

TATA STEEL

A low-angle, upward-looking photograph of a modern cable-stayed bridge. The bridge's concrete deck and support structures are dark grey, with numerous white cables fanning out from tall, slender pylons against a clear blue sky. The perspective creates a sense of height and structural complexity.

Tata Steel Netherlands Holdings BV
Report & Accounts 2015

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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 2014 and ended 31 March 2015.

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 Tata Steel 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 depository 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.

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 euros and US dollars, but 100% of the proceeds received in US dollars have been hedged in euros. The refinancing of the SFA was accompanied by a € 800 million subordinated loan injection from Tata Steel Global Holdings.

Meetings of the Board

Four 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 June meeting, the Board resolved to make a dividend distribution of € 100 million from TSN to TSNH, related to the financial year 2014.

In September 2014, the Board approved a proposal to declare an interim dividend of € 7 million by BSNI. During the October 2014 meeting, the Board was informed about the possible sale of the Long Products division of Tata Steel UK Limited and certain associated businesses and facilities. In December 2014, the Board resolved to make a distribution of an interim dividend of € 60 million from TSN and to buy back (and cancel) all remaining TSN preference shares held by TSNH for their nominal value of € 39.814.500 plus accrued interest. A second interim dividend of € 100 million of TSN was declared in March 2015.

Impairment

Consistent with the annual test for impairment of shares in subsidiaries, the carrying value of the Company's investment in Corus Group Limited was tested as at 31

A. Report of the Board of Directors

March 2015. The outcome of this test resulted in a permanent diminution in value of € 3.038 million which reflects the lower profitability level in UK operations.

Financial risk management

TSE's financial risk management is based upon sound economic objectives and good corporate practice. TSE'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. Derivative and other financial instruments are used to manage any exposures, where considered appropriate.

Future outlook

The Company will continue its financing and investment activities.

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 7 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.

Pursuant to Article 10 of the Articles of Association, we hereby present the Annual Accounts for adoption by the General Meeting of Shareholders of TSNH. The members of the Board have approved these Annual Accounts.

The auditors, Deloitte Accountants BV, have examined the Annual Accounts for 2015 and have issued an unqualified auditor's opinion.

We recommend that the General Meeting of Shareholders adopts the Annual Accounts for the financial year 2015 and discharges the members of the Board of responsibility in respect of their management.

Board of Directors

Dr H. Adam
Mr T.J. Farquhar
Dr J.L.M. Fischer
Mr J.E. van Dort

Mr B. Jha
Dr K.E.M. Köhler
Ms H.L. Matheson
Mr N.K. Misra

Velsen-Noord, 2 July 2015

B. Annual accounts

Balance sheet

(before appropriation of net profit/loss)

At 31 March	Note	2015	2014
		€k	€k
Non-current assets			
Shares and loans group companies	1	5.578.776	8.510.663
Deferred tax assets	2	78.758	78.297
Other non-current assets	3	-	3.161
		5.657.534	8.592.121
Current assets			
Current tax assets	5	162.758	103.055
Other receivables	4	36.005	15.018
Cash and short term deposits	6	562	388
		199.325	118.461
TOTAL ASSETS		5.854.859	8.710.582
Current liabilities			
Borrowings	7	(640.894)	(1.345.229)
Current tax liabilities	8	(56.001)	(21.682)
Other payables	9	(190.015)	(78.643)
		(886.910)	(1.445.554)
Non-current liabilities			
Borrowings	7	(5.013.351)	(4.076.282)
Other non-current liabilities	10	-	(87.123)
		(5.013.351)	(4.163.405)
TOTAL LIABILITIES		(5.900.261)	(5.608.959)
NET ASSETS		(43.402)	3.101.623
Equity			
Called up share capital	11	5.084.034	5.084.034
Reserves	11	(1.941.941)	(1.761.812)
Unappropriated result	11	(3.185.495)	(220.599)
TOTAL EQUITY		(43.402)	3.101.623

B. Annual accounts

Income statement

For the financial period ended 31 March	Note	2015	2014
		€k	€k
Total operating costs	15	(3.161.282)	(19.158)
Operating loss		(3.161.282)	(19.158)
Finance costs	16	(337.612)	(273.183)
Finance income	16	273.918	88.885
Profit / (Loss) before taxation		(3.224.976)	(203.456)
Taxation	17	39.481	(17.143)
Profit / (Loss) after taxation		(3.185.495)	(220.599)
Attributable to owners of the Company		(3.185.495)	(220.599)

Notes to the annual accounts 2015

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 a 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 7 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

Group structure

Tata Steel Netherlands Holdings BV 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 BV 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: 34270614.

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.

B. Annual accounts

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 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 year end 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:

B. 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.

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 counter parties 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

B. Annual accounts

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 of the ultimate parent of the Dutch fiscal unity Tata Steel Netherlands Holdings BV. Within the fiscal unity of Tata Steel Netherlands Holdings BV, the following arrangements are in place: each year, the Company is to pay Tata Steel Netherlands Holdings BV 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 BV 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 €k	Preference shares €k	Loans to own group companies €k	Total €k
Balance sheet value at 31 March 2014	8.270.848	39.815	200.000	8.510.663
Movements in 2014/15:				
Loans	-	-	145.928	145.928
Preference shares	-	(39.815)	-	(39.815)
Impairment losses recognised during the period	(3.038.000)	-	-	(3.038.000)
At 31 March 2015	5.232.848	-	345.928	5.578.776

On 20 December 2007 the shares of Corus Group Ltd. (€5.078.758 thousand) and Tata Steel Nederland BV (€4.823.323 thousand) were acquired at fair value by the Company. On 1 July 2009 the shares of British Steel International BV (€114.767 thousand) were acquired at market value by the Company. On 31 May 2011 British Steel International BV merged with its subsidiary British Steel Holdings BV being the absorbing company. On 1 June 2011 British Steel Holdings BV merged with its subsidiary British Steel Nederland International BV being the absorbing company. On 31 March 2013 an impairment on the shares of Corus Group Ltd. has been made of €1.746 million due to weaker steel market conditions in Europe.

The carrying values of the Company's investments are tested annually for impairment. The outcome of the test at 31 March 2015 resulted in a permanent diminution of €3.038m 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 BV	100%	Wenckebachstraat 1 Postbus 10.000	1951 JZ Velsen-Noord 1970 CA IJmuiden
British Steel Nederland International BV	100%	Wenckebachstraat 1 Postbus 10.000	1951 JZ Velsen-Noord 1970 CA IJmuiden
Tata Steel Istanbul Metal Sanayi ve Ticaret AS	0,001%	Anakara Asfalti Yan Yol 39	Yacacik Istanbul 81450 Turkey

Preferent shares

	shares	2015 €k	2014 €k
Authorised, issued and fully paid			
1,95 % cumulative preference shares of €10,00 each	3.981.450	-	39.815

These shares are the preference shares of Tata Steel Nederland BV. On 15 December 2014 Tata Steel Nederland BV has repurchased the preference shares from the Company.

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Long term loans to group companies

The loan as at 31 March 2015 is to Tata Steel UK Ltd bearing an interest rate of average 3,19215%. 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 € 1.223 million (2014: 653 million). The increase in deferred tax assets of € 0.5 million reflects the increase in deferred tax liabilities recognised within other entities that are members of the Dutch fiscal unity.

	2015	2014
	€k	€k
Dutch corporation tax	78.758	78.297
	78.758	78.297

3. Other non-current assets

	2015	2014
	€k	€k
Derivative financial instruments	-	3.161
	-	3.161

4. Other receivables

	2015	2014
	€k	€k
Amounts owed by other Tata Steel Companies	21.009	12.435
Interest receivable from group companies	293	122
Dividend preference shares	-	776
Derivative assets	14.703	1.685
	36.005	15.018

5. Current tax assets

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

	2015	2014
	€k	€k
Amounts receivable from group companies	162.758	103.055
	162.758	103.055

6. Cash and short term deposits

	2015	2014
	€k	€k
Bank balances and terminable deposits	562	388
	562	388

2015 2014

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7. Borrowings

	€k	€k
Current:		
Bank loans	(200.000)	(899.002)
Loans from other Tata Steel Companies	(440.894)	(446.227)
	(640.894)	(1.345.229)
	2015	2014
	€k	€k
Non-current:		
Bank loans	(2.126.893)	(2.314.658)
Loans from other Tata Steel Companies	(2.886.458)	(1.761.624)
	(5.013.351)	(4.076.282)

Current borrowings

The bank loans relate to €200m of the revolving credit facility drawn at the end of March 2015.

The loans from other Tata Steel Companies include a short term loan of US\$ 152m from Tata Steel International Holdings Inc. bearing an interest rate of on average 1,46% and €300m from Tata Steel Nederland BV 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 € 1.073 million which will expire 1 January 2018 bearing an interest percentage of 7,85 % and a loan of €928.4 million which will expire in 2021 bearing an interest percentage of average 5,182%. 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 6,694%.

8. Current tax liabilities

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

	2015	2014
	€k	€k
Amounts payable to group companies	(56.001)	(21.682)
	(56.001)	(21.682)

B. Annual accounts

9. Other payables

	2015	2014
	€k	€k
Amounts owed to other Tata Steel Companies	(3.681)	(5.059)
Interest payable	(130.016)	(63.053)
Derivative financial instruments	(32.808)	-
Other payables	(23.510)	(10.531)
At 31 March	(190.015)	(78.643)

10. Other non-current liabilities

	2015	2014
	€k	€k
Derivative financial instruments	-	(87.123)
	-	(87.123)

11. 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 2014	5.018	5.079.016	(63.080)	(1.698.732)	(220.599)	3.101.623
Appropriated result 2013/14	-	-	-	(220.599)	220.599	-
Movement Cash Flow Hedge Reserve	-	-	40.470	-	-	40.470
Net result current year	-	-	-	-	(3.185.495)	(3.185.495)
At 31 March 2015	5.018	5.079.016	(22.610)	(1.919.331)	(3.185.495)	(43.402)

At the establishment of Tata Steel Netherlands Holdings BV, 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.

12. Financial instruments

Derivative financial instruments used by Tata Steel Netherlands Holdings BV 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 BV at the end of the reporting period were:

€k	2015		2014	
	assets	liabilities	assets	liabilities
non-current:				
Interest rate swaps	-	-	-	(87.123)
Cross currency swaps	-	-	3.161	-
	-	-	3.161	(87.123)
current:				
Interest rate swaps	-	(30.147)	-	-
Foreign currency contracts	14.702	(2.662)	1.225	-
	14.702	(32.808)	1.225	-
	14.702	(32.808)	4.386	(87.123)

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

€k	2015	2014
Interest rate swaps	(30.147)	(87.123)
Cross currency swaps	-	2.870
Cash flow hedge reserve	(30.147)	(84.253)
Deferred taxation	-	21.173
Current taxation	7.537	-
Cash flow hedge reserve net of taxation	(22.610)	(63.080)

The movements of the derivatives were:

€k	Total movement	P&L	Cash Flow Hedge Reserve	Balance
non-current:				
Interest rate swaps	56.976	-	56.976	-
Cross currency swaps	60.734	(180)	(2.870)	63.784
Foreign currency contracts	10.080	(736)	-	10.816
	127.970	(916)	54.106	74.600

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

	2015	2014
Interest rate swaps (€m)	1.875	2.122
Cross currency swaps (US\$m)	-	402
Foreign currency contracts (US\$m)	531,5	150

13. Guarantees

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

14. Pledge

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

B. Annual accounts

Notes to the income statement

15. Operating costs

	2015	2014
	€k	€k
Costs by type:		
Exchange rate differences	(123.426)	(19.543)
Impairments	(3.038.000)	-
General expenses	144	385
	(3.161.282)	(19.158)

16. Financing items

	2015	2014
	€k	€k
Interest expense		
Bank and other borrowings	(177.256)	(161.222)
Borrowings from group companies	(160.356)	(111.961)
Finance costs	(337.612)	(273.183)
Interest and dividend income		
Interest from group companies	6.362	6.109
Dividend from group companies	267.556	82.776
Finance income	273.918	88.885
	(63.694)	(184.298)

17. Taxation

	2015	2014
	€k	€k
Dutch corporation tax	35.481	(17.143)
	35.481	(17.143)

Taxes

For the financial year of 1 April 2014 up to 31 March 2015 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.

	2015	2014
	€m	€m
Profit/ (loss) before taxation	(3.225)	(203)
Profit/ (loss) before taxation multiplied by the applicable corporation tax rate of 25 %	806	51
Effects of:		
Dividends received for which the participation exemption applies	67	20
Change in unrecognised tax	(74)	(90)
Prior Year current tax charge	(27)	-
Prior Year deferred tax charge	(1)	-
Impairment Corus Group Ltd. of € 3.038 million	(760)	-
Fees previously capitalised on refinancing	27	-
Other differences	-	2
Total taxation	39	(17)

B. Annual accounts

Number of employees

The average number of active employees employed in 2015 was 0 (2014: 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 2015, no loans had been made by the Company to the directors of the Company.

B. Annual accounts

Further explanation and signing of the annual accounts

Names and addresses of consolidating companies

The financial information of Tata Steel Netherlands Holdings BV 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 BV	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 2015 annual accounts of Tata Steel Netherlands Holdings BV have been signed by its plenary Board of Directors.

Velsen-Noord, 2 July 2015

The Board of Directors

H. Adam

J.E. van Dort

T.J. Farquhar

J.L.M. Fischer

B. Jha

K.E.M. Köhler

H.L. Matheson

N.K. Misra

C. Other information

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 2014

The net loss for the year ended March 31, 2014 was added to the General Reserve account.

Appropriation of the result for the financial year 2015

It is proposed to the annual general meeting of shareholders to charge the loss of the 2015 financial period, in the sum of €3.189.495 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.

D. Independent auditor's report

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

Report on the financial statements

We have audited the accompanying financial statements of Tata Steel Netherlands Holdings B.V. for the year ended March 31, 2015 which comprise the balance sheet as at March 31, 2015, and the income statement for the year then ended and the notes comprising of a summary of 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, 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to our engagement to audit the financial statements for the year ended March 31, 2015 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, June 26, 2015

Deloitte Accountants B.V.

Signed on the original: J. Hendriks