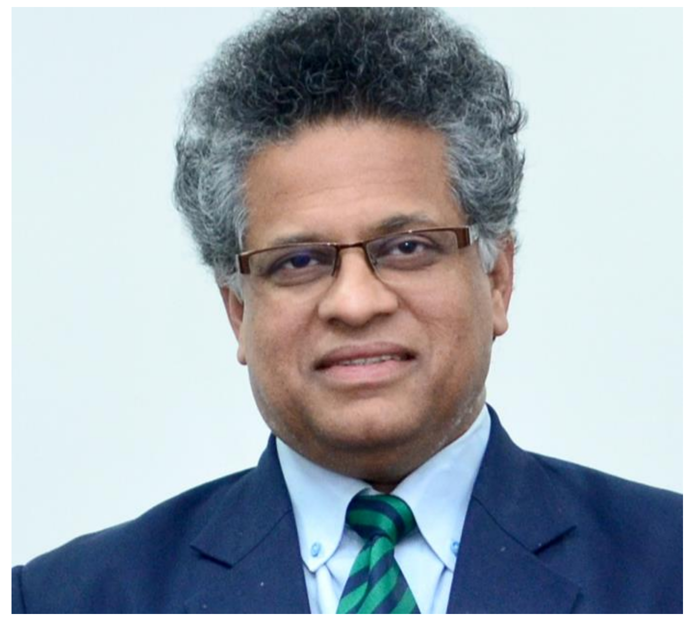
TATA STEEL SPECIAL ECONOMIC ZONE

Gopalpur
INDUSTRIAL PARK
BY TATA STEEL SPECIAL ECONOMIC ZONE LIMITED

12TH ANNUAL REPORT FOR THE FINANCIAL YEAR 2017-18

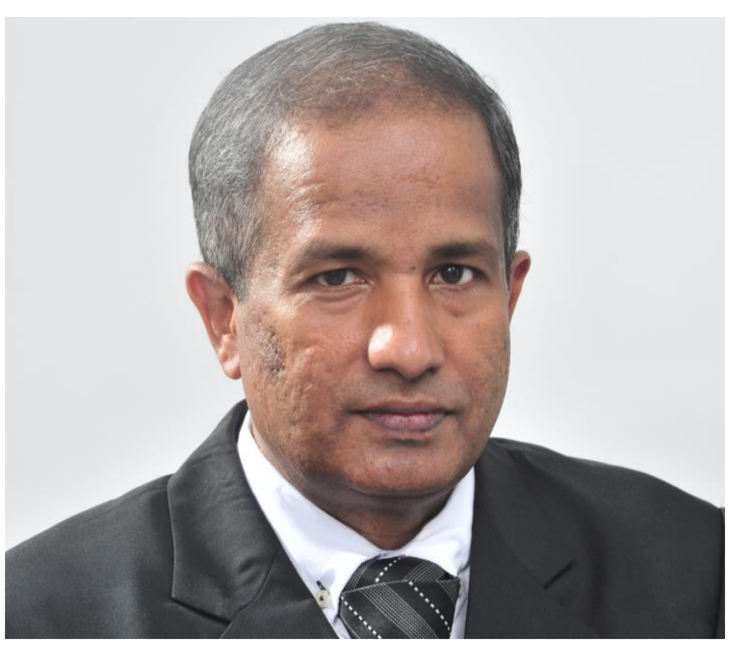
The Board of Directors

Mr. Arun Misra
Chairman
Non-Independent,
Non-Executive Director



Mr. Ashish Mathur
Managing Director

Ms. R Ranganath
Non-Independent,
Non-Executive Director



Mr. Manoj T Thomas
Independent Director

Ms. Samita Shah
Non-Independent,
Non-Executive Director

Contents

Board and Committees

Board of Directors

Mr. Arun Misra	:	Chairman
Mr. Ashish Mathur	:	Managing Director
Mr. R Ranganath	:	Non- Independent, Non- Executive Director
Mr. Manoj T Thomas	:	Independent Director
Ms. Samita Shah	:	Non- Independent, Non- Executive Director

Audit Committee

Mr. R Ranganath	:	Chairman
Mr. Manoj T Thomas	:	Independent Director
Ms. Samita Shah	:	Non- Independent, Non- Executive Director.

Auditors

M/s. Price WaterHouse & Co.	:	Statutory Auditors
M/s. Saroj Ray & Associates	:	Secretarial Auditors

Key_Managerial_Personnel

Mr. Ashish Mathur	:	Managing Director
Mr. Tanmay Kumar Sahu	:	Chief Financial Officer & Company Secretary

Registered Office: 2B Fortune Tower, Chandrasekharpur,
Bhubaneswar, Odisha-751023
Tel no: 0674-6651101, 6651108.
Email: tanmay.sahu@tatasteelsez.com
CIN: U45201OR2006PLC008971

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the members of Tata Steel Special Economic Zone Limited will be held on Tuesday, 25th September 2018 at 10:00 A.M. at its registered office, 2-B Fortune Towers, Chandrasekharpur, Bhubaneswar, Odisha-751023 to transact the following business:

ORDINARY BUSINESS:

1. **Adoption of Audited Financial Statements:**

   To receive, consider and adopt the audited Balance Sheet and Statement of Profit and Loss Account for the year ended 31st March 2018 together with the report of the Board of Directors and Auditors thereon.

2. **Re-appointment of Director:**

   To re-appoint Ms. Samita Shah (DIN-02350176) as Director who retires by rotation as per the provisions of section 152 (6) of the Companies Act 2013 and Articles of Association of the Company; and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

3. **Appointment of Mr. R. Ranganath as Director:**

   To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

   "RESOLVED THAT Pursuant to section 152, 161 and other applicable provisions, if any, of Companies Act 2013 and the rules as applicable (including modification(s) or re-enactment(s) thereof, for the time being in form amended from time to time, Mr. R Ranganath (DIN-06725337), who was appointed as an Additional Director effective from 29th June 2018, and who holds office till the conclusion of this Annual General Meeting, be and is hereby appointed as Director of the Company and his office shall be liable to retire by rotation.

   RESOLVED FURTHER THAT Mr. Tanmay Kumar Sahu, Company Secretary of the company be and is hereby authorized to do all such act(s), deed(s), thing(s) and writing(s) as may be necessary, expedient and incidental to give effect to this resolution**."**

4. **Appointment of Mr. Ashish Mathur as Director of the Company:**

   To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Pursuant to section 152, 161 and other applicable provisions, if any, of Companies Act 2013 and the rules as applicable (including modification(s) or re-enactment(s) thereof, for the time being in form amended from time to time, Mr. Ashish Mathur (DIN-03508443), who was appointed as an Additional Director effective from 1st August 2018, and who holds office till the conclusion of this Annual General Meeting, be and is hereby appointed as Director of the Company and his office shall be liable to retire by rotation.

RESOLVED FURTHER THAT Mr. Tanmay Kumar Sahu, Company Secretary of the company be and is hereby authorized to do all such act(s), deed(s), thing(s) and writing(s) as may be necessary, expedient and incidental to give effect to this resolution**."**

5. Appointment of Mr. Ashish Mathur as Managing Director of the Company:

To consider and if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 196,197,198, 203 read with Rules XIII and schedule V and other applicable provisions, if any, of the Companies Act 2013 (including statutory modifications or re-enactment(s) thereof, for the time being in force) and such other consents and permission as may be necessary, and subject to such modification(s), variation(s) as may be approved and acceptable to the appointee, the appointment of Mr. Ashish Mathur (DIN-03508443) as the Managing Director of the Company for a period of 3 years from 1st August 2018 to 31st July 2021, as per the terms and conditions including the remuneration stated in the contract of appointment be and is hereby approved.

RESOLVED FURTHER THAT Mr. Ashish Mathur be entitled for all such benefits as may be applicable to his grade as per the policy of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such act(s), deed(s), matter(s) and thing(s) as may be deemed necessary to give effect to the above resolution**."**

By Order of the Board of Directors
For **Tata Steel Special Economic Zone Limited**

Sd/-
Tanmay Kumar Sahu
Company Secretary

Date : 27-08-2018
Place : Bhubaneswar

NOTES

1. A member is entitled to attend and vote at the Annual General Meeting (the "Meeting") and is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself. The proxy need not be a member of the Company. The instrument appointing the proxy in Form MGT-11 annexed hereto, in order to be effective, should reach the registered office of the Company at least 48 hours before the time of the meeting.

2. Pursuant to section 91 of Companies Act 2013, the register of members and the share transfer book of the Company will remain closed from 8th September 2018 till 18th September 2018.
3. Statement of facts pursuant to Section 102(1) of the Companies Act, 2013 in respect to the business stated above is annexed hereto.
4. All documents referred to in the accompanying Notice and Statement of facts are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m upto the date of the Annual General Meeting.
5. Member(s)/Proxy(ies) should bring duly filled in attendance slip for attending the meeting.

Annexure to Notice

STATEMENT OF FACTS
[PURSUANT TO SECTION 102(1) OF COMPANIES ACT 2013]

The following statement sets out all material facts relating to Item no 3 to 5 mentioned in the accompanying notice.

Item No.3: Appointment of Mr. R. Ranganath as Director:

Pursuant to the provisions of section 152 and 161 of Companies Act 2013, Mr. R. Ranganath was appointed as an additional Director w.e.f 29th June 2018 by the Board of Directors of the Company. As per section 161 of Companies Act 2013, Mr. Ranganath shall hold office till the conclusion of this Annual General Meeting.

Brief Profile of Mr. R Ranganath:

Mr. R Ranganath, is currently working as Vice-President-Finance of Tata Steel Limited for India & South East Asia. Mr. Ranganath is responsible for the Financial Accounting, Taxation as well as Reporting and Consolidation of the Tata Steel Group. Prior to joining Tata Steel, he has worked in Cairn Energy India Ltd, as Director Finance. He has also worked in Bharat Petroleum in various roles in Finance and Non-Finance function. He has a total work experience of more than twenty-eight years.

The Board of Directors in its meeting held on 26th July 2018 has recommended passing of resolution no.3 by the shareholders which relates to appointment of Mr. R. Ranganath as Director of the Company, whose office shall be liable to retire by rotation.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives except Mr. R Ranganath to whom the resolution relates, is concerned or interested in the resolution.

Item No.4: Appointment of Mr. Ashish Mathur as Director:

Pursuant to the provisions of section 152 and 161 of Companies Act 2013, Mr. Ashish Mathur was appointed as an additional Director w.e.f 1st August 2018 by the Board of Directors of the Company. As per section 161 of Companies Act 2013, Mr. Ashish Mathur shall hold office till the conclusion of this Annual General Meeting.

Brief Profile of Mr. Ashish Mathur:

Mr. Ashish Mathur is a seasoned professional with rich cross functional, multinational experience in all aspects of business in a career spanning over 30 years. In his immediate past assignment, Ashish served as Managing Director – JUSCO, a TATA Group Enterprise from September 2012 till July 2018.

Originally qualified as Mechanical Engineer, Mr. Mathur has an enriching experience in the Programme Management, Development of Urban Infrastructure, setting up and managing Large Scale Multi – Utility Operations, Town Planning and Real Estate. Having a proven track record of successfully managing large organisations, he has also distinguished himself by taking up businesses at

Conceptual Start Up stage and making them sustainable. He has significantly contributed to the organisations with his innovative approach and deep insight in to Business Development by taking overall charge as the Profit Centre Head. Known for his ability to get a business off the block or turn it around, he has excelled as critical thinker and adept negotiator who can apply knowledge of multiple industries in achievement of core organisational objectives. He has been instrumental in bringing about a paradigm shift in the ways the modern large projects are planned. Mr. Mathur has also international experience with Merchant Navy, Marine Engineering and shipbuilding.

The Board of Directors in its meeting held on 26th July 2018 has recommended passing of resolution no.4 by the shareholders which relates to appointment of Mr. Ashish Mathur as Director of the Company, whose office shall be liable to retire by rotation.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives except Mr. Ashish Mathur to whom the resolution relates, is concerned or interested in the resolution.

Item No.5: Appointment of Mr. Ashish Mathur as Managing Director:

The Board of Directors in its meeting held on 26th July 2018 has appointed Mr. Ashish Mathur as the Managing Director of the Company w.e.f 1st August 2018 as per the terms and conditions stated in the contract entered dated 1st August 2018 by the Company and him. The key terms of his appointment as per the contract are given as under:

1. Period.

   The appointment of Mr. Ashish Mathur as Managing Director is for a period of 3 years with effect from 1st August 2018.

2. Nature of Duties:

   The Managing Director shall devote his whole time and attention to the business of the Company and perform such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of one or more of its associated companies and / or subsidiaries, including performing duties as assigned to the Managing Director from time to time by serving on the boards of such associated companies and / or subsidiaries or any other executive body or any committee of such a company.

   The Managing Director undertakes to employ the best of his skill and ability and to make his utmost endeavours to promote the interests and welfare of the Company and to conform to and comply with the policies and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

3. Remuneration.

I. Basic Salary:

Currently, Rs 3,77,020 per month in the Salary scale of Rs.3,77,020/- to Rs.4,50,000/-per month. The annual increments which will be effective 1st April each year, will be decided by the Board and will be merit-based and take into account the Company's performance as well.

II. Benefits, Allowances and Perquisites:

Details of other benefits, allowances and perquisites are given as under:

a. Rent-free residential accommodation (furnished or otherwise) the Company bearing the cost of repairs, maintenance, society charges and utilities (e.g. gas, electricity and water charges) for the said accommodation.

OR

House Rent, House Maintenance and Utility Allowances aggregating 85% of the basic salary.

b. Hospitalization, Transport, Telecommunication and other facilities:

(i) Hospitalization and major medical expenses for self, spouse and dependent (minor) children and dependent parents;
(ii) Car, with driver provided, maintained by the Company for official and personal use.
(iii) Telecommunication facilities including broadband, internet and fax.
(iv) Housing Loan as per the Rules of the Company.

III. Other perquisites and allowances: Other perquisites and allowances given below subject to a maximum of 55% of the annual salary:

(i)	Allowances for Helper/ Education of Children /Other Allowances	:	33.34%
(ii)	Leave Travel Concession/Allowance	:	8.33%
(iii)	Medical allowance	:	8.33%
(iv)	Personal Accident Insurance Club Membership fees	:	@ actuals subject to a cap of 5%

IV. Contribution towards Provident Fund, Superannuation Fund or Annuity Fund, as per the Rules of the Company.

V. Mr. Mathur shall be entitled to leave in accordance with the Rules of the Company. Privilege Leave earned but not availed by the Managing Director is encashable in accordance with the Rules of the Company.

VI. Performance Bonus/Commission: Managing Director shall be entitled to annual performance linked bonus and/or Commission, not exceeding 200%

of the annual salary, based on certain performance criteria and such other parameters laid down by the Board/ Committees thereof. These amounts (if any) will be paid after the Annual Accounts have been approved by the Board and adopted by the Shareholders.

VII. Managing Director may be entitled to Long Term Incentive Plan (LTIP) as per the Tata Steel Group Company's norms, subject to the approval and discretion of the Board of Directors of the Company. This would be applicable in lieu of the Special Retirement Benefits for MD as per the Tata Group norms.

4. Minimum Remuneration.

In the event of absence or inadequacy of profits of the Company in any financial year during the period of the Managing Director's appointment, the Company shall pay to the Managing Director remuneration by way of salary, benefits, perquisites and allowances, performance linked bonus/commission, as specified above, subject to provisions of the Act and Schedule V of the Act.

5. Other Terms of Appointment.

a. Mr. Mathur, so long as he functions as Managing Director, undertakes not to become interested or otherwise concerned, directly or through his spouse and / or children, in any selling agency of the Company.

b. The terms and conditions of the appointment of the Managing Director and / or this Agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Managing Director, subject to such approvals as may be required.

c. This Agreement may be terminated earlier, without any cause, by either Party by giving to the other Party six months' notice of such termination or the Company paying six months' remuneration which shall be limited to provision of [Salary, Benefits, Perquisites, Allowances and any pro-rated Incentive Remuneration (paid at the discretion of the Board)][1], in lieu of such notice.

d. The employment of the Managing Director may be terminated by the Company without notice or payment in lieu of notice:

i. if the Managing Director is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company to which he is required by the Agreement to render services; or

ii. in the event of any serious or repeated or continuing breach (after prior warning) or non-observance by the Managing Director of any of the stipulations contained in the Agreement; or

iii. in the event the Board expresses its loss of confidence in the Managing Director.

e. In the event the Managing Director is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.

f. Upon the termination by whatever means of his employment under the Agreement:

i. the Managing Director shall immediately cease to hold offices held by him in any holding company, subsidiaries or associate companies without claim for compensation for loss of office by virtue of Section 167 (1)(h) of the Act and shall resign as trustee of any trusts connected with the Company.

ii. the Managing Director shall not without the consent of the Board at any time thereafter represent himself as connected with the Company or any of its subsidiaries and associated companies.

g. If and when this Agreement expires or is terminated for any reason whatsoever, Mr. Ashish Mathur will cease to be the Managing Director and also cease to be a Director of the Company. If at any time, the Managing Director ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Managing Director and this Agreement shall forthwith terminate. If at any time, the Managing Director ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director and Managing Director of the Company.

h. The terms and conditions of appointment of Managing Director also includes clauses pertaining to adherence to Tata Code of Conduct, Protect and use of Intellectual Property, Non-competition, Non-solicitation, Post termination of agreement and Maintenance of confidentiality.

The Board of Directors in its meeting held on 26th July 2018 has recommended passing of resolution no.5 by the shareholders which relates to appointment of Mr. Ashish Mathur as Managing Director of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives except Mr. Ashish Mathur, to whom the resolution relates, is concerned or interested in the resolution.

By Order of the Board of Directors
For **Tata Steel Special Economic Zone Limited**

Tanmay Kumar Sahu
Company Secretary

Date : 27-08- 2018
Place : Bhubaneswar

DIRECTORS' REPORT

To the Members,

Your Directors' take pleasure in presenting the 12th Director's report of the Company along with the summary of financial statements for the financial year ended at 31st March 2018.

FINANCIAL HIGHLIGHTS:

(Rs. In Lakh)

Particulars	FY 2017-18	FY 2016-17
Turnover	38.40	24.67
Profit/(Loss) before taxation	(343.18)	(131.24)
Less: Tax Expense	-	-
Profit/(Loss) after tax	(343.18)	(131.24)
Add Balance B/F from the previous year	(312.22)	(180.98)
Balance Profit / (Loss) C/F to the next year	(655.40)	(312.22)

Note:

The Company is a 100% subsidiary of Tata Steel Limited. The accounts of the Company are based on accrual method of accounting and in accordance with the Companies Act, 2013. It complies with the accounting standards specified under section 133 of the Act read with rule 7 of Companies (Accounts) Rules 2014 to the extent applicable to the Company.

PROJECT STATUS AND KEY DEVELOPMENTS:

The Company is developing an Industrial Park over 2970 acres of land approx. out of which 1235 acres are being developed as Special Economic Zone (SEZ) and remaining 1503 acres will be developed as Domestic Tariff Area (DTA). The 1235 acres of SEZ land has already been notified by Ministry of Commerce and Industry, Govt. of India.

M/s. Surbana Jurong has done the master planning of the Industrial park. The development of infrastructure for the industrial park has been divided into three phases. In the first phase, infrastructure development for 1050 acres has been considered which is expected to commence in the current year.

In the year under review one unit, which is into assembling of arial targets for use in defence sector, has already been operational in the industrial park. The Company has been into extensive marketing for attracting customers to the Industrial Park. Many domestic and international companies have evinced interest in setting up project at the industrial park.

DIVIDEND:

The Company is in project stage and has not started its commercial operations; hence the Board is not able to recommend any dividend to the shareholders.

TRANSFER TO RESERVE:

In the Financial year 2017-18, the Company has not earned any profit, therefore, no amount has been transferred to Reserve A/c as a part of profit.

CORPORATE SOCIAL RESPONSIBILITY:

The provisions of the section 135 of the Companies Act, 2013 related to corporate social responsibility was not applicable to the Company during the financial year under review. However, the Company aims to take an active part in CSR activities after its commercial operations takes place.

CORPORATE GOVERNANCE:

Being a 100% subsidiary of Tata Steel, the Company ensures and follows the group corporate governance guidelines and best practices of Industry for its business and operations. Also, the Company makes the best effort to comply with the Corporate and related laws as applicable to it in a timely and accurate manner. The details on Board and Committees of the Company is given as under:

a) Composition of Board:

At the beginning of the financial year 2017-18, the Board of the Company was comprised of following Directors:

Name of the Director	Nature of Appointment
Mr. T.V Narendran	Chairman Not independent, Non-executive
Mr. Koushik Chatterjee	Not independent, Non-executive
Mr. Arun Misra	Managing Director Not independent, Executive
Mr. Krishanava Dutt	Independent Director
Mr. Manoj T Thomas	Independent Director
Ms. Samita Shah	Not independent, Non-executive

During the financial year under review, one of the Independent Director of the Company, Mr. Krishnava Dutt has resigned from the Board effective from 1st February 2018. The Board in its meeting held on 21st February 2018 has re-appointed Mr. Arun Misra as Managing Director of the Company for a period of one year w.e.f 27th March, 2018 till 26th March 2019. Subsequently, the re-appointment was approved by the shareholders in the 3rd Extra-Ordinary General Meeting of the Company held on 16th April 2018.

Pursuant to section 152(6) of the Companies Act, 2013, Ms. Samita Shah (DIN-02350176) director of the Company shall retire by rotation at the ensuing annual general meeting and being eligible, offers for re-appointment. Her re-appointment has been recommended by the Board for the consideration of shareholders.

b) Constitution of committees:

The Company had constituted two statutory committees of the Board namely Audit Committee and Nomination & Remuneration Committee with respect to section 177 & section 178 of Companies Act 2013 respectively. The Board has laid down detailed scope and terms of reference (TOR) for the Committee(s) to function smoothly. In accordance with amended rule 4(2) of the Companies (Appoint and Qualification of Directors) Rules, 2014 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee of the Company has been dissolved with effect from 20th February 2018.

The details of the meeting(s) of the Board Committees are as follows:

i. AUDIT COMMITTEE:

The Audit committee of the Company was constituted in the year 2015 as per the provisions of section 177 of Companies Act 2013. The committee functions as per the scope and TOR laid down by the Board of directors and Companies Act 2013. As on 1st April 2017, the audit committee was comprised of 2(two) Independent directors and 1(one) non-executive non-independent director. The details of the members are given below:

Audit Committee	
Name of the Director	Nature of Appointment
Mr. Krishnava Dutt	Chairman Independent Director
Mr. Manoj T Thomas	Member Independent Director
Ms. Samita Shah	Member Not independent, Non-executive

During the financial year under review, the Chairman of the Audit Committee and Independent Director, Mr. Krishnava Dutt has resigned from the Board & Committee with effect from 1st February 2018. Accordingly, the Board re-constituted the audit committee and inducted Mr. Arun Misra, Managing Director as a member of the Committee. The scope and TOR of the Committee remains same as laid down by the Board during its formation. The details of the members are given as under:

Reconstituted Audit Committee	
Name of the Director	Nature of Appointment
Ms. Samita Shah	Chairperson Not independent, Non-executive
Mr. Manoj T Thomas	Member Independent Director
Mr. Arun Misra	Member Managing Director

ii. NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration committee of the Company which was constituted in the year 2015, was dissolved in February 2018. At the time of dissolution, the committee was comprised of 2 (two) Independent directors and 2 (two) non-executive non-independent directors. The details of the members are given below:

Nomination & Remuneration Committee	
Name of the Director	Nature of Appointment
Mr. Manoj T Thomas	Chairman Independent Director
Mr. Krishnava Dutt	Independent Director
Mr. T.V Narendran	Not independent, Non-executive
Mr. Koushik Chatterjee	Not independent, Non-executive

c) Key Management Personnel:

Pursuant to the provisions of the Companies Act, 2013, the following are the Key Managerial Personnel (KMP) of the Company as on 31st March 2018:

Mr. Arun Misra	-	Managing Director
Mr. Tanmay Kumar Sahu	-	Chief Financial Officer & Company Secretary

During the financial year under review, Mr. Arun Misra has been re-appointed as Managing Director of the Company by the Board and the same has been approved by the Shareholders in the 3rd Extra Ordinary General Meeting held on 16th April 2018.

d) Board Meetings:

During the Financial Year 2017-18, four meetings of Board of Directors were held. The intervening gap between the meetings was within the period prescribed under the Companies Act 2013 & applicable secretarial standards. The date of the meetings is given as under:

Number of Board meeting	Dates
47th Board Meeting	14-June-17
48th Board Meeting	27-July-17
49th Board Meeting	08-Nov-17
50th Board Meeting	21-Feb-18

e) Meetings of Committees:

During the Financial Year 2017-18, four meetings of the Audit Committee and one meeting of the Nomination and Remuneration Committee were held. The date of the meetings is given as under:

Name of the meeting	Dates
Audit committee:	
6th Audit committee	14-Jun-17
7th Audit committee	27-July-17
8th Audit committee	08-Nov-17
9th Audit committee	21-Feb-18
Nomination and Remuneration committee:	
3rd Nomination and Remuneration committee	27-July-17
The Nomination and Remuneration Committee has been dissolved w.e.f 20th February 2018	

f) Declaration by Independent directors:

As a requirement of section 149(7) of the Companies Act 2013, the Company has received necessary declaration from all Independent Directors stating that they meet the criteria of independence as laid out in sub-section (6) of the section 149 of the Companies Act 2013 for the financial year 2017-18.

g) Subsequent changes in the Board after financial year ending:

i. Cessations:

The Company has received resignation from two of the Non-executive Non-Independent Directors Mr. T. V Narendran and Mr. Koushik Chatterjee with effect from 7th June 2018 and 11th June 2018 respectively. The Board has noted and accepted the resignations of the Directors.

ii. Appointments:

- The Board has appointed Mr. R Ranganath (DIN-06725337) as an Additional Director of the Company with effect from 29th June 2018. Mr. R Ranganath, is currently working as Vice-President-Finance of Tata Steel Limited for India & South East Asia who has vast experience in finance, internal and system controls, compliance with various statues, organizational structuring etc.

- The Board has appointed Mr. Ashish Mathur (DIN-03508443) as an Additional Director of the Company with effect from 1st August 2018.

The above appointment(s) of the Directors have been recommended by the Board for the approval of the Shareholders in the ensuing Annual General Meeting.

iii. Change in the Key Managerial Personnel:

Mr. Ashish Mathur has been appointed as Managing Director of the Company in place of Mr. Arun Misra with effect from 1st August 2018 for a period of 3 years.

Consequent upon the appointment of Mr. Ashish Mathur as Managing Director of the Company, the details of the Key Managerial Personnel is given as under:

Mr. Ashish Mathur	-	Managing Director
Mr. Tanmay Kumar Sahu	-	Chief Financial Officer & Company Secretary

AUDITORS:

a) Statutory Auditors:

The shareholders of the Company in its meeting held on 26th September 2017, has approved the appointment of Price Waterhouse & Co. Chartered Accountant (PwC), LLP (FRN 304026E/E-300009) as the statutory auditors of the company for a period of five years, who shall hold office from the conclusion of ensuing (11th) Annual general meeting till the conclusion of 16th Annual General meeting. The Statutory Auditors have audited the book of accounts of the Company for the financial year ended 31st March 2018 and have issued Auditors' report.

Pursuant to section 139 of Companies Act 2013, the provisions relating to ratification of the appointment of statutory auditors at every AGM has been removed in the Companies Amendment Act, 2017 (notified on May 7, 2018). Accordingly, the notice convening the ensuing AGM does not carry any item relating to ratification of appointment of Statutory Auditors. PwC will continue to be the Statutory Auditors of the Company for Financial Year ending March 31, 2019.

b) Cost Auditors:

Pursuant to section 148 of Companies Act 2013, the appointment of cost auditors was not applicable to the Company during the financial year under review.

c) Secretarial Auditors:

Pursuant to section 204 of the Companies Act, 2013 read with respective rules, every unlisted public company having the prescribed paid capital, requires to annex a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form with Board's report.

Accordingly, the Board has appointed M/s. Saroj Ray & Associates, Company Secretaries firm bearing CP No. 3770 as the secretarial auditors to conduct the secretarial audit of the Company for the financial year 2017-18. The Secretarial Auditors have conducted the secretarial audit of the Company for the financial year 2017-18 and have submitted their report in the form no MR-3 which is attached to this Board's report as **Annexure-1**.

AUDIT REPORTS:

There was no qualification, reservation or adverse remark contained in the reports of Statutory Auditors and the Secretarial Auditor for the financial year under review. Therefore, no explanation(s) or comment(s) were offered by the Board.

RELATED PARTY TRANSACTIONS:

All the related party transactions entered into during the financial year under review were in ordinary course of business and at arm's length basis. During the year, the Company had entered into material Related Party Transactions which were also in ordinary course of business and at arms-length basis. The details of the said transactions as required to be provided under section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 as **Annexure-2** and forms part of this Annual Report.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENT:

During the financial year under review the Company has not given any loans directly or indirectly to any person or to other body corporate, or any guarantee or any security in connection with a loan to any other body corporate or any person pursuant to section 186 of Companies Act, 2013. The Company has neither subscribed nor made any investment in securities of any other body corporate by way of purchase.

DISCLOSURE OF POLICIES, GUIDELINES AND CONTROL MECHANISM:

a) Risk Management Policy:

Many factors such as geo-political environment, stringent regulatory and environment requirements have substantial impact on the operations of the Company. The Company is also exposed to inherent uncertainties owing to the sectors in which it operates. Therefore, The Board of Directors has adopted a Risk Management Policy which is already in place across the organization.

The Company's risk management process focus on ensuring that these risks are identified and addressed on a timely basis and addressed. The Senior Management team is involved in developing a robust risk matrix based on the operations of the Company. The Risk Management Policy is reviewed by the management on a periodical basis for improvement. The Company has plans to constitute a risk management committee in due course, if required.

During the financial year under review, the Company has not identified any elements of risk which may threaten the existence of the Company.

b) Familiarization program for Independent Directors:

All Independent directors newly inducted onto the Board of the Company are given an orientation and overview on the operations so far, group structure, constitution and procedures to familiarize them with the Company's business operations.

The Board had formulated a policy on familiarization program for Independent Directors, which is available on Company's website www.tatasteelsez.com.

c) Policy on appointment and remuneration of Directors, Senior Management and other employees:

The Board has adopted the following policies:

1. Policy on appointment and removal of directors which include Board membership criteria, Board Diversity policy and criteria for determining independent directors.

2. Policy on remuneration for directors, key management personnel and other employees.

The aforesaid policies are attached as **Annexure-3 & 4**, respectively.

d) Policy on Corporate Social Responsibility:

Since the provisions of Corporate Social Responsibility (CSR) as per section 135 of Companies Act 2013 is not the applicable to the Company, no policy on CSR has been formulated or developed during the financial year under review.

e) Disclosure as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013:

The Company has zero tolerance policy towards sexual harassment at the workplace and therefore, has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Company has a POSH policy which promotes gender neutrality while enforcement.

In the financial year 2017-18, no cases of sexual harassment has been reported in the Company.

f) Vigil Mechanism System:

The Company is committed towards highest moral and ethical standards. The Company has adopted and follows the Tata Code of Conduct (TCoC) across the organization to implement highest standards of ethical standards.

In furtherance to prevent any unethical conduct in the organisation, the Company has implemented vigil mechanism which adequate safeguards against victimization of persons who report genuine concerns such as unethical behavior, actual or suspected fraud or violation of Tata Code of Conduct (TCOC) in the Company. The Policy is available on Company's website www.tatasteelsez.com.

The vigil mechanism is developed and established within the organization by the "Whistle Blower Policy" which ensures a mechanism system for directors, employees and vendors of the Company to have direct and assured access to the Ethics Counsellor/ Chairman of audit committee and make protective disclosures. The Company makes an effort to communicate and conduct training program for its internal as well as external stakeholders with an aim to create awareness among them.

In order to further strengthen the vigil mechanism of the Company, the Company has adopted the "Conflict of Interest" Policy which requires the employees of the Company to declare their interest at the beginning of every financial year and act in the best interest of the Company adhering to the ethical standards and guidelines as laid down.

During the financial year under review, the Company has not received any whistle blower complaints.

g) Internal Financial Control:

The Company has in place an established internal control system commensurating with the size, scale and complexity of its operations. The internal control system has been designed to ensure orderly and efficient conduct of its business including adherence to the Company's policy by safeguarding of assets, the prevention and detection of frauds and errors, ensuring the accuracy and completeness of the accounting records and timely preparation of reliable financial information.

In compliance with section 143(3) clause (i) of the Act, the Statutory Auditors have issued a report on the internal financial controls over financial reporting which forms part of independent auditors' report. The report was placed for the Audit Committee's review and evaluation.

The Audit Committee of the Company regularly oversees the audit plans and significant issues raised by the Internal & Statutory auditors on Company's business operations, future plans and projections.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors based on the framework of internal financial controls and compliance system established and maintained by the Company, work performed by statutory and secretarial auditors and the review performed by the management and the relevant Committees, are of the opinion that the Company's financial controls were adequate and effective as on 31st March 2018.

In accordance with the provisions of Section 134(5) of the Companies Act 2013, the Board of Directors, to the best of their knowledge and ability, confirm:

i) that in the preparation of the annual accounts for the financial year ended 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii) that we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of financial year and of the profit and loss of the Company for that period;

iii) that we had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that we had prepared the annual accounts on a going concern basis;

v) that we had laid down proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

vi) that we had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems are adequate and operating effectively.

BOARD ANNUAL EVALUATION:

The Board evaluated the effectiveness of its functioning, that of the Committees and of individual Directors. Since, the Nomination and Remuneration Committee has been dissolved during the evaluation process, the Directors were requested to submit their feedback to the Chairman of the Board on various parameters such as:

- Degree of fulfillment of key responsibilities towards stakeholders (by way of monitoring corporate governance practices, participation in the long-term strategic planning, etc.);

- The structure, composition and role clarity of the Board and Committees;

- Extent of co-ordination and cohesiveness between the Board and its Committees;

- Effectiveness of the deliberations and process management; Board/Committee culture and dynamics; and

- Quality of relationship between Board Members and the Management.

The feedback received from the Directors was discussed in the Board Meeting. Since, the Company has one Independent Director as on 31st March 2018, no separate meeting of the Independent Directors was held to review the performance of the Board, Committee and Individual Directors.

The evaluation process helped in attaining effectiveness for conducting Board and Committee meetings, endorsed confidence of the Board in the ethical standards and policy of the Company. Further, the evaluation process also encouraged constructive relationship between the Board and the Management.

DETAILS OF SUBSIDIARY(IES):

The Company did not have any subsidiary, joint venture or associate Company during the financial year 2017-18. Accordingly, no Company has become or ceased to be a subsidiary, joint venture or associate of the Company in the year under review.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

During the financial year under review, there have been no significant and material orders passed by the regulators or court or tribunal impacting Company's development stage.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 in compliance with Section 134(3)(a) of the Companies Act 2013 and Rules made thereto are annexed to this report as **Annexure-5**.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Details of the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo are annexed to this report as **Annexure-6**.

DEPOSITS:

During the financial year under review, the Company has neither accepted any deposit nor has defaulted in repayment of deposit or payment of interest thereon as under chapter V of the Act.

Therefore, as on 31st March 2018, no deposit remained unpaid or unclaimed.

OTHER DISCLOSURES:

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

There was no change in the nature of business during FY 2017-18.

ACKNOWLEDGEMENTS:

The Directors would like to place on record their appreciation for all employees of the Company for their effort and their contribution of the Company's performance.

The Directors would also like to thank the shareholder, customers, vendors, bankers, financial institutions, Central and State Government agencies and all other stakeholders for their trust and continuous support to the Company.

For and on behalf of the Board of Directors

Sd/-

CHAIRMAN

Place: Bhubaneswar
Date: 26-07-2018

ANNEXURE-1

SECRETARIAL AUDIT REPORT (FORM NO – MR-3)

For the Financial year ended 31st March 2018

[Pursuant to section 204(1) of Companies Act, 2013 and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR 2017-18

To
The Members,
Tata Steel Special Economic Zone Limited,
2nd Floor-Fortune Towers, Chandrasekharpur,
Bhubaneswar-751023, Odisha

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Tata Steel Special Economic Zone Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s. Tata Steel Special Economic Zone Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year 2017-18, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Tata Steel Special Economic Zone Limited** for the financial year 2017-18 ended on 31st March, 2018, according to the provisions of:

(i) The Companies Act, 2013 (the Act), and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under - **Not applicable during the period under review.**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under - **Not applicable during the period under review.**

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not applicable during the period under review.**

SAROJ RAY & ASSOCIATES BHUBANESWAR COMPANY SECRETARIES

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):–

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not applicable during the period under review.**

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 - **Not applicable during the period under review.**

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 & Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015- **Not applicable during the period under review.**

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **Not applicable during the period under review.**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **Not applicable during the period under review.**

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **Not applicable during the period under review.**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable during the period under review.**

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable during the period under review.**

We have also examined the compliance system of the Company with applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

Apart from the above laws/Rules/Regulations/Standards, following are the **specific SEZ laws applicable to the Company** and for the compliance of which the Company has given a declaration.

1) The Special Economic Zones Act, 2005
2) The Special Economic Zones Rules, 2006
3) Odisha SEZ Policy

SAROJ RAY & ASSOCIATES BHUBANESWAR COMPANY SECRETARIES

During the period under review, the Company has complied with all the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that;

(A) COMPOSITION OF THE BOARD:

During the financial year under review, the Board of Directors of the Company consists of the following Directors, as detailed below:

List Of Directors for the Financial Year 2017-18				
Sl. No.	**Name of the Directors**	**Positions Held**	**Date of Appointment**	**Date of Cessation**
1.	Mr. T. V. Narendran	Chairman Non-Executive & Non-Independent Director	29.09.2014	-
2.	Mr. Koushik Chatterjee	Non-Executive & Non-Independent Director	29.09.2014	-
3.	Mr. Arun Misra	Executive & Non-Independent Director	29.09.2014 (Became-MD on 27.03.2015)	-
4.	Mr. Krishnava Dutt	Independent Director	11.12.2015	01.02.2018
5.	Mr. Manoj T. Thomas	Independent Director	11.12.2015	-
6.	Ms. Samita Shah	Non-Executive & Non-Independent Director	22.03.2016	-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

At the beginning of the year, the Board comprised of 1 (One) Executive & Non-Independent Director, 3 (Three) Non-Executive & Non-Independent Directors and 2 (Two) Independent Directors. During the financial year under review, Mr. Krishnava Dutt, Independent Director of the Company resigned from the Board of Directors of the Company effective from 1st February, 2018.

Accordingly, at the end of the financial year, the Board comprised of 1 (One) Executive & Non-Independent Director, 3 (Three) Non-Executive & Non-Independent Directors and 1 (One) Independent Director.

In view of the above, the composition of the Board as on 31st March 2018 is in compliance with the provisions of Companies Act, 2013 and Rules made there under.

SAROJ RAY & ASSOCIATES BHUBANESWAR COMPANY SECRETARIES

(B) MEETINGS OF THE BOARD OF DIRECTORS

During the financial year under review, 4 (four) Meetings of the Board of Directors were held.

Board Meeting No.	Date of Board Meeting	Name of Directors present in the Meeting	Name of Directors absent in the Meeting
47th	14.06.2017	1. Mr. Arun Misra (MD) (Chairman) 2. Mr. Krishnava Dutt 3. Mr. Manoj T. Thomas 4. Ms. Samita Shah	1. Mr. T. V. Narendran 2. Mr. Koushik Chatterjee
48th	27.07.2017	1. Mr. T. V. Narendran (Chairman) 2. Mr. Arun Misra (MD) 3. Mr. Krishnava Dutt 4. Mr. Manoj T. Thomas	1. Ms. Samita Shah
49th	08.11.2017	1. Mr. T. V. Narendran (Chairman) 2. Mr. Arun Misra (MD)[present through VC] 3. Mr. Manoj T. Thomas) [present through VC] 4. Mr. Koushik Chatterjee 5. Ms. Samita Shah	1. Mr. Krishnava Dutt
50th	21.02.2018	1. Mr.T. V. Narendran (Chairman) 2. Mr. Arun Misra (MD) [present through VC] 3. Mr. Manoj T. Thomas) [present through VC] 4. Mr. Koushik Chatterjee [present through VC] 5. Ms. Samita Shah	Nil

Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

SAROJ RAY & ASSOCIATES BHUBANESWAR COMPANY SECRETARIES

All the meetings were convened as per the provisions of the Companies Act, 2013 and as per the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI). The requisite quorum was present in all the Board Meetings held during the financial year as per the provisions and requirements of the Companies Act, 2013 and Articles of Association of the Company.

All decisions at the Board Meetings were carried out unanimously and recorded in the minute book of the respective meetings.

(C) OTHER COMMITTEES OF THE BOARD:

The Company had constituted other Committees of the Board such as Audit Committee and Nomination & Remuneration Committee in compliance with the Companies Act 2013. During the financial year under review, the formation of statutory Board committees for Unlisted Public Company which is a wholly owned subsidiary has been relaxed by Ministry of Corporate Affairs vide Rule 4(2) inserted by the Amendment Rules, 2017 with effect from 5th July, 2017. Accordingly, during the financial year under review, the Company has dissolved the Nomination & Remuneration Committee and reconstituted Audit Committee in compliance with good corporate governance practices. The details of the meeting(s) of the Board Committees are as follows:

i. Audit Committee:

The Audit Committee of the Company comprised of the following members for 3 quarters in the financial year under review:

1.	Mr. Krishnava Dutt	Chairman
2.	Mr. Manoj T. Thomas	Member
3.	Ms. Samita Shah	Member

In the last quarter of the financial year under review, the Audit Committee of the Company has been reconstituted by the Board of Directors by passing of a circular resolution on 20th February 2018.
The Committee was reconstituted by induction of Mr. Arun Misra, as member of the Committee in place of Mr. Krishnava Dutt, who resigned from the Board of Directors of the Company w.e.f. 01.02.2018.
Accordingly, the Audit Committee comprised of the following members at the end of the financial year under review:

1.	Ms. Samita Shah	Chairperson
2.	Mr. Manoj T. Thomas	Member
3.	Mr. Arun Misra	Member

SAROJ RAY & ASSOCIATES BHUBANESWAR COMPANY SECRETARIES

The members of the Audit Committee and their attendance in the Audit Committee meetings were as follows:

Audit Committee Meeting No.	Date of Committee Meeting	Name of Directors present in the Meeting	Name of Directors absent in the Meeting
6th	14.06.2017	1. Mr. Krishnava Dutt 2. Mr. Manoj T. Thomas 3. Ms. Samita Shah	Nil
7th	27.07.2017	1. Mr. Krishnava Dutt 2. Mr. Manoj T. Thomas	Ms. Samita Shah
8th	08.11.2017	1. Mr. Manoj T. Thomas) [present through VC] 2. Ms. Samita Shah	Mr. Krishnava Dutt
9th	21.02.2018	1. Mr. Arun Misra (MD) [present through VC] 2. Mr. Manoj T. Thomas) [present through VC] 3. Ms. Samita Shah	Nil

Adequate Notice for the Audit Committee Meetings were sent to all the Members of the Committee. Agenda and detailed notes on agenda were sent in advance, prior to 7 days of the Meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings for meaningful participation at the meetings.

II. Nomination & Remuneration Committee:

At the beginning of the financial year under review the Nomination & Remuneration Committee of the Company comprised of the following members:

1.	Mr. Manoj T. Thomas	Chairman
2.	Mr. T.V. Narendran	Member
3.	Mr. Koushik Chatterjee	Member
4.	Mr. Krishnava Dutt	Member

The members of the Nomination & Remuneration Committee and their attendance in the Committee meetings were as follows:

SAROJ RAY & ASSOCIATES BHUBANESWAR COMPANY SECRETARIES

Sl No.	Name of the Members of the Committee	Sl No. & Date of Meeting
		3rd
		27.07.2017
1.	Mr. Krishnava Dutt	P
2.	Mr. Manoj T. Thomas	P
3.	Mr. Koushik Chatterjee	P
4.	Mr. T.V. Narendran	P

P-Present

The Nomination & Remuneration Committee of the Company was dissolved by passing of Circular resolution on 20.02.2018.

Agenda and detailed notes on agenda were sent in advance, prior to 7 days of the 3rd Meeting of the Committee and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions taken at the Committee Meeting was carried out unanimously and recorded in the minute book maintained for the purpose.

All the meetings of the Board Committees were convened as per the provisions of the Companies Act, 2013 and as per the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

(D) <u>MAINTENANCE OF STATUTORY REGISTERS & RECORDS:</u>

The Statutory Registers & Records have been kept and maintained properly by the Company with all the necessary entries made therein as prescribed under various provisions of the Companies Act, 2013 and rules made there under.

(E) <u>FILING OF STATUTORY RETURNS:</u>

All provisions of the Act and other statutes were duly complied with by the Company with regard to timely filing of various e-forms on the MCA portal and returns with the Registrar of Companies.

We further report that;

During the period under review, the company has taken following action, which has a major bearing on the affairs of the Company:

1) The Company has issued and allotted shares of Rs. 290,000,000/- consisting of 29,000,000 nos. of Equity Shares of Rs. 10 each to M/s. Tata Steel Limited (The Wholly Owned Holding Company).

SAROJ RAY & ASSOCIATES BHUBANESWAR COMPANY SECRETARIES

We further report that on the basis of documents and explanations provided by the Management, there are adequate systems and processes exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines.

Place: Bhubaneswar
Date: 10.07.2018

For Saroj Ray & Associates
Company Secretaries

CS Saroj Kumar Ray, FCS
Sr. Partner
FCS No: 5098 CP No: 3770

(**Note:** This report is to be read with our letter of even date which is annexed as **Annexure-A** and forms an integral part of this report.)

SAROJ RAY & ASSOCIATES
BHUBANESWAR
COMPANY SECRETARIES

SAROJ RAY & ASSOCIATES
COMPANY SECRETARIES

Annexure A

To
The Members,
Tata Steel Special Economic Zone Limited,
2nd Floor-Fortune Towers, Chandrasekharpur,
Bhubaneswar-751023, Odisha

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed by the Company provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bhubaneswar
Date: 10.07.2018

For Saroj Ray & Associates
Company Secretaries

SAROJ RAY & ASSOCIATES BHUBANESWAR COMPANY SECRETARIES

CS Saroj Kumar Ray, FCS
Sr. Partner
FCS No: 5098 CP No: 3770

N-6/215, Ground Floor, IRC Village, Bhubaneswar - 751015, Odisha, India
Phone : (0674) 2360840, 2360841, 2360842, Fax : (0674) 2360845
Visit us : www.sracs.com, E-mail: [illegible], sraconsultants@gmail.com

ANNEXURE-2

FORM NO. AOC.2

Particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

   There were no contract(s) or arrangement(s) or transaction(s) entered into during the year ended 31st March, 2018, which were not at arms-length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

   The details of material contracts or arrangements or transactions at arms-length basis for the year ended 31st March 2018 are as follows:

Sr no.	Name(s) of the related party and nature of relationship	Nature of Transaction(s)	Duration of transactions	Salient terms of contract	Date of approval by the Board, if any	Amount paid in advance, if any (Rs. In crores)
1	Tata Steel Limited (Holding Company of TSSEZL)	Transfer of expenses worth Rs. 146 Crore from books of TSSEZL to the books of Tata Steel	One-time contract for transfer of Rehabilitation and Resettlement(R&R) expenses.	One-time contract for transfer of Rehabilitation and Resettlement(R&R) expenses	Pursuant to the provisions of section 188(1) of Companies Act 2013, requisite prior approvals of Audit Committee/Board have been taken during the financial year under review for entering into the transaction, as and when required.	Nil
		Loan taken from Tata Steel Limited	1st April 2017 till 31st March 2018	TSSEZL has availed Inter Corporate Deposit from Tata Steel for an amount of Rs. 80 Cr in the FY 2017-18 as per the mutual agreed terms and conditions of the contract.		
		Availing deputation		The Company avails deputation		

Sr no.	Name(s) of the related party and nature of relationship	Nature of Transaction(s)	Duration of transactions	Salient terms of contract	Date of approval by the Board, if any	Amount paid in advance, if any (Rs. In crores)
		services from Tata Steel Limited	One year i.e 1st April 2017 till 31st March 2018	service from TSL for manpower requirement as per the rules of the Company. The Company and TSL enters into manpower contract for the same.		

For and on behalf of the Board of Directors

Sd/-

CHAIRMAN

Place: Bhubaneswar
Date: 26-07-2018

ANNEXURE-3

POLICY ON APPOINTMENT AND REMOVAL OF DIRECTORS

1. INTRODUCTION

1.1. In terms of Section 178 of the Companies Act, 2013, rules made thereunder and the Listing Regulations as amended from time to time, the Committee has formulated this policy on appointment and removal of Directors. The Policy has been adopted by the NRC vide its resolution dated 31st March 2016 and approved by the Board of Directors vide its resolution dated 31st March 2016.

1.2. This policy will be applicable to the Company to the extent required under the Companies Act, 2013 as the Company is not a listed Company. The Compliance of provisions of Listing Regulations forming part of this policy are to be observed as best practices and are voluntary in nature.

1.3. This policy shall act as a guideline for determining qualifications, positive attributes, independence of a Director and matters relating to the appointment and removal of Directors.

2. OBJECTIVE OF THE POLICY

To lay down criteria and terms and conditions with regards to the identification of persons who are qualified to become Directors (executive, non-executive and independent) including their qualifications, positive attributes and independence. [CA Sec. 178] and who may be appointed as the Senior Management of the Company.

3. APPOINTMENT OF DIRECTORS

This Policy enumerates guidelines to be used by NRC in selecting/appointing/re-appointing and removal of a Director.

For all the above stated matters, the Parent Company/GIM Center may make suggestions from time to time, to Chairman, NRC or to representative of the Parent Company, who may incorporate the same while recommending to the Board.

3.1. Assess skill-sets the Board needs given the strategies, challenges faced by the Company.

3.2. In selecting individuals for appointment/re-appointment/removal of directors, the NRC to refer to the following guidelines/policies:

3.2.1. Board Membership Criteria (Refer Schedule A)

3.2.2. Board Diversity Policy, if any, framed as per the requirement of law (Refer Schedule B)

3.2.3. Criteria for determining independence of directors (in case of appointment of Independent Directors (Refer Schedule C)

3.2.4. Request candidature from the database maintained by Parent Company/GIM Center.

3.2.5. NRC members (either jointly/individually, as delegated) shall meet the potential candidate and assess his/her suitability for the role.

3.2.6. NRC to recommend the appointment of shortlisted candidate to the Board for its consideration.

3.3. Emergency Succession: If position of a Director suddenly become vacant by reason of death or other unanticipated occurrence, the NRC shall convene a special meeting at the earliest opportunity to fill such vacancy.

4. POLICY IMPLEMENTATION

4.1. The Committee is responsible for recommending this Policy to the Board.

4.2. The Board is responsible for approving and overseeing implementation of this Policy (with the support of the Committee)

5. REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

6. APPLICABILITY TO SUBSIDIARY / ASSOCIATE /JOINT VENTURE COMPANIES

This Policy may be adopted by the Company's subsidiaries/ Associates and Joint Ventures, if any, subject to suitable modifications and approval of the Board of Directors of the respective companies.

7. COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

Schedule-A (BOARD MEMBERSHIP CRITERIA)

The Nominations and Remuneration Committee works with the Board to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education, and public service. Characteristics expected of all directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations management, public policy, international relations, legal, governance and other disciplines relevant to the success of the Company in today's business environment; understanding of the Company's business; experience in dealing with strategic issues and long-term perspectives; maintaining an independent familiarity with the external environment in which the company operates and especially in the directors particular field of expertise; educational and professional background; personal accomplishment; and geographic, gender, age, and ethnic diversity.

The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.

In determining whether to recommend a director for re-election, the Committee, , also considers the director's past attendance at meetings, participation in meetings and contributions to the activities of the Board, and the results of the most recent Board self-evaluation.

Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with the responsibilities at Tata Steel Special Economic Zone Limited.

Schedule-B (Board Diversity Policy)

1. PURPOSE

The need for diversity in the Board has come into focus post the changes in the provisions of the Companies Act, 2013 ("Act") and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under Listing Regulations.

The NRC has framed this policy to set out the approach to diversity on the Board of the Company ("Policy").

2. SCOPE

This Policy is applicable to the Board of the Company.

3. POLICY STATEMENT

The Company recognizes the importance of diversity in its success. It is essential that the Company has as diverse a Board as possible.

A diverse Board will bring in different set of expertise and perspectives. The combination of Board having different skill set, industry experience, varied cultural and geographical background and belonging to different race and gender will bring a variety of experience and viewpoints which will add to the strength of the Company.

While all appointments to the Board are made on merit, the diversity of Board in aggregate will be of immense strength to the Board in guiding the Company successfully through various geographies.

The Committee reviews and recommends appointments of new directors to the Board. In reviewing and determining the Board composition, the Committee will consider the merit, skill, experience, race, gender and other diversity of the Board.

To meet the objectives of driving diversity and an optimum skill mix, the Committee may seek the support of Parent company/GIM Center.

4. MONITORNG AND REPORTING

The Committee will report annually, in the corporate governance section of the Annual Report of the Company, the process it employed in Board appointments, if required by the law. The report will include summary of this Policy including purpose and the progress made in achieving the same.

5. REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

6. APPLICABILITY TO SUBSIDARY/ASSOCIATE/JOINT VENTURE COMPANIES

This Policy may be adopted by the Company's subsidiaries/ Associates and Joint Ventures, if any, subject to suitable modifications and approval of the board of directors of the respective companies.

7. COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

Schedule-C (Criteria for determining independence of directors)

1. PURPOSE

The purpose of this policy is to define guidelines that will be used by the Board to assess the independence of Directors of the Company.

2. INDEPENDENCE GUIDELINES

A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The Board has established the categorical standards set forth below to assist it in making such determinations. An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

b. i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

   ii)who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

c. has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

e. who, neither himself nor any of his relatives—

   i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

   ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

      a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;

iii. holds together with his relatives two percent or more of the total voting power of the company; or

iv. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; or

f. An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

3. DEFINITIONS IN ADDITION TO THOSE PROVIDED ABOVE

a. "Nominee Director" implies a Director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any government or any other person to represent its interests. [Companies Act 2013 – 149 Explanation]

b. "Associate Company" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. [Sec 2(6) of CA, 2013]

Explanation.—For the purposes of this clause, "significant influence" means control of at least twenty per cent. of total share capital, or of business decisions under an agreement;

c. "Relative" implies anyone who is related to another if they are members of HUF; if they are husband and wife; or if one person is related to the other in such manner as may be prescribed under the Act. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely – Father (includes step-father), Mother (includes step-mother), Son (includes step-son), Son's wife, Daughter, Daughter's husband, Brother (includes step-brother), Sister (includes step-sister) [CA Sec. 277].

4. EXPLANATIONS:

Consecutive Terms: He/ she shall be eligible for appointment as Independent Director after the expiration of three years of ceasing to be a Director on the Board of the Company provided that he / she shall not during the said period of three years, be appointed in or associated with Tata Steel Special Economic Zone Limited in any other category, either directly or indirectly.

ANNEXURE-4

REMUNERATION POLICY OF DIRECTORS, KMPs AND OTHER EMPLOYEES

The philosophy for remuneration of directors, Key Managerial Personnel ("KMP") and all other employees of Tata Steel Special Economic Zone Limited ("Company") is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("Act") and Clause 49(IV)(B)(1) of the Equity Listing Regulations ("Listing Regulations"). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the company shall abide by the applicable law. While formulating this policy, the Nomination and Remuneration Committee ("NRC") has considered the factors laid down under Section 178(4) of the Act, which are as under:

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals"

For all matters related to remuneration to directors, the Parent Company/GIM Center may make suggestions from time to time, to Chairman, NRC or to representative of the Parent Company, who may incorporate the same while recommending to the Board.

Key principles governing this remuneration policy are as follows:

1. Remuneration for independent directors and non-independent non-executive directors

1.1. Overall remuneration should be reflective of the size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay the remuneration.

1.2. Independent directors ("ID") and non-independent non-executive directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members). Quantum of sitting fees and NED Commission may be subject to review on a periodic basis, as required.

1.3. Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.

1.4. Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the company (taking into consideration the challenges faced by the company and its future growth imperatives).

1.5. Overall remuneration practices should be consistent with recognized best practices.

1.6. The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board, based on company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.

1.7. The NRC will recommend to the Board, , the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.

1.8. In addition to the sitting fees and commission, the company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.

2. Remuneration for managing director ("MD")/ executive directors ("EDs")/ KMP/ rest of the employees:

2.1. The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be

2.1.1. Market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent)

2.1.2. Driven by the role played by the individual,

2.1.3. Reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay, 2.1.4. Consistent with recognized best practices and

2.1.5. Aligned to any regulatory requirements.

2.2. In terms of remuneration mix or composition,

2.2.1. The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.

2.2.2. Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.

2.2.3. In addition to the basic/ fixed salary, the company may provide employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The company may also provide all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.

2.2.4. The company provides retirement benefits as applicable.

2.2.5. In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company may provide MD/ EDs such remuneration by way of bonus/performance linked incentive and/or commission calculated with reference to the net profits of the company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.

2.2.6. The company may provide the rest of the employees a performance linked bonus and/or performance linked incentive. The performance linked bonus/performance linked incentive would be driven by the outcome of the performance appraisal process and the performance of the company.

3. Remuneration payable to Director for services rendered in other capacity

3.1. The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:

3.2. The services rendered are of a professional nature; and

3.3. The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

4. Premium on Insurance policy

4.1. Where any insurance is taken by the Parent Company or by the company on behalf of the Company's NEDs, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.

4.2. Where any insurance is taken by the Parent Company or by the company on behalf of the Company's MD/EDs, KMP and any other employees for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

5. Others

5.1. Policy implementation

The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

5.2. Review of the Policy

This Policy will be reviewed and reassessed by the NRC as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

5.3. Applicability to subsidiaries, associates and joint venture companies

This policy may be adopted by the company's subsidiaries, associates and joint venture companies, if any, subject to suitable modifications and approval of the board of directors of the respective companies.

5.4. Compliance Responsibility

Compliance of this policy shall be the responsibility of the Company Secretary of the company who shall have the power to ask for any information or clarification from the management in this regard.

GLOSSARY

"Act" or "CA,2013" or "CA"	means the Companies Act, 2013, to the extent notified, from time to time, and includes any re-enactment thereof, with all schedules and tables thereunder, as notified, with effect from the date of such notification in the official gazette of India including all rules, notifications, circulars, clarifications and orders issued thereunder including certain provisions of the Companies Act, 1956, as and where specified, and "Section" shall mean a section of the said Act
"Board"	implies the Board of Directors of the Company
"Company"	implies "Tata Steel Special Economic Zone Limited"
"Committee"/or "NRC"	implies the Nomination and Remuneration Committee of the Company
"Directors"	implies the directors on the Board
"Executive Director" or "ED"	implies Executive Director of the Company
"Independent Director" or "ID"	implies a non-executive Director of the Company, other than a nominee Director and who is neither a promoter nor belongs to the promoter group of the Company, and who satisfies other criteria for independence mentioned in the Companies Act, 2013 and the Listing Regulations entered into, with the respective Stock Exchanges in India
"Key Managerial Personnel" "KMP"	In relation to the Company, means the following key managerial personnel:
	the Chief Executive Officer and/or Managing Director
	Company Secretary
	Whole-time Director
	Chief Financial Officer
"Listing Regulations" or "LA"	implies the Listing Regulations as entered into by the Company with the Stock Exchanges in India
"MD"	implies the Managing Director of the Company
"Policy"	implies this Policy on appointment and removal of Directors as framed by the Committee; Policy on remuneration for directors, key managerial personnel and other employees;

	Process and criteria for annual performance evaluation of the Board, its Committees and Directors, as applicable
"Parent Company"	Parent Company means a person/company who has control over the affairs of the Company, directly or indirectly, as a shareholder or otherwise and in accordance with whose advice, directions or instructions, the Board of Directors of the company is accustomed to act.
"Group Investment Management Center" or "GIM Center"	Group Investment Management Center means department of Tata Steel Corporate function led by Group Director (Investments and New Ventures), Tata Steel. GIM acts as a single window among the Tata Steel Group Companies (i.e. Tata Steel, its subsidiaries, associates and JVs).

ANNEXURE-5

EXTRACT OF ANNUAL RETURN AS ON 31ST MARCH 2018

[Pursuant to section 92(3) of the Companies Act 2013 and rule12(1) of the Companies (Management and Administration) Rules, 2014]

Form No. MGT 9

REGISTRATION AND OTHER DETAILS:

CIN	U45201OR2006PLC008971
Registration Date	11th October, 2006
Name of the Company	Tata Steel Special Economic Zone Limited
Category/sub-category of the Company	Public unlisted Company having share capital
Address of the registered Office and contact details	2-B Fortune Tower Chandrasekharpur, Odisha-751023 tanmay.sahu@tatasteelsez.com
Whether listed Company-Yes/No	No
Name, Address and contact details of Registrar and Transfer Agent, if any	Not Applicable

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated.

Name and Description of the main products	NIC Code of the Company	% to total turnover of the Company
Development of Industrial park (Real estate activities with owned or leased property	68681681068100	100%

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr no	Name of the Company	CIN/GLN	Holding /Subsidiary /Associate	% of shares held	Applicable Section
1.	Tata Steel Limited including its nominees	L27100MH1907PLC000260	Holding	100%	2(46)

SHAREHOLDING PATTERN (Equity Share Capital Breakup as Percentage of the Total Equity):

Category-wise Shareholding-

	Category of shareholders	No of shares held								% change during the year
		Beginning of the Year (1 April 2017)				End of the Year (31 March 2018)				
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
(A) Promoters (Including Promoter Group)										
(1)	Indian	-	-	-	-	-	-	-	-	-
(a)	Individuals/ Hindu undivided Family	-	60	60	0.00	-	60	60	0.00	0.00
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	-	125742571	125742571	99.99	-	154742571	154742571	99.99	23.00
(e)	Banks/Financial Institutions									
(f)	Any other(Trust)									
Sub Total (A) (1)		-	125742631	125742631	100		154742571	154742571	100	23.00
(2)	Foreign	-	-	-	-	-	-	-	-	-
(a)	NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b)	Other Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/Financial institutions	-	-	-	-	-	-	-	-	-
(e)	Any other(Specify)	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)		-	-	-			-		-	
Total Shareholding of Promoter and promoter group(A)=(A)(1)+(A)(2)		-	125742631	125742631	100		154742631	154742631	100	23.00
(B)Public Shareholding-										
-		-	-	-	-	-	-	-	-	-

(C) Shares held by Custodian for GDRs and ADRs									
-	-	-	-	-	-	-	-	-	-
Grand Total (A)+(B)+(C)		125742631	125742631	100		154742631	154742631	100	23.00

Shareholding of Promoters-

No of Shares held									
Sr. no	Shareholder's Name	Beginning of the Year (1 April 2017)				End of the year (31 March 2018)			
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Tata Steel Limited & Nominees	125742631	100	-	154742631	100	-	23.00

Change in Promoter's Shareholding, please specify if no change-

Name of the Shareholder	Date	Shareholding at the Beginning of the year i.e. 1st April 2017		Cumulative Shareholding during the year i.e. (1st April 2017 to 31st March 2018)	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
Tata Steel Limited & its nominees					
At the beginning of the year	April 1, 2017	125742631	100	125742631	100
	June 14, 2017	10000000	8	135742631	108
	July 27, 2017	19000000	15	154742631	123
At the end of the year	March 31, 2018	154742631	123	154742631	123

Shareholding Pattern of top ten Shareholders (Other than Directors, promoters and Holders of GDRs and ADRs)-

Sr no	Name of the Shareholder	Shareholding at the beginning of the year (1 April 2017)		Cumulative Shareholding at the end of the year (31 March 2018)	
		No. of shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
------------------------NIL------------------------					

Shareholding of Directors and Key Managerial Personnel-

Sr no		Shareholding at the beginning of the year (1st April 2017)		Cumulative Shareholding at the end of the year (31st March 2018)	
	For each of the Directors and KMP	No. of shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
1	Mr. T.V. Narendran*	10	0.00	10	0.00
2	Mr. Koushik Chatterjee*	10	0.00	10	0.00

Sr no	For each of the Directors and KMP	Shareholding at the beginning of the year (1st April 2017)		Cumulative Shareholding at the end of the year (31st March 2018)	
		No. of shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
3	Mr. Arun Misra*	10	0.00	10	0.00

* Jointly Holding with Tata Steel Limited.

INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(IN CRORES)

Particulars	Secured Loan excluding deposits	Unsecured Loan	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year (1st April 2017)				
(i) Principal Amount	-	10	-	10
(ii) Interest due but not paid	-	0.07	-	0.07
(iii) Interest accured but not due	-	-	-	
Total (i)+(ii)+(iii)	-	10.07	-	10.07
Change in indebted ness during the financial year 2017-18				
(i) Addition (Principal and Interest)	-	74.90	-	74.90
(ii) Reduction	-	(84.97)	-	(84.97)
Net Change	-	(10.07)	-	(10.07)
Indebtedness at the end of the financial year (31st March 2018)				
(i) Principal Amount	-	-	-	-
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i)+(ii)+(iii)	-	0	-	0

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration of Managing Director, Whole time Director and/or Manager:

(IN RUPEES)

Sr. no	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Arun Misra, Managing Director	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	1.00 - -	1.00 - -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission- as % of profit	-	-

5	Others (retirement benefit)	-	-
	Total(A)	1.00	1.00
	Ceiling as per the Act	NA	NA

B. Remuneration to other Directors:

(IN LAKHS)

Particulars of Remuneration	Name of Directors		Total Amount
	Mr. Krishnava Dutt	Mr. Manoj T Thomas	
1. Independent Directors • Fee for attending board/committee meetings • Commission • Others, please specify	85,000 - -	1,55,000 - -	2,40,000 - -
Total (1)	85,0000	1,55,000	2,40,000
2. Others Non-Executive Directors • Fee for attending board/committee meetings • Commission • Others, please specify	Nil		Nil
Total (2)	-	-	-
Total (B)= (1)+(2)	85,0000	1,55,000	2,40,000
Total Managerial Remuneration	**85,0000**	**1,55,000**	**2,40,000**
Overall Ceilings as per the Act	NA	NA	NA

C. Remuneration to KMP other than MD/Manager/WTD:

Sr. no	Particulars of Remuneration	Key Managerial Personnel	Total Amount (In INR)
		Mr. Tanmay Kumar Sahu	
		CFO & Company Secretary	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	35,30,916/- - -	35,30,916/- - -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission- as % of profit	-	-
5	Others (retirement benefit)	-	-
	Total	35,30,916/-	35,30,916/-

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishments/compounding offences for the year ended 31st March 2018.

Sd/-
Managing Director

Sd/-
Company Secretary

Place : Bhubaneswar
Date : 26-07-2018

ANNEXURE-5

Particulars of Conservation of Energy, Technology absorption, Foreign exchange earnings and outgo:

A. CONSERVATION OF ENERGY:		
i)	The steps taken or impact on conservation of energy;	The Company has planned for: - Use of solar street lightings within the industrial park
ii)	The steps taken by the Company for utilizing alternate sources of energy;	The Company has planned for: - Use of solar street lightings within the industrial park - Optimization of power consumption by distributing water supply network through gravity.
iii)	The capital investment on energy conservation equipment's;	Not applicable at present.
B. TECHNOLOGY ABSORPTION:		
i)	The efforts made towards technology absorption;	The Company has planned for: - To introduce French well concept for sourcing of surface water sources
ii)	The benefits derived like product improvement, cost reduction, product development or import substitution;	The Company has planned for cost reduction by reduction in demand for production of desalinated water
iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	NA
	a) The details of technology imported;	
	b) The year of import;	
	c) Whether the technology been fully absorbed;	
	d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
iv)	The expenditures incurred on Research & Development;	NA
C. FOREIGN EXCHANGE EARNINGS AND OUTGO:		
i)	Foreign Exchange earned in terms of actual inflow	Nil
ii)	Foreign Exchange outgo in terms of actual outflow	SGD 1,40,000/- (Management Consultancy Fee) USD 7814.06 (Travelling)

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TATA STEEL SPECIAL ECONOMIC ZONE LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of **Tata Steel Special Economic Zone Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

*Price Waterhouse & Co Chartered Accountants LLP, 56 & 57, Block DN, Ground Floor, A Wing, Sector V
Salt Lake, Kolkata - 700091, India
T: +91 (33) 44001111 / 44662000, F: +91 (33) 44043065*

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLPIN AAC-4362 Chartered Accountants FRN 304026E/E-300009 Kolkata

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated June 14, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

Price Waterhouse & Co Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

i. The Company does not have any pending litigations as at March 31, 2018 which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018 for which there are material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E300009
Chartered Accountants

Ashish Taksali
Partner
Membership Number: 99625

Jamshedpur
April 27, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Tata Steel Special Economic Zone Limited on the financial statements for the year ended March 31, 2018
Page 1 of 2

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Tata Steel Special Economic Zone Limited ("the Company") as of March, 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

Chartered Accountants
FRN 304026E/E-300009
Kolkata

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Tata Steel Special Economic Zone Limited on the financial statements for the year ended March 31, 2018

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Ashish Taksali
Partner
Membership Number: 99625

Jamshedpur
April 27, 2018

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Tata Steel Special Economic Zone Limited on the financial statements as of and for the year ended March 31, 2018

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties, as disclosed in Note 2 on fixed assets to the financial statements, are held in the name of the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax or goods and service tax which have not been deposited on account of any dispute.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

Price Waterhouse & Co Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

Annexure B to Independent Auditors' Report
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Tata Steel Special Economic Zone Limited on the financial statements as of and for the year ended March 31, 2018

xi. The Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Ashish Taksali
Partner
Membership Number: 99625

Jamshedpur
April 27, 2018

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED
(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)
Balance Sheet as at March 31, 2018

Amount in INR

	Note	As at March 31, 2018	As at March 31, 2017
(I) ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	02	19,45,27,313	3,09,32,857
(b) Intangible assets	03	95,017	32,326
(c) Capital work-in-progress	04	62,87,86,642	72,45,21,776
(d) Intangible assets under development	05	2,81,058	1,31,564
		82,36,90,030	**75,56,18,523**
(e) Other non-financial assets	06	12,31,11,928	73,81,66,488
(f) Non current tax asset (Net)	07	6,40,000	2,56,000
		94,74,41,958	**1,49,40,41,011**
(2) Current assets			
(a) Financial assets			
(i) Trade receivables	08	27,64,800	3,36,000
(ii) Cash and cash equivalents	09	10,31,12,162	9,76,36,796
(iii) Other financial assets	10	51,06,64,972	-
		61,65,41,934	**9,79,72,796**
TOTAL ASSETS		**1,56,39,83,892**	**1,59,20,13,807**
(II) EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	11	1,54,74,26,310	1,25,74,26,310
(b) Other equity	12	(6,55,39,978)	6,87,78,569
		1,48,18,86,332	**1,32,62,04,879**
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	13	18,98,675	10,76,580
(b) Retirement benefit obligations	14	3,80,051	1,49,221
(c) Other non-financial liabilities	15	6,40,000	6,40,000
		29,18,726	**18,65,801**
(3) Current liabilities			
(a) Financial liabilities			
(i) Short term borrowings	16	-	10,00,00,000
(ii) Trade payables	17	1,60,59,706	3,93,86,934
(iii) Other financial liabilities	18	5,57,13,733	11,93,28,370
(b) Retirement benefit obligations	19	3,99,186	2,79,017
(c) Other non-financial liabilities	20	70,06,209	49,48,806
		7,91,78,834	**26,39,43,127**
TOTAL EQUITY AND LIABILITIES		**1,56,39,83,892**	**1,59,20,13,807**

See accompanying notes 1 - 40 forming an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of Board of Directors

For Price Waterhouse & Co. Chartered Accountants LLP
Chartered Accountants
Firm Registration No.304026E/E300009

(Ashish Taksali)
Partner
Membership No.: 099625

(Tanmay Kumar Sahu)
CFO & Company Secretary

(Arun Misra)
Managing Director

(T V Narendran)
Director

Place:Jamshedpur
Date: April 27, 2018

Place:Jamshedpur
Date: April 27, 2018

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED
(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)
Statement of Profit and Loss for the year ended March 31, 2018

Amount in INR

		Note	For the Year ended March 31, 2018	For the Year ended March 31, 2017
(1)	Revenue from operations	21	38,40,000	24,67,097
(2)	Other Income	22	47,38,576	37,39,403
	Total Income (1+2)		**85,78,576**	**62,06,500**
(3)	**Expenses**			
	(a) Employee benefit expenses	23	1,13,80,455	1,07,88,761
	(b) Finance costs	24	-	-
	(c) Depreciation and amortization expenses		66,65,321	6,06,439
	(d) Other expenses	25	2,48,17,954	79,24,192
	Total Expenses		**4,28,63,730**	**1,93,19,392**
(4)	**Loss for the year**		**(3,42,85,154)**	**(1,31,12,892)**
				-
(5)	**Other Comprehensive (Loss)**			
	(i) Items that will not be reclassified to profit and loss			
	(a) Remeasurement gains / (losses) on defined benefit plans		**(33,393)**	**(11,347)**
(6)	**Total Comprehensive Income for the year**		**(3,43,18,547)**	**(1,31,24,239)**
(7)	**(Loss) per equity share :**			
	(1) Basic	31	(0.23)	(0.12)
	(2) Diluted	31	(0.23)	(0.12)

See accompanying notes 1 - 40 forming an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.
For Price Waterhouse & Co. Chartered Accountants LLP
Chartered Accountants
Firm Registration No.304026E/E300009

For and on behalf of Board of Directors

(Ashish Taksali)
Partner
Membership No.: 099625

(Tanmay Kumar Sahu)
CFO & Company Secretary

(Arun Misra)
Managing Director

(T V Narendran)
Director

Place:Jamshedpur
Date: April 27, 2018

Place:Jamshedpur
Date: April 27, 2018

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED
(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)
Statement of Cash Flows for the year ended March 31, 2018

Amount in INR

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
A. Cash Flow from Operating Activities:		
Loss for the year	**(3,42,85,154)**	**(1,31,12,892)**
Adjustments for:		
Depreciation and ammortisation expenses	66,65,321	6,06,438
Dividend from mutual fund	(47,18,612)	(37,30,929)
Profit on sale of Property, Plant & Equipment	(4,853)	-
Operating profit/(Loss) before working capital changes	**(3,23,43,298)**	**(1,62,37,383)**
Adjustments for:		
(Increase)/Decrease in trade receivable & tax assets	(28,12,800)	(5,92,000)
(Increase)/Decrease in trade payable	(2,33,27,228)	13,01,15,719
(Increase)/Decrease in other financial liabilities (ICD Interest, creditors for capital service)	(6,36,14,637)	6,23,836
(Increase)/Decrease in other non-financial liabilities(Tax payable)	20,57,403	37,42,378
(Increase)/Decrease in retirement obligation	3,17,606	3,18,707
(Increase)/Decrease other financial liabilities(retention)	8,22,095	10,76,580
(Increase)/Decrease in advance for expenses	10,14,250	(54,39,898)
Cash generated from operations	**(8,55,43,311)**	**12,98,45,322**
Net cash from operating activities	**(11,78,86,609)**	**11,36,07,939**
B. Cash Flow from Investing Activities:		
(Increase)/Decrease other non- financial liabilities(Advance rent)	-	6,40,000
(Increase)/Decrease in asset & capital work in progress	(7,47,63,836)	(27,00,76,510)
Sale of tangible asset	31,862	-
(Increase)/Decrease capital advance for land	43,30,56,472	(44,72,61,525)
(Increase)/Decrease in prepaid lease for SEZ land	18,94,33,586	(3,29,28,229)
(Increase)/Decrease Input tax credit	(84,49,748)	(1,59,60,835)
Sale of Investment	1,63,64,22,615	1,67,17,30,929
Purchase of investments	(1,63,17,04,003)	(1,66,80,00,000)
Net cash from investing activities	**54,40,26,948**	**(76,18,56,170)**
C. Cash Flow from Financing Activities:		
Issue of equity capital	19,00,00,000	33,65,00,000
Share application money received	-	10,00,00,000
Proceeds from inter corporate deposit	70,00,00,000	10,00,00,000
Payment on behalf of Tata Steel Limited	(1,31,06,64,972)	-
Net cash from financing activities	**(42,06,64,972)**	**53,65,00,000**
Net increase/ (decrease) in cash or cash equivalents	**54,75,366**	**(11,17,48,232)**
Cash & cash equivalents as at 1st April	**9,76,36,796**	**20,93,85,028**
Cash & cash equivalents as at 31st March	**10,31,12,162**	**9,76,36,796**

Notes:
1. Cash and cash equivalents includes balance in current accounts with banks.
2. Figures in brackets represent outflows.

This is the Statement of Cash Flows referred to in our report of even date.

For and on behalf of Board of Directors

For Price Waterhouse & Co. Chartered Accountants LLP
Chartered Accountants
Firm Registration No.304026E/E300009

(Ashish Taksali)	**(Tanmay Kumar Sahu)**	**(Arun Misra)**	**(T V Narendran)**
Partner	CFO & Company Secretary	Managing Director	Director
Membership No.: 099625			

Place: Jamshedpur
Date: April 27, 2018

Place: Jamshedpur
Date: April 27, 2018

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED
(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)
Statement of changes in equity for the year ended March 31, 2018

Amount in INR

	Share capital			Retained earnings		
As at March 31, 2018	**Equity Share Capital-Paid up**	**Equity Share Capital**	**Share application money pending allotment**	**Balance of Statement of Profit and loss**	**Remeasurement Gains/ (Losses)**	**Total**
At beginning of the period	1,25,74,26,310	1,25,74,26,310	10,00,00,000	(3,12,21,431)	-	(3,12,21,431)
Profit / (Loss) for the period	-	-	-	(3,42,85,154)	-	(3,42,85,154)
Other Comprehensive income for the period	-	-	-	-	(33,393)	(33,393)
(i) Total OCI - coming from OCI	-	-	-	-	(33,393)	-
Total comprehensive income for the period	-	-	-	**(3,42,85,154)**	**(33,393)**	**(3,43,18,547)**
Additions	29,00,00,000	29,00,00,000.00	19,00,00,000	-	-	-
Allotment of share		-	(29,00,00,000)	-	-	-
Remeasurement gains/(losses) t/f	-	-	-	(33,393)	33,393	-
At end of period	**1,54,74,26,310**	**1,54,74,26,310**	-	**(6,55,06,585)**	-	**(6,55,39,978)**

As at March 31, 2017	**Equity Share Capital-Paid up**	**Equity Share Capital**	**Share application money pending allotment**	**Profit and loss**	**Remeasurement Gains/ (Losses)**	**Total**
At beginning of the period	92,09,26,310	92,09,26,310	-	(1,80,97,192)		(1,80,97,192)
Profit / (Loss) for the period	-	-	-	(1,31,12,892)	-	(1,31,12,892)
Other Comprehensive income for the period	-	-	-	-	(11,347)	(11,347)
(i) Total OCI - coming from OCI	-	-	-	-	(11,347)	-
Total comprehensive income for the period	-	-	-	**(1,31,12,892)**	**(11,347)**	**(1,31,24,239)**
Additions	33,65,00,000	33,65,00,000	43,65,00,000	-	-	-
Remeasurement gains/(losses) t/f	-	-	-	(11,347)	11,347	-
Allotment of share	-	-	(33,65,00,000)	-	-	-
At end of period	**1,25,74,26,310**	**1,25,74,26,310**	**10,00,00,000**	**(3,12,21,431)**	-	**(3,12,21,431)**

This is the Statement of Changes in Equity referred to in our report of even date.
For Price Waterhouse & Co. Chartered Accountants LLP
Chartered Accountants
Firm Registration No.304026E/E300009

For and on behalf of the Board

(Ashish Taksali)
Partner
Membership No.:099625

(Tanmay Kumar Sahu)
CFO & Company Secretary

(Arun Misra)
Managing Director

(T V Narendran)
Director

Place:Jamshedpur
Date: April 27, 2018

Place:Jamshedpur
Date: April 27, 2018

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED
(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)

02. Property, Plant and Equipment

Amount in INR

As at March 31, 2018	Buildings and other stuctures	Furniture and fixtures	Office Equipments	Total Tangible Assets
	(A)	(B)	(C)	(A+B+C)
Cost at beginning of the year	3,05,24,915	73,738	11,35,776	3,17,34,429
Additions	17,00,77,169	88,630	6,38,872	17,08,04,671
Disposals	-	-	(50,000)	(50,000)
Cost at end of the year	**20,06,02,084**	**1,62,368**	**17,24,648**	**20,24,89,100**
Depreciation at beginning of the year	6,22,887	2,457	1,76,228	8,01,572
Charge for the year	67,62,875	9,104	4,11,227	71,83,206
Disposals	-	-	(22,991)	(22,991)
Depreciation at end of the year	**73,85,762**	**11,561**	**5,64,464**	**79,61,787**
Net book value at beginning of the year	**2,99,02,028**	**71,281**	**9,59,548**	**3,09,32,857**
Net book value at end of the year	**19,32,16,322**	**1,50,807**	**11,60,184**	**19,45,27,313**

As at March 31, 2017	Freehold Buildings	Furniture and fixtures	Office Equipments	Total Tangible Assets
Cost at beginning of period	-	-	3,58,680	**3,58,680**
Additions	3,05,24,915	73,738	9,85,777	**3,15,84,430**
Disposals	-	-	(2,08,681)	**(2,08,681)**
Cost at end of period	**3,05,24,915**	**73,738**	**11,35,776**	**3,17,34,429**
Depreciation at beginning of period	-	-	1,07,650	**1,07,650**
Charge for the period	6,22,887	2,457	2,07,573	**8,32,917**
Disposals	-	-	(1,38,995)	**(1,38,995)**
Depreciation at end of period	**6,22,887**	**2,457**	**1,76,228**	**8,01,572**
Net book value at beginning of period	-	-	**2,51,030**	**2,51,030**
Net book value at end of period	**2,99,02,028**	**71,281**	**9,59,548**	**3,09,32,857**

Chartered Accountants
FRN 304026E/E-300009
Kolkata

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED
(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)

03. Intangible Assets

Amount in INR

As at March 31, 2018	Software Costs	Total Intangible Assets
Cost at beginning of the year	34,200	34,200
Additions	80,806	80,806
Cost at end of the year	**1,15,006**	**1,15,006**
Amortisation at beginning of the year	1,874	1,874
Charge for the year	18,115	18,115
Amortisation at end of the year	**19,989**	**19,989**
Net book value at beginning of the year	**32,326**	**32,326**
Net book value at end of the year	**95,017**	**95,017**

As at March 31, 2017	Software Costs	Total Intangible Assets
Cost at beginning of period	-	-
Additions	34,200	34,200
Cost at end of period	**34,200**	**34,200**
Amortisation at beginning of period	-	-
Additions relating to acquisitions	1,874	1,874
Amortisation at end of period	**1,874**	**1,874**
Net book value at beginning of period	-	-
Net book value at end of period	**32,326**	**32,326**

Price Waterhouse & Co. Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED
(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)
Notes forming part of the Balance Sheet

Amount in INR

	As at March 31, 2018	As at March 31, 2017
04- Capital Work in Progress		
Construction of boundary wall	-	16,66,83,805
Construction of gate complex	11,71,38,766	6,69,29,267
Project development expenses	48,83,40,719	43,32,66,630
Project stock with contractor	2,30,07,453	5,04,81,164
Goods in transit - Project Stock	-	71,60,910
Air conditioner under CWIP	2,99,704	-
	62,87,86,642	**72,45,21,776**
Project Development Expenses		
Management Consultancy Fee	26,53,44,150	26,22,58,625
Feasibilty study & Incorporation expenses	1,57,13,436	1,31,78,435
Exchange Fluctuation	(2,84,055)	(21,775)
Site Development Expenses	9,52,76,558	9,25,29,919
Other Expenses	11,22,90,630	6,53,21,426
	48,83,40,719	**43,32,66,630**
05- Intangible Assets Under Development		
Board App	1,49,494	-
Company Logo	1,31,564	1,31,564
	2,81,058	**1,31,564**
06 - Other Non-Financial Assets - Non-current		
Input tax credit	5,33,43,976	4,48,94,228
Capital advance for Land	6,52,27,778	49,82,84,250
Advance for expenses	45,40,174	55,54,424
Prepaid Lease for SEZ Land	-	18,94,33,586
	12,31,11,928	**73,81,66,488**
07- Non-Current Tax Asset (Net)		
Tds Receivable FY 2017-18	3,84,000	-
Tds Receivable FY 2016-17	2,56,000	2,56,000
	6,40,000	**2,56,000**
08- Trade Receivables - Current		
Trade Receivables (Unsecured, considered good)	27,64,800	3,36,000
(March 31, 2018: Rs. 2,764,000 are due for more than 6 months)	**27,64,800**	**3,36,000**
(March 31, 2017: Rs. 336,000 are due for 1 month)		
09- Cash and Cash Equivalents		
Unrestricted Balances with banks- Current Account	10,31,12,162	9,76,36,796
	10,31,12,162	**9,76,36,796**
10 Other Financial Assets - Current		
Receivable from Tata Steel Limited (Holding Company)	51,06,64,972	-
	51,06,64,972	**-**
11 - Equity Share Capital		
Authorised:		
25,00,00,000 Equity shares of Rs. 10/- each	2,50,00,00,000	2,50,00,00,000
(March 31, 2017: 250,000,000 equity shares of Rs. 10/- each)		
	2,50,00,00,000	**2,50,00,00,000**
Issued, Subscribed and Paid up:		
15,47,42,631 Equity shares of Rs. 10/- each fully paid up	1,54,74,26,310	1,25,74,26,310
(March 31, 2017: 125,742,631 equity shares of Rs. 10/- each fully paid up)		
	1,54,74,26,310	**1,25,74,26,310**
Shares issued to Tata Steel Limited, holding company and its nominee		
Balance at the beginning of the year	12,57,42,631	9,20,92,631
Add: Share issued during the year	2,90,00,000	3,36,50,000
Balance at the end of the year	**15,47,42,631**	**12,57,42,631**
Percentage of Shares issued to Holding Company	**100**	**100**

Term and rights attched to equity shares
Equity shares have a par value of INR 10. They entitle the holder to participate in dividend, if any, and to the share of proceeds of winding up of the company in proportion to the paid up shares held. Every holder of equity share present at the meeting in person or by proxy, is entitled to one vote.

Price Waterhouse & Co. Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED
(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)
Notes forming part of the Balance Sheet

Amount in INR

	As at March 31, 2018	As at March 31, 2017
12 - Total Other Equity		
(i) Retained Earnings		
Balance of Statement of Profit & Loss		
Opening balance of Profit/ (Loss)	(3,12,21,431)	(1,80,97,192)
Add: Profit/(Loss) during the year	(3,42,85,154)	(1,31,12,892)
Other Comprehensive Income/(Loss) during the year	(33,393)	(11,347)
	(6,55,39,978)	**(3,12,21,431)**
(ii) Share Application Money Pending Allotment		
Opening balance	10,00,00,000	-
Received from Tata Steel Limited, holding company	19,00,00,000	43,65,00,000
	29,00,00,000	**43,65,00,000**
Share allotted	29,00,00,000	33,65,00,000
Closing balance	-	**10,00,00,000**
Total Other Equity	**(6,55,39,978)**	**6,87,78,569**
13 - Other Financial Liabilities- Non-current		
Retention - Das & Sons Infracon Pvt. Ltd.	15,33,117	10,05,579
Retention - Exotic Signage	-	71,001
Retention - Indfab Projects	3,65,558	-
	18,98,675	**10,76,580**
14 - Retirement Benefit Obligations - Non-current		
Gratuity Payable (Refer Note no. 30 for details)	3,80,051	1,49,221
	3,80,051	**1,49,221**
15 - Other non-financial liabilities - Non-current		
Advance Rent From Sure Safety Solutions	6,40,000	6,40,000
	6,40,000	**6,40,000**
16 - Short Term Borrowings - Current		
Loans From related party-ICD	-	10,00,00,000
	-	**10,00,00,000**

Short tem borrowings

Particulars	Maturity date	Terms of repayment	Coupon/Interest rate	As at 31st March, 2018	As at 31st March, 2017
Unsecured					
ICD from Tata Steel Ltd. (incl. interest)	-	One year	11% & 10%	84,97,26,950	10,06,93,151
Total Current Borrowings					
Less :Interest Accrued				4,97,26,950	6,93,151
Short term borrowings				**80,00,00,000**	**10,00,00,000**
Less: Set off has been done against R&R payment				80,00,00,000	-
Net Balance as at year end				-	**10,00,00,000**

Price Waterhouse & Co. Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED
(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)
Notes forming part of the Balance Sheet

	As at March 31, 2018	Amount in INR As at March 31, 2017
17 - Trade Payables - Current		
Creditors for supplies / services	1,60,59,706	3,82,53,117
Creditors for accrued wages & salaries	-	11,33,817
	1,60,59,706	**3,93,86,934**
Trade payable classification:		
Creditors for supplies / services- Related Parties	1,16,72,599	1,86,40,251
Creditors for supplies / services- Other than Related Parties	43,87,107	2,07,46,683
	1,60,59,706	**3,93,86,934**
18 - Other Financial Liabilities- Current		
Interest payable	-	6,23,836
Retention - Ankita Enterprises	12,990	-
Retention - Frontline Total VR solutions Pvt Ltd	9,21,500	-
Retention - Sunny Metropolis Pvt. Ltd.	1,180	-
Creditors for capital supplies & Services	5,47,78,063	11,87,04,534
	5,57,13,733	**11,93,28,370**
19 - Retirement Benefit obligations - Current		
Gratuity payable (Refer Note no. 30 for details)	3,146	2,171
Leave Encashment payable (Refer Note no. 30 for details)	3,96,040	2,76,846
	3,99,186	**2,79,017**
20 - Other Non Financial Liabilities - Current		
Provident fund payable	1,41,977	1,18,104
TDS payable	28,92,774	19,24,087
Service tax payable	-	31
Other liabilities	4,200	3,600
Provision for bonus	7,65,029	6,00,000
Advance from customer	26,17,770	20,00,000
Security deposit from vendor	4,58,706	-
LTA payable	1,25,753	3,02,984
	70,06,209	**49,48,806**

Price Waterhouse & Co. Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED
(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)
Notes forming part of Statement of Profit and Loss

Amount in INR

		For the year ended March 31, 2018	For the year ended March 31, 2017
21 - Revenue from Operations			
	Income from Lease rent and other services	38,40,000	24,67,097
		38,40,000	**24,67,097**
22 - Other Income			
(a)	Mutual fund dividend	47,18,612	37,30,928
(b)	Profit on sale of asset	4,853	2,362
(c)	Payable written off	14,927	-
(d)	Other income	184	6,113
		47,38,576	**37,39,403**
23- Employee Benefit Expenses			
(a)	Salary	87,56,097	87,66,163
(b)	Contribution to provident fund	8,53,190	4,75,024
(c)	Bonus	7,76,790	7,15,038
(d)	Gratuity	1,98,412	1,08,094
(e)	Leave Encashment Exp	1,30,272	2,87,203
(f)	Staff Welfare Expenses	1,25,046	67,588
(g)	Leave Travel Assistance	5,40,648	3,69,651
		1,13,80,455	**1,07,88,761**
24- Finance Cost			
(a)	Interest on Other Borrowings	-	6,93,151
Gross Interest		**-**	**6,93,151**
(b)	Less: Interest capitalised	-	(6,93,151)
Total finance costs		**-**	**-**
25- Other Expenses			
(a)	Auditors' remuneration	67,450	90,000
(b)	Legal & professional charges	6,19,230	3,60,114
(c)	Bank charges	9,483	5,498
(d)	Adminstrative expenses	13,07,128	13,22,019
(e)	Mobile & telephone expenses	21,220	22,228
(f)	Outsourcing expenses	6,94,639	4,97,487
(g)	Travelling expenses- Employees	31,68,630	7,75,767
(h)	Travelling expenses-Marketing Partner	22,29,303	7,98,703
(i)	Directors' sitting fee	2,40,351	3,75,000
(j)	Receivable written off	-	6,29,163
(k)	Marketing expenses-Retainership	60,00,000	30,00,000
(l)	Marketing expenses- Others	1,03,72,174	-
(m)	Rates & taxes	88,346	48,213
		2,48,17,954	**79,24,192**

Price Waterhouse & Co. Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

Background

Tata Steel Special Economic Zone Limited ("the Company") is a public limited company incorporated in India with its registered office in Bhubaneswar, Odisha.

The Company, a 100% subsidiary of Tata Steel Limited, is in the process of developing an Industrial Park at Gopalpur, in Ganjam District of Odisha. The Industrial park includes a Domestic Tariff Area and a multi-product Special Economic Zone in which the Company will act as a developer.

Note 1: Significant Accounting Policies:

This note provides a list of the significant accounting policies adopted in the presentation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1) Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis.

(iii) Amended standards adopted by the Company

The amendments to Ind AS 7 require disclosure of changes in liabilities arising from financing activities.

2) Use of estimates and critical accounting judgments

In preparation of the financial statements, the Company makes judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

Significant judgments and estimates relating to the carrying amount of assets and liabilities include useful lives of property, plant and equipment, impairment of property, plant and equipment, deferred tax, provision for employee benefits and other provisions, commitments and contingencies.

Price Waterhouse & Co. Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

3) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they occurred. Trial run expenses (net of revenue) are capitalized.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognized in the statement of profit and loss.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

The useful lives have been determined based on technical evaluation done by the management's experts which are same as those specified by Schedule II to the Act, except in case of Porta Cabins and Portable toilet units, where the useful life is less than that specified in Schedule II. The residual values are not more than 5% of the original cost of the assets.

The estimated useful lives for the categories of property, plant and equipment and other intangible assets are:

	Estimated useful life (years)
Buildings and other structures	maximum of 30 years
Porta Cabins and Portable Toilet Units	Maximum of 10 years
Furniture, fixture and office equipment	3 to 10 years
Computer software	maximum 3 years
Other Assets	1 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

4) Intangible assets

Costs associated with maintaining software programs are recognized as an expense as incurred.

Any intangible asset, when determined of no further use, is written off.

The Company amortizes computer software with an useful life of 3-5 years using the straight-line method.

5) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

6) Leases

The Company as lessee in Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as Lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit and loss on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

7) Cash and bank balances

Cash and cash equivalents – For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes current account with banks.

8) Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for expected credit loss, if any.

9) Investments and other Financial Assets

i. Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- Those measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For investments in debt instrument, this will depend on the business model in which the investment in held. For investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Price Waterhouse & Co. Chartered Accountants LLP LLPIN AAC-4362 Chartered Accountants FRN 304026E/E-300009 Kolkata

ii. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

a. Debt Instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost**

Assets that are held for collection of contractual cash flows where the cash flows represents solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through Other Comprehensive Income**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, if any, which are recognized in the statement of profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from OCI to the statement of profit and loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using effective interest rate method.

- **Fair value through Profit or Loss**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

b. Equity Instruments:

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Price Waterhouse & Co Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

iii. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach required by Ind AS 109- "Financial Instruments", which requires expected lifetime losses to be recognized at the time of initial recognition of the receivables.

iv. De-recognition of financial assets

A financial asset is derecognized only when:

- The Company has transferred the rights to receive cash flows from the financial assets, or

- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipient.

Where the company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if it has not retained control of the financial asset. Where the company retains control of the financial asset, the asset continues to be recognized to the extent of continuing involvement in the financial asset.

v. Income recognition

- **Interest Income**

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

- **Dividends**

Dividends are recognized in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

10) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest rate method.

Price Waterhouse & Co Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

11) Contributed equity

Equity shares are classified as equity.

12) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business.

13) Employee benefits

i. Short-term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Other Long Term Employee Benefit Obligation

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss.

iii. Post-employment obligations

The Company operates the following post-employment schemes:

- Defined benefit plans – gratuity; and
- Defined contribution plan - provident fund

- **Gratuity Obligations**

The liability recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period.. The defined benefit Gratuity plan is unfunded. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other

Chartered Accountants

comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss.

- **Defined contribution plans**

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

14) Provisions

Provisions are recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be readily estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required on settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

15) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Price Waterhouse & Co. Chartered Accountants LLP
LPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax are recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

16) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates, value added taxes, goods and service tax (GST).

The Company recognizes revenue when the amount can be reliably measured, and it is probable that the economic benefits will flow to the Company and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of transaction and the specifics of each arrangement.

(i) Sale of services

Revenue from sale of services is recognized in the accounting period in which the services are rendered.

(ii) Rental income

Rental income from is recognized on a straight-line basis over the term of the relevant leases.

(ii) Dividend income

Dividend income from investments is recognized when the shareholder's rights to receive payment have been established.

17) Foreign currency transactions and translation

Items included in the financial statements are measured using the currency of primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Tata Steel Special Economic Zone Limited's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in the statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Price Waterhouse & Co. Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

18) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

19) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

Price Waterhouse & Co. Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

Other Notes to Accounts:

26. The Company is in the process of developing an Industrial Park at Gopalpur, in Ganjam District of Odisha over a land parcel of 2970 acres. The Industrial park includes a multi-product special economic zone and domestic tariff area. Land admeasuring 1235 acres meant for development of special economic zone has been leased in favour of the Company by Industrial Infrastructure Development Corporation of Odisha and the same has been notified as Special Economic Zone by Ministry of Commerce & Industry, Government of India. The leasing of the balance land for development of domestic tariff area is under progress.

Cost of the land, premium, ground rent, cess and PEB factory shed have been paid by Tata Steel Limited, the Holding Company. The Company has created a provision of Rs. 3 Crs. on account of the PEB Factory shed. Since, these amount has not being charged by Tata Steel Limited on the company and the manner of settlement is yet to be decided, the same is not disclosed as a related party transaction. Pending the settlement, the PEB factory shed has also not been classified as an investment property.

27. Contingent Liability and Commitments:

There is no contingent liability as on March 31, 2018.

Particulars	As at March 31, 2018 (in Rupees)	As at March 31, 2017 (in Rupees)
Estimated amount of contracts remaining to be executed on Capital account	114,322,729	226,119,848

28. On the basis of information available with the Company there are no Micro, Small and Medium Enterprises identified by the Company as required to be disclosed under the 'Micro, Small and Medium Enterprise Development Act' 2006.

29. Auditors' Remuneration:

Particulars	Current Year (Rs)	Previous Year (Rs)
Audit fee	67,000	60,000
Other services	-	30,000

30. Employee Benefits:

i. During the year, Mr. Arun Misra, Managing Director received Rs. 1/- as managerial remuneration.

ii. Defined Contribution Obligation:

The Company maintains a provident fund with Regional Provident Fund Commissioner. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulation. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expenses recognized during the period towards defined contribution plan is Rs. 853,190 (31st March 2017- Rs. 475,124)

iii. Defined Benefit Obligation:

The Company has defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible to get gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days multiplied with number of years of completed services. The gratuity plan is unfunded plan.

Price Waterhouse & Co. Chartered Accountants LLP
Chartered Accountants
FRN 304026E/E-300009
Kolkata

The following tables summarize the component of net benefit expenses recognized in the Statement of Profit & Loss and Balance Sheet as at March 31, 2018 as required by Ind AS - 19 Employee benefits.

iv. Gratuity Benefit:

Table showing changes in Present Value of Obligations for Gratuity Liability:

(in Rupees)

Changes in Present Value of Obligation	**For the year ended**	
	March 31, 2018	**March 31, 2017**
Present value of obligation as on last valuation	151,392	31,951
Current Service Cost	186,755	105,698
Interest Cost	11,657	2,396
Actuarial gain/loss on obligations due to Change in Financial Assumption	(14,119)	7,589
Actuarial gain/loss on obligations due to Unexpected Experience	47,512	3,758
Present value of obligation as on valuation date	3,83,197	1,51,392

Table showing Reconciliation to Balance Sheet:

(in Rupees)

Reconciliation to Balance Sheet	**For the year ended**	
	March 31, 2018	**March 31, 2017**
Funded Status	(383,197)	(151,392)
Fund Liability	383,197	151,392

Table Showing Plan Assumptions:

(In Rupees)

Plan Assumptions	**For the year ended**	
	March 31, 2018	**March 31, 2017**
Discount Rate	7.70%	7.50%
Rate of Compensation Increase (Salary Inflation)	6.00%	6.00%
Average expected future service (Remaining working Life)	23	25
Average Duration of Liabilities	23	25
Mortality Table	IALM 2006-2008 Ultimate	IALM 2006-2008 Ultimate
Superannuation at age -Male	60	60
Superannuation at age -Female	60	60
Early Retirement & Disablement (All Causes Combined)	1.00%	1.00%

Price Waterhouse & Co Chartered Accountants LLP LLPIN AAC-4362 Chartered Accountants FRN 304026E/E-300009 Kolkata

Table showing Expense Recognized in statement of Profit/Loss:

(In Rupees)

Expense Recognized in statement of Profit/Loss	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Service Cost	186,755	105,698
Cost(Loss/(Gain) on settlement	11,657	2,396

Table showing Other Comprehensive Income:

(in Rupees)

Other Comprehensive Income	For the year ended March 31, 2018	For the year ended March 31, 2017
Actuarial gain/loss on obligations due to Change in Financial Assumption	(14,119)	7,589
Actuarial gain/loss on obligations due to Unexpected Experience	47,512	3,758
Total Actuarial (gain)/losses	33,393	11,347
Net(Income)/Expense for the Period Recognized in OCI	33,393	11,347

Table showing Sensitivity Analysis:

(In Rupees)

Sensitivity Analysis	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount Rate (-/+ 0.5%)	350,426	419,666	137,469	166,956
%Change Compared to base due to sensitivity	(8.55%)	9.52%	(9.20%)	10.28%
Salary Growth (-/+ 0.5%)	419,923	349,936	167,043	137,280
%Change Compared to base due to sensitivity	9.58%	(8.68%)	10.34%	(9.32%)

v. **Leave Encashment Benefit:**

The leave obligation covers the company's liability for earned leave.

Table showing changes in Present Value of Obligations for Leave encashment liability:

(In Rupees)

Changes in Present Value of Obligation	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of obligation as on last valuation	276,846	66,233
Current Service Cost	56,176	145,874
Interest Cost	20,891	2,095
Actuarial gain/loss on obligations due to Change in Financial Assumption	(14,223)	25,685
Changes in Present Value of Obligation	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Actuarial gain/loss on obligations due to Change in Demographic assumption	81,974	-
Actuarial gain/loss on obligations due to Unexpected Experience	(14,546)	113,549
Benefits Paid	11,077	76,590
Present value of obligation as on valuation date	396,040	276,846

Price Waterhouse Chartered Accountants LLP
LPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

Table showing Reconciliation to Balance Sheet:

(In Rupees)

Reconciliation to Balance Sheet	For the year ended	
	March 31, 2018	March 31, 2017
Funded Status	(396,040)	(276,846)
Fund Liability	396,040	276,846

Table Showing Plan Assumptions:

Plan Assumptions	For the year ended	
	March 31, 2018	March 31, 2017
Discount Rate	7.70%	7.50%
Rate of Compensation Increase(Salary Inflation)	6.00%	6.00%
Average expected future service (Remaining working Life)	23	25
Mortality Table	IALM 2006-2008 Ultimate	IALM 2006-2008 Ultimate
Superannuation at age-Male	60	60
Superannuation at age-Female	60	60
Early Retirement & Disablement (All Causes Combined)	1.00%	1.00%

Table showing Expense Recognized in statement of Profit/Loss:

(In Rupees)

Expense Recognized in statement of Profit/Loss	For the year ended	
	March 31, 2018	March 31, 2017
Current Service Cost	56,176	145,874
Net Interest Cost	20,891	2,095
Actuarial Gain loss Applicable only for last year	53,205	139,234
Benefit Cost (Expense Recognized in (Profit/Loss)	130,272	287,203

Table showing Sensitivity Analysis:

(In Rupees)

Sensitivity Analysis	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount Rate (-/+ 0.5%)	362,987	432,757	256,987	297,869
%Change Compared to base due to sensitivity	-8.35%	9.27%	-7.17%	7.59%
Salary Growth (-/+ 0.5%)	432,983	362,527	296,532	258,968
%Change Compared to base due to sensitivity	9.33%	-8.46%	7.11%	-6.46%

vi. **Risk Exposure**

- Interest rate volatility: - The gratuity and leave obligation liability are calculated using discount rate set with reference to Govt. securities yield. Both plans are un-funded. If any change in yield of Govt. securities, the provision may be changed as per actuarial report.

Price Waterhouse & Co. Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

31. Computation of Earnings Per Share (EPS):

(In Rupees)

Particulars	Current Year	Previous Year
Number of shares as on 1st April (Face Value of Rs.10/- each)	125,742,631	9,209,631
Number of shares as on 31st March (Face Value of Rs.10/- each)	154,742,631	125,742,631
Loss for the year (Rupees)	34,285,154	13,112,892
Weighted average number of shares considered for computation of Basic EPS (Numbers)	146,624,823	106,100,713
Weighted average number of shares for computation of Diluted EPS (Numbers)	146,624,823	106,100,713
Earnings Per Shares – Basic in Rupees	(0.23)	(0.12)
Earnings Per Share Diluted in Rupees	(0.23)	(0.12)

32. Related Parties Transactions:

i. List of Related Parties and Relationship

Name of the Related Party	Relationship
Tata Steel Limited	Holding Company
Tata Steel Processing and Distribution Limited (TSPDL)	Fellow Subsidiary

(in Rupees)

Transactions	Key Managerial Personnel		Tata Steel Ltd. (Holding Company)		TSPDL (Fellow Subsidiary)	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Share Application money received	-	-	190,000,000	436,500,000	-	-
Inter Corporate deposit received	-	-	700,000,000	100,000,000	-	-
Purchase of goods	-	-	-	11,860,922	2,994,973	48,219,879
Receiving of services	-	-	19,895,054	12,959,286	-	-
Interest expenses	-	-	49,033,781	693,151	-	-
Other than Director's Remuneration (CFO):						
Short Term Employee Benefits	3,530,916	3,497,486	-	-	-	-
Post-Employment Benefits	57,828	51,175	-	-	-	-
Other Long Term Benefits	60,000	60,000	-	-	-	-
Sitting fees-Independent Director	240,350	375,000	-	-	-	-
Director's Remuneration	-	-	-	-	-	-

Balances	Key Managerial Personnel		Tata Steel Ltd. (Holding Company)		TSPDL (Fellow Subsidiary)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Outstanding Payables	-	152,622	11,672,599	106,080,457	510,550	3,790,197
Receivable from Tata Steel Limited	-	-	510,664,972	-	-	-

The additional R&R and ex-gratia for land losers and project affected persons which was initially accounted in the books of the company amounting to Rs. 1,305,676,002/- has been transferred to Tata Steel Limited during the year. The Company has adjusted Rs. 844,737,980 (ICD + Interest excluding TDS) against the liabilities and balance amount is shown as receivable from Tata Steel Limited.

33. Deferred Taxes:

The deferred tax liability is primarily in respect of property, plant and equipment. As the company is in the process of initial phase of setting up the industrial park, the company has recognized deferred tax asset on unabsorbed depreciation and carry forward of losses to the extent of deferred tax liability, resulting in net deferred tax liability of nil (previous year: nil).

Particulars	As on March 31, 2017	Charge/Credit	As on March 31, 2018
Deferred Tax Liability on difference in WDV	616,342	3,344,659	3,961,002
Deferred Tax Asset on carried forward loss	616,342	3,344,659	3,961,002
Difference	-	-	-

Particulars	As on March 31, 2016	Charge/Credit	As on March 31, 2017
Deferred Tax Liability on difference in WDV	-	616,342	616,342
Deferred Tax Asset on carried forward loss	-	616,342	616,342
Difference	-	-	-

34. Fair value measurement

Financial instrument by category

Particulars	As at March 31, 2018	As at March 31, 2017
	Amortized cost	Amortized cost
Financial assets		
Trade receivables	2,764,800	336,000
Cash and cash equivalents	103,112,162	97,636,796
Other financial assets (Receivable from Tata Steel Limited)	510,664,972	-
Total Financial assets	616,541,934	97,972,796

Price Waterhouse & Co. Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Kolkata

Financial liabilities		
Other financial liabilities (Retention)	1,898,675	1,076,580
Short term borrowings	-	100,000,000
Trade payables	16,059,706	39,386,934
Other financial liabilities (creditor for capital service)	55,713,733	119,328,370
Total Financial liabilities	73,672,114	259,791,884

35. Financial risk management

The Company's principal financial instruments comprise financial liabilities and financial assets. The Company's principal financial liabilities comprise of trade payable and other financial liabilities. The main purpose of these financial instruments is to manage short-term cash flow and generate finance for the Company's capital expenditure program.

- **Risk exposures and responses**
  The Company manages its exposure to key financial risks in accordance with the direction of board of directors. The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are foreign currency risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarized below.

(a) Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies due to which exposures to exchange rate fluctuations arise. Presently, the exposure to foreign currency risk is not significant.

(b) Liquidity risk

The significant portion of company's financial liabilities are due within next one year. Although the current liabilities are in excess of current assets, a significant portion of current liabilities is due to the holding company. The company has approved budget in place from the holding company due to which the company believes it has access to sufficient funds to meet its obligations as and when they will fall due.

(c) Credit Risk:

Credit risk is the risk of financial loss arising from the counter party failure to repay or service debt according to the contractual terms and obligations. Financial instruments that are subjected to concentration of credit risk principally consists of investments, trade and other receivables. None of the financial instruments of the Company results in the material concentration of the credit risk.

36. Capital Management

(a) Risk Management

The company's objective when managing capital are to

- Safeguard its ability to continue as a going concern, so that company can continue to provide returns for shareholders and benefit for other stakeholders and,
- Maintain an optimal capital structure to reduce cost of capital.

37. The Company did not have holdings or dealings in Specified Bank Notes during the current period and from November 8, 2016 to December 30, 2016. Hence, the disclosure as envisaged in Notification G.S.R 308 ('E) dated March 30, 2017 is not applicable to the Company.

38. Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments are effective for annual periods beginning on or after April 1, 2018.

Price Waterhouse & Co. Chartered Accountants LLP LLPIN AAC-4362 Chartered Accountants FRN 304026E/E-300009 Kolkata

Ind AS 115 – "Revenue from Contracts with Customers".

It establishes a single model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard, Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts" when it becomes effective.

The core principle of Ind AS 115 is that, an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. The new standard also requires enhanced disclosures. The company does not expect the adoption of Ind AS 115 to have a material impact on its financial statements.

Ind AS 21 – "The Effect of Changes in Foreign Exchange Rates"

The amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The company does not expect the amendment to Ind AS 21 to have a material impact on its financial statements.

39. Previous year's figure have been regrouped / reclassified wherever necessary to correspond with the current year's figure.

40. The financial statements were approved for issue by the Board of Directors on April 27, 2018.

For Price Waterhouse & Co. Chartered Accountants LLP,
Firm Registration No.304026E/E300009

For and on behalf of Board of Directors

(Ashish Taksali)
Partner
Membership No.099625

Tanmay Kumar Sahu
CFO & Company Secretary

Arun Misra
Managing Director

T.V. Narendran
Director

Place : Jamshedpur
Date : April 27, 2018

Place: Jamshedpur
Date : April 27, 2018

TATA STEEL SPECIAL ECONOMIC ZONE

Tata Steel Special Economic Zone Limited
Registered Office: 2B Fortune Tower, Chandrasekharpur, Bhubaneswar, Odisha-751023
Tel no: 0674-6651101, 6651108.
CIN: U45201OR2006PLC008971

PROXY FORM

[Pursuant to the provisions of section 105(6) of Companies Act 2013 and rule 19(3) of the Companies (Management and Administration) Rules 2014.]

Name of the member(s): : ....

Address: : ....

Email ID : ....

Folio No/Client ID : ....

I/We being the member(s) of Tata Steel Special Economic Zone Limited holding .... Equity shares of Rs. 10/- each, hereby appoint:

Name : ....

Email ID : ....

Address : ....

Signature* : ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at Annual General Meeting of the Company, to be held on 18th September 2018 at 11.00 a.m. at its registered office, 2B Fortune Towers Chandrasekharpur Bhubaneswar, Odisha-751023 and at any adjournment(s) thereof, in respect of the resolutions, as indicated below:

*[Please add pages for more Proxy(ies)]

** I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution no.	Particulars of Resolution	For	Against
Ordinary Business:			
1.	To receive, consider and adopt the audited Balance Sheet and Statement of Profit and Loss Account for the financial year ending 31st March 2018.		
2.	Re-appointment of Ms. Samita Shah (DIN-02350176) as director who retires by rotation and being eligible, seeks re-appointment		
Special Business:			
3.	Appointment of Mr. R. Ranganath as Director of the Company.		
4.	Appointment of Mr. Ashish Mathur as Director of the Company.		
5.	Appointment of Mr. Ashish Mathur as Managing Director of the Company.		

Signed this ……………… day of ……………….2018

Signature of shareholder : ……………………………………………

Signature of Proxy holder : ……………………………………………

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. ** This is only optional. Please put a '' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

3. Appointing proxy does not prevent a member from attending in person if he so wishes.

4. In case of joint-holders, the signature of any one holder will be sufficient, but names of all the joint-holders should be stated.