

ANNEXURE 10

Form No. MR-3

Secretarial Audit Report for the Financial Year Ended March 31, 2018

Pursuant to Section 204 (1) of the Companies Act, 2013

[Read with rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Tata Steel Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, generally 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 made available to us and maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (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;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (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 to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)

(vi) Other laws applicable specifically to the Company namely:

1. The Mines Act, 1952 and the rules, regulations made thereunder.
2. Mines and Minerals (Development & Regulation) Act, 1957 and the rules made thereunder.
3. Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made thereunder.
4. Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975
5. Environment Protection Act, 1986 and the rules, notifications issued thereunder.
6. Factories Act, 1948 and allied State Laws.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

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.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the Minutes of the Meetings.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

However, during the period under review, SEBI vide Adjudication Order No. EAD-2/DSR/RG/869/2017 dated December 7, 2017, has imposed a monetary penalty of ₹10,00,000/- (Rupees Ten Lakh Only) on the Company for delayed disclosures under Regulation 13(3) read with Regulation 13(5) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 in relation to the increase in the Company's shareholding in The Tinsplate Company of India Limited pursuant to a rights issue of shares in 2009 and the automatic conversion of fully convertible debentures in 2011, which penalty has been paid by the Company.

We further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

- (1) The Company issued simultaneous but unlinked issue of (1) 15,53,94,550 fully paid shares of face value of ₹10 each on Rights basis to eligible ordinary shareholders of the Company for cash at a price of ₹510 per fully paid shares (including a premium of ₹500 per fully paid share) in the ratio of 4 fully paid share for every 25 ordinary shares held by eligible ordinary shareholders on February 1, 2018 (record date) and (2) 7,76,97,280 partly paid shares of face value ₹10 (paid-up ₹2.504 per share) each on a Rights basis to the eligible ordinary shareholders of the Company for cash at a price of ₹615 per partly paid share (including a premium of ₹605 per partly paid share) in the ratio of 2 partly paid shares for every 25 ordinary shares held by the eligible ordinary shareholders on the record date.
- (2) The Company has executed a Memorandum of Understanding with thyssenkrupp AG dated September 20, 2017, with the purpose of incorporating a 50:50 JV company in Netherlands, namely, thyssenkrupp Tata Steel AG. The JV would combine flat steel business of the Company and thyssenkrupp AG and the steel mills of thyssenkrupp AG.
- (3) The Company has submitted the resolution plan for Bhushan Steel Limited ('BSL') under the corporate insolvency resolution process under Insolvency and Bankruptcy Code. The Committee of Creditors of BSL on March 22, 2018, declared Tata Steel to be a successful resolution applicant, subject to obtaining necessary regulatory approvals. Further, the National Company Law Tribunal (Principal Bench, New Delhi) vide its Order dated May 15, 2018, had approved the Resolution Plan submitted by Tata Steel Limited for acquiring the controlling stake of BSL.

For **Parikh & Associates**
Company Secretaries

sd/-

P. N. PARIKH

Partner

Place: Mumbai

Date: May 16, 2018

FCS No.: 327 CP No.: 1228

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.



Annexure A

To,
The Members,
Tata Steel Limited

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

1. Maintenance of secretarial record 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 process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed 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. Whereever 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 management. Our examination was limited to the verification of procedure 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.

For **Parikh & Associates**
Company Secretaries

sd/-

P. N. PARIKH
Partner

FCS No.: 327 CP No.: 1228

Place: Mumbai
Date: May 16, 2018