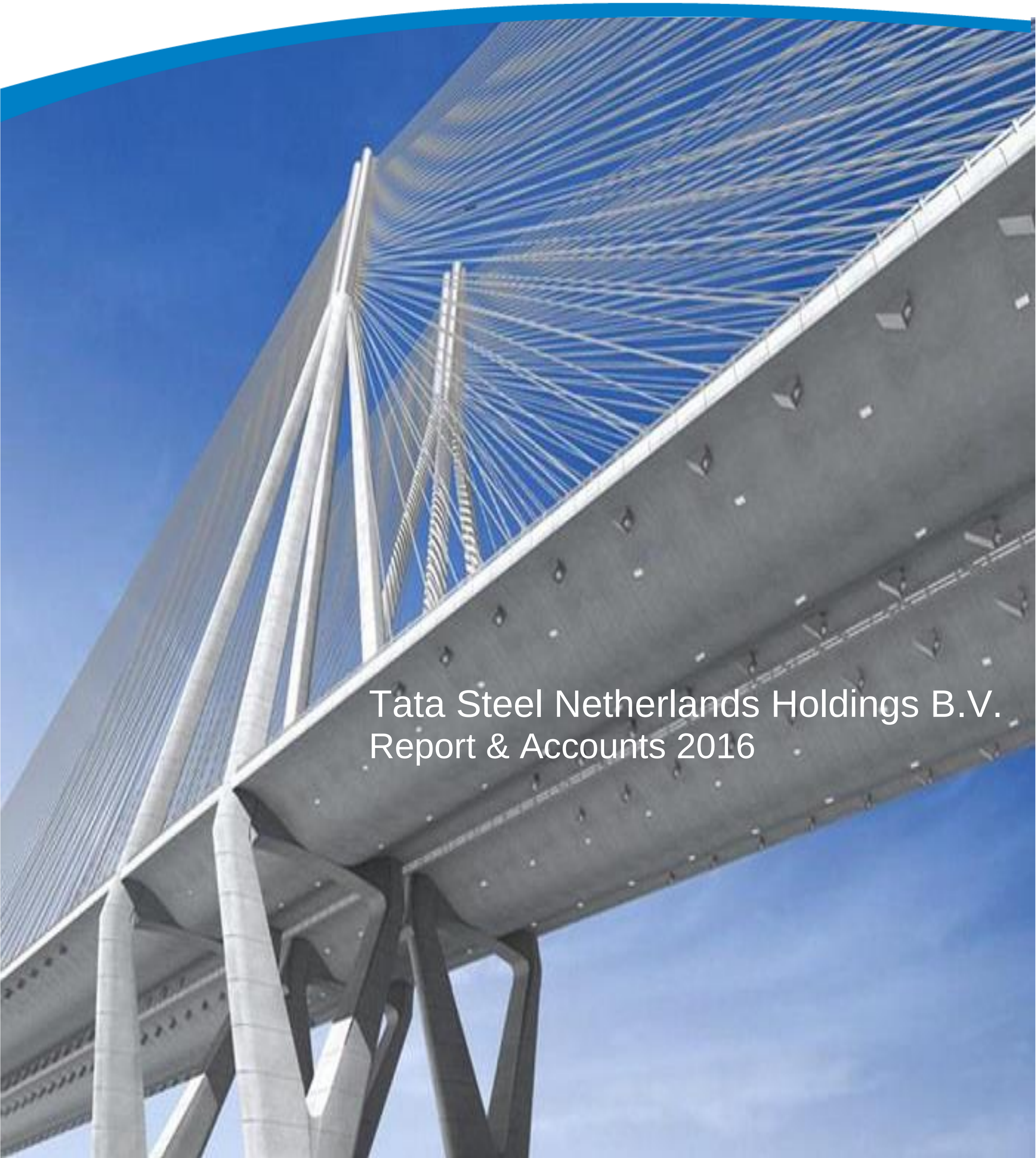

Tata Steel Netherlands Holdings B.V.
Report & Accounts 2016

Contents

A. Report of the Board of Directors

Foreword

The Board of Directors ('Board') has pleasure in presenting the annual report together with the audited accounts of Tata Steel Netherlands Holdings BV ('TSNH' or 'the Company') for the year started 1 April 2015 and ended 31 March 2016.

Dr K.E.M. Köhler resigned on 29 February 2016, after nearly 6 years as a Member of the Board. The Board expresses its appreciation for his contributions in the Board.

Principal activities and review of the business

The Company was incorporated on 4 September 2006 and commenced its activities in 2007. The principal activity of the Company is that of an investment and holding company.

The ultimate European parent of the Company is Tata Steel Europe Ltd, which is a wholly-owned subsidiary of TS Global Holdings Pte. Ltd, an unlisted company in Singapore. The ultimate parent company, Tata Steel Ltd ('TSL'), is a company incorporated in India with shares listed on BSE Limited (formerly the Bombay Stock Exchange Limited), Mumbai and the National Stock Exchange of India, and with global depositary receipts listed on the London and the Luxembourg Stock Exchanges.

TSNH holds all shares in Tata Steel Nederland B.V. ('TSN'), British Steel Nederland International B.V. ('BSNI') and Corus Group Ltd.

On 29 March 2016, following a recommendation from Tata Steel Limited ('TSL'), the Company's ultimate shareholder, the Directors of Tata Steel Europe Limited ('TSE') resolved to consider all possible restructuring options including the potential divestment of Tata Steel UK Limited ('TSUK'). This process has started and remains ongoing but, pending its conclusion, the outcome of the restructuring or sale remain uncertain.

TSE and its subsidiaries are financed in part through the Senior Facilities Agreement and other long term loans introduced by the parent from time to time and in part through working capital support provided by Tata Steel Global Procurement Co. Pte Limited ('TSGP') a subsidiary of TSL, under arrangements which have been authorised, and are supported, by TSL. TSL has approved the continued provision of working capital support to TSE and the operations of TSE's material subsidiaries, including in the Netherlands and the UK, subject to certain restrictions.

The Netherlands subsidiary continues to be cash generative and trading performance of the Group, including the UK, in quarter one FY 2016/17 has been positive leading to an improved outlook for the remainder of the financial year.

Based on the mandate of the ultimate parent of the Company, TSL, on 29 March 2016, the Board of TSE is evaluating all options for TSUK, a Corus Group Ltd subsidiary, including the potential divestment. A further comment on this topic is included in the Notes to the Annual Accounts 2016 on page 6.

Financing

The acquisition of Corus was financed by the ultimate parent company TSL for approximately 50% of debt. The majority of the external borrowings of the Group are accounted for by the Senior Facilities Agreement (SFA) which was successfully refinanced in October 2014. The SFA is secured by guarantees and debentures granted by material subsidiaries of TSE (other than TSN and its subsidiaries) and by a share pledge over the shares in TSN. The SFA has a financial covenant which sets an annual maximum capital expenditure level.

The SFA comprises:

- a bullet term loan facility of five years of € 370 million;
- an amortising term loan facility of seven years of € 1.500 million (amortisation starts from the end of year five);
- an amortising term loan facility of seven years of US$ 379,5 million (amortisation starts from the end of year five); and
- a revolving credit facility of six years of £ 700 million (this facility may be extended by a further year if certain conditions are satisfied).

The SFA term loans are denominated in euro and US dollars, but 100% of the proceeds received in US dollars have been hedged in euro. The refinancing of the SFA was accompanied by a € 800 million subordinated loan injection from TS Global Holdings Pte. Ltd.

Meetings of the Board

Three Board meetings were held during the year. Most Board members were present at each of these meetings.

The Board was briefed at all the meetings on the developments regarding the Company and its financial and business performance. Specific attention was given to the liquidity position, cash flow forecast and developments with regard to the SFA and SFA covenant compliance.

Other topics included, but were not limited to tax developments, corporate income tax returns and the Brand Equity & Business Promotion Agreement between the Company and Tata Sons Limited.

At its July 2015 meeting, the Board resolved to make a dividend distribution of € 100 million and € 7 million from TSN and BSNI to TSNH respectively, related to the financial year 2015.

In October 2015, the Board confirmed its support for the proposal to restore its equity by converting the 2007 shareholder loan, including accrued interest. In the January 2016 Board meeting the liquidity position of TSUK was discussed and measures to address the shortfall were decided upon. The impact of the potential sale of Longs Steel to Greybull on the Senior Facility Agreement was evaluated. On March 31, 2016 it was resolved to declare a dividend of € 4.6 million by BSNI.

Risk management

Business risks of TSNH are managed by the Board of directors, who have also a principal role as directors of the main subsidiaries of the Company. TSNH's business risk management is based upon sound economic objectives and good corporate practice.

TSE is financed in part through external bank facilities referred to as the senior facility agreement (‘SFA’) The SFA is provided by a syndicate of international banks. Servicing of interest payments in challenging trading conditions continues to represent a risk to the business. A significant amount of funding has also been provided to TSNH from TSL Group Companies . In order to effectively manage this risk, the forecast requirements of TSNH continue to be closely monitored and “downside’ sensitivities are undertaken regularly to ensure adequacy of facilities.

TSNH's main financial risks are related to the availability of funds to meet its business needs, and movements in interest rates, exchange rates and commodity costs. Derivatives and other financial instruments are used to manage any exposures, where considered appropriate.

Post balance sheet events

On 31 May 2016 Tata Steel UK completed the disposal of its subsidiary Long Steel UK Limited (‘LSUK’) to Greybull Capital LLP (‘Greybull’). The transaction included the disposal of Tata Steel Nederland’s subsidiary Tata Steel France Rail SAS (‘TSFR’), which was initially sold by TSN’s subsidiary Tata Steel France Holdings SAS to LSUK on the same date.

Prospects for 2016

The World Steel Association predicts global demand for steel is likely to decline by 0.8% in 2016 with an estimated 4.0% contraction in China offsetting resilient growth in developing markets, in particular in South and Southeast Asia, and NAFTA. No steel demand growth is forecast in the EU due to low activity growth in steel using sectors and a reduction to stocks which built up in the second half of 2015.

Margins in the global steel industry are expected to remain under pressure due to high levels of excess capacity, with little expectation that capacity will be reduced significantly in the near future.

Board of Directors

Dr H. Adam	Mr B. Jha
Mr T.J. Farquhar	Dr J.L.M. Fischer
Ms H.L. Matheson	Mr N.K. Misra
Mr J.E. van Dort	

Velsen-Noord, July 28, 2016

Balance sheet

(before appropriation of net profit/loss)

At 31 March	Note	**2016**	2015
		€k	€k
Non-current assets			
Shares and loans group companies	1	**5.596.510**	5.578.776
Deferred tax assets	2	**99.963**	78.758
		5.696.473	5.657.534
Current assets			
Current tax assets	4	**188.660**	162.758
Other receivables	3	**7.912**	36.005
Cash and short-term deposits	5	**433**	562
		197.005	199.325
TOTAL ASSETS		**5.893.478**	5.856.859
Current liabilities			
Borrowings	6	**(636.490)**	(640.894)
Current tax liabilities	7	**(54.999)**	(56.001)
Other payables	8	**(178.541)**	(190.015)
		(870.030)	(886.910)
Non-current liabilities			
Borrowings	6	**(3.986.923)**	(5.013.351)
Other non-current liabilities	9	**(5.944)**	-
		(3.992.867)	(5.013.351)
TOTAL LIABILITIES		**(4.862.897)**	(5.900.261)
NET ASSETS		**1.030.581**	(43.402)
Equity			
Called-up share capital	10	**6.173.342**	5.084.034
Reserves	10	**(5.109.284)**	(1.941.941)
Unappropriated result	10	**(33.477)**	(3.185.495)
TOTAL EQUITY		**1.030.581**	(43.402)

Income statement

For the financial period ended 31 March	Note	**2016**	2015
		€k	€k
Operating Profit / (Loss)	14	**96.935**	(3.161.282)
Finance costs	15	**(326.926)**	(337.612)
Finance income	15	**126.155**	273.918
Profit / (Loss) before taxation		**(103.836)**	(3.224.976)
Taxation	16	**70.359**	39.481
Profit / (Loss) after taxation		**(33.477)**	(3.185.495)
Attributable to owners of the Company		**(33.477)**	(3.185.495)

Notes to the annual accounts 2016

General information

The Company was incorporated with limited liability under the laws of the Netherlands on 4 September 2006. The statutory seat of the Company is in Amsterdam, and its principal place of business in Velsen-Noord, the Netherlands. The objectives of the Company are to act as an investment and holding company.

Going concern

The directors have assessed the future funding requirements of the Group and the Company, and have compared them against the level of available borrowing facilities, including working capital facilities authorised and supported by the ultimate parent, TSL. They have also assessed the future financial performance against the borrowing facilities as set out in Note 6 to the financial statements, and as supported by a commitment from TSL. As part of these assessments, the directors considered a number of scenarios and the mitigating actions the Group could take to limit any adverse consequences. In particular, the directors considered separately the impact of lower steel margins, higher raw material costs, a lower production volume and different exchange rates than had been assumed in the Group's annual plan. Having undertaken this work, the directors are of the opinion that the Group has access to adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

On 29 March 2016, following a recommendation from Tata Steel Limited ('TSL'), the Company's ultimate shareholder, the Directors of Tata Steel Europe Limited ('TSE') resolved to consider all possible restructuring options including the potential divestment of Tata Steel UK Limited ('TSUK'). This process has started and remains ongoing but, pending its conclusion, the outcome of the restructuring or sale remain uncertain.

TSE and its subsidiaries are financed in part through the Senior Facilities Agreement and other long term loans introduced by the parent from time to time and in part through working capital support provided by Tata Steel Global Procurement Co. Pte Limited ('TSGP') a subsidiary of TSL, under arrangements which have been authorised, and are supported, by TSL. TSL has approved the continued provision of working capital support to TSE and the operations of TSE's material subsidiaries, including in the Netherlands and the UK, subject to certain restrictions. The Netherlands subsidiary continues to be cash generative and trading performance of the Group, including the UK, in quarter one FY 2016/17 has been positive leading to an improved outlook for the remainder of the financial year. Based on the mandate of the ultimate parent of the Company, TSL, on 29 March 2016, the Board of TSE is evaluating all options for TSUK, including the potential divestment. Currently, the process of evaluation of a potential divestment is underway and representatives of TSE are engaged in discussions with the UK and Welsh Government to facilitate the restructuring options. In the absence of a conclusive outcome of the restructuring or sale, there exists a material uncertainty for the future of TSUK.

For these reasons, while the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future, they have concluded that there exists a material uncertainty which may cast significant doubt about TSUK's ability to continue as a going concern. The Company has considered the position of TSUK, its arrangements with TSUK and the mitigating actions that could be taken and on this basis the directors of the Company have concluded that it is appropriate to prepare these financial statements for the Company on a going concern basis. However, if TSUK were not a going concern, adjustments might be required to the Company's financial statements, in particular to write down the carrying value of the investment in and inter-company loans to subsidiary undertakings in the Company's own balance sheet.

However, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result from a potential sale or restructuring as it is not practicable to identify or quantify them.

Group structure

Tata Steel Netherlands Holdings B.V. is a subsidiary of Tata Steel UK Holdings Limited which has its registered office in London, United Kingdom. The ultimate parent is Tata Steel Limited, Mumbai, India.

Related parties

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

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 408, Book 2 of the Dutch Civil Code.

The financial data of Tata Steel Netherlands Holdings B.V. and its subsidiaries are part of the consolidated annual accounts of Tata Steel Europe Ltd, 30 Millbank, London SW1P 4WY, U.K.

Based upon the firm pronouncement (RJ 360 par 104) for the Statement of Cash Flows reference is made to the annual report of Tata Steel Europe Ltd.

The annual accounts of the ultimate parent in the European Union, Tata Steel Europe Ltd, are filed with the Companies' House, Crown Way, CF14 3UZ DX 33050 Cardiff, United Kingdom. This annual report is 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 recognized at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

At the date of authorisation of these financial statements there was an amendment to the Standard 290 Financial Instruments (2013) of the Dutch Accounting Standards Board. The changes arising from the adoption of the amendment in future periods are not expected to have a material impact on the financial statements of the Company.

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.

Shares in subsidiaries

Because of international entanglement of the Company's operations and the application of article 389, Part 9, Book 2 of the Dutch Civil Code juncto Article 408 Part 9, Book 2 of the Dutch Civil Code, participations are valued at historical cost less any provision for impairment in value.

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 realizable value and the present value. An impairment is recognized as an expense in the income statement immediately.

Deferred taxes

Deferred taxes on temporary differences arising between the value of the assets and liabilities for financial reporting purposes on the one hand and for tax purposes on the other are calculated in accordance with the balance sheet liability method. Deferred tax assets and liabilities are measured at the tax rates at yearend or at the rates prevalent in the next years, when these rates are laid down in law or if it has substantively been decided to. In general no provisions are provided for deferred tax liabilities on interests in group and affiliated companies.

Deferred tax assets, including those resulting from tax loss carry-forwards, are recognized if it is probable that future taxable profits will be available against which they can be offset.

Receivables

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

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 recognized net of the relevant income tax effects.

Financial instruments

Financial assets and financial liabilities are recognized 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:

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.

Derivative financial instruments and hedge accounting

In the ordinary course of business the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, forward rate agreements and options. The instruments are employed as hedges of transactions included in the accounts or forecast for firm contractual commitments. The creditworthiness of the counterparties is being monitored on a regular base.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken. Following this, at each subsequent balance sheet date the derivative is remeasured at its current fair value.

For derivative contracts the fair values are determined based on market forward rates at the balance sheet date as published by Reuters or Bloomberg. The Company seeks to adopt hedge accounting for specific currency contracts and interest risk. This means that, at the inception of each hedge there is a formal, documentary designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. The effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity and the ineffective portion is recognized immediately in the income statement. Amounts deferred in equity are recognized in the income statement in the same period in which the hedged item affects profit or loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes attributable to the risk being hedged; the corresponding entry is in the income statement on the same accounts as the underlying item. Gains or losses from re-measuring the associated derivative are also recognized in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to net profit or loss for the period.

Interest paid and received
Interest paid and received is recognized 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 are recognized 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 the ultimate parent of the Dutch 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.

Notes to the balance sheet

1. Shares and loans group companies

	Shares in group companies	Loans to own group companies	Total
	€k	€k	€k
Balance sheet value at 31 March 2015	5.232.848	345.928	5.578.776
Movements in 2015/16:			
Loans	-	17.734	17.734
At 31 March 2016	5.232.848	363.662	5.596.510

On 20 December 2007 the shares of Corus Group Ltd. (€ 5.078.758 thousand) and Tata Steel Nederland B.V. (€ 4.823.323 thousand) were acquired at fair value by the Company. On 1 July 2009 the shares of British Steel International B.V. (€ 114.767 thousand) were acquired at market value by the Company. On 31 May 2011 British Steel International B.V. merged with its subsidiary British Steel Holdings B.V. being the absorbing company. On 1 June 2011 British Steel Holdings B.V. merged with its subsidiary British Steel Nederland International B.V. being the absorbing company. On 31 March 2013 an impairment on the shares of Corus Group Ltd. was made of € 1.746 million due to weaker steel market conditions in Europe.
At 31 March 2015 a permanent diminution of € 3.038m took place in the value of the Company's investment in Corus Group Limited due to weaker market conditions in mainly the UK construction market, which is expected to remain weak over the near and medium term.

The ownership shares and registered addresses of the Company's subsidiaries are:

	Ownership		
Corus Group Ltd.	100%	30 Millbank	SW1P4WY LONDON
Tata Steel Nederland B.V.	100%	Wenckebachstraat 1 Postbus 10.000	1951 JZ Velsen-Noord 1970 CA IJmuiden
British Steel Nederland International B.V.	100%	Wenckebachstraat 1 Postbus 10.000	1951 JZ Velsen-Noord 1970 CA IJmuiden

Long-term loans to group companies

The loan as at 31 March 2016 is to Tata Steel UK Ltd. bearing an interest rate of average 2,766%. Although formally in the short-term category the loan is of a long-term economic nature.

2. Deferred tax assets

The deferred tax asset results from tax loss carry-forwards of the Dutch fiscal unity, for which it is probable that future taxable profits will be available against which they can be offset. Deferred tax assets have not been recognized in respect of total tax losses of € 1.1bn. The increase in deferred tax assets of € 21.2 million reflects the recognition of additional losses in respect of projected future profitability within the Dutch fiscal unity.

	2016	2015
	€k	€k
Dutch corporation tax	**99.963**	78.758
	99.963	78.758

3. Other receivables

	2016	2015
	€k	€k
Amounts owed by other Tata Steel Companies	**6.766**	21.009
Interest receivable from group companies	**1.146**	293
Derivative assets	**-**	14.703
	7.912	36.005

4. Current tax assets

Tata Steel Netherlands Holdings B.V. is the ultimate parent of the Dutch fiscal unity. The current tax assets consist of tax receivables with other members of the fiscal unity.

	2016	2015
	€k	€k
Amounts receivable from group companies	**188.660**	162.758
	188.660	162.758

5. Cash and short-term deposits	**2016**	2015
	€k	€k
Bank balances and terminable deposits	**433**	562
	433	562

6. Borrowings	2016	2015
	€k	€k
Current:		
Bank loans	(200.000)	(200.000)
Loans from other Tata Steel Companies	(436.490)	(440.894)
	(636.490)	(640.894)

	2016	2015
	€k	€k
Non-current:		
Bank loans	(2.124.729)	(2.126.893)
Loans from other Tata Steel Companies	(1.862.194)	(2.886.458)
	(3.986.923)	(5.013.351)

Current borrowings

The bank loans relate to € 200m of the revolving credit facility drawn at the end of March 2016.

The loans from other Tata Steel Companies include a short-term loan of US$ 155m from Tata Steel International (Americas) Holdings Inc. bearing an interest rate of on average 1,47% and € 300m from Tata Steel Nederland B.V. bearing an interest rate of on average 2,836%.

The current borrowings are due for repayment within one year.

Non-current borrowings

The bank loans consist of the loans granted under the senior facility agreement entered into on 28 October 2014.
The final composition, in approximate amounts, at the close of syndication was:

- an amortising term loan facility of five years €370m;
- an amortising term loan facility of seven years €1.500m (amortisation starts from the end of five years);
- an amortising term loan facility of four years US$ 379,5m (amortisation starts from the end of five years); and
- a revolving credit facility of seven years £ 700m.

The total amount of loans due after seven years is € 0.
The bank loans have different durations and are all due for repayment between five and seven years.

Loans from other Tata Steel Companies include a loan with Tata Steel UK Holdings Ltd. of € 977.2 million which will expire in 2021 bearing an interest percentage of average 4.866%. A loan with Tata Steel UK Ltd. of € 735 million which will expire in 2023 bearing an interest percentage of 5,5%. The remaining part of loans from other Tata Steel Companies is a loan with ABJA Investment Co. Pte. Ltd. of € 150m which will expire 2 May 2023 bearing an interest rate of 6,108%.

7. Current tax liabilities

Tata Steel Netherlands Holdings B.V. is the ultimate parent of the Dutch fiscal unity. The current tax liabilities consist of tax payables with other members of the fiscal unity.

	2016	2015
	€k	€k
Amounts payable to group companies	(54.999)	(56.001)
	(54.999)	(56.001)

8. Other payables

	2016	2015
	€k	€k
Amounts owed to other Tata Steel Companies	**(2.399)**	(3.681)
Interest payable	**(150.313)**	(130.016)
Derivative financial instruments	**(16.735)**	(32.808)
Other payables	**(9.094)**	(23.510)
At 31 March	**(178.541)**	(190.015)

9. Other non-current liabilities

	2016	2015
	€k	€k
Derivative financial instruments	**(5.944)**	-

10. Equity

	Issued share capital	Share premium	Hedging Reserve	General Reserve	Unappropriated result	Total
	€k	€k	€k	€k	€k	€k
Balance sheet value at 31 March 2015	5.018	5.079.016	(22.610)	(1.919.331)	(3.185.495)	(43.402)
Share premium contribution		1.089.308	-	-	-	1.089.308
Appropriated result 2014/15	-	-	-	(3.185.495)	3.185.495	-
Movement Cash Flow Hedge Reserve	-	-	18.152	-	-	18.152
Net result current year	-	-	-	-	(33.477)	(33.477)
At 31 March 2016	5.018	6.168.324	(4.458)	(5.104.826)	(33.477)	**1.030.581**

At the establishment of Tata Steel Netherlands Holdings B.V., the authorized capital amounted to € 18.000,00 consisting of 180 ordinary shares of € 100,00 each of which all shares are issued and paid-up. In 2007, 50.000 shares of € 100,00 each were issued. These shares were paid upon with the shares of Corus Group Ltd. The difference between the nominal value of the ordinary shares and the value of Corus Group Ltd. was recorded as share premium reserve. The long-term loan from Tata Steel UK Holdings Ltd. € 1.089.308k. is transferred to Share premium

11. Financial instruments

Derivative financial instruments used by Tata Steel Netherlands Holdings B.V. include forward currency contracts and interest rate swaps. These financial instruments are utilised to hedge significant future transactions and cash flows and in most cases are subject to hedge accounting under RJ 290. All transactions in derivative financial instruments are undertaken to manage risks arising from financing activities.

The fair values of derivatives held by Tata Steel Netherlands Holdings B.V. at the end of the reporting period were:

	2016		2015	
€k	**assets**	**liabilities**	assets	liabilities
non-current:				
Interest rate swaps	**-**	**(5.944)**	-	-
Cross currency swaps	**-**	**-**	-	-
	-	**(5.944)**	-	-
current:				
Interest rate swaps	**-**	**-**	-	(30.147)
Foreign currency contracts	**-**	**(16.735)**	14.702	(2.662)
	-	**(16.735)**	14.702	(32.809)
	-	**(22.679)**	14.702	(32.809)

The fair values of derivative financial instruments that were designated as cash flow hedges at the end of the reporting period were:

€k	**2016**	2015
Interest rate swaps	**(5.944)**	(30.147)
Cross currency swaps	**-**	-
Cash flow hedge reserve	**(5.944)**	(30.147)
Deferred taxation	**-**	-
Current taxation	**1.486**	7.537
Cash flow hedge reserve net of taxation	**(4.458)**	(22.610)

The movements of the derivatives were:

€k	**Total movement**	**P&L**	**Cash Flow Hedge Reserve**	**Balance**
Non-current:				
Interest rate swaps	**24.203**	-	24.203	-
Foreign currency contracts	**(43.227)**	(14.452)	-	(28.775)
	(19.024)	(14.452)	24.203	(28.775)

The underlying values of the derivative financial instruments at the end of the reporting period were:

	2016	2015
Interest rate swaps (€m)	**1.425**	1.875
Foreign currency contracts (US$m)	**535,4**	531,5

12. Guarantees

Tata Steel Netherlands Holdings BV is the ultimate parent of the Dutch fiscal unity Tata Steel Netherlands Holdings B.V. and is for this reason liable for corporate income tax liabilities of this fiscal unity.

13. Pledge

The shares of Corus Group Ltd., Tata Steel Nederland B.V. and British Steel Nederland International B.V. and the bank accounts of Tata Steel Netherlands Holdings B.V. have been pledged to the Bank syndicate as security for the Senior Facility Agreement.

Notes to the income statement

14. Operating Profit / (Loss)

	2016	2015
	€k	€k
Profit / (Loss) by type:		
Exchange rate differences	**95.147**	(123.426)
Impairments	**-**	(3.038.000)
General expenses	**1.788**	144
	96.935	(3.161.282)

15. Financing items

	2016	2015
	€k	€k
Interest expense		
Bank and other borrowings	**(129.351)**	(177.256)
Borrowings from group companies	**(197.575)**	(160.356)
Finance costs	**(326.926)**	(337.612)
Interest and dividend income	**70**	-
Interest from group companies	**9.985**	6.362
Dividend from group companies	**116.100**	267.556
Finance income	**126.155**	273.918
	(200.771)	(63.694)

16. Taxation

	2016	2015
	€k	€k
Dutch corporation tax	**70.359**	39.481 [1]
	70.359	39.481

Taxes

For the financial year of 1 April 2015 up to 31 march 2016 the nominal tax rate is 25% of the result before taxes, with the exclusion of the dividends received and impairments for which the participation exemption applies.

	2016	2015
	€m	€ m
Profit/ (loss) before taxation	**(104)**	(3.225)
Profit/ (loss) before taxation multiplied by the applicable corporation tax rate of 25%	**26**	806
Effects of:		
Dividends received for which the participation exemption applies	**29**	67
Change in unrecognised tax	**(3)**	(74)
Prior year current tax charge	**2**	(27)
Prior year deferred tax charge	**-**	(1)
Impairment Corus Group Ltd. of € 3.038 million	**-**	(760)
Fees previously capitalised on refinancing	**-**	28
Other differences	**16**	-
Total taxation	**70**	39

[1] Adapted the figure from FY 2015 to be in line with the figure of the income statement 2015.

Number of employees

The average number of active employees employed in 2016 was 0 (2015: 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.
As per 31 March 2016, no loans had been made by the Company to the directors of the Company.

Further explanation and signing of the annual accounts

Names and addresses of consolidating companies

The financial information of Tata Steel Netherlands Holdings B.V. is consolidated in the consolidated annual accounts of Tata Steel Europe Ltd, 30 Millbank, London SW1P 4WY, U.K.

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 UK Holdings Limited is as follows:

Tata Steel Netherlands Holdings B.V.	Wenckebachstraat 1	1951 JZ Velsen-Noord
	P.O. Box 10.000	1970 CA IJmuiden
Tata Steel UK Holdings Limited	30 Millbank	London SW1P 4WY, UK

Signing of the annual accounts

The 2016 annual accounts of Tata Steel Netherlands Holdings B.V. have been signed by its plenary Board of Directors.

Velsen-Noord, July 28, 2016

The Board of Directors:

H. Adam

J.E. van Dort

T.J. Farquhar

J.L.M. Fischer

B. Jha

H.L. Matheson

N.K. Misra

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

The profit/ loss as shown by the annual accounts is at the disposal of the annual General Meeting.

Appropriation of the result for the financial year 2015

The net loss for the year ended March 31, 2015 was added to the General Reserve account.

Appropriation of the result for the financial year 2016

It is proposed to the annual General Meeting of shareholders to charge the loss of the 2016 financial period, in the sum of € 33.477 thousand against the General Reserve.

Independent auditor's report

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

To: the shareholder of Tata Steel Netherlands Holdings B.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended March 31, 2016 of Tata Steel Netherlands Holdings B.V., Velsen-Noord, which comprise the balance sheet as per March 31, 2016 the 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 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 Netherlands Holdings B.V. as per March 31, 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Emphasis on a disclosure in the financial statements on uncertainties with respect to the potential Tata Steel UK Ltd restructuring or divestment

We draw attention to the going concern disclosure note as included on page 6 of the financial statements, which describes the material uncertainty which may cast significant doubt about TSUK's ability to continue as a going concern and the potential impact thereof on the valuation of the investment in and inter-company loans to subsidiary undertakings in the Company's own balance sheet. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to our engagement to audit the financial statements for the year ended March 31, 2016 we have no deficiencies to report as a result of our examination whether the information as required under Section 2:392 sub 1 at b-h of the Dutch Civil Code has been annexed.

Amsterdam, July 28, 2016

Deloitte Accountants B.V.

Signed by: J. Hendriks