

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TATA STEEL ODISHA LIMITED

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

1. We have audited the accompanying Ind AS financial statements of **Tata Steel Odisha 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 May 15, 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.
- 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

Gurugram
May 31, 2018

Ashish Taksali
Partner
Membership Number: 099625

Tata Steel Odisha Limited

Balance Sheet as at March 31, 2018

		Note	Amount in Rs.
		No.	As at March 31, 2018
			As at March 31, 2017
I	ASSETS		
(1)	Non-Current assets		
(a)	Financial assets		
	Other financial assets	2	50,000
(b)	Other non financial assets	3	-
	Total non current assets		50,000
(2)	Current assets		
	Financial assets		
	Cash and bank balances	4	188,981
	Total current assets		188,981
	TOTAL ASSETS		238,981
II	EQUITY AND LIABILITIES		
(1)	Equity		
(a)	Equity Share Capital	5	25,670,000
(b)	Total Other equity	6	(25,823,737)
			(153,737)
(2)	Current liabilities		
	Financial liabilities		
(i)	Trade payables	7	54,360
(ii)	Other financial liabilities	8	338,358
			392,718
	TOTAL EQUITY AND LIABILITIES		238,981

See accompanying notes 1 - 18 forming an integral part of the financial statements.

This is the Balance Sheet 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

Gurugram
May 31, 2018

Chacko Joseph
Chairman

Kolkata
Date: May 31, 2018

**Sandeep
Bhattacharya**
Director

Kolkata

Tata Steel Odisha Limited**Statement of Profit and Loss for the year ended March 31, 2018****Amount in Rs.**

	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
(1) Expenses			
Other expenses	10	87,741	185,925
Total Expenses		87,741	185,925
(2) Loss for the year		(87,741)	(185,925)
(3) Total Comprehensive Income for the year		(87,741)	(185,925)
(4) Earnings per equity share of Rs. 10 each	11	(0.03)	(0.07)
Basic and Diluted			

See accompanying notes 1 - 18 forming an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.
For Price Waterhouse & Co. Chartered Accountants LLP

For and on behalf of the Board

Chartered Accountants
Firm Registration No.304026E/E300009

Ashish Taksali

Partner
Membership No.:099625

Gurugram
May 31, 2018

Chacko Joseph
Chairman

Kolkata
Date: May 31, 2018

**Sandeep
Bhattacharya**
Director

Kolkata

Tata Steel Odisha Limited

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

	Amount in Rs.	
	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash Flow from Operating activities:		
Loss before taxes	(87,741)	(185,925)
<i>Adjustments for:</i>		
Other non cash items	12,360	-
Operating Profit/(loss) before working capital changes	(75,381)	(185,925)
<i>Adjustment For</i>		
Movements in trade and other payables	(55,590)	53,120
Cash used in operations	(130,971)	(132,805)
Net cash used in operating activities	(130,971)	(132,805)
B. Cash Flow from Investing activities:		
Net cash used in investing activities	-	-
C. Cash Flow from Financing activities:		
Issue of Share Capital	-	170,000
Net cash from financing activities	-	170,000
Net increase/(decrease) in cash or cash equivalents	(130,971)	37,195
Cash and cash equivalents as at 1st April	319,952	282,757
Cash and cash equivalents as at 31st Mar	188,981	319,952

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 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

Gurugram

May 31, 2018

Chacko Joseph

Chairman

Kolkata

Date: May 31, 2018

Sandeep

Bhattacharya

Director

Kolkata

Tata Steel Odisha Limited

Statement of Changes in Equity for the year ended March 31, 2018

A Equity Share Capital

Balance as on 1st April, 2017	Changes during the period	Balance as on 31st March, 2018
25,670,000	-	25,670,000

Balance as on 1st April, 2016	Changes during the period	Balance as on 31st March, 2017
25,500,000	170,000	25,670,000

B Other Equity

As at March 31, 2018

	Retained Earnings	Other Equity
At beginning of the year	(25,735,996)	(25,735,996)
Profit /(Loss) for the year	(87,741)	(87,741)
At end of period	(25,823,737)	(25,823,737)

As at March 31, 2017

	Retained Earnings	Other Equity
At beginning of the year	(25,550,071)	(25,550,071)
Profit /(Loss) for the year	(185,925)	(185,925)
At end of period	(25,735,996)	(25,735,996)

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

Chacko Joseph
 Chairman

Sandeep Bhattachary
 Director

Gurugram
 May 31, 2018

Kolkata
 Date: May 31, 2018

Kolkata

Background

Tata Steel Odisha Limited is a wholly owned Subsidiary of Tata Steel Limited having its registered office in Mumbai, Maharashtra, India.

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.

(a) Basis for 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 (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.

(b) Use of estimates and critical accounting judgements

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.

Financial assets

(c) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include current accounts with bank.

(d) Other Financial Assets

(i) Classification

The company classifies its financial assets at amortised cost.

(ii) Measurement

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(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. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) Derecognition of financial assets

A financial asset is derecognised only when:

- The entity has transferred the rights to receive cash flows from the financial asset, 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 recipients.

Where the entity has transferred an asset, the group 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 entity 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 the entity has not retained control of the financial asset. Where the entity retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(e) 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 amortised cost using the effective interest method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(f) Equity

Equity shares are classified as equity.

(g) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit/ loss 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.

Tata Steel Odisha Limited
Notes to Financial Statement

2 Other Financial Assets

(Unsecured, Considered Good)

	As at March 31, 2018		As at March 31, 2017	
	Amount in Rs.		Amount in Rs.	
	Non Current	Current	Non Current	Current
Security deposits	50,000	-	50,000	-
	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>

3 Other Non Financial Assets

(Unsecured, Considered Good)

	As at March 31, 2018		As at March 31, 2017	
	Amount in Rs.		Amount in Rs.	
	Non Current	Current	Non Current	Current
Advances with Public bodies	-	-	12,360	-
	<u>-</u>	<u>-</u>	<u>12,360</u>	<u>-</u>

4 Cash and Bank Balances

Balances with banks

a). Balance with scheduled banks

In Current Account

	As at March 31, 2018		As at March 31, 2017	
	Amount in Rs.		Amount in Rs.	
	Non Current	Current	Non Current	Current
	-	188,981	-	319,952
	<u>-</u>	<u>188,981</u>	<u>-</u>	<u>319,952</u>

5 Share Capital

	As at March 31, 2018 Amount in Rs.	As at March 31, 2017 Amount in Rs.
Authorised:		
15,000,000,000 Equity Shares of Rs. 10 each	150,000,000,000	150,000,000,000
<i>(March 31, 2017: 15,000,000,000 Equity Shares of Rs. 10 each)</i>	<u>150,000,000,000</u>	<u>150,000,000,000</u>
Issued:		
2,567,000 Equity Shares of Rs. 10 each	25,670,000	25,670,000
<i>(March 31, 2017: 2,567,000 Equity Shares of Rs. 10 each)</i>	<u>25,670,000</u>	<u>25,670,000</u>
Subscribed and Paid up:		
2,567,000 Equity Shares of Rs. 10 each	25,670,000	25,670,000
<i>(March 31, 2017: 2,567,000 Equity Shares of Rs. 10 each)</i>	<u>25,670,000</u>	<u>25,670,000</u>

Reconciliation of Number of shares

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
At the beginning of the year	2,567,000	25,670,000	2,550,000	25,500,000
Issued during the year	-	-	17,000	170,000
At the end of the year	<u>2,567,000</u>	<u>25,670,000</u>	<u>2,567,000</u>	<u>25,670,000</u>

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	%	No. of Shares	%
Tata Steel Limited	2,567,000	100%	2,567,000	100%
	<u>2,567,000</u>	<u>100%</u>	<u>2,567,000</u>	<u>100%</u>

Rights, preferences and restrictions attached to shares

Equity Shares:

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

6 Other Equity	As at March 31, 2018 Amount in Rs.	As at March 31, 2017 Amount in Rs.
Deficit in Statement of Profit and Loss		
At the Beginning of the year	(25,735,996)	(25,550,071)
Loss for the year	(87,741)	(185,925)
Balance at the end of the year	<u>(25,823,737)</u>	<u>(25,735,996)</u>

7 Trade Payable - Current Financial Liabilities

Total Outstanding dues of creditors other than micro enterprises and small enterprises	As at March 31, 2018 Amount in Rs.	As at March 31, 2017 Amount in Rs.
Creditors for supplies/services	54,360	120,000
	<u>54,360</u>	<u>120,000</u>

Due to Micro, Small and Medium Enterprises

There is no amount due to Micro, Small and Medium Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006".

8 Other Financial Liabilities - Current	As at March 31, 2018 Amount in Rs.	As at March 31, 2017 Amount in Rs.
Other credit balances	338,358	328,308
	<u>338,358</u>	<u>328,308</u>

9 Estimated amounts of contracts remaining to be executed on capital account and not provided is NIL. (As at March 31, 2017 is NIL).

	For the year ended March 31, 2018 Amount in Rs.	For the year ended March 31, 2017 Amount in Rs.
10 Other Expenses		
i). Auditors' Remuneration		
Audit Fee	40,000	140,000
ii). Other expenses	47,741	45,925
	<u>87,741</u>	<u>185,925</u>

11 Earnings per Share

Loss after Tax (Rs.)	(87,741)	(185,925)
Loss attributable to Ordinary Shareholders (Rs.)	(87,741)	(185,925)
Weighted average no.of Ordinary shares for Basic EPS (Nos.)	2,567,000	2,567,000
Nominal Value per Equity Share (Rs.)	10	10
Earnings Per Ordinary Share for the year (Rs.)	(0.03)	(0.07)

12 In view of absence of reasonable certainty of absorption of unabsorbed losses, deferred tax assets have not been recognised in accordance with the principles set out in Indian Accounting Standard (IND AS) - 12 "Income Taxes"

13 Related Party Disclosure

Related party relationship:

Name of the related party	Relationship
Tata Steel Limited	Holding Company

Related party transactions:

Name of the related party	Nature of transactions	Year ended March 31, 2018 Amount in Rs.	Year ended March 31, 2017 Amount in Rs.
Tata Steel Limited	Expenses paid on our behalf	10,050	33,120
	Equity received	-	170,000
Name of the related party	Nature of Balances	As at March 31, 2018 Amount in Rs.	As at March 31, 2017 Amount in Rs.
Tata Steel Limited	Payables	338,358	328,308

14 Demonetization

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.

15 Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements

1. Liquidity Risk

The Company is exposed to the liquidity risk as the current liabilities are in excess of the current assets. However, the entire other financial liabilities are payable to the holding company, Tata Steel Limited. The Holding Company, Tata Steel Limited has provided a letter of support to Tata Steel Odisha Limited, which will enable the company to meet its obligations as and when due..

2. Credit Risk

The company manages its credit risk by maintaining bank balances with Government owned bank.

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as of March 31, 2018 is as follows:

	Amortised cost
Assets:	
Other financial assets	50,000
Cash and cash equivalents	188,981
Total	238,981
Liabilities:	
Trade payables	54,360
Other financial liabilities	338,358
Total	392,718

The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

	Amortised cost
Assets:	
Other financial assets	50,000
Cash and cash equivalents	319,952
Total	369,952
Liabilities:	
Trade payables	120,000
Other financial liabilities	328,308
Total	448,308

(b) Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

16 Segment Reporting

The Company has no Operating segments. Hence, no disclosure is required as per IndAS-108 "Operating Segments". All the assets are located in India.

17 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. The Ind AS notified in the amendment n above, are not relevant to the company.

18 Previous year's figures have been regrouped/reclassified where necessary to correspond with the current period's classification/disclosure.

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

For and on behalf of the Board

Ashish Taksali
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Director

Gurugram
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Date: May 31, 2018

Kolkata