

Price Waterhouse & Co Chartered Accountants LLP

Independent auditor's report

To the Members of Tata Steel Special Economic Zone Limited

Report on the audit of the financial statements

Opinion

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, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, 2020 and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 44 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

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Price Waterhouse & Co. (a Partnership Firm) Converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPINAAC-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 LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Tata Steel Special Economic Zone Limited
Report on audit of the Financial Statements

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

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Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Tata Steel Special Economic Zone Limited
Report on audit of the Financial Statements

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

12. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
13. 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 Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

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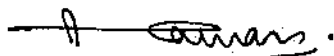
Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Tata Steel Special Economic Zone Limited
Report on audit of the Financial Statements

- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company do not have any pending litigations which would impact its financial position.
 - ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2020.
 - 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, 2020.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
- 14. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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



Ashish Taksali
Partner
Membership Number : 99625

Place : Hyderabad
Date : May 12, 2020
UDIN: 20099625AAAAAN1767

Price Waterhouse & Co Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 13(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, 2020

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Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Tata Steel Special Economic Zone Limited ("the Company") as of March 31, 2020 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 controls with reference to financials 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 with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

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Price Waterhouse & Co Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 13(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, 2020

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Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, 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. Also refer paragraph 4 of the main audit report.

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



Ashish Taksali
Partner
Membership Number: 99625

Place: Hyderabad
Date: May 12, 2020

Price Waterhouse & Co Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 12 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, 2020.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (a) 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.
 - (b) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The Company is in the business of leasing of real estate, 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 generally regular in depositing undisputed statutory dues in respect of income tax, goods and service tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, cess, 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.

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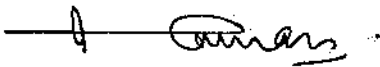
Annexure B to Independent Auditors' Report

Referred to in paragraph 12 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, 2020.

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- 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.
- xi. The Company has paid/ provided for 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
Place: Hyderabad
Date: May 12, 2020.

Tata Steel Special Economic Zone Limited
Balance Sheet as at March 31, 2020

Amount in INR

	Note	As at March 31, 2020	As at March 31, 2019
(I) ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	03	77,44,02,911	43,60,08,023
(b) Intangible assets	04	6,03,167	8,99,566
(c) Right of use assets	05	1,83,55,73,065	-
(c) Capital work-in-progress	06	1,50,65,33,311	1,57,86,57,790
(d) Intangible assets under development	07	5,20,703	4,90,494
		4,11,76,33,157	2,01,60,55,873
(e) Financial Assets -			
(i) Deposits	08	20,47,339	14,36,609
(f) Other Assets	09	10,14,95,299	1,87,59,74,443
(g) Tax Asset (Net)	10	10,82,228	7,68,000
		4,22,22,58,023	3,89,42,34,925
2 Current assets			
(a) Financial assets			
(i) Trade Receivables	11	3,45,600	30,12,000
(ii) Cash and cash equivalents	12	14,43,82,696	19,08,07,922
(iii) Other Financial Assets	13	41,810	60,97,02,895
		14,47,70,106	80,35,22,817
(b) Other Assets	14	-	2,82,55,052
TOTAL ASSETS		4,36,70,28,129	4,72,60,12,794
(II) EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	15	3,99,46,05,010	1,85,24,26,310
(b) Other equity	16	(29,72,19,029)	2,62,96,43,730
		3,69,73,85,981	4,48,20,70,040
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Trade Payable	17	-	-
(a) Total outstanding dues to micro and small enterprises		-	-
(b) Total outstanding dues other than (i) (a) above		-	40,15,647
(ii) Borrowings	18	4,00,00,000	13,00,00,000
(iii) Other financial liabilities	19	2,87,70,750	12,24,614
(b) Other liabilities	20	5,04,64,127	-
(c) Retirement benefit obligations	21	7,76,786	7,02,233
		12,00,11,663	13,59,42,494
(3) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	22	-	-
Total outstanding dues to micro and small enterprises		-	-
Total outstanding dues other than (i) (a) above		4,48,57,371	1,22,17,186
(ii) Other financial liabilities	23	13,83,03,089	8,75,30,729
(iii) Borrowings	24	34,00,00,000	-
(b) Retirement benefit obligations	25	9,27,039	14,78,082
(c) Other Liabilities	26	2,55,42,986	67,74,263
		54,96,30,485	10,80,00,260
TOTAL EQUITY AND LIABILITIES		4,36,70,28,129	4,72,60,12,794

The accompanying notes form an integral part of the Balance Sheet.

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

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

For and on behalf of Board of Directors



(Ashish Taksali)
 Partner
 Membership No.: 99625



(Amit Kumar Kundu)
 Chief Financial Officer
 (FCA:53853)



(Tanmay Kumar Sahu)
 Company Secretary
 (FCS:4872)



(Prasanta Mallick)
 Managing Director
 (DIN:02347304)



(Chanakya Chaudhary)
 Chairman
 (DIN:02139568)

Place: Hyderabad
 Date: May 12, 2020

Place: Bhubaneswar
 Date: May 12, 2020

Tata Steel Special Economic Zone Limited
Statement of Profit and Loss for the Year Ended March 31, 2020

Amount in INR

	Note	For the Year Ended March 31, 2020	For the year ended March 31, 2019
Income			
Revenue from operations	27	39,80,002	38,40,000
Other Income	28	73,99,762	37,67,948
Total Income		1,13,79,764	76,07,948
Expenses			
(a) Employee benefit expenses	29	2,10,35,649	2,48,28,813
(b) Finance Cost	30	8,82,193	-
(c) Depreciation and amortization expenses	31	12,09,20,868	77,95,421
(d) Other expenses	32	4,35,58,573	3,17,90,898
Total Expenses		18,63,97,283	6,44,15,132
Loss before tax		(17,50,17,519)	(5,68,07,184)
Tax Expense		-	-
Loss for the year		(17,50,17,519)	(5,68,07,184)
Other Comprehensive Income			
Item that will not be Reclassified to Profit or Loss in Subsequent Periods:			
Remeasurement gains / (losses) on defined benefit plans		36,350	1,09,292
Other Comprehensive Income / (Loss) for the year		36,350	1,09,292
Total Comprehensive Loss for the year		(17,49,81,169)	(5,66,97,892)
Earning per equity share [Nominal value per share Rs10 /- (March 31, 2019 : Rs 10 /-)]			
Basic (In Rs.)		(0.51)	(0.33)
Diluted (In Rs.)		(0.51)	(0.33)

The accompanying Notes form an integral part of the Statement of Profit and Loss.

This is the Statement of Profit and Loss referred to in our Report of even date.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No.304026E/E300009

Chartered Accountants



(Ashish Taksali)
Partner
Membership No.: 99625

Place: Hyderabad
Date: May 12, 2020



(Amit Kumar Kundu)
Chief Financial Officer
(FCA:53853)

Place: Bhubaneswar
Date: May 12, 2020

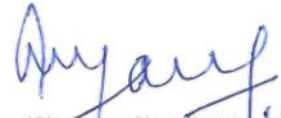


(Tanmay Kumar Sahu)
Company Secretary
(FCS:4872)

For and on behalf of Board of Directors



(Prasanta Mallick)
Managing Director
(DIN:02347304)



(Chanakya Chaudhary)
Chairman
(DIN:02139568)

Tata Steel Special Economic Zone Limited
Statement of Cash Flows for the Year Ended March 31, 2020

Amount in INR

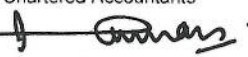
	For the Year Ended March 31, 2020	For the year ended March 31, 2019
A. Cash Flow from Operating Activities:		
Loss for the period	(17,50,17,519)	(5,68,07,184)
Adjustments for:		
Depreciation and amortization expenses	12,09,20,868	77,95,421
Dividend/Gain from mutual fund	58,77,336	(36,68,828)
Finance Cost	8,82,193	-
Interest on Sweep Account	(1,42,071)	-
Interest on unwinding of security deposit - IDCO	(1,86,550)	-
Profit on sale of Property, Plant & Equipment	(24,559)	(27,428)
Operating profit/(Loss) before working capital changes	(4,76,90,302)	(5,27,08,019)
Adjustments for:		
(Increase)/Decrease in Trade Receivable	26,66,400	(2,47,200)
Increase/(Decrease) in Trade Payables (Current and Non-current)	2,86,24,538	(26,61,221)
Increase/(Decrease) in Other Financial Liabilities (Current and Non-current)	15,23,397	(2,71,54,414)
(Increase)/Decrease In Other Financial Assets	(6,000)	-
Increase/(Decrease) in Other Liabilities (Current and Non-current)	6,92,32,850	4,77,542
Increase/(Decrease) in Retirement Obligation	(4,40,140)	15,10,370
(Increase)/Decrease in Deposits	(4,24,180)	(14,36,609)
(Increase)/Decrease in Other Assets (Current and Non-current)	(3,24,20,480)	(20,97,57,478)
Cash generated from operations	2,10,66,083	(23,92,69,010)
Income Tax Paid/Refund	(3,14,228)	(1,28,000)
Net cash from operating activities	2,07,51,855	(29,21,05,029)
B. Cash Flow from Investing Activities:		
Payment for acquisition of property, plant and equipment including capital work in progress and intangible assets.	(30,70,08,628)	(12,48,81,485)
Sale of Property plant and equipment	39,178	51,369
Interest on Sweep Account	1,06,261	-
Dividend/Gain from mutual fund	(58,77,336)	36,68,828
Net cash from investing activities	(31,27,40,525)	(12,11,61,288)
C. Cash Flow from Financing Activities:		
Proceeds from issue of Equity Share Capital	-	30,50,00,000
Share Application Money received/(pending allotment)	-	16,50,00,000
Principal Elements of Lease Payments	(41,94,201)	-
Interest Paid on Lease Liabilities	(2,42,355)	-
Proceeds from Inter Corporate Deposit	25,00,00,000	13,00,00,000
Payment on behalf of Tata Steel Limited	-	(9,90,37,923)
Net cash from financing activities	24,55,63,444	50,09,62,077
Net increase/ (decrease) in cash or cash equivalents (A+B+C)	(4,64,25,226)	8,76,95,760
Cash and Cash Equivalents - Opening Balance (Refer Note 12)	19,08,07,922	10,31,12,162
Cash and Cash Equivalents - Closing Balance (Refer Note 12)	14,43,82,696	19,08,07,922

(a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.


The accompanying Notes form an integral part of the Cash Flow Statement.

This is the Cash Flow Statement referred to in our Report of even date.

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


(Ashish Taksali)
Partner
Membership No.: 99625


(Amit Kumar Kundu)
Chief Financial Officer
(FCA:53853)


(Tanmay Kumar Sahu)
Company Secretary
(FCS:4872)


(Prasanta Mallick)
Managing Director
(DIN:02347364)


(Chanakya Chaudhary)
Managing Director
(DIN:02139568)

Place: Hyderabad
Date: May 12, 2020

Place: Bhubaneswar
Date: May 12, 2020

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED

Statement of other comprehensive income for the period

Amount in INR

	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
I		
Items subsequently reclassified to profit or loss		
II		
Items not subsequently reclassified to profit or loss		
(f) Remeasurement gains / (losses) on defined benefit plans	36,350.00	1,09,292.00
III Total Other Comprehensive Income (I+II)	36,350.00	1,09,292.00
IV Other comprehensive income attributable to:		
1 Owners of the Company	36,350.00	1,09,292.00

Tata Steel Special Economic Zone Limited
Statement of changes in equity for the Year Ended March 31, 2020

A) Equity Share Capital

Particulars	Number	Amount in INR
		Amount
Balance as at March 31, 2018	15,47,42,631	1,54,74,26,310
Issue of Equity Shares	3,05,00,000	30,50,00,000
Balance as at March 31, 2019	18,52,42,631	1,85,24,26,310
Issue of Equity Shares	21,42,17,870	2,14,21,78,700
Balance as at March 31, 2020	39,94,60,501	3,99,46,05,010

B) Other Equity

As at March 31, 2020	Share application money pending allotment	Retained Earnings	Amount in INR Total
At beginning of the period	2,75,18,81,600	(12,22,37,870)	2,62,96,43,730
Profit / (Loss) for the period	-	(17,50,17,519)	(17,50,17,519)
Other Comprehensive Income - Remeasurement Gain on Defined Benefit Plans	-	36,350	36,350
Total comprehensive income for the period	-	(17,49,81,169)	(17,49,81,169)
Transactions with Owners in their Capacity as Owners:			
Adjusted with Receivable from Tata Steel Limited	(60,97,02,890)	-	(60,97,02,890)
Allotment of share	(2,14,21,78,700)	-	(2,14,21,78,700)
At end of period	10	(29,72,19,039)	(29,72,19,029)

As at March 31, 2019	Share application money pending allotment	Balance of Statement of Profit and loss	Amount in INR Total
At beginning of the period	-	(6,55,39,978)	(6,55,39,978)
Profit / (Loss) for the period	-	(5,68,07,184)	(5,68,07,184)
Other Comprehensive Income - Remeasurement Losses on Defined Benefit Plans	-	1,09,292	1,09,292
Total comprehensive income for the period	-	(5,66,97,892)	(5,66,97,892)
Transactions with Owners in their Capacity as Owners:			
Additions	3,05,68,81,600	-	3,05,68,81,600
Allotment of share	(30,50,00,000)	-	(30,50,00,000)
At end of period	2,75,18,81,600	(12,22,37,870)	2,62,96,43,730

The accompanying Notes form an integral part of the Statement of Changes in Equity

This is the Statement of Changes in Equity referred to in our Report of even date.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No.304026E/E300009

Chartered Accountants



(Ashish Taksali)
Partner

Membership No.: 99625

Place: Hyderabad
Date: May 12, 2020

For and on behalf of the Board



(Amit Kumar Kundu)
Chief Financial Officer
(FCA:53853)

Place: Bhubaneswar
Date: May 12, 2020



(Tanmay Kumar Sahu)
Company Secretary
(FCS:4872)



(Prasanta Mallick)
Managing Director
(DIN:02347304)



(Chanakya Chaudhary)
Chairman
(DIN:02139568)

Tata Steel Special Economic Zone Limited
Notes to Financial Statements as at and for the Year Ended March 31, 2020

03. Property, Plant and Equipment

Amount in INR

As at March 31, 2020	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(A+B+C+D+E+F+G)
	Buildings and other structures	Roads	Furniture and fixtures	Office Equipments	Vehicles	Electrical Installation & Equipments	Laboratory Equipment	Total Tangible Assets
Cost at beginning of the period	44,36,51,321	-	52,02,368	25,80,224	-	-	-	45,14,33,913
Additions	6,20,76,143	34,61,82,737	40,90,512	57,59,807	25,74,505	41,49,019	5,30,500	42,53,63,223
Disposals	-	-	-	(1,96,693)	-	-	-	(1,96,693)
Cost at end of the period	50,57,27,464	34,61,82,737	92,92,880	81,43,338	25,74,505	41,49,019	5,30,500	87,66,00,443
Depreciation at beginning of the period	1,43,28,651	-	26,985	10,70,254	-	-	-	1,54,25,890
Charge for the period	1,67,98,523	6,66,92,618	15,84,480	9,99,541	4,90,496	3,80,050	8,008	8,69,53,716
Disposals	-	-	-	(1,82,074)	-	-	-	(1,82,074)
Depreciation at end of the period	3,11,27,174	6,66,92,618	16,11,465	18,87,721	4,90,496	3,80,050	8,008	10,21,97,532
Net book value at beginning of the period	42,93,22,670	-	51,75,383	15,09,970	-	-	-	43,60,08,023
Net book value at end of the period	47,46,00,290	27,94,90,119	76,81,415	62,55,617	20,84,009	37,68,969	5,22,492	77,44,02,911

As at March 31, 2019	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(A+B+C+D+E+F+G)
	Buildings and other structures	Roads	Furniture and fixtures	Office Equipments	Vehicles	Electrical Installation & Equipments	Laboratory Equipment	Total Tangible Assets
Cost at beginning of period	20,06,02,084	-	1,62,368	17,24,648	-	-	-	20,24,89,100
Additions	24,30,49,237	-	50,40,000	10,05,576	-	-	-	24,90,94,813
Disposals	-	-	-	(1,50,000)	-	-	-	(1,50,000)
Cost at end of period	44,36,51,321	-	52,02,368	25,80,224	-	-	-	45,14,33,913
Depreciation at beginning of period	73,85,762	-	11,561	5,64,464	-	-	-	79,61,787
Charge for the period	69,42,889	-	15,424	6,31,849	-	-	-	75,90,162
Disposals	-	-	-	(1,26,059)	-	-	-	(1,26,059)
Depreciation at end of period	1,43,28,651	-	26,985	10,70,254	-	-	-	1,54,25,890
Net book value at beginning of period	19,32,16,322	-	1,50,807	11,60,184	-	-	-	19,45,27,313
Net book value at end of period	42,93,22,670	-	51,75,383	15,09,970	-	-	-	43,60,08,023

AC



Tata Steel Special Economic Zone Limited
Notes to Financial Statements as at and for the Year Ended March 31, 2020

04. Intangible Assets

Amount in INR

As at March 31, 2020	Software Costs	Company Logo	Total Intangible Assets
Cost at beginning of the period	7,23,250	4,01,564	11,24,814
Additions	-	-	-
Cost at end of the period	7,23,250	4,01,564	11,24,814
Amortization at beginning of the period	1,24,398	1,00,850	2,25,248
Charge for the period	1,62,177	1,34,222	2,96,399
Amortization at end of the period	2,86,575	2,35,072	5,21,647
Net book value at beginning of the period	5,98,852	3,00,714	8,99,566
Net book value at end of the period	4,36,675	1,66,492	6,03,167

As at March 31, 2019	Software Costs	Company Logo	Total Intangible Assets
Cost at beginning of period	1,15,006	-	1,15,006
Additions	6,08,244	4,01,564	10,09,808
Cost at end of period	7,23,250	4,01,564	11,24,814
Amortization at beginning of period	19,989	-	19,989
Charge for the period	1,04,409	1,00,850	2,05,259
Amortization at end of period	1,24,398	1,00,850	2,25,248
Net book value at beginning of period	95,017	-	95,017
Net book value at end of period	5,98,852	3,00,714	8,99,566

AP



Tata Steel Special Economic Zone Limited
Notes to Financial Statements as at and for the Year Ended March 31, 2020

05. Right of Use assets

	Amount in INR	
	As at March 31, 2020	As at March 31, 2019
Carrying amounts of:		
Office Building	63,90,305	-
Leasehold Land	1,82,91,82,760	-
Total	1,83,55,73,065	-

	Leasehold Land	Office Building	Total Right to use assets
Gross Carrying Amount as at Apr 1, 2019 (On Account of adoption of IND AS 116)	1,83,65,78,407	1,04,47,888	1,84,70,26,295
Additions	2,22,17,523	-	2,22,17,523
Deemed cost as at March 31, 2020	1,85,87,95,930	1,04,47,888	1,86,92,43,818
Accumulated Depreciation as at Apr 1, 2019	-	-	-
Charge for the year	2,96,13,170	40,57,583	3,36,70,753
Accumulated depreciation as at March 31, 2020	2,96,13,170	40,57,583	3,36,70,753
Net book value as at April 1, 2019	1,83,65,78,407	1,04,47,888	1,84,70,26,295
Net book value as at March 31, 2020	1,82,91,82,760	63,90,305	1,83,55,73,065

The Company leases Office space. Rental Contract are made for a fixed period of 3 years.

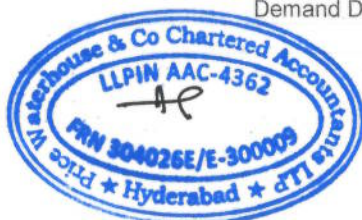


Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

Amount in INR

	As at March 31, 2020	As at March 31, 2019
06- Capital Work in Progress		
Capital Work in Progress	1,50,65,33,311	1,57,86,57,790
	1,50,65,33,311	1,57,86,57,790
07- Intangible Assets Under Development		
Legatrix Software	4,60,494	4,60,494
Travel Management Software	30,000	30,000
Website Domain Registration	30,209	-
	5,20,703	4,90,494
08- Deposits (At amortized cost)		
Unsecured, considered good unless otherwise treated		
Security Deposits	20,47,339	14,36,609
	20,47,339	14,36,609
09 - Other Assets - Non-current (Unsecured, considered good unless stated otherwise)		
Balance with Govt. Authorities	9,71,09,859	6,43,71,947
Prepaid Expenses	-	4,47,719
Capital Advances	42,86,207	24,14,757
Advance Recoverable in cash or in kind	99,233	4,16,665
Prepaid lease payment for operating lease	-	1,80,83,23,355
	10,14,95,299	1,87,59,74,443
10- Tax Asset (Net)		
Advance Tax	10,82,228	7,68,000
	10,82,228	7,68,000
11- Trade Receivables - Current (At amortized cost)		
Unsecured, considered good unless otherwise treated		
Considered good - unsecured	3,45,600	30,12,000
	3,45,600	30,12,000
12- Cash and Cash Equivalents		
Balance with Bank -		
On Current Account	13,65,66,370	19,08,07,922
Deposits with Original Maturity of Less Than Three Months	74,13,001	-
Demand Draft in Hand	4,03,325	-
	14,43,82,696	19,08,07,922



	As at March 31, 2020	As at March 31, 2019
13- Other Financial Assets - Current (At Amortized Cost)		
Accrued Int. on Sweep Account	35,810	-
Others	6,000	-
Receivable from Tata Steel Limited	-	60,97,02,895
	41,810	60,97,02,895
	As at March 31, 2020	As at March 31, 2019
14- Other Assets (Current)		
Prepaid lease payment for operating lease	-	2,82,55,052
	-	2,82,55,052
	As at March 31, 2020	As at March 31, 2019
15- Equity Share Capital		
Authorized:		
55,00,00,000 Equity shares of Rs. 10/- each	5,50,00,00,000	5,50,00,00,000
20,00,00,000 Preference shares of Rs. 10/- each	2,00,00,00,000	2,00,00,00,000
(March 31, 2019: 550,000,000 equity shares of Rs. 10/- each)		
(March 31, 2019: 200,000,000 equity shares of Rs. 10/- each)	7,50,00,00,000	7,50,00,00,000
Issued, Subscribed and Paid up:		
39,94,60,501 Equity shares of Rs. 10/- each fully paid up	3,99,46,05,010	1,85,24,26,310
(March 31, 2019: 185,242,631 equity shares of Rs. 10/- each fully paid up)	3,99,46,05,010	1,85,24,26,310
Shares issued to Tata Steel Limited, holding company and its nominee		
Balance at the beginning of the year	18,52,42,631	15,47,42,631
Add: Share issued during the period	21,42,17,870	3,05,00,000
Balance at the end of the period	39,94,60,501	18,52,42,631
Percentage of Shares issued to Holding Company	100	100

Term and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- (March 31, 2019: Rs. 10/-) per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	As at March 31, 2020	As at March 31, 2019
16 - Other Equity		
(i) Retained Earnings		
Balance of Statement of Profit & Loss		
Opening balance of Profit/ (Loss)	(12,22,37,870)	(6,55,39,978)
Add: Loss during the period	(17,50,17,519)	(5,68,07,184)
Other Comprehensive Income/(Loss) during the period	36,350	1,09,292
	(29,72,19,039)	(12,22,37,870)
(ii) Share Application Money Pending Allotment		
Opening balance	2,75,18,81,600	-
Received from Tata Steel Limited, holding company	-	47,00,00,000
Transfer of Asset against equity pending allotment	-	2,58,68,81,600
	2,75,18,81,600	3,05,68,81,600
Less: Share allotted	2,14,21,78,700	30,50,00,000
Less: Adjusted with Receivable from Tata Steel	60,97,02,890	-
Closing balance	10	2,75,18,81,600
Total Other Equity	(29,72,19,029)	2,62,96,43,730



	As at March 31, 2020	As at March 31, 2019
17 - Trade Payable - Non-current		
Trade Payable : Micro and Small Enterprises	-	-
Trade payables others	-	40,15,647
	<u>-</u>	<u>40,15,647</u>

	As at March 31, 2020	As at March 31, 2019
18 - Borrowings - Non Current		
Loans From related party	4,00,00,000	13,00,00,000
	<u>4,00,00,000</u>	<u>13,00,00,000</u>

Long term borrowings

Particulars	Terms of repayment	Coupon/Interest rate	As at March 31, 2020	As at 31st March, 2019
Unsecured				
ICD from Tata Steel Ltd. (incl. interest)	Three years (Previously Two to Three years)	10.50%	4,48,98,461	13,13,60,684
Less : Interest Accrued			48,98,461	13,60,684
Principal Amount of Borrowing			<u>4,00,00,000</u>	<u>13,00,00,000</u>

	As at March 31, 2020	As at March 31, 2019
19 - Other financial liabilities - Non Current		
Interest Accrued on Borrowings	48,98,461	12,24,614
Lease Liability	20,09,250	-
Security Deposits	35,56,692	-
Payable for purchase of Property, Plant & Equipment	1,83,06,347	-
	<u>2,87,70,750</u>	<u>12,24,614</u>

	As at March 31, 2020	As at March 31, 2019
20 - Other Liabilities - Non-current		
Deferred Rent	2,31,64,127	-
Prepaid Rent - Land Sublease	2,73,00,000	-
	<u>5,04,64,127</u>	<u>-</u>

	As at March 31, 2020	As at March 31, 2019
21 - Retirement Benefit Obligations - Non-current		
Gratuity	7,76,786	7,02,233
	<u>7,76,786</u>	<u>7,02,233</u>

	As at March 31, 2020	As at March 31, 2019
22 - Trade Payables - Current		
Trade Payable : Micro and Small Enterprises	-	-
Trade Payable : Others	4,48,57,371	1,22,17,186
	<u>4,48,57,371</u>	<u>1,22,17,186</u>



	As at March 31, 2020	As at March 31, 2019
23 - Other Financial Liabilities- Current		
Employee Related Liabilities	20,15,348	37,36,368
Security deposit from vendor	4,58,706	4,58,706
Lease Liability	44,36,556	-
Payable for purchase of Property, Plant & Equipment	11,64,35,346	8,33,35,655
Interest Accrued on Borrowings	1,49,57,133	-
	13,83,03,089	8,75,30,729

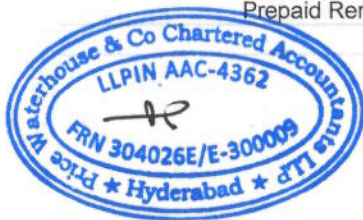
	As at March 31, 2020	As at March 31, 2019
24 - Borrowings - Current		
Loans From related party	34,00,00,000	-
	34,00,00,000	-

Short Term Borrowings

Particulars	Terms of repayment	Coupon/Interest rate	As at March 31, 2020	As at 31st March, 2019
Unsecured				
ICD from Tata Steel Ltd. (incl. interest)	One to Two years	10.00% to 10.5%	35,49,57,133	-
Less : Interest Accrued			1,49,57,133	-
Principal Amount of Borrowing			34,00,00,000	-

	As at March 31, 2020	As at March 31, 2019
25 - Retirement Benefits Obligation - Current		
Gratuity	6,385	6,785
Leave Benefits	9,20,654	14,71,297
	9,27,039	14,78,082

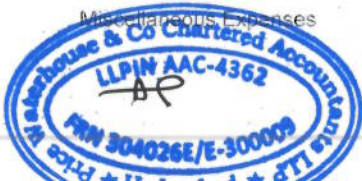
	As at March 31, 2020	As at March 31, 2019
26 - Other Liabilities - Current		
Statutory Dues	58,77,760	26,69,037
Advance Rent From Sure Safety Solutions	6,40,000	6,40,000
Advance from customer	1,84,65,226	34,65,226
Prepaid Rent - Land Sublease	5,60,000	-
	2,55,42,986	67,74,263



Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

	Amount in INR	
	For the Year ended March 31, 2020	For the year ended March 31, 2019
27 - Revenue from Operations		
Income from Lease rent and other services	39,80,002	38,40,000
	39,80,002	38,40,000
	For the Year ended March 31, 2020	For the year ended March 31, 2019
28 - Other Income		
Mutual fund dividend	58,77,336	36,68,828
Interest on Sweep Account	1,42,071	-
Interest on IT Refund	17,280	-
Interest on unwinding of security deposit - IDCO	1,86,550	-
Gain on Sales of Property, Plant and Equipment	24,559	-
Other Income	11,51,966	99,120
	73,99,762	37,67,948
	For the Year ended March 31, 2020	For the year ended March 31, 2019
29- Employee Benefit Expenses		
Salary & Other Benefits	1,89,28,569	2,27,28,922
Contribution to provident fund	11,45,780	14,18,347
Gratuity	3,28,015	4,35,113
Staff Welfare Expenses	6,33,285	2,46,431
	2,10,35,649	2,48,28,813
	For the Year ended March 31, 2020	For the year ended March 31, 2019
30- Finance Cost		
Interest Expenses - Others	8,82,193	-
	8,82,193	-
	For the Year ended March 31, 2020	For the year ended March 31, 2019
31- Depreciation and amortization expenses		
Depreciation of property plant and equipment	8,69,53,716	75,90,162
Amortisation of intangible assets	2,96,399	2,05,259
Depreciation of Right of use assets	3,36,70,753	-
	12,09,20,868	77,95,421
	For the Year ended March 31, 2020	For the year ended March 31, 2019
32- Other Expenses		
Legal & professional fees	13,35,008	12,42,149
Bank charges	3,900	4,986
Rent	-	18,48,565
Telecommunication expenses	1,75,209	32,847
Payment to Auditors		
- As Audit Fees	57,000	57,000
Outsourcing expenses	1,89,58,748	68,38,033
Travelling and Conveyances	15,09,769	37,38,495
Directors' sitting fee	2,25,000	1,60,000
Marketing expenses	18,73,687	86,63,716
Rates & taxes	1,37,04,550	71,34,819
Bad Debt Written Off	-	5,826
Miscellaneous Expenses	57,15,702	20,64,462
	4,35,58,573	3,17,90,898



Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

1) 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.

2) 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.

2.1 Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Accounting Standards) Rules, 2015] and other provisions of the Act.

(ii) Historical Cost Convention

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

(ii) Current versus Non-current Classification

The company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as Non-current.

(iii) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time in the reporting period commencing April 1, 2019:

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Tax

The Company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in note 34. The other amendments listed above did not have any impact on the amounts recognised in the current period.

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2.2 Critical Estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

• **Employee Benefits (Estimation of Defined Benefit Obligations) — Notes 2.11 and 37**

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

• **Estimation of Expected Useful Lives of Property, Plant and Equipment and Intangible Assets— Notes 2.3, 2.4, 3 and 4**

Management reviews its estimate of the useful lives of property, plant and equipment and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment and intangible assets.

2.3 Property, Plant and Equipment

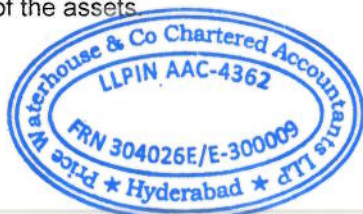
All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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 derecognised 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 recognised 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 Companies Act 2013, except in case of Porta Cabins and Portable toilet units capitalized under building and other structures and furniture and fixtures, 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.



Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

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

Particulars	Estimated useful life (years)
Buildings and other structures	3 to 30 years
Roads	3 to 5 years
Furniture and fixtures	5 to 10 years
Office Equipment	3 to 5 years
Vehicles	5 years
Electrical Installation and Equipment	10 years
Laboratory Equipment	10 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.

2.4 Intangible assets

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Computer Software

Computer Software for internal use, which is primarily acquired from third-party vendors is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of computer software includes license fees and cost of implementation/system integration services, where applicable.

Computer Software are amortised on a pro-rata basis using the straight-line method over its estimated useful life of 3 to 5 years from the date they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end.

2.5 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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purposes 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 group of assets (cash-generating units).

2.6 Leases

Till March 31, 2019:

As a Lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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 lease period unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.



Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

With effect from April 1, 2019:

As a Lessee

From April 1, 2019, Leases are recognised as right of use assets and a correspondence liability at the date at which the leased asset is available for use by the company. Contract may contain both lease and non lease components. The Company allocates the consideration in the contract to the lease and non lease components based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payment: -

- (a) Fixed payments (including in substance fixed payments) less any lease incentive receivable.
- (b) Variable lease payment that are based on an index or a rate, initially measured using the index or a rate at the commencement date.
- (c) Amount expected to be paid by the Company under residual value guarantees.
- (d) Exercise price of a purchase option if the Company is reasonably certain to exercise that option.
- (e) Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Right-of-use assets are measured at cost comprising the following: -

- (a) The amount of the initial measurement of lease liability.
- (b) Any lease payment made at or before the commencement date less any lease incentive received.
- (c) Any initial direct cost and
- (d) Restoration costs.

Right of use of assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Payment associated with short-term leases of equipment and all the leases of low value assets are recognised on a straight line basis as an expenses in the statement of profit and loss. Short term leases are leases with a lease term of 12 months or less.

As a Lessor

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in relation to an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

2.7 Cash and Cash Equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held with banks / financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

2.9 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade discounts, rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties.

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) Rental income

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

2.10 Foreign Currency transactions and translation

(i) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (Rupees or Rs.), which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in 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.

2.11 Employee benefits

(i) Short-term Employee Benefit:

Liabilities for short-term employee 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 recognised 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.

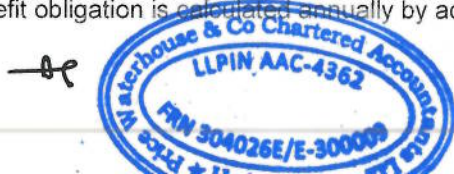
(ii) Other Long-Term Employee Benefit Obligation

Long-term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, done at the end of each financial year. Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(iii) Post-employment obligations

Defined Benefit Plans

The liability recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.



Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

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 Benefits Expense' in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are included in 'Retained Earnings' in the Statement of Changes in Equity.

Defined Contribution Plans

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expenses relating to a provision is recognised in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 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 recognised 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.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

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



Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

2.14 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 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 is 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.

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 recognised in the statement of profit and loss when the asset is derecognised or impaired.

- **Fair value through Other Comprehensive Income (FVOCI)**

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 income and foreign exchange gains and losses, if any, which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in Other Income/Other Expenses.

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Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

- **Fair value through Profit or Loss (FVTPL)**

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 recognised in profit or loss and presented net in the statement of profit and loss within 'Other Income'/Other Expenses' in the period in which it arises.

- 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.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other Income/Other Expenses' 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.

- 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, if any. 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 recognised at the time of initial recognition of the receivables.

- iv. De-recognition of financial assets**

A financial asset is derecognised 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 derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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 derecognised if it has not retained control of the financial asset. Where the company retains control of the financial asset, the asset continues to be recognised to the extent of continuing involvement in the financial asset.

- v. Income recognition**

- **Interest Income**

Interest income from debt instruments is recognised 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.





Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

• Dividends

Dividends are recognised 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.

2.16 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortized cost using the effective interest rate method.

2.17 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 recognised 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 and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.18 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.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

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Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

33. 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. Land admeasuring 1735 acres meant for development of domestic tariff area has been leased in favour of the Company by Industrial Infrastructure Development Corporation of Odisha during the previous year.

34. Changes in accounting policies

This note explains the impact of the adoption of Ind AS 116, Leases on the Company's financial statement.

As indicated in note 2.1(iii) above, the Company has adopted Ind AS 116 from April 1, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The new accounting policies are disclosed in note 2.6.

On adoption of Ind AS 116, the company recognised lease liabilities in relation to leases which has previously been classified as 'operating leases' under the principle of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of April 1, 2019, the weighted average incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 10.50%.

(i) Measurement of lease liability

Particulars	Amounts in Rupees
Operating lease commitments as at March 31, 2019	11,461,103
Discounted using the lessee's incremental borrowing rate of at the date of initial application	10,000,169
Lease liability recognised as at April 1, 2019	10,000,169
<i>Disclosed as:</i>	
Current	4,194,202
Non-current	5,805,967
Total	10,000,169

(ii) Measurement of right-of-use assets

The associated right-of-use asset for leases were measured at an amount equal to the lease liability (adjusted by the amount of previously recognised prepaid lease payments relating to that lease, where applicable) at the date of initial application.

The change in accounting policy affected the following items in the Balance Sheet on April 1, 2019:

- Right-of-use Assets – increase by Rs. 1,847,026,295
- Prepaid lease payment for operating lease – decrease by Rs. 1,836,578,407
- Lease Liabilities – increase by Rs 10,000,169

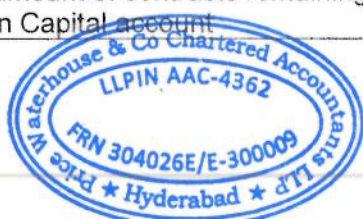
There is no impact (net) on the retained earnings on April 1, 2019.

35. Contingent Liability and Commitments:

There is no contingent liability as on March 31, 2020.

Particulars	As at March 31, 2020 (in Rs.)	As at March 31, 2019 (in Rs.)
Estimated amount of contracts remaining to be executed on Capital account	492,572,361	330,723,405

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Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

36. 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

37. Employee Benefits:

i. 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 recognised during the period towards defined contribution plan is Rs.1,145,780 (March 31, 2019- Rs. 1,418,347)

ii. 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.

The following tables summarize the component of net benefit expenses recognised in the Statement of Profit & Loss and Balance Sheet as at March 31, 2020 as required by Ind AS - 19 Employee benefits.

Gratuity Benefit:

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

Changes in Present Value of Obligation	(in Rupees)	
	For the year ended	
	March 31, 2020	March 31, 2019
Present value of obligation as on last valuation	709,018	3,83,197
Current Service Cost	288,038	4,06,067
Interest Cost	39,977	29,046
Actuarial gain/loss on obligations due to Change in Financial Assumption	87,398	10,517
Actuarial gain/loss on obligations due to Unexpected Experience	(123,748)	(1,19,809)
Benefits paid	(217,512)	-
Present value of obligation as on valuation date	783,171	7,09,018

Table showing Reconciliation to Balance Sheet:

Reconciliation to Balance Sheet	(in Rupees)	
	For the year ended	
	March 31, 2020	March 31, 2019
Fund Status	(783,171)	(7,09,018)
Fund Liability	783,171	7,09,018

Table Showing Plan Assumptions:

Plan Assumptions	(in Rupees)	
	For the year ended	
	31-Mar-20	31-Mar-19
Discount Rate	6.66%	7.58%
Rate of Compensation Increase (Salary Inflation)	6.00%	6.00%



Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

Plan Assumptions	For the year ended	
	31-Mar-20	31-Mar-19
Average expected future service (Remaining working Life)	17	14
Average Duration of Liabilities	17	14
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 Recognised in statement of Profit/Loss:

Expense Recognised in statement of Profit/Loss	(in Rupees) For the year ended	
	31-Mar-20	31-Mar-19
Current Service Cost	288,038	406,067
Cost(Loss)/(Gain) on settlement	39,977	29,046

Table showing Other Comprehensive Income:

Other Comprehensive Income	(in Rupees) For the year ended	
	31-Mar-20	31-Mar-19
Actuarial gain/loss on obligations due to Change in Financial Assumption	87,398	10,517
Actuarial gain/loss on obligations due to Unexpected Experience	(123,748)	(119,809)
Total Actuarial (gain)/losses	(36,350)	(109,292)
Net(Income)/Expense for the Period Recognised in OCI	(36,350)	(109,292)

Table showing Sensitivity Analysis:

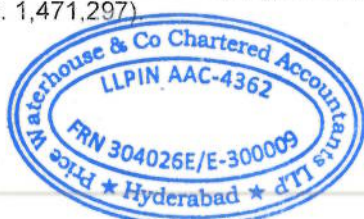
Sensitivity Analysis	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate (-/+ 1%)	7,33,823	8,37,406	6,66,612	7,55,310
%Change Compared to base due to sensitivity	-6.30%	6.93%	-5.98%	6.53%
Salary Growth (-/+ 1%)	8,37,249	7,33,526	7,56,019	6,65,640
%Change Compared to base due to sensitivity	6.91%	-6.34%	6.63%	-6.12%

iii.Leave Benefits:

The Company provides for accumulation of leave by its employees. The employees can carry forward a portion of the unutilised leave balances and utilise it in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a provision for leave benefits in the period in which the employee renders the services that increases this entitlement. This is an unfunded plan.

The total provision recorded by the Company towards these benefits as at year end was Rs. 920,654/- (March 31, 2019: Rs. 1,471,297)

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iv. Risk Exposure

Interest rate volatility: - The gratuity liability is calculated using discount rate set with reference to Govt. securities yield. If there is any change in yield of Govt. securities, the provision may change accordingly.

38. Computation of Earnings Per Share (EPS):

Particulars	(in Rupees)	
	Current Year	Previous Year
Number of equity shares at the beginning of the year	185,242,631	154,742,631
Number of equity shares at the end of the year	399,460,501	185,242,631
Loss for the year (Rupees)	175,017,519	56,807,184
Weighted average number of shares considered for computation of Basic EPS (Numbers)	343,727,652	170,712,494
Weighted average number of shares for computation of Diluted EPS (Numbers)	343,727,652	170,712,494
Face Value of Each Equity Share (Rs.)	10	10
Earnings Per Shares Basic and Diluted in Rupees	(0.51)	(0.33)

39. Related Parties Transactions:**i. List of Related Parties and Relationship**

Name of the Related Party	Relationship
Tata Steel Limited	Holding Company

Transactions	Tata Steel Ltd. (Holding Company)	
	Year ended March 31, 2020	Year ended March 31, 2019
Equity Share Capital issued (against share application money pending allotment)	2,142,178,700	-
Share Application money received and allotted	-	305,000,000
Share Application received pending for allotment	-	165,000,000
Receivable Balance adjusted with Share Application pending allotment (Non-Cash Transfer)	609,702,890	2,586,881,600
Inter Corporate deposit received	250,000,000	130,000,000
Outsourcing Expenses (Including GST)	36,051,774	18,705,902
Legal and Professional Fees (Including GST)	341,620	137,814
Interest expenses on Borrowings (Capitalised to Capital work in progress)	20,701,096	1,360,684
Balances outstanding as at the year end	Tata Steel Ltd. (Holding Company)	
	Year ended March 31, 2020	Year ended March 31, 2019
Share Application Money pending Allotment	10	2,751,881,600
Trade Payables- Current	21,190,528	-
Borrowings- Non Current	40,000,000	130,000,000
Borrowings- Current	340,000,000	-
Other Financial Liabilities- Current	-	8,086,104
Other financial liabilities - Non Current	-	1,224,614

Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

Other Financial Assets – Current	-	609,702,894
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Transactions	Independent Director	
	Year ended March 31, 2020	Year ended March 31, 2019
Sitting Fees	225,000	160,000

ii. List of Key Managerial Person and Relationship

Transactions	Ashish Mathur, Managing Director (Till 29.04.19)		Amit Kumar Kundu, Chief Financial Officer		Tanmay Kumar Sahu Company Secretary	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Short Term Employee Benefits	1,323,407	4,112,325	4,342,260	2,179,408	4,399,075	4,018,020
Contribution to Provident Fund	-	361,939	177,684	92,460	183,996	163,024
Other Long Term Benefits	-	1,954,500	-	-	-	-
Total	1,323,407	6,428,764	4,519,944	2,271,868	4,583,071	4,181,044
Balances outstanding as at the year end	Ashish Mathur, Managing Director (Till 29.04.19)		Amit Kumar Kundu, Chief Financial Officer		Tanmay Kumar Sahu, Company Secretary	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Employee Related Liabilities	-	1,954,500	390,076	211,602	403,222	834,443

The remuneration to key managerial personnel does not include provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Company as a whole.

Mr. Prasanta Mallick, Managing Director, Tata Steel Special Economic Zone is on Deputation from Tata Steel Ltd. With effect from 1st July 2019, his remuneration is shown under Outsource / Deputation charges.

40. 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 recognised 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, 2019	Charge/Credit	As on March 31, 2020
Deferred Tax Liability on difference in WDV	10,129,030	(9,142,915)	986,115
Deferred Tax Asset on carried forward losses	10,129,030	(9,142,915)	986,115
Difference	-	-	-

Particulars	As on March 31, 2018	Charge/Credit	As on March 31, 2019
Deferred Tax Liability on difference in WDV	3,961,002	6,168,028	10,129,030
Deferred Tax Asset on carried forward loss	3,961,002	6,168,028	10,129,030
Difference	-	-	-

41. Fair value measurement

Financial instrument by category

Particulars	As at March 31, 2020	As at March 31, 2019
	Amortized cost	Amortized cost
Financial assets		
Deposits	2,047,339	1,436,609
Trade receivables	345,600	3,012,000
Cash and cash equivalents	144,382,696	190,807,922
Other financial assets	41,810	609,702,895
Total Financial assets	146,817,445	804,959,426
Financial liabilities		
Trade payable – Non Current	-	4,015,647
Borrowings – Non Current	40,000,000	130,000,000
Other financial liabilities – Non Current	28,770,750	1,224,614
Borrowings – Current	340,000,000	-
Trade payables – Current	44,857,370	12,217,186
Other financial liabilities – Current	138,303,089	87,530,729
Total Financial liabilities	591,931,210	234,988,176

The fair value of these assets and liabilities is not significantly different from their carrying values.

42. 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, borrowings and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations.

• 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

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company undertakes transactions denominated in foreign currencies to which exposures to exchange rate fluctuations arise. Presently, the exposure to foreign currency risk is not significant.



(b) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, bank loans among others.

Maturity profile of all financial liabilities is as under:

Particulars	Carrying Amount	Contractual Cash flows	Between 0 to 1 years	Between 1 to 3 Years	More than 3 years
As at March 31, 2020					
a) Lease Liabilities (Current and Non Current)	6,445,806	7,024,547	4,436,556	2,587,991	-
b) Trade payables (Current and Non Current)	44,857,370	44,857,370	44,857,370	-	-
c) Other financial liabilities @	160,628,033	202,292,828	168,316,533	33,976,295	-
d) Borrowings (Current and Non Current)	380,000,000	380,000,000	340,000,000	40,000,000	-
As at March 31, 2019					
a) Trade payables (Current and Non Current)	16,232,833	16,232,833	12,217,186	4,015,647	-
b) Other financial liabilities (Current and Non Current) @	88,755,343	118,894,659	87,530,729	31,363,930	-
c) Borrowings	130,000,000	130,000,000	-	130,000,000	-

@ Includes contractual interest payment based on interest rate prevailing at the end of the reporting period

(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

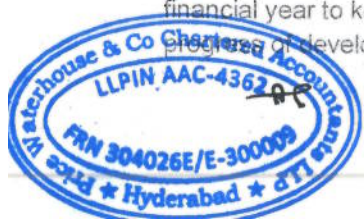
43. Capital Management**(a) Risk Management**

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.

44. Estimation of uncertainties relating to the global health pandemic from COVID-19:

The spread of COVID-19 has severely impacted business around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing, and other emergency measures. Management has decided to keep the business activities i.e. subleasing of land in the second half of the financial year to keep the year plan intact, so that the cash flow for the year will not affect. To maintain the progress of developing infrastructure we will continue with debt from the holding company.



Tata Steel Special Economic Zone Limited

Notes to Financial Statements as at and for the year ended March 31, 2020

The Company has made a detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, and Trade Receivables at the balance sheet date, and has concluded that there are no material adjustments required in the financial statements.

Management believes that it has considered all the possible impact of known events arising from COVID 19 pandemic in the preparation of the financial statements. However, the impact of assessment of COVID 19 is a continuous process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

45. Leases

Company's office premise is obtained under non-cancellable operating lease. The lease term is for 3 years and renewable for further period on mutual consent. Lease agreements has no price escalation clause and rent is not based on any contingencies. There is no restriction under the lease agreement. There are no subleases.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows	As at March 31, 2020	As at March 31, 2019
Within one year	-	3,459,456
Later than one year but not later than five year	-	5,477,472

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

46. The financial statements were approved for issue by the Board of Directors on May 12, 2020

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



Ashish Taksali
Partner
Membership No. 99625



Amit Kumar Kundu
Chief Financial Officer
(FCA:53853)



Tanay Kumar Sahu
Company Secretary
(FCS:4872)

For and on behalf of Board of Directors



Prasanta Mallick
Managing Director
(DIN: 02347304)



Chanakya Chaudhary
Chairman
(DIN: 02139568)

Place: Hyderabad
Date : May 12, 2020

Place: Bhubaneswar
Date : May 12, 2020