

Company General information

Company details

Business Name: TATA STEEL INTERNATIONAL (ITALIA) S.R.L.
Registered office: VIA G.G. WINCKELMANN 2 MILANO ITALY
Share capital: 50.000,00
Fully paid-up Share Capital: yes
Chamber of Commerce Code: MI
VAT number: 10030350150
Tax id number: 10030350150
Economic Administrative Index (REA): 1335257
Legal form: LIMITED LIABILITY COMPANY
Core business (ATECO): 461203
Company in liquidation: no
Company with a sole shareholder: yes
Company subject to management and coordination by another company: no
Company or entity performing management and coordination activities:
Member of a Group: no
Name of the holding company:
Country of the holding company:
No. of registration in the register of cooperative companies:

Financial statements as at 31/03/2017

Abridged Statement of Assets and Liabilities

	31/03/2017	31/03/2016
Assets		
B) Fixed assets		
I – Intangible assets	22.709	25.417
II – Tangible assets	2.443	2.139
III - Financial assets	6.417	6.417
<i>Total fixed assets (B)</i>	<i>31.569</i>	<i>33.973</i>
C) Current assets		
II – Accounts receivable	1.839.229	1.185.276

	31/03/2017	31/03/2016
due within 12 months	1.839.229	1.185.276
IV - Cash equivalents	782.272	978.684
<i>Total current assets (C)</i>	<i>2.621.501</i>	<i>2.163.960</i>
D) Accruals and deferrals	11.629	8.770
<i>Total assets</i>	<i>2.664.699</i>	<i>2.206.703</i>
Liabilities		
A) Net equity		
I - Equity	50.000	50.000
IV – Statutory reserve	10.000	10.000
VI - Other reserves	-	1
VIII - Retained earnings (accumulated losses)	1.142.246	325.821
IX - Operating profit (loss)	505.578	816.425
<i>Total net equity</i>	<i>1.707.824</i>	<i>1.202.247</i>
C) Employment termination indemnity	560.035	502.041
D) Loans and similar debts	359.488	435.258
due within 12 months	359.488	435.258
E) Accruals and deferrals	37.352	67.157
<i>Total Liabilities</i>	<i>2.664.699</i>	<i>2.206.703</i>

Abridged Income Statement

	31/03/2017	31/03/2016
A) Value of production		
1) sales and service revenues	2.227.232	2.699.934
5) other operating income	-	-
others	37.478	9.174
<i>Total other operating income</i>	<i>37.478</i>	<i>9.174</i>
<i>Total value of production</i>	<i>2.264.710</i>	<i>2.709.108</i>
B) Cost of production		
6) raw, ancillary and consumable materials and goods	22.342	20.651
7) services	150.501	142.436
8) use of third party assets	157.014	166.732
9) personnel	-	-
a) wage and salaries	814.274	855.440
b) social security	300.681	252.439
c/d/ e) severance indemnities, pensions and similar, other personnel costs	65.904	66.922
c) employee termination indemnities	65.904	66.922

	31/03/2017	31/03/2016
<i>Total personnel costs</i>	1.180.859	1.174.801
10) amortisations and devaluations	-	-
a/b/c) amortization of tangible and intangible assets, other devaluations of fixed assets	4.233	6.279
a) amortization of intangible assets	2.708	2.963
b) amortization of tangible assets	1.525	3.316
<i>Total amortizations and devaluations</i>	4.233	6.279
14) other operating expenses	6.921	11.141
<i>Total cost of production</i>	1.521.870	1.522.040
Difference between value and cost of production (A - B)	742.840	1.187.068
C) Financial income and charges		
16) other financial income	-	-
d) other income, with a separate indication	-	-
from affiliated companies	-	3.364
others	12	5
<i>Total other income, with a separate indication</i>	12	3.369
<i>Total other financial income</i>	12	3.369
17-bis) gains and losses on exchange	(15)	(2)
<i>Total financial income and charges (15+16-17+-17-bis)</i>	(3)	3.367
Earning before tax (A-B+-C+-D)	742.837	1.190.435
20) current, deferred and prepaid taxes for the year		
current taxes	237.259	374.010
<i>Total current, deferred and prepaid taxes for the year</i>	237.259	374.010
21) Operating profit (loss)	505.578	816.425

Notes to the financial statements, initial section

Introduction

Dear Shareholders,

the financial statements as at 31/03/2017 that we submit to your approval ends with a profit equal to Euros 505.578 net of amortizations for Euros 4.233 and taxes for Euros 237.259.

These notes form integral part of the financial statements as at 31/03/2017.

This is an abridged version of the financial statements because, for two consecutive fiscal years, the limits envisaged by art. 2435-bis of the Italian Civil Code have not been exceeded.

The financial statements results compliant with the provisions of articles 2423 et seq. of the Italian civil code and national accounting standards published by the Italian Standard Setter; it represents clearly a true and fair view of the economic and financial standing of the company and the net result of the fiscal year.

The content of statement of assets and liabilities and income statement is that envisaged by articles 2424 and 2425 of the Italian civil code.

The notes to the financial statements, drafted pursuant to art. 2427 of the Italian civil code, contains also any useful information to provide a correct interpretation of the financial statements.

Also the information required by numbers 3 and 4 of art. 2428 are supplied, hence, as allowed by art. 2435 bis of the Italian civil code, the directors' report is not prepared.

Drafting criteria

Preparation of the financial statements

The information included herein are presented according to the order of the entries indicated in the statement of assets and liabilities and income statement.

With reference to the indications in the introduction of these notes to the financial statements, it is hereby guaranteed that, pursuant to art. 2423, 3rd paragraph of the Italian civil code, whether the information requested by specific legal provisions are not sufficient to give a true and fair representation of the state of the company, the complementary information, deemed necessary for the purpose, are supplied.

There were no exceptional occurrences that made necessary the recourse to exemptions pursuant to art. 2423, paragraphs 4 and 5 and art. 2423-bis, paragraph 2 Italian civil code.

The financial statements, as well as these notes have been prepared in Euro units.

Principles of preparation of the balance sheet

The assessment of the financial statements items occurred in accordance with the principle of prudence and on a going concern basis. Pursuant to art. 2423-bis p.1 point 1-bis Italian c.c., the recording and presentation of entries is carried out taking into account the substance of the operation or agreement.

In the preparation of the financial statements, charges and revenues are entered according to the accruals concept irrespective of the time of their cash collection and expenditure. We have also considered the risks and losses for the period, even if known after its end.

Structure and content of the Financial Statements

Statement of assets and liabilities, income statement and accounting information contained in these notes are compliant with the accounting records, from which they are directly inferred.

In the statement of assets and liabilities and income statement there are no grouping of entries preceded by Arab numbers, as conversely envisaged discretionarily by art. 2423 ter of the Italian c.c.

Pursuant to art. 2423 ter of the Italian civil code, it is specified that every financial statements item is comparable to the previous year; hence no entry of the previous year has to be adjusted.

Pursuant to art. 2424 of the Italian civil code, it is confirmed that there are no assets or liabilities item falling within many entries of the financial statements.

Evaluation criteria

The criteria applied to assess the financial statements items and value adjustments are compliant with the provisions of the Italian civil code and directions contained in the accounting standards issued by the Italian Standard Setter. Furthermore, they have not changed compared to the previous fiscal year.

The financial statements as at 31/03/2017 have been prepared according to the same criteria used for the previous year.

The assessment of each entry has been carried out on a going concern basis, in accordance with the principles of prudence and accrual basis; each item has been subject to independent assessment and no offset of entries has been carried out.

The criteria applied to assess each financial statements item are compliant with the provisions of the Italian civil code and directions contained in the accounting standards issued by the Italian Standard Setter. They are detailed in paragraphs below.

The most significant evaluation criteria adopted in compliance with the provisions contained in art. 2426 of the Italian Civil Code are described here below, with particular reference to those financial statements items for which the lawmaker admits different evaluation and adjustment criteria or for which particular criteria are not envisaged.

Other information

The revenues of the company in this fiscal year result to be decreased compared to last year, primarily due to the reduced availability of flat products to be allocated to the Industry sector. The lower allocation to the Italian market by the steel mills of the Tata Group reflects a strategic choice intended to allocate said materials to markets that can be reached more easily from the logistic point of view. Furthermore, the readjustment of demand/offer on geographically closer markets, after European duties applied over the fiscal year on materials coming from third-party Countries, has significantly affected the lower availability.

The sales of hot-zinc-coated laminated products allocated to the automotive sector maintains a positive trend, as well as the sales of chain lines, belonging to the longs sector. Over the fiscal year Tata Steel has concluded the sales of two production plants located in the United Kingdom, by modifying in a significant way the business model, narrowing the perimeter to the flat laminates sector.

All of this will lead to a further reduction of revenues for Tata Steel International Italia, as of the next fiscal year.

The costs have substantially unchanged compared to the previous year, with a slight reduction in the entry “personnel cost” due to the temporary transfer of an employee to The Netherlands. At the moment of the closure of these financial statements 3 employees have left the company and a fourth employee, has presented the resignation with effective date as of mid-July 2017.

Finally, on 13th December 2016 the Financial Police has started an audit, intended to the tax control of the tax periods 2011-2016.

At the time of preparation, the auditing operations keep going on, still today there is no formal irregularity has been found.

Items in foreign currency assessment

The company, at the end of the reporting period, held items in foreign currency for 1.080 euros; nevertheless, the variations in exchanges occurred after the fiscal year end are not deemed significant.

Operations with repurchase obligation

The company, pursuant to art. 2427 no. 6-ter, guarantees that over the fiscal year has not implemented any repurchase transaction.

Notes to the Financial Statements, assets

Introduction

The values entered in the balance sheet assets have been assessed according to the provisions of article 2426 of the Italian civil code and in compliance with the national accounting standards. The criteria applied are specifically indicated in the sections concerning each item.

Fixed assets

Introduction

Intangible assets

The intangible assets, since the conditions envisaged by the accounting standards apply, are entered in the balance sheet assets at their purchase and/or production cost and are amortized straight-line depending on their future useful life.

The value of fixed assets is exposed net of accumulated depreciation and devaluation.

The amortization has been carried out in compliance with the following pre-established plan, which assures a correct distribution of the cost incurred along the useful life of the fixed asset in question:

Intangible assets entries	Period
Start-up and development costs	5 years straight-line
Capitalized software	3 years straight-line
Improvements on third party assets	12 years straight-line

The principle of depreciation of the intangible assets was applied regularly and every year, in connection to the residual future economic useful life of each asset or expense.

Pursuant to and in accordance with art. 10 of the Italian law 19th March 1983, no.72, and as also recalled by the following laws on currency revaluation, it is hereby specified that for intangible properties still existing in the assets, no currency revaluation has ever been carried out.

It is highlighted that on said long-term charges, no devaluation had to be carried out pursuant to art. 2426 paragraph 1 no. 3 of the Italian civil code since, as provided for by the accounting standard OIC 9, there are no indicators of potential losses in value of intangible assets.

Start-up and development costs

The start-up and development costs are entered in the balance sheet assets for being applicable to multiple years; said costs are amortized within a period not longer than five years.

Goodwill

The goodwill acquired for valuable consideration and entered in the Balance Sheet assets, has been already completely amortized in previous fiscal years.

Improvements on third party assets

The costs for improvements on third party assets over the fiscal year have been entered in the Balance Sheet assets, and are amortized taking into consideration the residual term of the lease agreement.

Tangible assets

The assets belonging to the category tangible assets, reported on the date when the transfer of risks and benefits related to the asset acquired occurs, are entered on the balance sheet at their purchase cost, increased by possible ancillary costs incurred until the time when the assets are ready to use and anyway within the limit of their recoverable value.

The principles of depreciation of tangible assets have not changed compared to those applied last year.

Pursuant to and in accordance with art. 10 of the Italian law 19th March 1983, No.72, as well as also recalled by the following laws on currency revaluation, it is hereby specified that for tangible properties still existing in the assets, no currency revaluation has ever been carried out.

It is highlighted that no devaluation had to be carried out pursuant to art. 2426 paragraph 1 no. 3 of the Italian Civil Code since, as provided for by the accounting standard OIC 9, there are no indicators of potential losses in value of tangible assets.

Financial assets

Accounts receivable

The accounts receivable entered in the financial assets have been assessed at their assumed realisable value by making use of the right granted by art. 2435-bis Italian c.c.

Changes in fixed assets

Introduction

This paragraph of the notes to the financial statements analyses the changes concerning intangible, tangible and financial assets.

For each entry of fixed assets it has been specified:

- historical cost;
- previous revaluations, devaluations and amortizations of fixed assets existing at the beginning of the fiscal year;
- acquisitions, movements from an entry to another, alienations and eliminations occurred over the fiscal year;
- revaluations, devaluations and amortizations carried out over the fiscal year;
- final amount of the fixed asset.

Abridged analysis of changes in fixed assets

	Intangible assets	Tangible assets	Financial assets	Total fixed assets
Value at year beginning				
Cost	844.420	128.822	6.417	979.659
Book value	844.420	128.822	6.417	979.659
Variations in the year				
Increases for acquisition	-	2.097	-	2.097
Amortization of the year	2.708	1.793	-	4.501
Total variations	(2.708)	304	-	(2.404)
Value at year-end				
Cost	844.420	130.920	6.417	981.757
Amortizations (Accumulated)	2.708	1.793	-	4.501

	Intangible assets	Tangible assets	Financial assets	Total fixed assets
amortization)				
Book value	841.712	129.127	6.417	977.256

Leasing operations

Introduction

The company at the end of the reporting period has no outstanding financial lease agreement.

Comment

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Current assets

Introduction

The assets items are assessed according to the provisions of numbers from 8 to 11-bis of article 2426 of the Italian civil code. The criteria used are indicated in the paragraphs of each financial statements item.

Accounts receivable recognised as current assets

Introduction

The accounts receivable recognised as current assets have been assessed at their assumed realisable value by making use of the right granted by art. 2435-bis Italian c.c.

The following table shows the information concerning the significant entries of the financial statements.

Description	Initial amount	Increase	Moved to the entry	Moved from the entry	Decrease	Rounding	Final amount	Absolute variation	Variation %
Accounts receivable	1.693.479	789.150	-	-	71.429	571.971-	1.839.229	145.750	9
Total	1.693.479	789.150	-	-	71.429	571.971-	1.839.229	145.750	9

Among the accounts receivable recognised as current assets there are Euros 111.976 for invoices to be issued to clients and Euros 997.749 for accounts receivable for invoices already issued. The remaining accounts receivable of the current assets are tax credits, in particular the most significant entries are equal to Euros 272.451, Euros 332.008 for Ires [Corporation Tax] credit, Euros 43.572 Irap [Regional Tax On Productive Activities] credit and Euros 81.424 as prepaid tax credit.

Capitalized financial charges

Introduction

All the interests and other financial charges have been completely paid in the fiscal year. In accordance with art. 2427, p. 1, no. 8 of the Italian Civil Code it is hereby guaranteed that there are not capitalized financial charges.

Notes to the Financial Statements, liabilities and net equity

Introduction

The balance sheet liabilities and net equity items have been entered in compliance with the national accounting standards, the standards applied are indicated in the sections concerning each item.

Net Equity

Introduction

The entries are listed in the financial statement at their book value according to the indications contained in the accounting standard OIC 28.

Comment

With reference to the fiscal year under examination, the following tables show the variations of each entry of net equity, as well as the details of other provisions, whether present in the financial statements.

	Value at year beginning	Allocation of the previous year result - Other allocations	Other variations - increases	Fiscal year result	Value at year-end
Equity	50.000	-	-	-	50.000
Statutory reserve	10.000	-	-	-	10.000
Other various reserves	1	(2)	1	-	1
Total other reserves	1	(2)	1	-	1
Retained earnings (accumulated losses)	325.821	816.425	-	-	1.142.246
Operating profit/(Loss)	816.425	(816.425)	-	505.578	505.578
Total	1.202.247		1	505.578	1.707.824

The following tables detail the entries of net equity, by specifying their origin, useful life and distributability, as well as their use in previous fiscal years.

Origin, useful life and distributability of the entries of net equity

Description	Amount	Origin/Nature	Useful life	Available portion
Equity	50.000	Equity	A	-
Statutory reserve	10.000	Equity	A;B	-
Other various reserves	1	Equity		-
Total other reserves	1	Equity		-
Retained earnings (accumulated losses)	1.142.246	Equity	A;B;C	1.142.246
Total	1.202.246			1.142.246

Comment

The table above shows the useful life for each entry as indicated below:

- A: for capital increase
- B: for losses coverage
- C: for distribution to shareholders

Employment termination indemnity

The severance indemnity has been calculated in compliance with the provisions of art. 2120 of the Italian Civil Code, considering the legal provisions and the specificities of contracts and professional categories, and include the annual instalments accrued and the revaluations carried out according to the ISTAT coefficients.

The amount of the provision is reported after advance payments supplied and instalments used for termination of employment relationship happened during the fiscal year and represents the certain liability towards the employees on the balance sheet date.

Analysis of the variations of the employment termination indemnity

	Value at year beginning	Variations in the fiscal year - Provision	Variations in the fiscal year - Total	Value at year-end
EMPLOYMENT TERMINATION INDEMNITY	502.041	57.994	57.994	560.035
Total	502.041	57.994	57.994	560.035

Loans and similar debts

Introduction

The loans and similar debts are entered in the financial statements at their nominal value, by making use of the right granted by art. 2435-bis Italian c.c.

Debts backed by the Company's assets as collateral security.

Introduction

Pursuant to and in accordance with art. 2427 p.1 no.6 of the Italian civil code, it is hereby guaranteed that there are no debts longer than five years and debts backed by the company's assets as collateral security.

Information on other liabilities items.

Comment

The following table shows information concerning other financial statements items, as well as, whether significant, information concerning their expiration.

Analysis of variations of other liabilities items

	Value at year beginning	Variations in the year	Value at year-end	Portion due within 12 months
LOANS AND SIMILAR DEBTS	435.258	(75.770)	359.488	359.488

	Value at year beginning	Variations in the year	Value at year-end	Portion due within 12 months
ACCRUALS AND DEFERRALS	67.157	(29.805)	37.352	
Total	502.415	(105.575)	396.840	359.488

Comment

Most of the debts entered comprises tax liabilities, such as in particular IRES and IRAP for the period.

Notes to the Income statement

Introduction

The income statement highlights the net result of the fiscal year.

It provides a representation of management operations, through a synthesis of revenues and expenses that contributed to determine the net result. Revenues and expenses, entered on the balance sheet according to the provisions of article 2425-bis of the Italian civil code, are divided according to the belonging to various types of management: operational, additional and financial.

The core business identifies revenues and expenses generated by operations that occurs in a continued way and in the relevant sector for the development of the management, which identify and qualify the peculiar and distinctive part of the business activity performed by the company, on which it is focused.

Value of production

Introduction

The revenues are entered on the balance sheet on an accrual basis, net of returns, allowances, discounts and awards, as well as of taxes directly related to them.

The revenues arising from provision of services are entered when the service is provided, or rather when the service has been carried out; revenues related to continued provision of services are entered for the portion accrued.

Costs of production

Comment

Expenses and charges are ascribed on an accrual basis and according to nature, net of returns, allowances, discounts and awards, in accordance with the principle of matching with revenues, and entered in the respective entries according to the provisions of the accounting standard OIC 12. As concerns the purchase of assets, their costs are entered when the substantial and informal transfer of ownership occurs by assuming as reference parameter, for the substantial transfer, the transfer of risks and benefits. In case of purchase of services, the costs incurred are entered when the service has been received, or rather when the provision ends, while, in the presence of continued provisions of service, the costs incurred are entered for the portion accrued.

The entry purchases of services mainly comprises expenses for mobile and land line telephones for Euros 22.722, expenses for administrative and tax consulting for Euros 48.782, travel expenses for Euros 28.110 and entertainment expenses for Euros 10.450.

Financial income and charges

Introduction

Financial income and charges are recognized on an accrual basis in relation to the portion accrued in the fiscal year.

Comment

Profit/loss on exchange rates

The information related to foreign exchange losses or gains are reported here below by distinguishing the part realized from the part deriving from assessment of assets and liabilities in foreign currency entered on the balance sheet at the fiscal year end.

Description	Book value	Evaluation part	Realized part
<i>profit and loss on exchange rates</i>	15-		
Foreign exchange gains		-	-
Foreign exchange loss		-	-
Total entry		-	-

Amount and nature of each revenue/cost element of exceptional size or incidence

Introduction

Over this fiscal year, there have been no earnings or other revenues arising from events of exceptional size or incidence.

Introduction

Over this fiscal year, there have been no costs arising from events of exceptional size or incidence.

Income taxes, including current, deferred and advanced taxes

Introduction

The company has allocated some fiscal year taxes by applying the tax rules in force. Current taxes refer to the taxes for the period as resulting from the tax returns; taxes concerning previous fiscal years include direct taxes of previous fiscal years, including interests penalties and refer also to the positive (or negative) difference between the amount due after the definition of a controversy or an inspection related to the value of the provision set aside in previous fiscal years. Finally deferred taxes and prepaid taxes concern revenues and expenses respectively subject to taxation or deduction in other fiscal years than those of statutory accounting.

Deferred and prepaid taxes

The income statement includes no allocation for deferred tax assets or liabilities, since it is deemed that the temporary differences between theoretical tax charge and actual tax charge have an irrelevant amount compared to the overall taxable income.

Notes to the Financial Statements, other information

Introduction

The other information requested by the Italian civil code are indicated here below.

Data on occupation

Introduction

Over the fiscal year 14 employees have been employed. .

Remunerations, advances and credits granted to directors and statutory auditors and commitments assumed on their behalf

Introduction

The following statement shows the information requested by art. 2427 no. 16 Italian c.c., by specifying that there not exist advances and credits and no commitment has been assumed on behalf of the administrative body by effect of any type of guarantees granted.

Directors' remuneration equal to Euros 233.148.

Off-balance sheet commitments, guarantees and contingent liabilities

Introduction

There not exist off-balance sheet commitments, guarantees or contingent liabilities.

Disclosure on operations with related parties

Comment

Over the fiscal year some operations with related parties have been implemented; these are operations concluded on an arm's length basis, hence, according to the applicable legislation, information about said operations, concerning amount and nature, are reported below.

The following operations are reported:

- sales order agreement with the company Tata Steel International with office in Brierley Hill (Great Britain) for euros 2.227.232

Information concerning off-balance sheet agreements

Comment

No off-balance sheet agreement has been implemented over the fiscal year.

Information on prominent events after the annual accounts

Comment

With reference to the point 22-quarter of art. 2427 of the Italian civil code, no prominent event after the annual accounts that has significantly affected the economic and financial performance shall be reported.

Information on derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

Comment

It is guaranteed that no derivative financial instrument has been subscribed.

Summary table of the financial statement of the company performing the activity of management and coordination

Introduction

The company is full subsidiary of Tata Steel Nederland BV with office in the Netherlands.

Treasury shares and shares owned in holding companies

Introduction

Pursuant to art. 2435-bis and art. 2428, paragraph 3 no. 3 and 4 of the Italian civil code, it is specified that the company, over the fiscal year, has not owned shares or stocks of the holding company.

Proposal for allocation of profits or coverage of losses

Comment

Shareholders, in the light of the explanations above, the administrative body proposes to allocate the operating profit as follows:

- euros 505.578 carried forward.

Notes to the Financial Statements, conclusions

Comment

Dear Shareholders, we confirm that these financial statements, including, statement of assets and liabilities, income statement and notes to the financial statements, represent a true and fair view of the economic and financial standing of the company, as well as the net result of the fiscal year and corresponds to the result of the accounting records. Hence we invite you to approve the draft financial statements as at 31/03/2017 along with the proposal of allocation of the fiscal year result, as proposed by the administrative body.

These Financial Statements are real and compliant with the accounting records

Firm (29812) – Subscription place, Firm (29812) – Subscription Date

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These accounts are a translated version for information purpose only, the original language version prevails in the event of any discrepancies between the English translation and the original.