

TATA STEEL



British Steel Nederland International B.V.
Report & Accounts 2017

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated July 28, 2017

Contents

	Page
A. Annual accounts	3
Balance sheet	3
Income statement	4
Notes to the annual accounts 2017	5
Notes to the balance sheet	8
Notes to the income statement	11
Further explanation and signing of the annual accounts	12
B. Other information	13
C. Independent auditor's report	14

Company address: Wenckebachstraat 1, 1951 JZ Velsen-Noord
Trade Registry Number: 14636011

A. Annual accounts

Balance sheet

(before appropriation of net profit/loss)

At March 31	Note	2017	2016
		€k	€k
Financial fixed assets			
Shares and loans group companies	1	42.952	60.663
		42.952	60.663
Current assets			
Other receivables	2	91	23
Current Tax assets	3	5	-
Cash and short term deposits	4	2.711	730
		2.807	753
Total assets held for sale	5	-	1.000
TOTAL ASSETS		45.759	62.416
Current liabilities			
Current tax liabilities	6	(490)	(809)
Short Term Borrowings	7	(3.260)	-
Other payables	8	(4)	(40.008)
		(3.754)	(40.817)
Non current Liabilities			
Other provisions	9	(13)	(13)
		(13)	(13)
TOTAL LIABILITIES		(3.767)	(40.830)
NET ASSETS		41.992	21.586
Equity			
Called up share capital	10	19	19
Reserves	10	61.567	58.904
Unappropriated result	10	(19.594)	(37.337)
TOTAL EQUITY		41.992	21.586

A. Annual accounts

Income statement

For the financial period ended March 31	Note	2017	2016
		€k	€k
Total other operating income		-	-
Total operating costs	11	(2.175)	(198)
Operating profit/ (loss)		(2.175)	(198)
Impairment of Associate	12	(20.397)	(51.864)
Shares of Joint Venture Income/(Expense)	13	(300)	7.764
Net Finance Charges	14	3.418	7.137
Profit / (Loss) before taxation		(19.454)	(37.161)
Taxation	15	(140)	(176)
Profit / (Loss) after taxation		(19.594)	(37.337)
Attributable to owners of the company		(19.594)	(37.337)

A. Annual accounts

Notes to the annual accounts 2017

General information

The Company was incorporated with limited liability under the laws of the Netherlands on January 14, 1992 by Corus International (Overseas Holdings) Ltd., United Kingdom. The statutory seat of the Company is IJmuiden, and its principal place of business is in Velsen-Noord. The activities of the Company are that of a holding and finance company.

Group structure

British Steel Nederland International B.V. is a subsidiary of Tata Steel Netherlands Holdings B.V. which has its statutory seat at IJmuiden and its registered office at Wenckebachstraat 1, 1951 JZ Velsen-Noord, the Netherlands. The ultimate parent company is Tata Steel Limited, Mumbai, India.

Related parties

The Company is incorporated with the purpose of holding and financing of group companies and/or several of its subsidiaries and associate companies out of its equity and by using loans provided by its shareholder and/or group companies.

Consolidation

The consolidated annual report of the Company and its subsidiaries is not included in this annual report, as the Company makes use of the exemption as permitted in article 2:408.1b of the Dutch Civil Code.

The financial data of British Steel Nederland International B.V. and its subsidiaries are part of the consolidated annual accounts of Tata Steel Europe Limited, 30 Millbank, London SW1P 4WY, United Kingdom.

The annual accounts of the ultimate parent company in the European Union, Tata Steel Europe Limited, are filed with the Companies' House, Crown Way, CF14 3UZ DX 33050 Cardiff, United Kingdom. These annual accounts are also available at the Chamber of Commerce at Amsterdam, Trade Registry Number: 34255148.

Accounting policies

General

The annual accounts have been prepared in accordance with the statutory provisions of Part 9, 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 annual accounts are denominated in euro.

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 income statement include references to the notes.

Functional currency and presentation currency

The annual accounts of the Company are presented in euro, the currency of the primary environment in which it operates (its functional currency).

Transactions and balances

Monetary assets and liabilities in foreign currencies are translated into euro at the quoted rates of exchange ruling at each balance sheet date. Income statement items are translated into euro at the average rates for the financial period. Any resulting exchange differences are taken to the income statement.

A. Annual accounts

Shares in subsidiaries

Because of international entanglement of the Company's operations and the application of article 2:389 of the Dutch Civil Code juncto article 2:408 of the Dutch Civil Code, participations are valued at historical cost less any provision for impairment in value. Expenses directly related to the purchase, sale and/or issue of new shares are activated as part of the value of the shares in subsidiaries.

Impairment of shares in subsidiaries

On balance sheet date, the Company tests whether there are any indications of an asset which could be subject to impairment. If there are such indications, the legal entity should estimate the recoverable amount of the asset concerned. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified.

An asset is subject to impairment if its book value is higher than its recoverable value; the recoverable value is the highest of the realisable value and the present value. An impairment is recognised as an expense in the income statement immediately.

Receivables

Receivables are valued at face value less a provision for possible uncollectable accounts.

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

Dividends

Dividends to be received from subsidiaries or joint ventures are recognised as soon as the Company acquires the right to them.

Income taxes

Taxes on income are accrued in the same periods as the revenues and expenses to which they relate, taking into account permanent differences. In computing the taxes current tax rates are applied. The difference between the taxation computed in this manner and that according to the tax regulations is included in the balance sheet as a deferred tax asset or liability.

For corporation tax purposes, the Company is part of the fiscal unity Tata Steel Netherlands Holdings B.V. Within the fiscal unity of Tata Steel Netherlands Holdings B.V., the following arrangements are in place: each year, the Company is to pay Tata Steel Netherlands Holdings B.V. the corporation tax that it owns on its taxable profits in line with the rate prevailing for that year. If the Company makes a loss for tax purposes in a given year, Tata Steel Netherlands Holdings B.V. will pay the Company a refund of taxes, similarly calculated on the basis of the rate prevailing for that year.

Equity

Expenses directly related to the purchase, sale and/or issue of new shares are directly charged against equity, net of the relevant income tax effects. Other direct changes in equity are also recognised net of the relevant income tax effects.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The detailed accounting treatment for such items can differ, as described in the following sections:

A. Annual accounts

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the terms of the individual contractual arrangements.

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. Interest-bearing bank loans and overdrafts are initially recorded at their fair value which is generally the proceeds received, net of direct issue costs. These borrowings are subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Dividends

Dividends to be received from subsidiaries are recognised as soon as the Company acquires the right to them.

Income taxes

Taxes on income are accrued in the same periods as the revenues and expenses to which they relate, taking into account permanent differences. In computing the taxes current tax rates are applied. The difference between the taxation computed in this manner and that according to the tax regulations is included in the balance sheet as a deferred tax asset or liability.

A. Annual accounts

Notes to the balance sheet

1. Shares and loans group companies

	Shares in group companies	Loans to group companies	Total
	€k	€k	€k
Balance March 31, 2016	39.487	21.176	60.663
Loan to Tata Steel Sweden Byggsystem AB	-	1.656	1.656
Disposal of Tata Steel Denmark Byggesystemer A/S	(4.401)	-	(4.401)
Liquidation of Stainless Velsen-Noord BV	(118)	-	(118)
Equity injection Erik Olsson & Söner Förvaltnings AB	5.549	-	5.549
Impairment of Corus Steel Service STP LLC, Russia	(25)	-	(25)
Impairment of Tata Steel Istanbul Metal Sanayi ve Ticaret A.S., Turkey	(8.046)	-	(8.046)
Impairment of Eric Olsson & Söner Förvaltnings AB, Sweden	(12.076)	-	(12.076)
Impairment of Tata Steel International (Canada) Holdings Inc	(250)	-	(250)
Balance March 31, 2017	20.120	22.832	42.952

The carrying values of the Company's investments are tested annually for impairment using an enterprise value (EV) calculation. The calculation in 2017 uses EBITDA forecasts based on the most recently approved financial budgets and strategic forecasts approved by the Board which cover a period of five years. Key assumptions for the EV calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, exchange rates, and an EU steel industry EV/EBITDA ratio of 6.99. Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources. The EV/EBITDA ratio of 6.99 is derived from the EV/EBITDA ratios for EU steel companies that are comparable to TSE. The outcome of the test at 31 March 2017 resulted in a permanent diminution of €8.046k (2016: nil) in the value of the Company's equity investment in Tata Steel Istanbul Metal Sanayi ve Ticaret A.S., €12.076k in the value of the Company's equity investment in Eric Olsson & Söner Förvaltnings AB, €250k in the value of the Company's equity investment in Tata Steel International (Canada) Holdings Inc. and €25k in the value of the Company's equity investment in Corus Steel Service STP LLC, due to weaker market conditions in mainly the European steel market, which are expected to remain weak over the near and medium term.

Investments in subsidiaries at March 31, 2017 are:

	Share- holding %	Value €k
Service Centre Maastricht B.V.	100	-
Tata Steel International (Benelux) B.V.	100	-
Corus Steel Service STP LLC, Russia	100	-
Tata Steel Istanbul Metal Sanayi ve Ticaret A.S., Turkey	100	7.101
Eric Olsson & Söner Förvaltnings AB, Sweden	100	417
Tata Steel International (Canada) Holdings Inc., Montreal, Quebec, Canada	100	60
Corus Ireland Limited, Dublin, Rep. of Ireland	100	-
Tata Steel International (Sweden) AB, Gothenburg, Sweden	100	7
Norsk Stal Tynplater A/S, Norway	50	1.252
Tata Steel International (Czech Republic) S.R.O., Czech Republic	100	34
Tata Steel International (Poland) Sp.Zo.o., Poland	100	2.135
Tata Steel International (Denmark) A/S., Denmark	100	120
Tata Steel International Ibérica S.A., Spain	100	142
Tata Steel International (Finland) oy, Finland	100	128
Kalzip India Private Ltd., India	100	913
Layde Steel SL., Spain	100	7.678
Tata Steel Ticaret AS, Istanbul, Turkey	50	133
Tata Elastron S.A. Service Center	50	-
Financial fixed assets		20.120

The 50% share in Corus-Kalpinis Simos Cladding Industrial SA was disposed to Tata Elastron S.A. Service Center on 11 April 2016. The long-term loans to group companies also include loans, which although formally in the short-term category, are of a long-term economic nature.

Annual accounts

2. Other receivables	2017	2016
	€k	€k
Amounts owed by other Tata Steel Companies	91	23
	91	23
3. Current Tax Assets	2017	2016
	€k	€k
Dutch corporation Tax	5	-
	5	-
4. Cash and short term deposits	2017	2016
	€k	€k
Bank balances and terminable deposits	2.711	730
	2.711	730
5. Total assets held for sale	2017	2016
	€k	€k
Sale of the 50% shareholding Corus-Kalpinis Simos Cladding Industrial SA in FY 2017	-	1.000
	-	1.000
6. Current tax liabilities	2017	2016
	€k	€k
Dutch corporation tax	(490)	(809)
	(490)	(809)
7. Short Term Borrowings	2017	2016
	€k	€k
Loans from Group companies	(3.260)	-
	(3.260)	-
8. Other payables	2017	2016
	€k	€k
Recapitalisation Layde Steel SL., Spain	-	(40.000)
Amounts owed to other Tata Steel companies	(4)	(8)
	(4)	(40.008)
9. Other provisions	2017	2016
	€k	€k
Other provisions	(13)	(13)
	(13)	(13)

A. Annual accounts

10. Equity

	Issued share capital	Share premium account	Legal and non-distributional reserve	General reserve	Unappropriated result	Total
	€k	€k	€k	€k	€k	€k
Balance sheet value at March 31, 2016	19	52.753	1.113	5.038	(37.337)	21.586
Appropriated result 2016	-	-	-	(37.337)	37.337	-
Net result current year	-	-	-	-	(19.594)	(19.594)
Share premium	-	40.000	-	-	-	40.000
At March 31, 2017	19	92.753	1.113	(32.299)	(19.594)	41.992

The authorised capital of the Company amounted to € 90.000,00 consisting of 2.000 ordinary shares of € 45,00 each of which 412 shares amounting to € 18.540,00 are issued and paid up.

On June 30, 2016 there was a conversion of a loan to share premium of € 40.000.000.

Contingent liability

British Steel Nederland International B.V. is part of the Dutch fiscal unity Tata Steel Netherlands Holdings B.V. since April 1, 2010 and for this reason could be liable for corporate income tax liabilities of this fiscal unity.

Pledge

The shares of British Steel Nederland International B.V. have been pledged to the Bank syndicate as security for the Senior Facilities Agreement of Tata Steel Netherlands Holdings B.V.

A. Annual accounts

Notes to the income statement

11. Operating costs

	2017	2016
	€k	€k
Costs by type:		
Exchange rate differences	15	14
General expenses	(73)	(212)
Disposal of group companies *)	(2.117)	-
	(2.175)	(198)

*) Stainless €16k, Tata Steel Denmark Byggesystemer €2.101k

12. Impairment of Associate

	2017	2016
	€k	€k
Impairment Service Centre Maastricht B.V.	-	(18.151)
Impairment Layde Steel SL	-	(32.322)
Impairment Tata Steel Denmark Byggesystemer A/S	-	(1.391)
Impairment of Corus Steel Service STP LLC, Russia	(25)	-
Impairment of Tata Steel Istanbul Metal Sanayi ve Ticaret A.S., Turkey	(8.046)	-
Impairment of Eric Olsson & Söner Förvaltnings AB, Sweden	(12.076)	-
Impairment of Tata Steel International (Canada) Holdings Inc.	(250)	-
Finance income	(20.397)	(51.864)

13. Shares of Joint Venture Income/(Expense)

	2017	2016
	€k	€k
Sale of Norsk Stal A/S, Oslo, Norway	-	7.764
Sale of Corus-Kalpinis Simos Cladding Industrial SA	(300)	-
	(300)	7.764

14. Financing items

	2017	2016
	€k	€k
Interest to group companies	(203)	-
Finance cost	(203)	-
Dividend income Joint Venture	723	473
Interest from group companies	822	898
Dividend from group companies	2.076	5.766
Finance income	3.621	7.137
Net Finance Charges	3.418	7.137

15. Taxation

	2017	2016
	€k	€k
Dutch corporation tax	(140)	(176)
	(140)	(176)

Taxation

Taxation is based on 25% of the result before taxation after exclusion of the income from investments not recorded at net equity value.

Number of employees

The average number of active employees in 2017 was 1 (2016: 0).

Remuneration and loans to Directors

In the financial year, no remuneration or payment of any other kind was made at the Company's expense to its directors.

A. Annual accounts

Further explanation and signing of the annual accounts

Names and addresses of consolidating companies

The financial information of British Steel Nederland International B.V. is consolidated in the consolidated annual accounts of Tata Steel Europe Limited, 30 Millbank, London SW1P 4WY, United Kingdom.

The ultimate parent company is Tata Steel Limited, Mumbai, India, which is registered in the relevant trade register.

The office address of the Company and its parent company Tata Steel Netherlands Holdings B.V. is as follows:

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

Signing of the annual accounts

The 2017 annual accounts of British Steel Nederland International B.V. have been signed by its plenary Board of Directors.

Velsen-Noord, July 28, 2017

The Board of Directors:

E.A. Lambrechts

E.A.M. Selie

B. Other information

Independent auditor's report

The report of the independent auditor is provided by Deloitte Accountants B.V. on the next page.

Independent auditor's report

To the shareholders of British Steel Nederland International B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements for the year ended March 31, 2017 of British Steel Nederland International B.V., based in Velsen-Noord.

In our opinion the accompanying financial statements give a true and fair view of the financial position of British Steel Nederland International B.V. as at March 31, 2017, and of its results for the year ended March 31, 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at March 31, 2017.
2. The income statement for the year ended March 31, 2017.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of British Steel Nederland International B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Amsterdam, July 28, 2017

Deloitte Accountants B.V.