INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TATA STEEL SPECIAL ECONOMIC ZONE LIMITED

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

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

Management's Responsibility for the Ind AS Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

Opinion

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

Other Matter

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ashish Taksali
Partner
Membership Number: 99625

Jamshedpur
April 27, 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Jamshedpur
April 27, 2018

Annexure A to Independent Auditors' Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Ashish Taksali
Partner
Membership Number: 99625

Jamshedpur
April 27, 2018

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

Amount in INR

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

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

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

For and on behalf of Board of Directors

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

(Ashish Taksali)
Partner
Membership No.: 099625

(Tanmay Kumar Sahu)
CFO & Company Secretary

(Arun Misra)
Managing Director

(T V Narendran)
Director

Place:Jamshedpur
Date: April 27, 2018

Place:Jamshedpur
Date: April 27, 2018

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

Amount in INR

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

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

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

For and on behalf of Board of Directors

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

(Ashish Taksali)
Partner
Membership No.: 099625

(Tanmay Kumar Sahu)
CFO & Company Secretary

(Arun Misra)
Managing Director

(T V Narendran)
Director

Place:Jamshedpur
Date: April 27, 2018

Place:Jamshedpur
Date: April 27, 2018

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED

(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)

Statement of Cash Flows for the year ended March 31, 2018

Amount in INR

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

Notes:

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

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

For and on behalf of Board of Directors

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

(Ashish Taksali)
Partner
Membership No.: 099625

(Tanmay Kumar Sahu)
CFO & Company Secretary

(Arun Misra)
Managing Director

(T V Narendran)
Director

Place: Jamshedpur
Date: April 27, 2018

Place: Jamshedpur
Date: April 27, 2018

TATA STEEL SPECIAL ECONOMIC ZONE LIMITED

(FORMERLY KNOWN AS GOPALPUR SPECIAL ECONOMIC ZONE LIMITED)

Statement of other comprehensive income for the period

Amount in INR

				For the Year ended 31st March , 2018	For the Year ended 31st March, 2017
I	**Items subsequently reclassified to profit or loss**				
	(a)	Foreign currency translation differences - foreign operations		-	-
	(b)	Fair value of cash flow hedges		-	-
	(c)	Net loss on hedge of net investment in foreign operations		-	-
	(d)	Fair valuation of financial assets (other than equity instruments) designated as fair value through OCI		-	-
				-	-
II	**Items not subsequently reclassified to profit or loss**				
	(e)	Revaluation of property, plant and equipment		-	-
		(i)	Revaluation of property, plant and equipment during the period		
		(ii)	Net movement in regulatory deferral account balances related to revaluation of property, plant and equipment		
		(iii)	Share of joint ventures		
		(iv)	Share of associates		
		(v)	Tax impact		
	(f)	Remeasurement gains / (losses) on defined benefit plans		(33,393.00)	(11,347.00)
		(i)	Remeasurement gains / (losses) on defined benefit plans during the period	(33,393.00)	(11,347.00)
		(ii)	Net movement in regulatory deferral account balances related to remeasurement gains/(losses)		
		(iii)	Share of joint ventures		
		(iv)	Share of associates		
		(v)	Tax on remeasurement gain / (loss) on defined benefit plans		
	(g)	Fair valuation of equity instruments designated as fair value through OCI		-	-
		(i)	Gain/(loss) on fair valuation		
		(iii)	Net movement in regulatory deferral account balances related to fair value of equity instruments		
		(iv)	Share of joint ventures		
		(v)	Share of associates		
		(vi)	Tax impact		
				(33,393.00)	(11,347.00)
III	**Total Other Comprehensive Income (I+II)**			**(33,393.00)**	**(11,347.00)**
IV	**Other comprehensive income attributable to:**				
	1	Owners of the Company		(33,393.00)	(11,347.00)
	2	Share of MI in Other comprehensive income		-	-
		(i)	Foreign currency translation reserve		
		(ii)	Cash flow hedge reserve	-	-
			(1) Effective portion of changes in cash flow hedges relating to instrinsic value/ spot element of options / forwards		
			(2) Change in fair value of time value of options		
			(3) Changes in forward element of forward contracts		
		(iii)	Net investments in foreign operations reserve		
		(iv)	Investment revaluation reserve (other than equity instruments)		
		(v)	Revaluation reserve		
		(vi)	Remeasurement gains/(losses)		
		(vii)	Equity instruments revaluation reserve		

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

Amount in INR

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

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

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

For and on behalf of the Board

(Ashish Taksali)
Partner
Membership No.:099625

(Tanmay Kumar Sahu)
CFO & Company Secretary

(Arun Misra)
Managing Director

(T V Narendran)
Director

Place:Jamshedpur
Date: April 27, 2018

Place:Jamshedpur
Date: April 27, 2018

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

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

Term and rights attched to equity shares

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

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

Amount in INR

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

Short tem borrowings

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

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

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

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

Amount in INR

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

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

02. Property, Plant and Equipment

Amount in INR

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

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

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

03. Intangible Assets

Amount in INR

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

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

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

Background

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

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

Note 1: Significant Accounting Policies:

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

1) Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical Cost Convention

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

(iii) Amended standards adopted by the Company

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

2) Use of estimates and critical accounting judgments

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

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

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

3) Property, plant and equipment

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

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

Depreciation methods, estimated useful lives and residual value

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

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

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

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

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

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

4) Intangible assets

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

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

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

5) Impairment of Assets

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

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

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

6) Leases

The Company as lessee in Operating Lease

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

7) Cash and bank balances

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

8) Trade Receivables

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

9) Investments and other Financial Assets

i. Classification

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

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

- Those measured at amortized cost.

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

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

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

ii. Measurement

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

a. Debt Instruments:

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

- **Amortized cost**

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

- **Fair value through Other Comprehensive Income**

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

- **Fair value through Profit or Loss**

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

b. Equity Instruments:

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

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

iii. Impairment of financial assets

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

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

iv. De-recognition of financial assets

A financial asset is derecognized only when:

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

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

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

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

v. Income recognition

- **Interest Income**

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

- **Dividends**

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

10) Trade and other payables

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

11) Contributed equity

Equity shares are classified as equity.

12) Offsetting financial instruments

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

13) Employee benefits

i. Short-term obligations:

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

ii. Other Long Term Employee Benefit Obligation

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

iii. Post-employment obligations

The Company operates the following post-employment schemes:

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

- **Gratuity Obligations**

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

- **Defined contribution plans**

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

14) Provisions

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

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

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

15) Income taxes

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

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

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

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

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

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

16) Revenue Recognition

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

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

(i) Sale of services

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

(ii) Rental income

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

(ii) Dividend income

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

17) Foreign currency transactions and translation

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

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

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

18) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

19) Investment properties

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

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

Other Notes to Accounts:

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

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

27. Contingent Liability and Commitments:

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

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

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

29. Auditors’ Remuneration:

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

30. Employee Benefits:

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

ii. Defined Contribution Obligation:

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

iii. Defined Benefit Obligation:

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

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

iv. Gratuity Benefit:

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

(in Rupees)

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

Table showing Reconciliation to Balance Sheet:

(in Rupees)

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

Table Showing Plan Assumptions:

(In Rupees)

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

Table showing Expense Recognized in statement of Profit/Loss:

(In Rupees)

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

Table showing Other Comprehensive Income:

(in Rupees)

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

Table showing Sensitivity Analysis:

(In Rupees)

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

v. Leave Encashment Benefit:

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

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

(In Rupees)

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

Table showing Reconciliation to Balance Sheet:

(In Rupees)

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

Table Showing Plan Assumptions:

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

Table showing Expense Recognized in statement of Profit/Loss:

(In Rupees)

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

Table showing Sensitivity Analysis:

(In Rupees)

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

vi. <u>Risk Exposure</u>

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

31. Computation of Earnings Per Share (EPS):

(In Rupees)

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

32. Related Parties Transactions:

i. List of Related Parties and Relationship

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

(in Rupees)

Transactions	Key Managerial Personnel		Tata Steel Ltd. (Holding Company)		TSPDL (Fellow Subsidiary)	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Share Application money received	-	-	190,000,000	436,500,000	-	-
Inter Corporate deposit received	-	-	700,000,000	100,000,000	-	-
Purchase of goods	-	-	-	11,860,922	2,994,973	48,219,879
Receiving of services	-	-	19,895,054	12,959,286	-	-
Interest expenses	-	-	49,033,781	693,151	-	-
Other than Director’s Remuneration (CFO):						
Short Term Employee Benefits	3,530,916	3,497,486	-	-	-	-
Post-Employment Benefits	57,828	51,175	-	-	-	-
Other Long Term Benefits	60,000	60,000	-	-	-	-
Sitting fees-Independent Director	240,350	375,000	-	-	-	-
Director’s Remuneration	1	-	-	-	-	-

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

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

33. Deferred Taxes:

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

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

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

34. Fair value measurement

Financial instrument by category

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

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

35. Financial risk management

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

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

(a) Foreign currency risk management

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

(b) Liquidity risk

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

(c) Credit Risk:

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

36. Capital Management

(a) Risk Management

The company's objective when managing capital are to

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

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

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

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

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

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

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

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

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

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

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

For and on behalf of Board of Directors

(Ashish Taksali)
Partner
Membership No.099625

Place : Jamshedpur
Date : April 27, 2018

Tanmay Kumar Sahu
CFO & Company Secretary

Arun Misra
Managing Director

T.V. Narendra
Director

Place: Jamshedpur
Date : April 27, 2018