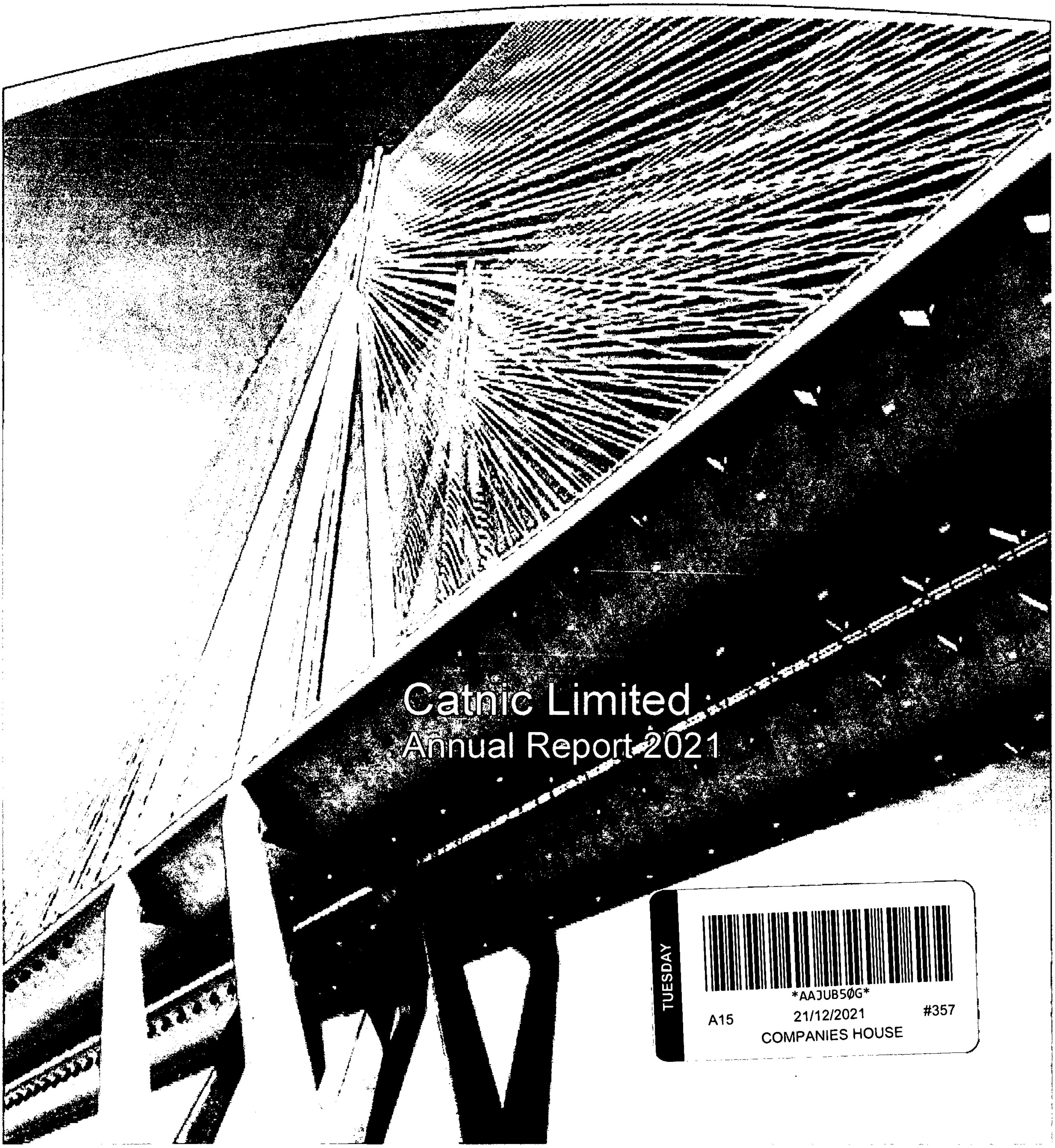
TATA STEEL

TATA



Catnic Limited
Annual Report 2021

Contents

A. Directors and advisors

Directors

British Steel Directors (Nominees) Limited
SV Gidwani (resigned 31 July 2021)
AJ Page (appointed 2 September 2021)

Registered office

18 Grosvenor Place
London
England
SW1X 7HS

Company number

00947703

B. Strategic report

Introduction

The directors present the Strategic report, together with the unaudited financial statements, of Catnic Limited ('the Company') for the year ended 31 March 2021.

These financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 *'Reduced Disclosure Framework'*, a framework for entities which apply the presentation, recognition and measurement requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but with reduced disclosures and also ensure compliance with any relevant legal requirements applicable to it.

Principal activities

The Company is a wholly owned subsidiary of Tata Steel UK Limited ('TSUK'), which is a subsidiary within the Tata Steel Europe Limited ('TSE') Group.

The principal activity of the Company was that of an investment holding company. Further details of the investments are shown in note 4. The Company has been dormant as defined in section 1169 of the Companies Act 2006 throughout the year.

There have been no significant changes to the principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the Company's activities in the next year.

The annual financial statements have not been audited because the Company is entitled to the exemption provided by section 480 of the Companies Act 2006 relating to dormant companies and its members have not required the Company to obtain an audit of these financial statements in accordance with section 476.

Business review

Tata Steel Limited ('TSL') is the ultimate controlling party and manages its operations on a divisional and sector basis. For this reason, the Company's directors do not believe that key performance indicators (or discussion thereof) are appropriate for an understanding of the development, performance or position of the Company. The performance of TSL, which includes the Company, is discussed in its Annual Report, which does not form part of this report.

Results

The profit for the year after taxation amounts to £nil (2020: £nil).

Employees

The Company had no employees in either the current or preceding year, as shown in note 2 of the financial statements.

Principal risks and uncertainties

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Company's activities. The Company operates in accordance with TSE Group policies. Activities designed to minimise the Company's impact on the environment include improving its energy use efficiency and reducing the production of waste (both hazardous and non-hazardous).

The company is exempt from reporting under Streamlined Energy and Carbon Reporting legislation due to its size.

Investment in subsidiary undertakings

The Company holds an investment in a subsidiary company. Although the directors are satisfied that the recoverable amount of the investment is not less that the book value, there is a risk that in future years the book value may become impaired.

Going concern

The Company is part of the Tata Steel Europe Limited ('TSE') group which in recent years has benefited from working capital support provided by T S Global Procurement Pte Limited ('Proco'), a subsidiary of Tata Steel Limited ('TSL'), under arrangements which were authorised, and were supported, by TSL. On 30 June 2021, all working capital support previously provided by Proco was converted to equity in order to strengthen the balance sheet position of the TSE group, including its main UK operating subsidiary, and the Company's parent, Tata Steel UK Limited ('TSUK'), and to improve the liquidity of the TSE group by reducing future interest costs.

B. Strategic report

In March 2020, TSUK first started to experience the negative effects of the global COVID-19 pandemic on the demand for its steel products. TSUK responded to the financial consequences of the reduced steel demand caused by the pandemic by utilising available government support measures, taking short term actions to conserve cash, and reducing or deferring spend including on capital expenditure projects. In the second half of the 2020/21 financial year, demand for TSUK's steel products rebounded strongly which, along with significant increases in steel selling prices towards the end of the year, enabled TSUK to finish the 2020/21 financial year strongly. In the first quarter of 2021/22 the steel market has continued to perform strongly with steel selling prices at record highs and the outlook for the rest of the financial year is significantly ahead of TSUK's previous Annual Plan. Nevertheless the steel industry is cyclical and with no guarantee that steel selling prices will stay at this elevated level for a sustained period of time, it is expected that the steel market will return to trend levels in the medium term. Following the conversion of working capital support to equity, as mentioned above, and TSUK securing additional committed financing facilities in June 2021, TSUK has access to adequate liquidity to meet all of its cash requirements over the next 12 months.

For these reasons the directors have determined that it is appropriate for the financial statements of the Company to be prepared on a going concern basis.

Future developments and subsequent events
The Company has no significant future developments to report under this section.

Approved by the Board of Directors and signed on behalf of the Board

AJ Page
Director
Registered Office:
18 Grosvenor Place
London
SW1X 7HS
17 December 2021

C. Directors' report

The Board

The directors of the Company are listed on page 2.

Dividends

No dividends were paid or proposed in the year (2020: £nil). The directors do not recommend that a final dividend be paid.

Directors' Indemnity

The Company's Articles of Association provide, subject to the provisions of the UK legislation, that the Company may indemnify any director of the Company in respect of any losses or liabilities he or she may incur in connection with any proven or alleged negligence, default, breach of duty or breach of trust in relation to the Company (including by funding any expenditure incurred or to be incurred by him or her). In addition, directors and officers of the Company and its subsidiaries are covered by Directors' and Officers' liability insurance.

Information disclosed in the Strategic report

In accordance with section 414C (11) of the Companies Act 2006 the directors have chosen to disclose the following information in the Company's Strategic report:

factors likely to affect the Company's future development and position;

the Company's employees; and

going concern disclosure.

Approved by the Board of Directors and signed on behalf of the Board:

AJ Page
Director
Registered Office:
18 Grosvenor Place
London
SW1X 7HS
17 December 2021

D1. Income Statement

For the financial year ended 31 March

	Note	2021 £'000	2020 £'000
Result after taxation		-	-

All references to 2021 in the financial statements, the Presentation of financial statements and accounting policies and the related notes 1 to 8 refer to the financial year ended 31 March 2021 or as at 31 March 2021 as appropriate (2020: the financial year ended 31 March 2020 or as at 31 March 2020).

The Company has no other gains and losses other than those included in the income statement above, and therefore no separate statement of comprehensive income has been presented.

Notes and related statements forming part of these financial statements appear on pages 12 to 13.

D2. Balance sheet

As at 31 March

	Note	2021 £'000	2020 £'000
Non-Current assets			
Investments in subsidiary undertakings	4	**19**	19
TOTAL ASSETS		**19**	19
Current liabilities			
Amounts owed to group companies	5	**(80)**	(80)
TOTAL LIABILITIES		**(80)**	(80)
NET LIABILITIES		**(61)**	(61)
Equity			
Share capital	6	**224**	224
Share premium account		**98**	98
Accumulated deficit		**(383)**	(383)
TOTAL EQUITY		**(61)**	(61)

Catnic Limited did not trade during the current or preceding year and has made neither profit nor loss, nor any other recognised gain or loss.

a) For the year ended 31 March 2021 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

b) Members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

c) The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the financial statements.

The financial statements on pages 6 to 13 were approved by the Board of Directors and signed on its behalf by:

AJ Page
17 December 2021
Catnic Limited
Registered No: 00947703

Notes and related statements forming part of these financial statements appear on pages 12 to 13.

D3. Statement of changes in equity

	Share capital £'000	Share premium £'000	Accumulated deficit £'000	Total equity £'000
Balance as at 1 April 2019 and 31 March 2020	224	98	(383)	(61)
Total comprehensive result for the year	-	-	-	-
Balance as at 31 March 2021	**224**	**98**	**(383)**	**(61)**

Notes and related statements forming part of these financial statements appear on pages 12 to 13.

I Basis of preparation

Catnic Limited is a private limited company incorporated in London in the United Kingdom under the Companies Act 2006. The functional currency of the Company is sterling.

The Company meets the definition of a qualifying entity under FRS 100 *'Application of Financial Reporting Requirements'* issued by the Financial Reporting Council. FRS 101 *'Reduced Disclosure Framework'* ('FRS 101') as issued by the Financial Reporting Council became effective for accounting periods beginning on or after 1 January 2015.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

As permitted by FRS 101, the Company has taken advantage of the relevant disclosure exemptions available under that standard in relation to IAS 1, presentation of comparative information in respect of investments in subsidiaries; IAS 7, presentation of a cash flow statement; IAS 8, standards not yet effective; IFRS 7, financial instruments disclosures and IAS 24, related party transactions with Tata Steel group companies.

The Company has elected to measure its investments in subsidiaries and joint ventures at cost and on transition to FRS 101 has elected to measure its investments at the previous GAAP carrying value at the date of transition.

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006.

All accounting policies used in the preparation of the financial statements remained consistent with those applied in the preparation of the Annual Report in 2020.

Group financial statements have not been prepared as the Company is an indirect subsidiary of Tata Steel Europe Limited (TSE), which has prepared consolidated financial statements for the year ended 31 March 2021.

Going concern
The Company is part of the Tata Steel Europe Limited ('TSE') group which in recent years has benefited from working capital support provided by T S Global Procurement Pte Limited ('Proco'), a subsidiary of Tata Steel Limited ('TSL'), under arrangements which were authorised, and were supported, by TSL. On 30 June 2021, all working capital support previously provided by Proco was converted to equity in order to strengthen the balance sheet position of the TSE group, including its main UK operating subsidiary, and the Company's parent, Tata Steel UK Limited ('TSUK'), and to improve the liquidity of the TSE group by reducing future interest costs.

In March 2020, TSUK first started to experience the negative effects of the global COVID-19 pandemic on the demand for its steel products. TSUK responded to the financial consequences of the reduced steel demand caused by the pandemic by utilising available government support measures, taking short term actions to conserve cash, and reducing or deferring spend including on capital expenditure projects. In the second half of the 2020/21 financial year, demand for TSUK's steel products rebounded strongly which, along with significant increases in steel selling prices towards the end of the year, enabled TSUK to finish the 2020/21 financial year strongly. In the first quarter of 2021/22 the steel market has continued to perform strongly with steel selling prices at record highs and the outlook for the rest of the financial year is significantly ahead of TSUK's previous Annual Plan. Nevertheless the steel industry is cyclical and with no guarantee that steel selling prices will stay at this elevated level for a sustained period of time, it is expected that the steel market will return to trend levels in the medium term. Following the conversion of working capital support to equity, as mentioned above, and TSUK securing additional committed financing facilities in June 2021, TSUK has access to adequate liquidity to meet all of its cash requirements over the next 12 months.

For these reasons the directors have determined that it is appropriate for the financial statements of the Company to be prepared on a going concern basis.

II New Accounting Standards and Interpretations applied

The following new International Accounting Standards ('IAS') and new IFRSs have been adopted in the current year:

		Effective Date*
IAS 1 & IAS 8 (Amendments)	New materiality definition	1 Jan 2020
IAS 1 (Amendments)	Updated references to Conceptual Framework	1 Jan 2020
IFRS 3 (Amendments)	Updated definition of a business	1 Jan 2020
IFRS 16 (Amendments)	Covid-19-Related Rent Concessions	1 Jun 2020**
IFRS 7, IFRS 9 & IAS 39 (Amendments)	Interest rate benchmark reform	1 Jan 2020

** periods commencing on or after*
***The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.*

The Amendments to the above Standards did not have a material impact on the Catnic Limited financial statements.

III Use of estimates and critical accounting judgements

The preparation of financial statements in accordance with FRS 101 requires management to make estimates and assumptions that affect the:

(i) reported amounts of assets and liabilities;
(ii) disclosure of contingent assets and liabilities at the date of the financial statements; and
(iii) reported amounts of income and expenses during the year.

Actual results could differ from those estimates. The most significant techniques for estimation are described in the accounting policies below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The Directors consider there are no estimates or critical judgements that have been made in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.
The detailed accounting policies are outlined in section IV below.

IV Accounting policies

(a) Taxation
The tax (charge)/credit represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years ("temporary differences") and it further excludes items that are never taxable or deductible ("permanent differences").

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantively enacted by the end of the reporting year. Deferred tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, deferred tax is recognised in the income statement.

(b) 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.

Financial assets and financial liabilities are initially measured at fair value. The detailed accounting treatment for such items can differ, as described in the following sections:

(i) Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Where the Group transfers substantially all the risks and rewards of ownership of a financial asset, the financial asset is derecognised and any rights and obligations created or retained in the transfer are recognised separately as assets or liabilities.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
  the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
  the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(ii) Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk

IV Accounting policies (continued)

on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

(iii) Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

(iv) Inter-group borrowings
Interest-bearing inter-group borrowings are initially recorded at their fair value which is generally the proceeds received. These borrowings are subsequently stated at amortised cost.

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

(c) Investments in subsidiary and associated undertakings

Investments in fellow group undertakings are stated at cost, which includes transaction expenses. Impairment losses are made if events or circumstances indicate that the carrying amount may not be recoverable. Income from investments in subsidiary and associated undertakings comprises dividends declared up to the balance sheet date and, where relevant, is shown before deduction of overseas withholding taxes.

D5. Notes to the financial statement

For the financial year ended 31 March

1. Operating costs

	2021 £'000	2020 £'000
Costs by type:		
	-	-
	-	-

2. Employees' and directors' emoluments

The Company has no employees. No director received any remuneration during the year in respect of their services to the Company (2020: nil).

3. Taxation

There is no tax payable or receivable in the year (2020: nil).

4. Investments in subsidiary companies

	Shares in subsidiary undertakings £'000	Total £'000
Cost as at 1 April 2020 and 31 March 2021	**19**	**19**
Impairment as at 1 April 2020 and 31 March 2021	-	-
Net book value at 31 March 2021	**19**	**19**
Net book value at 31 March 2020	19	19

On an annual basis a review of the Company's investments for impairment indicators is performed. The outcome of the test at 31 March 2021 determined that the value of the Company's investments to not be impaired (2020: £nil).

5. Amounts owed to parent companies

As at 31 March	2021 £'000	2020 £'000
Amounts owed to immediate parent company	**80**	80
	80	80

The amounts owed to the immediate parent company are free of interest and no date has been fixed for the discharge of the debt.

6. Share capital

The share capital of the Company is shown below:

	2021 £'000	2020 £'000
Authorised Share Capital		
55,780 Ordinary Shares of 1p each	**1**	1
222,220 Deferred shares of £1 each	**222**	222
222,220 Deferred 'A' shares of 1p each	**2**	2
	225	225
Allotted, called up and fully paid equity shares		
22,222 Ordinary share of 1p each	-	-
222,220 Deferred Ordinary shares of £1 each	**222**	222
222,220 Deferred 'A' shares of 1p each	**2**	2
	224	224

D4. Presentation of financial statements and accounting policies

7. Ultimate and immediate parent company

Tata Steel UK Limited is the Company's immediate parent company, which is registered in England and Wales. Tata Steel Europe Limited ('TSE') is the intermediate holding company, registered in England and Wales, and the smallest group to consolidate these financial statements.

Copies of the Annual Report for TSE may be obtained from the Company Secretary, 18 Grosvenor Place, London, SW1X 7HS.

Tata Steel Limited ('TSL'), a company incorporated in India, is the ultimate parent company and controlling party and the largest group to consolidate these financial statements.

Copies of the Annual Report for TSL may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001.

8. Subsidiaries and investments

The subsidiary undertaking of the Company as at 31 March 2021 and its registered address are set out below. Country name is the country of incorporation. Undertakings operate principally in their country of incorporation. The subsidiary undertaking has issued ordinary share capital and is wholly owned by the company.

Germany

Catnic GmbH	Am Leitzelbach 16, Sinsheim, 74889, Germany