ended 31 March 2017

Liquidity risk

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

The company utilises a facility for \$ 90 m comprising of allowance for letters of credit and \$ 46 m for uncommitted transactions financing facility. The company also utilises a disclosed invoice discounting agreement in order to facilitate the growing demand for goods and services and to ensure that the company has sufficient available funds to manage operations. As at 31 March 2017 \$43m was utilised on the \$90m facility and \$1.3m has been drawn down on the invoice discounting facility and uncommitted transactions financing facility.

Steel price risk

The Company matches customer and supplier contracts on a back-to-back basis in order to manage the risk from steel price volatility.

Future developments and subsequent events

As regards future development, the Company envisages growth potential in N&W Africa regions. It is therefore targeting new markets and increasing penetration in existing markets within these regions. Besides growing sales in specific markets within Europe, it also plans to develop sales into NW&E Europe including Russia. Also as a consolidation measure, the entity is further planning to increase share of sales to key customers and share of purchases from key suppliers. In terms of product mix, the plan is to develop tubes, beams, merchant bars and tinplate into N. Africa, and flat products into W. Africa.

We continue to see good growth in business. With addition of new traders in last year, business is expected to pick up pace. While the Company has done well last year, we expect it to do much better in the current year.

The company has paid an interim dividend of \$8m post year end and subsequently issued 6,231,985 ordinary shares of £1.00 each at par.

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



J Caouki

Director

16 May 2017

Tata International Metals (UK) Limited

Directors' report for the year ended 31 March 2017

Directors' report

The Directors present their report and audited financial statements of Tata International Metals (UK) Limited for the year ended 31 March 2017.

Information disclosed in the strategic report

The following information has been disclosed in the strategic report:

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

Dividends

The Directors have paid an interim dividend in the year ended 31 March 2017 of \$10m (2016: \$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 Ponshe
- 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 (2016: \$nil).

Branches

The company has a branch in Moscow, which is for primarily sales into Russia and surrounding countries of high end steel and Tata Steel products.

Director Indemnities

The Company has Directors & Officers Indemnity Insurance to cover the risk of director liabilities globally.

Tata International Metals (UK) Limited

Directors' report (continued) for the year ended 31 March 2017

Auditors

The auditors, RSM UK Audit LLP, have indicated their willingness to continue office and a resolution that may be reappointed will be proposed at the next Annual General Meeting.

Statement as to disclosure of information to auditor

As far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. The directors have taken all the steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of required information.

Directors' responsibilities statement in preparation of the financial statements

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 Financial Reporting Standard 101 Reduced Disclosure Framework. 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 Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; 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.

By order of the Board



J Caouki

Director

16 May 2017

Independent auditor's report to the members of Tata International Metals (UK) Limited For the year ended 31 March 2017

We have audited the financial statements on pages 8 to 27. 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), including FRS 101 "Reduced Disclosure Framework".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

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 and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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;

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 6 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 (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Suneel Gupta (Senior Statutory Auditor)

for and on behalf of RSM UK Audit LLP, Statutory Auditor,

25 Farringdon Street, London, EC4A 4AB

Date: *16 May 2017*

Tata International Metals (UK) Limited

Income Statement

	Notes	Year ended 31 March 2017 \$'000	Year ended 31 March 2016 \$'000
Turnover	3	238,490	209,964
Cost of Sales		(232,017)	(200,914)
Gross profit		6,473	9,050
Distribution expenses		(3,714)	(5,770)
Administration expenses		(3,141)	(3,682)
Other income		460	55
Net foreign exchange gains		1,006	1,034
Operating profit		1,084	687
Finance charges			
Interest payable and similar charges	4	(125)	(312)
Profit on ordinary activities before taxation		959	375
Tax on profit on ordinary activities	9	(210)	(65)
Profit and total comprehensive income for the financial year		749	310

The above results relate wholly to continuing operations.

Tata International Metals (UK) Limited

Statement of Financial Position

	Notes	As at 31 March 2017 \$'000	As at 31 March 2016 \$'000
Fixed assets			
Tangible assets	11	8	7
Current assets			
Stocks	13	6,487	6,313
Debtors: amounts falling due within one year	14	31,448	38,337
Cash at bank and in hand		14,050	8,449
		<u>51,985</u>	<u>53,099</u>
Creditors: amounts falling due within one year	15	<u>(29,589)</u>	<u>(31,409)</u>
Net current assets		<u>22,396</u>	<u>21,690</u>
Total assets less current liabilities		<u>22,404</u>	<u>21,697</u>
Provisions for liabilities	16	<u>(546)</u>	<u>(588)</u>
Net assets		<u>21,858</u>	<u>21,109</u>
Capital and reserves			
Called up share capital	17	12,830	2,830
Profit and loss account	18	11,632	20,883
Translation reserve	18	(2,604)	(2,604)
Total shareholder funds		<u>21,858</u>	<u>21,109</u>

The financial statements of Tata International Metals (UK) Limited, registered number 2755939 were approved by the Board of Directors on 16 May 2017 and signed on its behalf by:



J Caouki
Director

Tata International Metals (UK) Limited

Statement of changes in equity

Attributable to the owners of the shares

	Called up share capital (Note 17) \$'000	Translation reserve (Note 18) \$'000	Profit and loss account (Note 18) \$'000	Total \$'000
Balance at 1 April 2015	2,830	(2,604)	20,573	20,799
Profit and total comprehensive income for the year	-	-	310	310
Balance at 31 March 2016	<u>2,830</u>	<u>(2,604)</u>	<u>20,883</u>	<u>21,109</u>
Equity shares issued during the year	10,000	-	-	10,000
Dividend paid during the year	-	-	(10,000)	(10,000)
Profit and total comprehensive income for the year	-	-	749	749
Balance at 31 March 2017	<u>12,830</u>	<u>(2,604)</u>	<u>11,632</u>	<u>21,858</u>

Tata International Metals (UK) Limited

Notes to the financial statements

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

These financial statements of Tata International Metals (UK) Limited are prepared in accordance with Financial Reporting Standard 101 'Reduced disclosure framework' (FRS 101).

Tata International Metals (UK) Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements are prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Tata International Metals (UK) Limited

Notes to the financial statements

1. Presentation of accounts and accounting policies (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Tata International Singapore Pte Ltd. Details of the parent in whose consolidated financial statements the company is included are shown in note 21 to the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, and presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Tata International Singapore Pte Ltd. The group accounts of Tata International Singapore Pte Ltd are available to the public and can be obtained as set out in note 21.

Tata International Metals (UK) Limited

Notes to the financial statements

1. Presentation of accounts and accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report also describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements through its facilities of \$ 90 m comprising of allowance for letters of credit and \$ 46 m for uncommitted transactions financing facility. The company also utilises a disclosed invoice discounting agreement in order to facilitate the growing demand for goods and services and to ensure that the company has sufficient available funds to manage operations. Further details can be seen in note 15.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets

Tangible assets are subject to depreciation using the straight line method over their estimated period of benefit of 7 years, at which time they will have a residual value of zero. Further details are given in note 11.

Stocks

Stocks comprise of steel stocks held in warehouse and 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. Provision is made for obsolete, slow-moving or defective items where appropriate.

Tata International Metals (UK) Limited

Notes to the financial statements

1. Presentation of accounts and accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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 shipping terms stated in the sales contract.

Retirement benefits

The company operated a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Tata International Metals (UK) Limited

Notes to the financial statements

1. Presentation of accounts and accounting policies (continued)

Cash and cash equivalent

The company considers cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less to be cash and cash equivalents.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

The financial statements are presented in United States dollars, which is the company's functional currency.

The United States Dollar: Pound Sterling exchange rate at 31 March 2017 was 1:1.2534 (2016: 1:1.438). The average rate during the year was 1:1.3023 (2016: 1:1.5058).

Financial instruments

The Company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments have been initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Provisions

Provisions are recognised when the Company has 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.

Tata International Metals (UK) Limited

Notes to the financial statements

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Provisions for liabilities

Provision has been made for settlement of customer disputes for incorrect material supplied and storage charges that arose during the year. Following negotiations, an agreement was reached which is expected to be settled within 12 months of the balance sheet date.

Provisions for doubtful debts

Provision has been made for doubtful debts for amounts deemed not recoverable and not considered to be covered by insurance.

3. Revenue

An analysis of the Company's turnover is as follows:

	Year ended 31 March 2017 \$'000	Year ended 31 March 2016 \$'000
Continuing operations		
Sale of goods	238,490	209,964
Other operating income	460	55
	<u>238,950</u>	<u>210,019</u>

Tata International Metals (UK) Limited

Notes to the financial statements

3. Revenue (continued)

The above other operating income relates to commissions earned.

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

	Year ended 31 March 2017 \$'000	Year ended 31 March 2016 \$'000
Africa	100,240	133,251
Asia	31,749	48,047
USA	-	16,041
Europe (excluding EU)	38,541	6,819
European Union (excluding UK)	31,383	5,485
United Kingdom	15,767	321
Central/South America	20,810	-
	<u>238,490</u>	<u>209,964</u>

4. Finance charges

	Year ended 31 March 2017 \$'000	Year ended 31 March 2016 \$'000
Interest payable and similar charges	125	312
	<u>125</u>	<u>312</u>
Interest payable and similar charges		
Bank loans and overdrafts	60	269
	<u>60</u>	<u>269</u>
Interest payable to group companies	65	43
	<u>125</u>	<u>312</u>

Tata International Metals (UK) Limited

Notes to the financial statements

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	Year ended 31 March 2017 \$'000	Year ended 31 March 2016 \$'000
Net foreign exchange gains	(1,006)	(1,034)
Depreciation of tangible fixed assets:		
Owned	2	1
Operating lease rentals	179	218
Cost of stock recognised as expense	174	6,191
Staff costs (see note 7)	1,836	1,976

6. Auditors remuneration

Fees payable to RSM UK Audit LLP and their associates for the audit of the company's 2017 annual accounts were \$64,034 (2016: \$50,092). Fees payable to RSM UK and their associates in 2017 for other services (being company secretarial and advisory services) were \$30,089. (2016: \$nil)

Fees payable to RSM UK Audit LLP and their associates for UK corporation tax computation were \$9,375. (2016: \$4,674)

7. Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 31 March 2017 Number	Year ended 31 March 2016 Number
Sales	12	10
Administration	6	8
	18	18

Their aggregate remuneration comprised:

	Year ended 31 March 2017 \$'000	Year ended 31 March 2016 \$'000
Wages and salaries	1,647	1,716
Social security costs	84	176
Other pension costs (see note 19)	105	84
	1,836	1,976

Tata International Metals (UK) Limited

Notes to the financial statements

8. Directors' remuneration and transactions

	Year ended 31 March 2017 \$'000	Year ended 31 March 2016 \$'000
Directors' remuneration		
Emoluments	336	437
Company contributions to money purchase pension schemes	13	12
	<u>349</u>	<u>449</u>
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>
Remuneration of the highest paid director:		
Emoluments	336	437
Company contributions to money purchase schemes	13	12
	<u>349</u>	<u>449</u>

The highest paid director did not exercise any share options in the year or prior year and had no shares receivable under long-term incentive schemes. (2016: \$ nil)

Directors' transactions

There were no transactions, other than remuneration, with directors during the year (2016: \$ nil).

Tata International Metals (UK) Limited

Notes to the financial statements

9. Tax on profit on ordinary activities

The tax charge comprises:

	Year ended 31 March 2017 \$'000	Year ended 31 March 2016 \$'000
Current tax		
UK Corporation tax	215	82
Adjustments in respect of prior years		
UK Corporation tax	4	3
Total current tax	219	85
Total deferred tax (see note 15)	(9)	(20)
Total tax on profit on ordinary activities	210	65

Tata International Metals (UK) Limited

Notes to the financial statements

9. Tax on profit on ordinary activities (continued)

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	Year ended 31 March 2017 \$'000	Year ended 31 March 2016 \$'000
Profit on ordinary activities before tax	959	375
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2016: 20%)	192	75
Effects of:		
Expenses not deductible/income not taxable for tax purposes	21	12
FRS101 transitional adjustment	-	(8)
Impact of rate changes	(9)	(7)
Deferred tax not recognised	-	(6)
Current tax exchange difference arising on movement between opening and closing spot rates	2	(4)
Adjustments to tax charge in respect of previous periods	4	3
Total tax charge for the year	210	65

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. Deferred tax has been recognised accordingly at 17%.

The company has no tax other than that included above.

10. Dividend

A total dividend of \$10m (2016: \$nil) was paid in the year amounting to \$ 6.03 per share.

Tata International Metals (UK) Limited

Notes to the financial statements

11. Tangible fixed assets

The company holds laptops and desktops the value of which is set out below:

	Year ended 31 March 2016 \$'000
Cost or valuation	
At 1 April 2016	10
Additions	3
At 31 March 2017	<u>13</u>
Depreciation	
At 1 April 2016	3
Charge for the year	2
At 31 March 2017	<u>5</u>
Net book value	
At 31 March 2017	<u>8</u>
At 31 March 2016	<u>7</u>

12. Subsidiaries

Tata International Metals (UK) Limited's subsidiary Industrial Steel Limited, a dormant company, was dissolved on 5 January 2016.

Tata International Metals (UK) Limited

Notes to the financial statements

13. Stocks

	As at 31 March 2017 \$'000	As at 31 March 2016 \$'000
Finished goods and goods for resale	6,487	6,313
	<u>6,487</u>	<u>6,313</u>

14. Debtors: amounts falling due within one year

	As at 31 March 2017 \$'000	As at 31 March 2016 \$'000
Trade debtors	28,719	37,141
Amounts owed by group companies	499	-
VAT recoverable	807	1,066
Prepayments and accrued income	1,345	123
Corporation tax recoverable	78	7
	<u>31,448</u>	<u>38,337</u>

Included in prepayments and accrued income is the fair value of forward exchange contracts of \$30,000 (2016: \$ 278,000 included in accruals as deferred income).

Amounts owed by group companies do not incur any interest as these are entered into in the normal course of business.

15. Creditors: amounts falling due within one year

	As at 31 March 2017 \$'000	As at 31 March 2016 \$'000
Bank loans and overdrafts	1,342	9,970
Trade creditors	6,008	8,831
Amounts owed to group companies	13,264	4,284
Accruals and deferred income	8,975	8,324
	<u>29,589</u>	<u>31,409</u>

Amounts owed to group companies do not incur any interest as these are entered into in the normal course of business.

Tata International Metals (UK) Limited

Notes to the financial statements

15. Creditors: amounts falling due within one year (continued)

The company utilises a facility for \$90m of allowance for letters of credit and \$46m for uncommitted transactions financing facility. The company also utilises a disclosed invoice discounting agreement in order to facilitate the growing demand for goods and services and to ensure that the company has sufficient available funds to manage operations. As at 31 March 2017 \$43m was utilised on the \$90m facility and \$1.3m has been drawn down on the invoice discounting facility and uncommitted transactions financing facility.

16. Provisions for liabilities

	Deferred taxation \$'000	Other \$'000	Total \$'000
Balance at 31 March 2016	61	527	588
Charged/(credited) to profit and loss account	(9)	387	378
Released unused	-	(35)	(35)
Utilisation of provision	-	(385)	(385)
Balance at 31 March 2017	<u>52</u>	<u>494</u>	<u>546</u>

The above provision for other charges relates to customer disputes for incorrect material supplied and storage costs which are expected to be settled within 12 months of the balance sheet date.

Deferred tax

Deferred tax is provided as follows:

	Deferred fair value of currency \$'000	Accelerated capital allowances \$'000	Tax losses \$'000	Total \$'000
Balance at 31 March 2016	65	(4)	-	61
(Credit)/charge to profit and loss	(10)	1	-	(9)
Balance at 31 March 2017	<u>55</u>	<u>(3)</u>	<u>-</u>	<u>52</u>

17. Called up share capital

	31 March 2017 \$'000	31 March 2016 \$'000
Authorised, allotted, issued and fully paid		
9,138,793 (2016:1,657,666) at ordinary shares of £1.00 each	<u>12,830</u>	<u>2,830</u>

The company issued 7,481,127 shares of £1.00 each during the year at nominal value for cash consideration (2016: nil issued).

Tata International Metals (UK) Limited

Notes to the financial statements

18. Reserves

Profit and loss account

The profit and loss account represents cumulative profit and loss net of distributions to owners.

Translation reserve

As the company expects a significant amount of revenues and costs to be in US dollars, the board took the decision to change the reporting currency of Tata International Metals (UK) Limited to US dollars from 1 April 2015.

The change of the Company's functional and presentational currency was accounted for in accordance with IAS21, The Effects of Changes in Foreign Exchange Rates.

19. Pension and similar obligations

The Company operates a Defined Contribution scheme. The pension cost for the year to 31 March 2017 amounted to \$105,281 (2016: \$83,670).

20. Related party transactions

The company is a wholly owned subsidiary of Tata Sons Limited and has taken advantage of the exemption available in FRS 101 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiaries of that group.

During the year, the company entered into the following transactions with related parties.

	Sale of Goods/Services		Purchase of Goods/ Services	
	2017 (\$'000)	2016 (\$'000)	2017 (\$'000)	2016 (\$'000)
Siam	-	1,313	-	-
British Steel Limited	-	-	25,112	567
Tata Steel Ijmuiden BV	-	-	107	7,751
Tata Steel Ticaret A.S.	-	-	179	72
Montana Bausysteme AG	1,596	-	-	-
Voltas Limited	286	-	-	-
SAB Profiel BV	4,531	-	-	-
Tata Steel Europe	116	-	-	-
Layde Steel SLU	541	-	-	-
Tata Steel Maubeuge SAS	209	-	248	1,407
Tata Steel UK Limited	4,874	-	8,084	7,105
ISSB Limited	-	-	4	-
Unitol SA	524	-	-	-

Tata International Metals (UK) Limited

Notes to the financial statements

20. Related party transactions (continued)

The following amounts were outstanding at the balance sheet date.

	Amounts owed by related parties		Amounts owed to related parties	
	2017 (\$'000)	2016 (\$'000)	2017 (\$'000)	2017 (\$'000)
Siam	-	158	-	-
British Steel Limited	-	-	2	-
Tata Steel Ijmuiden BV	-	-	0	400
Tata Steel Ticaret A.S.	-	-	94	31
Montana Bausysteme AG	1,138	-	-	-
Voltas Limited	-	441	-	-
SAB Profiel BV	794	-	-	-
Degels GMBH	52	-	-	-
Tata Steel Maubeuge SAS	-	13	-	-
Tata Steel UK Limited	2,520	-	542	176

The above are all related parties of the company because they are all associates of Tata Sons Limited who own 100% of the company.

Sales of goods to related parties were made at the company's usual list prices. Purchases were made at market price.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

21. Ultimate parent undertaking and controlling party

Tata International Singapore Pte Ltd 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 company. The directors consider there to be no single ultimate 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, 3 Anson Road, Springleaf Tower #12-03, and Singapore 079909.

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.

Tata International Metals (UK) Limited

Notes to the financial statements

22. Post balance sheet events

The company has paid an interim dividend of \$8m post year end and subsequently issued 6,231,985 ordinary shares of £1.00 each at par.

23. Operating Lease Commitments

The company has an operating lease commitment in respect of its office in Moscow for one year from the balance sheet date which amounts to \$33,073 (2016: \$53,167).