

14TH DIRECTORS' REPORT FOR  
THE FINANCIAL YEAR 2019-20

**TATA STEEL SPECIAL ECONOMIC ZONE LIMITED**

## BOARD'S REPORT

To the Members,

The Directors present the 14<sup>th</sup> Annual Report of Tata Steel Special Economic Zone Limited along with Annual Accounts on the business and operations of your Company along with the summary of financial statements for the year ended March 31, 2020.

### 1. FINANCIAL SUMMARY AND HIGHLIGHTS:

*(Rs. In Lakh)*

Particulars	FY 2019-20	FY 2018-19
Revenue from Operations	39.80	38.40
Other Income	74.00	37.68
Total Income	113.80	76.08
Total Expenses	1,863.97	644.15
Profit/(Loss) before taxation	(1,750.18)	(568.07)
Tax Expense	-	-
Profit/(Loss) after tax	(1,750.18)	(568.07)
Other comprehensive income/(Loss)	0.36	1.09
Profit/(Loss) carried for the Year (Carried forward)	(1,749.81)	(566.98)
Profit/(Loss) at the beginning of the year	(1,222.38)	(655.40)
Profit/(Loss) at the end of the year	(2,972.19)	(1,222.38)

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

### 2. PROJECT STATUS AND KEY DEVELOPMENTS:

The Company is developing an Industrial Park with a land spread of 2,797 acres which includes 1,235 acres land of Special Economic Zone (SEZ) and 1562 acres of land for Domestic Tariff Area (DTA).

In the year under review, the Company has signed an agreement to lease with a leading Beverage Company for renting of an industrial shed admeasuring ~2.75 lakhs sq. ft. The industrial shed is under construction and the same is expected to be completed by September 2020. Apart from that the Company has also signed two separate agreements with MSME customers for 2 acres each. Discussions with various potential customers are in progress and the Company expects to sign firm agreements in the current year.

The operations of the Company for the year have been impacted due to the COVID-19 pandemic. Site operations and construction works were suspended as per the order of Government. As a measure of safety, all the employees of the Company were advised to "Work from Home" during the lockdown period. The Company is following all guidelines being issued by Government from time to time. Keeping in view the long-term effect of pandemic on the business of the Company and overall economy, the Company has prepared its future strategy.

**3. DIVIDEND:**

The Board has not recommended dividend to the shareholders as the Company is yet to earn profit.

**4. TRANSFER TO RESERVES:**

In the Financial year 2019-20, the Company has not earned any profit, therefore, no amount has been transferred to Reserve A/c as a part of profit.

**5. CAPITAL AND DEBT STRUCTURE:****a) Details of Authorized Share Capital:**

The authorized share capital of the Company is Rs. 750 Crore which includes 55,00,00,000 equity shares of Rs.10 each and 20,00,00,000 preference shares of Rs.10 each.

**b) Details of Issued/subscribed/Paid Up Capital:**

During the financial year, the Company has allotted 21,42,17,870 equity shares of Rs. 10 each to Tata Steel Limited aggregating to Rs. 214,217,8700/-. As on March 31, 2020, the total paid up capital of Company stands at Rs.399,460,5010. The details of the capital are given in the MGT-9 (Extract of Annual return).

**6. CORPORATE SOCIAL RESPONSIBILITY:**

The provisions of the section 135 of the Companies Act, 2013 related to Corporate Social Responsibility was not applicable to the Company during the financial year under review.

**7. CORPORATE GOVERNANCE:**

Being a 100% subsidiary of Tata Steel, the Company ensures and follows the group corporate governance guidelines and best practices of Industries for its business and operations. Also, the Company makes the best effort to comply with the Corporate and related laws as applicable to it in a timely and accurate manner.

**8. DIRECTORS' RESPONSIBILITY STATEMENT:**

Based on the framework of internal financial controls and compliance system established and maintained by the Company, the work performed by internal, statutory and secretarial auditors including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2019-20.

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

- i. in the preparation of the annual accounts for the financial year ended 31st March 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of financial year and of the profit and loss of the Company for that period;
- iii. we had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. we had prepared the annual accounts on a going concern basis;
- v. we had laid down proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. we had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems are adequate and operating effectively.

## 9. MANAGEMENT:

### a) Composition of Board:

At the beginning of the financial year 2019-20, the Board of the Company comprises of the following Directors:

Name of the Director	Designation	Date of Appointment	Date of cessation	Remarks
<b>At the beginning of the financial year 2019-20:</b>				
Mr. Arun Misra	Chairman Not independent, Non-executive	29-09-2014	-	-
Mr. Ashish Mathur	Managing Director Executive	01-08-2018	-	-
Mr. R Ranganath	Not independent, Non-executive	29-06-2018	-	-
Mr. Manoj T Thomas	Independent Director	11-12-2015	-	-
Ms. Samita Shah	Not independent, Non-executive	22-03-2016	-	-

Name of the Director	Designation	Date of Appointment	Date of cessation	Remarks
<b>Changes during the financial year 2019-20:</b>				
Mr. Arun Misra	Chairman Not independent, Non-executive	29-09-2014	06-11-2019	Resigned from the Board
Mr. Ashish Mathur	Managing Director Executive	01-08-2018	29-04-2019	Resigned from the Board
Mr. Chanakya Chaudhary	Chairman Not independent, Non-executive	20-11-2019	-	Appointment as Additional Director and Chairman of the Company
Mr. Prasanta Mallick	Managing Director Executive	01-07-2019	-	Appointed as Managing Director of the Company

During the financial year under review:

1. Mr. Ashish Mathur and Mr. Arun Misra have resigned from the Board with effect from 29<sup>th</sup> April 2019 and 6<sup>th</sup> November 2019 respectively.
2. During the year under review, Mr. Prasanta Mallick was appointed as Managing Director of the Company with effect from 1<sup>st</sup> July 2019 for a period of 2 years. The appointment of Mr. Prasanta Mallick was approved by the shareholders in the 6<sup>th</sup> Extra ordinary General Meeting of the Company which was held on 11<sup>th</sup> October 2019.
3. Mr. Chanakya Chaudhary joined the Board as non-independent and non-executive Director of the Company with effect from 20<sup>th</sup> November 2019 and was appointed as Chairman of the Board of Directors. The appointment of Mr. Chanakya Chaudhary is being placed before the shareholders in the ensuing General Meeting for their approval.

At the end of the financial year, the Board comprises of following members:

Name of the Director	Designation
Mr. Chanakya Chaudhary	Chairman Not independent, Non-executive
Mr. Prasanta Mallick	Managing Director Executive
Mr. R Ranganath	Director Not independent, Non-executive
Mr. Manoj T Thomas	Independent Director
Ms. Samita Shah	Director Not independent, Non-executive

Pursuant to section 152(6) of the Companies Act, 2013, Mr. R Ranganath (DIN-06725337) director of the Company shall retire by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment. His re-appointment has been recommended by the Board for the consideration of shareholders.

During the financial year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

b) **Key Managerial Personnel:**

During the Financial year under review, Mr. Prasanta Mallick joined the Company as Managing Director with effect from 1<sup>st</sup> July 2019. Pursuant to section 203 of Companies Act 2013, the details of the Key Managerial Personnel as on March 31, 2020 were given as under:

Name of the person	Designation	Date of Appointment
Mr. Prasanta Mallick	Managing Director	1 <sup>st</sup> July 2019
Mr. Amit Kumar Kundu	Chief Financial Officer	10 <sup>th</sup> September 2018
Mr. Tanmay Kumar Sahu	Company Secretary	27 <sup>th</sup> March 2015

c) **Board Meetings:**

During the Financial Year 2019-20, four meetings of Board of Directors were held. The intervening gap between the meetings was within the period prescribed under the Companies Act 2013 & applicable secretarial standards. The date of the meetings is given as under:

Number of Board meeting	Meeting Dates
56 <sup>th</sup> Board Meeting	15-Apr-2019
57 <sup>th</sup> Board Meeting	12-July-2019
58 <sup>th</sup> Board Meeting	18-Oct-2019
59 <sup>th</sup> Board Meeting	14-Jan-2020

d) **Composition of Audit Committee:**

During the financial year under review, the Company had one statutory committee namely Audit Committee. The Audit committee of the Company was constituted in the year 2015 as per the provisions of section 177 of Companies Act 2013. The committee functions as per the scope and terms of reference laid down by the Board of directors and Companies Act 2013.

As on March 31, 2020, the Audit Committee comprises of following members:

Name of the Member(s)	Nature of Appointment
Mr. R Ranganath	Chairman Non-independent and non-executive
Mr. Manoj T Thomas	Member Independent Director
Ms. Samita Shah	Member Non-independent and non-executive
The Managing Director of the Company is the permanent invitee of the Audit Committee.	

During the Financial Year 2019-20, four meetings of Audit committee were held. The intervening gap between the meetings was within the period prescribed under the Companies Act 2013 & applicable secretarial standards. The date of the meetings is given as under:

Number of Board meeting	Meeting Dates
14 <sup>th</sup> Audit Committee Meeting	10-Apr-2019
15 <sup>th</sup> Audit Committee Meeting	12-July-2019
16 <sup>th</sup> Audit Committee Meeting	18-Oct-2019
17 <sup>th</sup> Audit Committee Meeting	14-Jan-2020

e) **Declaration by Independent directors:**

Pursuant to the provisions of Section 149 of the Act, Mr. Manoj T Thomas Independent director has submitted declarations stating that he meets the criteria of independence as provided in Section 149(6) of the Act along with Rules. There has been no change in the circumstances affecting their status as independent directors of the Company.

The Independent Director has also complied with the code of Independent Directors as prescribed in Schedule IV of the Act.

f) **Board Evaluation:**

The Board has formulated a Policy and formats for evaluation of the Board, its Committees and individual Directors. Pursuant to section 134 (3) (p) of the Companies Act, 2013 and the policy of the Company, Annual evaluation of performance of board, committees, and individual directors pursuant to the provisions of the Act has been carried out for the year under review.

g) **Company's policy on Director's appointment and remuneration:**

- **Policy on appointment and remuneration of Directors, Senior Management and Key Managerial Personnel.**

Pursuant to section 178(3) of Companies Act 2013, the Board has adopted the following policies in the financial year 2015-16:

- Policy on appointment and removal of directors which include Board membership criteria, Board Diversity policy and criteria for determining independent directors.
- Policy on remuneration for directors, key management personnel and other employees.

The aforesaid policies are attached as **Annexure-1 & 2**, respectively.

- **Familiarization program for Independent Directors:**

All Independent directors newly inducted onto the Board of the Company are given an orientation and overview on the operations so far, group structure, constitution and procedures to familiarize them with the Company's business operations. The Board had formulated a policy in the financial year 2015-16 on familiarization program for Independent Directors, which is available on Company's website <https://www.tatasteelsez.com/>.

During the financial year under review, the Company has not inducted any Independent Director in the Board.

h) **Internal Financial Controls:**

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

In compliance with section 143(3) clause (i) of the Act, the Statutory Auditors have issued a report on the internal financial controls over financial reporting which forms part of Statutory Auditors' report. The Company also assess and evaluate the adequacy of Internal controls on the parameters such as control environment, risk assessment, control activity, Information and communication and monitoring. The detailed report was placed for the Audit Committee's review and evaluation.

In order to have adequate controls, the Audit Committee of the Company regularly oversees the audit plans and significant issues raised by the Internal & Statutory auditors on Company's business operations, future plans and projections.

## 10. AUDITORS:

a) **Statutory Auditors:**

Price Waterhouse & Co. Chartered Accountant (PwC), LLP (FRN 304026E/E-300009) were appointed as the statutory auditors of the company for a period of five years commencing from the conclusion of 11<sup>th</sup> Annual General Meeting (AGM) until the conclusion of 16<sup>th</sup> AGM. .

The report of the Statutory Auditors forms part of the Annual Report. The said report does not contain any qualification, reservation, adverse remarks or disclaimer.

b) **Cost Auditors:**

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

c) **Secretarial Auditors:**

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

Accordingly, the Board has appointed M/s. Saroj Ray & Associates, Company Secretaries firm bearing (CP No. 3770) as the secretarial auditors to conduct the secretarial audit of the Company for the financial year 2019-20. The Secretarial Auditors have conducted the secretarial audit of the Company for the financial year ending March 31, 2020 and have submitted their report in the form no MR-3 which is attached to this Board's report as **Annexure-3**.



**11. AUDIT REPORT:**

There was no qualification, reservation or adverse remark contained in the reports of Statutory Auditors and the Secretarial Auditor for the financial year under review.

Therefore, no explanation(s) or comment(s) were offered by the Board.

**12. DETAILS OF DEPOSITS:**

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

Therefore, as on March 31, 2020, no deposit remained unpaid or unclaimed.

**13. PARTICULARS OF LOAN, GUARANTEE AND INVESTMENT:**

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

**14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The Company has formulated a policy on Related Party Transaction which is appearing in the website of the Company. All the related party transactions entered into by the Company during the financial year under review were in ordinary course of business and at arm's length basis. During the year, transactions with related parties were approved by the Audit Committee and Board.

**15. DISCLOSURE OF POLICIES, GUIDELINES AND CONTROL MECHANISM:****a) Risk Management Policy:**

Many factors such as geo-political environment, stringent regulatory and environment requirements have substantial impact on the operations of the Company. The Company is also exposed to inherent uncertainties owing to the sectors in which it operates. Therefore, the Board of Directors has adopted a Risk Management Policy which has been implemented in the organization. The Company prepares its risk register on an annual basis by identifying Risk and measures for mitigation thereof. The status of critical risks and measures to be taken for mitigations are reviewed on a periodical basis. The Company also has a system of assessing risks for critical business transaction before finalization of the same.

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

**b) Policy on Corporate Social Responsibility:**

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

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

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

In the financial year 2019-20, no cases of sexual harassment have been reported in the Company.

d) Constitution of Internal Complaints Committee:

In compliance to the section 4 of Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the Company has formed a four-member team of Internal Complaints Committee which includes an external independent member from non-governmental organization (NGO). The presiding officer of the Committee is the senior most female employee. The members of the Committee meet time to time and will be responsible for redressal of grievances/complaints as and when made by the employees.

e) Vigil Mechanism System:

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

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

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

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

f) Frauds reported by Auditor:

During the financial year under review, no fraud has been reported by both the Statutory Auditor and Secretarial Auditor.

g) **Compliance with Secretarial Standards:**

The Company has complied with all applicable secretarial standards during the financial year under review.

**16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES:**

The Company did not have any subsidiary, joint venture or associate Company during the financial year 2019-20.

**17. DETAILS OF MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the financial year under review, there have been no material orders passed by the regulators or court or tribunal against the Company.

**18. ANNUAL RETURN:**

An extract of annual return for the financial year 2019-20 in form MGT-9 in compliance with rule 12 of Companies (Management and Administration) Rules, 2014 is annexed to this report as **Annexure-4**.

The copy of annual return shall be placed on the website of the Company <https://www.tatasteelsez.com>, after the convening of 14<sup>th</sup> Annual General Meeting.

**19. OTHER DISCLOSURES:**

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

There was no change in the nature of business during FY 2019-20.

**20. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Details of the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo is given as under:

A. **Conservation of Energy:**

Particulars	Initiatives planned/ taken during FY 2019-20
The steps taken or impact on conservation of energy;	The Company is using LED lights in office and LED Street Lights within the Industrial park.
The steps taken by the Company for utilizing alternate sources of energy;	The Company has a plan to set up a Solar Power Plant within the Industrial Park for its own use and also for the use by the units within the industrial parks,
The capital investment on energy conservation equipment's;	Not Applicable at present

## B. Technology Absorption:

Particulars	Initiatives planned/ taken during FY 2019-20
i. The efforts made towards technology absorption;	The Company is at an initial stage. The has future plans for technology absorption.
ii. The benefits derived like product improvement, cost reduction, product development or import substitution;	NA
iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	NA
a) The details of technology imported;	
b) The year of import;	
c) Whether the technology been fully absorbed;	
d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and the reasons thereof; and	
iv. The expenditures incurred on Research & Development;	NA

## C. Foreign Exchange Earnings and Outgo:

Particulars	Initiatives planned/ taken during FY 2019-20
Foreign Exchange earned in terms of actual inflow	NIL
Foreign Exchange outgo in terms of actual outflow	NIL

**ACKNOWLEDGEMENTS:**

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

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

For and on behalf of the Board of Directors

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**CHAIRMAN**

Place: Bhubaneswar

Date: 12<sup>th</sup> May 2020

## ANNEXURE-1

### POLICY ON APPOINTMENT AND REMOVAL OF DIRECTORS\*

(\*The Nomination and Remuneration Committee (NRC) has been dissolved with effect from 19<sup>th</sup> February 2018. All matters shall be directly reported to Board as applicable. The term "NRC" in the policy will be termed as "Board")

#### 1. INTRODUCTION

- 1.1. In terms of Section 178 of the Companies Act, 2013, rules made thereunder and the Listing Regulations as amended from time to time, the Committee has formulated this policy on appointment and removal of Directors. The Policy has been adopted by the NRC vide its resolution dated 31st March 2016 and approved by the Board of Directors vide its resolution dated 31st March 2016.
- 1.2. This policy will be applicable to the Company to the extent required under the Companies Act, 2013 as the Company is not a listed Company. The Compliance of provisions of Listing Regulations forming part of this policy are to be observed as best practices and are voluntary in nature.
- 1.3. This policy shall act as a guideline for determining qualifications, positive attributes, independence of a Director and matters relating to the appointment and removal of Directors.

#### 2. OBJECTIVE OF THE POLICY

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

#### 3. APPOINTMENT OF DIRECTORS

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

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

- 3.1. Assess skill-sets the Board needs given the strategies, challenges faced by the Company.
- 3.2. In selecting individuals for appointment/re-appointment/removal of directors, the NRC to refer to the following guidelines/policies:
  - 3.2.1. Board Membership Criteria (Refer Schedule A)

- 3.2.2. Board Diversity Policy, if any, framed as per the requirement of law (Refer Schedule B)
- 3.2.3. Criteria for determining independence of directors (in case of appointment of Independent Directors (Refer Schedule C).
- 3.2.4. Request candidature from the database maintained by Parent Company/GIM Center.
- 3.2.5. NRC members (either jointly/individually, as delegated) shall meet the potential candidate and assess his/her suitability for the role.
- 3.2.6. NRC to recommend the appointment of shortlisted candidate to the Board for its consideration.

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

#### 4. POLICY IMPLEMENTATION

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

#### 5. REVIEW OF THE POLICY

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

#### 6. APPLICABILITY TO SUBSIDIARY / ASSOCIATE /JOINT VENTURE COMPANIES

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

#### 7. COMPLIANCE RESPONSIBILITY

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

Note : Pursuant to The Companies (Appointment and Qualification of Directors) Amendment Rules, 2017[1] ('Amendment Rules, 2017') dated July 5, 2017, appointment of Independent Director is not mandatory for the Company. Therefore, the provisions related to independent Directors contained in the "Policy on Appointment and removal of directors" are voluntary in nature.

Schedule-A  
(BOARD MEMBERSHIP CRITERIA)

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

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

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

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

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

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Schedule-B

(BOARD DIVERSITY POLICY)

1. PURPOSE

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

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

2. SCOPE

This Policy is applicable to the Board of the Company.

3. POLICY STATEMENT

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

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

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

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

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

4. MONITORING AND REPORTING

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

5. REVIEW OF THE POLICY

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

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**6. APPLICABILITY TO SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES**

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

**7. COMPLIANCE RESPONSIBILITY**

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

Schedule-C  
(CRITERIA FOR DETERMINING THE INDEPENDENCE OF DIRECTORS)

1. PURPOSE

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

2. INDEPENDENCE GUIDELINES

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

- 2.1. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- 2.2. i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
  
ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- 2.3. has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- 2.4. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- 2.5. who, neither himself nor any of his relatives—
  - 2.5.1. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - 2.5.2. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
    - 2.5.2.1. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

- 2.5.2.2. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
- 2.5.3. holds together with his relatives two percent or more of the total voting power of the company; or
- 2.5.4. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; or
- 2.6. An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
3. DEFINITIONS IN ADDITION TO THOSE PROVIDED ABOVE
- 3.1. "Nominee Director" implies a Director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any government or any other person to represent its interests. [Companies Act 2013 – 149 Explanation]
- 3.2. "Associate Company" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. [Sec 2(6) of CA, 2013]
- Explanation.—For the purposes of this clause, "significant influence" means control of at least twenty per cent. of total share capital, or of business decisions under an agreement.
- 3.3. "Relative" implies anyone who is related to another if they are members of HUF; if they are husband and wife; or if one person is related to the other in such manner as may be prescribed under the Act. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely – Father (includes step-father), Mother (includes step-mother), Son (includes step-son), Son's wife, Daughter, Daughter's husband, Brother (includes step-brother), Sister (includes step-sister) [CA Sec. 277].
4. EXPLANATIONS:
- Consecutive Terms: He/ she shall be eligible for appointment as Independent Director after the expiration of three years of ceasing to be a Director on the Board of the Company provided that he / she shall not during the said period of three years, be appointed in or associated with Tata Steel Special Economic Zone Limited in any other category, either directly or indirectly.

## **ANNEXURE-2**

### REMUNERATION POLICY OF DIRECTORS, KMPs AND OTHER EMPLOYEES\*

*(\*The Nomination and Remuneration Committee has been dissolved with effect from 19<sup>th</sup> February 2018. All matters shall be directly reported to Board as applicable.)*

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

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

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals”

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

Key principles governing this remuneration policy are as follows:

1. Remuneration for independent directors and non-independent non- executive directors
  - 1.1. Overall remuneration should be reflective of the size of the company, complexity of the sector/ industry/ company’s operations and the company’s capacity to pay the remuneration.
  - 1.2. Independent directors (“ID”) and non-independent non-executive directors (“NED”) may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members). Quantum of sitting fees and NED Commission may be subject to review on a periodic basis, as required.

- 1.3. Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
  - 1.4. Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the company (taking into consideration the challenges faced by the company and its future growth imperatives).
  - 1.5. Overall remuneration practices should be consistent with recognized best practices.
  - 1.6. The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board, based on company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
  - 1.7. The NRC will recommend to the Board, the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
  - 1.8. In addition to the sitting fees and commission, the company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.
2. **Remuneration for managing director ("MD")/ executive directors ("EDs")/ KMP/ rest of the employees:**
- 2.1. The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:
    - 2.1.1. Market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent)
    - 2.1.2. Driven by the role played by the individual,
    - 2.1.3. Reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay,
    - 2.1.4. Consistent with recognized best practices and

2.1.5. Aligned to any regulatory requirements.

2.2. In terms of remuneration mix or composition,

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

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

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

2.2.4. The company provides retirement benefits as applicable.

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

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

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

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

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

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

#### 4. Premium on Insurance policy

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

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

#### 5. Others

##### 5.1. Policy implementation

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

##### 5.2. Review of the Policy

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

##### 5.3. Applicability to subsidiaries, associates and joint venture companies

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

##### 5.4. Compliance Responsibility

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

## GLOSSARY

"Act" or "CA,2013" or "CA"	means the Companies Act, 2013, to the extent notified, from time to time, and includes any re-enactment thereof, with all schedules and tables thereunder, as notified, with effect from the date of such notification in the official gazette of India including all rules, notifications, circulars, clarifications and orders issued thereunder including certain provisions of the Companies Act, 1956, as and where specified, and "Section" shall mean a section of the said Act
"Board"	implies the Board of Directors of the Company
"Company"	implies "Tata Steel Special Economic Zone Limited"
"Committee"/or "NRC"	implies the Nomination and Remuneration Committee of the Company
"Directors"	implies the directors on the Board
"Executive Director" or "ED"	implies Executive Director of the Company
"Independent Director" or "ID"	implies a non-executive Director of the Company, other than a nominee Director and who is neither a promoter nor belongs to the promoter group of the Company, and who satisfies other criteria for independence mentioned in the Companies Act, 2013 and the Listing Regulations entered into, with the respective Stock Exchanges in India
"Key Managerial Personnel" "KMP"	In relation to the Company, means the following key managerial personnel: the Chief Executive Officer and/or Managing Director Company Secretary Whole-time Director Chief Financial Officer
"Listing Regulations" or "LA"	implies the Listing Regulations as entered into by the Company with the Stock Exchanges in India
"MD"	implies the Managing Director of the Company
"Policy"	implies this Policy on appointment and removal of Directors as framed by the Committee; Policy on remuneration for directors, key managerial personnel and other employees; Process and criteria for annual performance evaluation of the Board, its Committees and Directors, as applicable
"Parent Company"	Parent Company means a person/company who has control over the affairs of the Company, directly or indirectly, as a shareholder or otherwise and in accordance with whose advice, directions or instructions, the Board of Directors of the company is accustomed to act.
"Group Investment Management Center" or "GIM Center"	Group Investment Management Center means department of Tata Steel Corporate function led by Group Director (Investments and New Ventures), Tata Steel. GIM acts as a single window among the Tata Steel Group Companies (i.e. Tata Steel, its subsidiaries, associates and JVs).



**ANNEXURE-3**

Secretarial Audit Report in form MR-3 for the financial year 2019-20  
[Pursuant to section 204(1) of Companies Act, 2013 and Rule 9 of Companies  
(Appointment and Remuneration of Managerial Personnel) Rules 2014]

To  
The Members,  
Tata Steel Special Economic Zone Limited,  
5<sup>th</sup> Floor, Zone-C/2, Fortune Towers, Chandrasekharpur,  
Bhubaneswar, Odisha- 751023.

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

Based on our verification of **M/s. Tata Steel Special Economic Zone Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers during the conduct of Secretarial Audit, which was conducted based on the documents provided to us by the Company via e-mail, owing to the present lock-down situation spread globally, resulting from the ongoing 2019-20 coronavirus pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year 2019-20, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Tata Steel Special Economic Zone Limited** for the financial year 2019-20 ended on 31<sup>st</sup> March 2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act), and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under - **Not applicable during the period under review.**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under ;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not applicable during the period under review.**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not applicable during the period under review.**

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 - **Not applicable during the period under review.**
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 & Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015- **Not applicable during the period under review.**
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **Not applicable during the period under review.**
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **Not applicable during the period under review.**
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **Not applicable during the period under review.**
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable during the period under review.**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable during the period under review.**

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

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

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

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

We further report that;

#### **(A) COMPOSITION OF THE BOARD:**

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

List of Directors for the Financial Year 2019-20					
Sl. No.	Name of the Directors	Positions Held	Date of Appointment	Date of Cessation	Remarks
1.	Mr. Chanakya Chaudhary	Chairman	20.11.2019	-	Appointed as Chairman of the Company w.e.f 20-11-2019.
		Non-Executive & Non-Independent Director			
2.	Mr. Arun Misra	Executive & Non-Independent Director	29.09.2014	6-11-2019	-
3.	Ms. Samita Shah	Non-Executive & Non-Independent Director	22.03.2016	-	-
4.	Mr. R. Ranganath	Non-Executive & Non-Independent Director	29.06.2018		-
5.	Mr. Prasanta Mallick	Managing Director	01.07.2019	-	-
		Executive & Non-Independent Director			
6.	Mr. Manoj T. Thomas	Independent Director	11.12.2015		

\*Mr. Ashish Mathur stepped down as the Managing Director of the Company w.e.f. 29.04.2019 and Mr. Prasanta Mallick was appointed in his place as the Managing Director of the Company w.e.f. 01.07.2019.

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

#### **(B) MEETINGS OF THE BOARD OF DIRECTORS**

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

Board Meeting No.	Date of Board Meeting	Name of Directors present in the Meeting	Name of Directors absent in the Meeting
56 <sup>th</sup>	15.04.2019	1. Mr. Arun Misra 2. Mr. Ashish Mathur 3. Mr. R. Ranganath-VC* 4. Mr. Manoj T. Thomas	1. Ms. Samita Shah

Board Meeting No.	Date of Board Meeting	Name of Directors present in the Meeting	Name of Directors absent in the Meeting
57 <sup>th</sup>	12.07.2019	1. Mr. Arun Misra 2. Mr. Prasanta Mallick 3. Ms. Samita Shah-VC* 4. Mr. Manoj T. Thomas-VC*	1. Mr. R. Ranganath
58 <sup>th</sup>	18.10.2019	1. Mr. Arun Misra 2. Mr. Prasanta Mallick 3. Mr. R. Ranganath- VC* 4. Ms. Samita Shah-VC* 5. Mr. Manoj T. Thomas-VC*	Nil
59 <sup>th</sup>	14.01.2020	1. Mr. Chanakya Chaudhary-VC* 2. Mr. Prasanta Mallick 3. Mr. R. Ranganath- VC* 4. Ms. Samita Shah-VC* 5. Mr. Manoj T. Thomas-VC*	Nil

\*attended through video-conferencing

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

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

The required confirmation has been obtained from the Directors attending the meetings through video conferencing and proper roll check has been conducted by the Company.

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

### **(C) OTHER COMMITTEES OF THE BOARD:**

The Company has constituted other Committees of the Board such as Audit Committee in compliance with the Companies Act 2013. The details of the meeting(s) of the Audit Committees are as follows:

### **i. Audit Committee:**

The Audit Committee of the Company comprised of the following members during the financial year under review:

- |    |                     |                   |
|----|---------------------|-------------------|
| 1. | Mr. R. Ranganath    | Chairman & Member |
| 2. | Mr. Manoj T. Thomas | Member            |
| 3. | Ms. Samita Shah     | Member            |

The Managing Director of the Company shall be a permanent invitee to attend all the Audit Committee Meetings of the Company.

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

<b>Audit Committee Meeting No.</b>	<b>Date of Committee Meeting</b>	<b>Name of Directors present in the Meeting</b>	<b>Name of Directors absent in the Meeting</b>
14 <sup>th</sup>	10.04.2019	1. Mr. R. Ranganath 2. Mr. Manoj T Thomas 3. Ms. Samita Shah-VC*	Nil
15 <sup>th</sup>	12.07.2019	1. Mr. R. Ranganath-Skype* 2. Mr. Manoj T Thomas-VC* 3. Ms. Samita Shah-VC*	Nil
16 <sup>th</sup>	18.10.2019	1. Mr. R. Ranganath-VC* 2. Mr. Manoj T Thomas-VC* 3. Ms. Samita Shah-VC*	Nil
17 <sup>th</sup>	14.01.2020	1. Mr. R. Ranganath-VC* 2. Mr. Manoj T Thomas-VC* 3. Ms. Samita Shah-VC*	Nil

\*attended through video-conferencing

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

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

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

The required confirmation has been obtained from the Directors attending the meetings through video conferencing and proper roll check has been conducted by the Company.

**(D) MAINTENANCE OF STATUTORY REGISTERS & RECORDS:**

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

**(E) FILING OF STATUTORY RETURNS:**

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

**(F) DEMATERIALIZATION OF SHARES:**

The Ministry of Corporate Affairs had vide Rule 9A of Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2018 mandated that every unlisted public company making an offer for issue of any securities or buy-back of securities or issue of bonus shares or rights shares or security holder who intends to transfer its shares shall ensure that before making such offer, entire holding of securities of its promoters, directors and key-managerial personnel has been dematerialized in accordance with the provisions of the Depositories Act, 1996 and regulations made thereunder.

M/s. Tata Steel Special Economic Zone Limited, being an unlisted public company has complied with the above requirements and has been allotted INE04MD01010 as its International Securities Identification Number (ISIN) and hence, all subsequent issue and allotment of shares are in compliance with the provisions of the Act.

We further report that;

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

- 1) The Company has issued and allotted shares of Rs. 2,14,21,78,700/- consisting of 21,42,17,870 nos. of Equity Shares of Rs. 10 each to M/s. Tata Steel Limited (The Wholly Owned Holding Company).

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

**Place: Bhubaneswar**

**Date: 04.05.2020**

**For Saroj Ray & Associates  
Company Secretaries**

**-Sd/-**

**CS Saroj Kumar Ray, FCS**

**Sr. Partner**

**FCS No: 5098 CP No: 3770**

**UDIN: F005098B000198225**

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

To  
The Members,  
Tata Steel Special Economic Zone Limited,  
5<sup>th</sup> Floor, Zone- C/2, Fortune Towers, Chandrasekharpur,  
Bhubaneswar, Odisha-751023.

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

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed by the Company provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**Place : Bhubaneswar**  
**Date : 04.05.2020**

**For Saroj Ray & Associates**  
**Company Secretaries**

**-Sd/-**  
**CS Saroj Kumar Ray, FCS**  
**Sr. Partner**  
**FCS No: 5098 CP No: 3770**  
**UDIN: F005098B000198225**



**ANNEXURE-4****EXTRACT OF ANNUAL RETURN AS ON MARCH 31, 2020**

[Pursuant to rule 12(1) of the Companies (Management and Administration) Rules, 2014]  
Form No. MGT 9

## REGISTRATION AND OTHER DETAILS:

CIN	U45201OR2006PLC008971
Registration Date	11 <sup>th</sup> October, 2006
Name of the Company	Tata Steel Special Economic Zone Limited
Category/sub-category of the Company	Public unlisted Company having share capital
Address of the registered Office and contact details	5 <sup>th</sup> Floor, Zone C/2, Fortune Towers Chandrasekharapur, Odisha-751023 tanmay.sahu@tatasteelsez.com
Whether listed Company-(Yes/No)	No
Name, Address and contact details of Registrar and Transfer Agent, if any	M/s. Alankit Assignments Limited Alankit Heights, 3E/7 Jhandewalan Extension, New Delhi-110055

## PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

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

## PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

## Category-wise Shareholding-

Sr. No.	Category of shareholders	Number of Share held								% change during the year
		Beginning of the Year (April, 2019)				End of the Year (March 31, 2020)				
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
<b>(A) Promoters (Including Promoter Group)</b>										
1)	<b>Indian</b>									
a	Individual s/HUF	-	60	60	0.00	-	60	60	0.00	0.00
b	Central Government	-	-	0	0.00	-	-	0	0.00	0.00
c	State Government	-	-	0	0.00	-	-	0	0.00	0.00
d	Bodies Corporate	185242571	-	185242571	100.00	399460441	-	399460441	100.00	115.64
e	Banks/Financial Institutions	-	-	0	0.00	-	-	0	0.00	0.00
f	Any other (Trust)	-	-	0	0.00	-	-	0	0.00	0.00
	<b>Sub Total (A) (1)</b>	185242571	60	185242631	100.00	399460441	60	399460501	100.00	115.64
2)	<b>Foreign</b>									
(a)	NRIs-Individuals	-	-	0	0.00	-	-	0	0.00	0.00
(b)	Other Individuals	-	-	0	0.00	-	-	0	0.00	0.00
(c)	Bodies Corporate	-	-	0	0.00	-	-	0	0.00	0.00
(d)	Banks/Financial institutions	-	-	0	0.00	-	-	0	0.00	0.00
(e)	Any other(Specify)	-	-	0	0.00	-	-	0	0.00	0.00
	<b>Sub Total (A) (2)</b>	0	0	0	0.00	0	0	0	0	0.00
	Total Shareholding of Promoter and promoter group(A)=(A) (1) + (A)(2)	185242571	60	185242631	100	399460441	60	399460501	1	115.64
<b>(B) Public Shareholding</b>										
-	-	-	-	-	-	-	-	-	-	-
<b>(C) Shares held by Custodian for GDRs and ADRs</b>										
-	-	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	185242571	60	185242631	100	399460441	60	399460501	1	115.64

## Shareholding of Promoters-

No of Shares held								
Sr. no	Shareholder's Name	Beginning of the Year (April 1, 2019)			End of the year (March 31, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Tata Steel Limited & Nominees	185242631	100	-	399460501	100	-	115.64

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

Name of the Shareholder	Date	Shareholding at the Beginning of the year i.e. (April 1, 2019)		Cumulative Shareholding during the year i.e. (April 1, 2019 to March 31, 2020)	
		No. of shares	% of Total Shares of the company	No. of Shares	% of Total Shares of the Company
<b>Tata Steel Limited &amp; its nominees</b>					
At the beginning of the year	April 1, 2019	185242631	100.00%	185242631	100.00%
Change during the year	April 15, 2019*	16500000	8.91%	201742631	108.91%
	July 12, 2019*	197717870	106.73%	399460501	215.64%
At the end of the year	March 31, 2020	399460501	100.00%	399460501	100.00%

\*The shares are issued to Tata Steel only.

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

Name of the Shareholder	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding at the end of the year (March 31, 2020)	
	No. of shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
-----NIL-----				

## Shareholding of Directors and Key Managerial Personnel-

Sr no	For each of the Directors and KMP	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding at the end of the year (March 31, 2020)	
		No. of shares	% of Total shares of the Company	No. of Shares	% of Total shares of the Company
1	Mr. Arun Misra*, Director	10	0.00	10	0.00

\* Jointly Holding with Tata Steel Limited. Mr. Misra resigned from the Board with effect from 6<sup>th</sup> November 2019

**INDEBTEDNESS:**

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

(In Rs. Cr)

Particulars	Secured Loans excluding Deposits	Unsecured Loan	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year (April 1, 2019)				
(i) Principal Amount	-	13	-	13
(ii) Interest due but not paid	-	0.12	-	0.12
(iii) Interest accrued but not due	-	-	-	0
<b>Total (i)+(ii)+(iii)</b>	<b>0</b>	<b>13.12</b>	<b>0</b>	<b>13.12</b>
Change in indebtedness during the financial year 2019-20				
(i) Addition (Principal and Interest)	0	27.07	0	27.07
(ii) Reduction	0	0.21	0	0.21
<b>Net Change</b>	<b>0</b>	<b>26.86</b>	<b>0</b>	<b>26.86</b>
Indebtedness at the end of the financial year (March 31, 2020)				
(i) Principal Amount	-	38	-	38
(ii) Interest due but not paid	-	1.98	-	1.98
(iii) Interest accrued but not due	-	-	-	0
<b>Total (i)+(ii)+(iii)</b>	<b>0</b>	<b>39.98</b>	<b>0</b>	<b>39.98</b>

## REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(In Rs. Lakhs)

Sr. no	Particulars of Remuneration	Name of MD/WTD/Manager	Name of MD/WTD/Manager	Total Amount
		Mr. Ashish Mathur, Managing Director (1-4-2019 to 29-4-2019)*	Mr. Prasanta Mallick, Managing Director (1-7-2019 to 31-3-2020)*	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13.23	80.26	93.39
	b) Value of perquisites u/s 17(2) Income- tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission- as % of profit	-	-	-
5	Others (retirement benefit)	-	-	-
	<b>Total(A)</b>	<b>13.23</b>	<b>80.26</b>	<b>93.39</b>
	Ceiling as per the Act			120*

Remuneration to other Directors:

(In Rs. Lakhs)

Particulars of Remuneration	Name of Directors	
	Mr. Manoj T Thomas	Mr. R Ranganath
1. Independent Directors		
- Fee for attending board/committee meetings	1.4	-
- Commission	-	-
- Others, please specify	-	-
Total (1)	1.4	-
2. Others Non-Executive Directors		
- Fee for attending board/committee meetings	Nil	1.2
- Commission	-	-
- Others, please specify	-	-
Total (2)	1.4	1.2
Total (B)= (1)+(2)	1.4	1.2
<b>Total Managerial Remuneration</b>	<b>2.6</b>	

## A. Remuneration to KMP other than MD/Manager/WTD:

*(In Lakhs)*

Sr. no	Particulars of Remuneration	Key Managerial Personnel		Total Amount (In INR)
		Mr. Amit Kumar Kundu	Mr. Tanmay Kumar Sahu	
		Chief Financial Officer	Company Secretary	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45.19	45.83	91.02
	b) Value of perquisites u/s 17(2) Income- tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission- as % of profit	-	-	-
5	Others (retirement benefit)	-	-	-
	<b>Total</b>	<b>45.19</b>	<b>45.83</b>	<b>91.02</b>

## PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishments/compounding offences for the year ended March 31, 2020.

----Sd-----  
Managing Director

----Sd-----  
Company Secretary

Place : Bhubaneswar  
Date : 12<sup>th</sup> May 2020