

Independent auditor's report

To: the Shareholder of Tata Steel Europe Metals Trading B.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 March 2015 of Tata Steel Europe Metals Trading B.V., IJmuiden, which comprise the balance sheet as per 31 March 2015, income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the Report of the Board of Management both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Tata Steel Europe Metals Trading B.V. as per 31 March 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Board of Management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 22 May 2015

Deloitte Accountants B.V.



J. Hendriks

TATA STEEL



Tata Steel Europe Metals Trading B.V.

Report & Accounts 2015

For identification purposes only.
Related to auditor's report
dated 22 May 2015

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Address of the Company	Wenckebachstraat 1, 1951 JZ Velsen-Noord P.O. Box 10.000, 1970 CA IJmuiden
Trade register	Chamber of Commerce Amsterdam No. 34096514
Date	22 May 2015



Report of the Board of Management

Financial result

The net turnover of Tata Steel Europe Metals Trading B.V. ("TSEMT") for the year 2014/15 was € 77,868,923 (2013/14: € 72,504,565), which is 7.4% more than in the previous year.

The gross margin increased from €113,782 to €141,670; financial income and charges improved from €(367,798) to € (318,622).

The net a loss of €(58,496) in 2014/15 was an improvement compared with the loss of € (188,900) in 2013/14.

Trading instruments

In the ordinary course of business TSEMT uses certain derivative financial instruments to reduce business risks of the businesses of Tata Steel in Europe, which arise from its exposure to fluctuations of base metal prices and the price of iron ore. The instruments are confined principally to London Metal Exchange (LME) contracts and OTC contracts with certain banks. The instruments are employed as hedges of firm contractual commitments or forecast transactions.

In the reporting period the Company maintained iron ore hedges as part of a 2014 pilot project.

Future prospects

TSEMT does not expect significant changes in its current and future operating environment in terms of market conditions, operating policies, investments, organisational structure, staffing levels and other aspects that may influence its turnover and net result.

Risk management

The approach to risk management that TSEMT uses is described in detail on page 5 of this report. TSEMT considers its current financial position (liquidity, solvability, cash flows and capital structure) to be sufficient for its current and future needs.

The Board

During the financial year 2014/15 as well as on the date of this report the number of seats in the Board of Management is not equally divided between both genders. For the fulfilment of any future vacancies, several factors will be taken into consideration, amongst others an equal representation of each gender in the Board of Management.

Board of Management:

A. J. Farrand
P.C.J. Roeling
J.M.W.F. Uijterwaal

IJmuiden, 22 May 2015



Balance sheet

Before proposed appropriation of result

At 31 March		2015	2014
	Note	€	€
Non-current assets			
Derivatives	3	-	333,788
Current assets			
Debtors	1	3,984,057	3,898,624
Derivatives	3	12,421,598	1,280,367
Cash, short-term deposits and short-term investments	2	57,678,179	56,000,000
		74,083,834	61,178,991
TOTAL ASSETS		74,083,834	61,512,779
Capital and reserves	4		
Issued share capital		13,500	13,500
Share premium		40,000,000	40,000,000
General reserve		(2,712,894)	(2,523,994)
Result for the year		(58,496)	(188,900)
		37,242,110	37,300,606
Non-current liabilities			
Subordinated loan from Group Company	5	20,000,000	20,000,000
Derivatives	3	-	333,788
		20,000,000	20,333,788
Current liabilities			
Borrowings	5	-	603,215
Trade creditors and other short-term creditors	6	4,408,479	2,006,101
Derivatives	3	12,433,245	1,269,069
		16,841,724	3,878,385
TOTAL CAPITAL AND RESERVES & LIABILITIES		74,083,834	61,512,779

Income statement

For the financial year ended 31 March		2015	2014
	Note	€	€
Net turnover	7	77,868,923	72,504,565
Raw materials and consumables		(77,727,253)	(72,390,783)
Gross margin		141,670	113,782
Other income	8	662,128	571,923
Operating expenses:			
Other operating charges	9	(563,171)	(569,311)
Operating result		240,627	116,394
Financial income and charges	10	(318,622)	(367,798)
Result on ordinary activities before taxation		(77,995)	(251,404)
Taxation	11	(19,499)	62,504
Net result after taxation		(58,496)	(188,900)



General

Introduction

Tata Steel Europe Metals Trading B.V. ("TSEMT") is a wholly-owned subsidiary of Corus Primary Aluminium B.V. ("CPA") and has its seat in IJmuiden, municipality of Velsen, the Netherlands. The ultimate parent company is Tata Steel Limited which is incorporated in India with its headquarters in Mumbai. Tata Steel Limited is listed on the Mumbai Stock Exchange and the National Stock Exchange of India, and with Global depository receipts listed on the London and the Luxembourg Stock Exchanges.

TSEMT trades in aluminium, zinc, tin and nickel. TSEMT has a procurement and risk management function within the Tata Steel Europe Group.

TSEMT was incorporated on 25 April 1972.

Metal price and cash flow risk management

As a risk and metal management organisation TSEMT frequently makes use of future contracts to manage the purchase price for aluminium, zinc, tin and nickel and thus reduces potential volatility of operating results for various group companies of Tata Steel Europe. In the reporting period the Company maintained iron ore hedges as part of a 2014 pilot project. At 31 March 2015, TSEMT has future contracts mainly expiring within 12 months and all of these contracts are back-to-back.

Credit risk management

TSEMT uses futures that are traded on the London Metal Exchange (LME), which ensures that contracts will be settled as agreed. In addition the Company uses OTC contracts with certain banks, whose credit ratings are being monitored. TSEMT has physical contracts with a limited set of established international companies with limited credit risks.

Liquidity risk management

In general available credit lines with LME brokers and financial reserves of TSEMT are sufficient to cover liquidity risks. However, at the end of the reporting period a margin call was required since the metal derivative liability with a counter party exceeded the agreed credit limit.

Interest risk management

Acting as a broker of the Tata Steel Europe Group, TSEMT needs a robust balance sheet in order to enter into derivatives as referred to above. To strengthen its creditworthiness TSEMT has received a subordinated loan of € 20 million from TSN repayable in December 2016 and TSN has accepted a two year deposit of € 55 million from TSEMT. Interest rates have been fixed for two years on 0.21% for interest receivable and 1.16 % for interest payable.

Foreign exchange risk management

Currency exposures arising from contracted sales and purchases are passed through to the Group's businesses back-to-back.

Cash flow statement

Based upon Article 360.104 of the firm pronouncements in the Guidelines for annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board (Dutch GAAP) the annual accounts do not include a cash flow statement, as Tata Steel Nederland B.V., an intermediate parent company, discloses in its annual accounts a cash flow statement that includes the data of TSEMT. The annual accounts of Tata Steel Nederland B.V. are filed with the Chamber of Commerce in Amsterdam.

Audit fee

Based upon Article 382a of the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board (Dutch GAAP) the annual accounts do not include a disclosure of the audit fee as Tata Steel Europe Limited, an intermediate parent company, presents in its annual accounts a disclosure of the audit fee that includes the data of TSEMT. The annual Report & Accounts of Tata Steel Europe Limited are filed with the Registrar of Companies in London.



Accounting policies

General

The financial statements have been prepared in accordance with the statutory provisions of Part 9 of Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The financial statements are denominated in Euros.

During the reporting period an amendment to the Standard 290 Financial Instruments (2013) of the Dutch Accounting Standard Board was applied. The changes arising from the adoption of the amendment did not have a material impact on the financial statements of the Company.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The Balance Sheet and the Income Statement include references to the notes.

Profit or loss is determined as the difference between the realisable value of the goods delivered and services rendered, and the costs and other charges for the year. Gains or losses on transactions are recognised in the year in which they are realised; losses are taken as soon as they are foreseeable.

Derivatives

As a risk and metal management organisation TSEMT makes use of derivative contracts. Derivatives are accounted from the date the derivative contract is taken out and are subsequently measured at fair value. For commodity contracts the fair values are determined based on market forward rates as at the balance sheet date. The changes in fair value are recognised in the Income Statement. When a contract is settled, the gain or loss on this contract is also recognised in the Income Statement.

Functional currency

Items in the financial statements are stated with due observance of the currency of the primary economic environment in which TSEMT operates (the functional currency). The financial statements are denominated in euros, i.e. the functional and reporting currency of TSEMT.

Transactions and balances in foreign currencies

Transactions denominated in foreign currencies in the reporting period are recognised in the financial statements at the exchange rate ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Exchange differences resulting from settlement and translation are charged or credited to other operating expenses.

Debtors

Debtors are initially recorded at their fair value, usually its face value. Subsequently the debtors are measured at their amortised cost, as reduced by appropriate allowances for any impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, which are freely disposable. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Creditors

Trade creditors and other short-term creditors are initially recorded at fair value, usually its face value at the balance sheet. Subsequently the creditors are measured at their amortised cost.

Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Revenue recognition

Revenue from the sale of goods is recognised when all significant risks and rewards incidental to the ownership of the goods are transferred to the buyer.

Net turnover

Net turnover comprises income from the sale of goods and provision of services, less discounts and suchlike, exclusive of income taxes.

Raw materials and consumables

Raw materials and consumables represent the direct and indirect expenses attributable to turnover.

Taxation

Taxation is calculated on the result on ordinary activities before taxation in the Income Statement, taking into account changes in the applicable tax rates.

Notes to the balance sheet

1. Debtors	2015	2014
	€	€
Trade receivables	20,875	82,372
Amounts owed by Group Companies	2,932,061	3,514,119
Interest receivable from Tata Steel Nederland B.V.	31,442	85,342
Tax receivable from Tata Steel Netherlands Holdings B.V.	67,453	47,954
Other debtors	932,226	168,837
Total	3,984,057	3,898,624

2. Cash, short-term deposits and short-term investments	2015	2014
	€	€
Cash at bank and in hand	78,179	-
Short-term deposits with third party	300,000	-
Short-term deposits with Tata Steel Nederland B.V.	-	1,000,000
Cash and other short-term deposits	378,179	1,000,000
Short-term investments with Tata Steel Nederland B.V.	57,300,000	55,000,000
Total	57,678,179	56,000,000

Short-term deposits are highly liquid investments with original maturities of three months or less and short-term investments are deposits for periods not exceeding one year or freely disposable. The effective interest rate on short-term investments was 0.21% (31 March 2014: 0.57%).

The short term deposit with third party of € 300,000 relates to a margin call which was required since the metal derivative liability with certain counter party exceeded the agreed credit limit. If the exposure decreases below the threshold, then the collateral is returned.

3. Derivatives

At 31 March 2015 TSEMT has commodity contracts with external parties and Group Companies with a total net liquidation value of € (11,647); 31 March 2014: € (11,298). TSEMT had no currency contracts with external parties or Group Companies, same as at 31 March 2014.

Commodity contracts	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Non-current:	-	-	333,788	(333,788)
Current:	12,421,598	(12,433,245)	1,280,367	(1,269,069)
			1,614,155	(1,602,857)
Net liquidation value	-	(11,647)	-	(11,298)

These liquidation values reflect the estimated amounts that TSEMT would pay or receive if it would have had terminated all its contracts at 31 March 2015. Commodity contracts with a positive value are accounted for as short-term or long-term assets and those with a negative value are accounted for as short-term or long-term liabilities. Derivatives are presented on the balance sheet at fair value with changes recognised through the Income Statement.

At the balance sheet date, the notional amount of outstanding commodity derivative contracts that TSEMT has committed to are as follows:

Commodity contracts	2015		2014	
	€ million	€ million	€ million	€ million
	Purchases	Sales	Purchases	Sales
Group Companies	-	(105)	-	(81)
Third parties	105	-	81	-
	105	(105)	81	(81)

4. Capital and reserves

	Issued share capital €	Share premium €	General reserve €	Result for the year €	Total €
31 March 2013	13,500	40,000,000	(2,567,522)	43,528	37,489,506
Appropriation of prior year result	-	-	43,528	(43,528)	-
Net result for 2013/14	-	-	-	(188,900)	(188,900)
31 March 2014	13,500	40,000,000	(2,523,994)	(188,900)	37,300,606
Appropriation of prior year result	-	-	(188,900)	188,900	-
Net result for 2014/15	-	-	-	(58,496)	(58,496)
31 March 2015	13,500	40,000,000	(2,712,894)	(58,496)	37,242,110

The authorised share capital of the Company consists of 1500 shares with a nominal value of € 45 each. At 31 March 2015 and 31 March 2014, 300 shares were issued and fully paid up.

On 21 December 2006, Corus Primary Aluminium B.V., the parent Company of TSEMT, paid TSEMT a share premium of € 40,000,000.

5. Borrowings

	2015 €	2014 €
Current:		
Bank overdrafts	-	603,215
Non current:		
Subordinated loan from Tata Steel Nederland B.V.	20,000,000	20,000,000
Total	20,000,000	20,603,215

On 21 December 2006, Tata Steel Nederland B.V. made available to TSEMT a subordinated two-year loan of € 20,000,000.

The loan is subordinated to all existing and future liabilities of the Company. As per 23 December 2014, the loan was extended for two years; the interest rate is fixed on 1.16 % (till December 2014: 3.42 %).

The carrying amounts of current and non-current borrowings recorded at amortised cost approximate their fair values.

6. Trade creditors and other short-term creditors

	2015 €	2014 €
Trade creditors	2,700,619	1,639,691
Amounts owed to Group Companies	1,217,915	36,818
VAT	396,836	143,392
Other creditors	29,953	-
Interest payable to Tata Steel Nederland B.V.	63,156	186,200
Total	4,408,479	2,006,101

Notes to the income statement

7. Net turnover

	2015 €	2014 €
The Netherlands	53,308,560	51,532,164
United Kingdom	24,474,234	20,892,421
Other	86,129	79,980
Total	77,868,923	72,504,565

The turnover to the Netherlands and the United Kingdom relates for 100% to Group Companies and is for physical deliveries only. Other comprises mainly the commission income on certain metal derivatives.

8. Other income

Other income represents the reimbursement of TSEMT's operational expenses by the businesses of Tata Steel in Europe through Tata Steel UK Ltd.

9. Other operating charges

	2015 €	2014 €
Hire of personnel	427,441	409,370
Differences in exchange rates	(121,991)	11,637
Differences in derivatives	22,970	(12,746)
Other general expenses	234,751	161,050
Total	563,171	569,311

Hire of personnel relates to the individuals who work for TSEMT under its direction. They do not have a labour contract with TSEMT, but with one of the other group companies of Tata Steel Nederland B.V. Therefore, they are no employees for legal purposes.

The average number of people hired amounts in 2015 to 4 (in 2014: 4).

Differences in exchange rates are due to movements in the USD/€ and GBP/€ exchange rates used for translating working capital into Euro.

Other general expenses include mainly amounts for software and information services and for professional fees.

10. Financial income and charges

	2015 €	2014 €
Interest charges third parties	(12,121)	(10,176)
Interest payable to Group Companies	(570,456)	(666,478)
Interest receivable from Group Companies	263,955	308,856
	(318,622)	(367,798)



11. Taxation

The corporate income tax due, with an effective tax burden of 25.0%, has been calculated as follows:

	2015 €	2014 €
Result before taxation	(77,995)	(251,404)
Result before taxation multiplied by the applicable corporate tax rate of tax rate of 25.0% (2014: 25.0%)	(19,499)	(62,851)
Effects of:		
Adjustments to current tax in respect of prior periods	-	347
Total taxation	(19,499)	(62,504)

12. Contingent assets and liabilities

For corporate income tax purposes TSEMT is part of the fiscal entity "Tata Steel Netherlands Holdings B.V. " and for that reason it is jointly and severally liable for the tax liabilities of the whole fiscal unity.



Further notes and signature of the annual accounts

Name and address of the consolidating company

The financial data of TSEMT are incorporated in the consolidated annual accounts of Tata Steel Nederland B.V., which are filed with the Chamber of Commerce in Amsterdam.

The office address of the consolidating Company is as follows:

Tata Steel Nederland B.V.	Wenckebachstraat 1	1951 JZ Velsen-Noord
	P.O. Box 10.000	1970 CA IJmuiden

Related party transactions:

Two of the three statutory directors of Tata Steel Europe Metals Trading B.V. were not paid a Director's remuneration in the financial year 2015 (2014: nil) by the Company herself. The remuneration of these two directors is paid by other companies within Tata Steel Europe, which make no recharge to TSEMT.

Remuneration of the Board of Management

During the financial year 2015 TSEMT had three statutory directors. As disclosed in "Related Party Transactions" note, two of the statutory directors were not paid a director's remuneration. As in this case the disclosure of the directors' remuneration is traceable to only one individual, TSEMT applies the exemption of article 2:383 of the Dutch Civil Code. As a result, the disclosure regarding the remuneration (including crisis levy) of this director has been omitted. As in previous years, no option rights were granted to the Board of Management during the financial year 2015. The Board of Management does not possess any shares or depository receipts of shares in the company.

Signature of annual accounts

A. J. Farrand, P.C.J. Roeling and J.M.W.F. Uijterwaal of the Board of Management have signed the 2015 annual accounts.

Board of Management

A. J. Farrand
P.C.J. Roeling
J.M.W.F. Uijterwaal

IJmuiden, 22 May 2015



Other information

Appropriation of the result as provided for by the Articles of Association

In accordance with Article 10 of the Articles of Association the result shall be at the disposal of the Annual General Meeting.

Appropriation of the result for the year 2013/14

The annual Report and Accounts 2014 were approved in the Annual General Meeting held on 28 May 2014. The General Meeting has determined the appropriation of the result in accordance with the proposal, the transfer to the General Reserve, being made to that end.

Proposed appropriation of the result for the year 2014/15

The 2014/15 net result after taxation is € (58,496). The Board of Management proposes to the Annual General Meeting to distribute no dividend and to reduce the General Reserve with the net loss after taxation.

Independent auditor's report

Reference is made to the auditor's report as included hereinafter.



Independent auditor's report

To: the Shareholder of Tata Steel Europe Metals Trading B.V.

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

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Amsterdam, 22 May 2015

Deloitte Accountants B.V.

Signed on the original: J. Hendriks

For identification purposes only.
Related to auditor's report
dated 22 May 2015

