

INDEPENDENT AUDITORS' REPORT

**TO
THE MEMBERS OF
TATA STEEL FOUNDATION**

Report on the Audit of Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of **Tata Steel Foundation** ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Income and Expenditure, the Cash Flow Statement for the period (16.08.2016 to 31.03.2017) then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

We have taken into account the provisions of the Act, 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 Standalone Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, 2017, and its Surplus and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 purpose 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 Income and Expenditure and the cash flow statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the accounting standards specified under section 133 of the Act.

- e) On the basis of written representations received from the directors as on March 31, 2017 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2017 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 over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in its financial statement.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company is section 8 Company with Charitable Objects and it intends to prohibit the payment of any Dividend to its' Members. Hence the question of unpaid/unclaimed dividend to be transferred to the investor education and protection fund by the company does not arise.
 - iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.
2. The Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government in terms of section 143(11) of the Act, is not applicable to the Company in terms of clause 1 (2) (iii) of the CARO 2016 Order.

for **P. K. Barman & Co.**
(Chartered Accountants)
FRN – 015330N

Sd/-
(CA. P.K.Barman)
Partner
M.No.094601

Place: Mumbai
Date: June 6, 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of **Tata Steel Foundation** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of Management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate Internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**for P. K. Barman & Co.
(Chartered Accountants)
FRN – 015330N**

**Sd/-
(CA. P.K.Barman)
Partner
M.No.094601**

Place: Mumbai
Date: June 6, 2017

TATA STEEL FOUNDATION

Balance Sheet as at 31st Mar 2017

	Note	Amount in INR As at Mar 2017
(I) ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment		-
(b) Capital Work In progress		-
(c) Other Intangible Assest		-
(d) Intangible assets under development		-
(e) Financial assets		
(i) Investments		-
(ii) Trade Receivables		-
(iii) Loans	03	-
(iv) Other financial assets	04	-
(f) Other non current assets	06	-
(2) Current assets		
(a) Inventories		-
(b) Financial assets		
(i) Investments		-
(ii) Trade receivables		-
(iii) Loans	03	-
(iv) Other financial assets	04	-
(v) Cash and cash equivalents	05	189,928,709
(c) Current tax assets		-
(d) Other current assets	06	-
TOTAL ASSETS		189,928,709
(II) EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity Share Capital	07	10,000,000
(b) Other Equity		179,917,209
		189,917,209
(2) Non-current liabilities		
(a) Financial liabilities		
(i) Trade payables	08	-
(ii) Other financial liabilities		-
(b) Provisions		-
(c) Other non- current liabilities	09	-
(3) Current liabilities		
(a) Financial liabilities		
(i) Trade payables	08	-
(ii) Other financial liabilities		-
(b) Other current liabilities	09	-
(c) Provisions		11,500
(d) Current tax liabilities		-
TOTAL EQUITY AND LIABILITIES		189,928,709

In terms of our report attached
For P K Barman & Co
(Chartered Accountants)
FRN : 015330N

(CA P K Barman)
Partner
M. No : 094601
Place: Mumbai
Date: June 6, 2017

For & on behalf of the Board of Directors

sd/-
Ishaat Hussain
00027891
sd/-
Koushik Chatterjee
00004989
sd/-
T V Narendran

TATA STEEL FOUNDATION

Statement of Income & Expenditure for the period from 16th Aug 2016 to 31st Mar 2017

Amount in INR
Aug-Mar2017

	Note	
I INCOME		
(a) Grant Income		180,000,000
(b) Other Income	10	211,330
		180,211,330
(c) Collaborative Projects		
Government Agencies		-
Other Agencies		-
		-
Total Income (I)		180,211,330
II EXPENDITURE		
(a) Employee benefit expense		
(b) Drinking Water		
(c) Health		
(d) Agriculture		
(e) Skill Development		
(f) Education		
(g) Empowerment		
(h) Environment		
(i) Ethnicity		
(j) Sports		
(k) Rural Infrastructure		
(l) General Administration	11	294,121
		294,121
Collaborative Projects		
Government Agencies		
Other Agencies		
		-
Total Expenditure (II)		294,121
Excess of Income over Expenditure		179,917,209

In terms of our report attached
For P K Barman & Co
(Chartered Accountants)
FRN : 015330N

(CA P K Barman)
Partner
M. No : 094601
Place: Mumbai
Date: June 6, 2017

For & on behalf of the Board of Directors

sd/-
Ishaat Hussain
00027891
sd/-
Koushik Chatterjee
00004989
sd/-
T V Narendran

TATA STEEL FOUNDATION

Statement of changes in equity for the period from 16th Aug 2016 to 31st Mar 2017

	<u>Share capital</u>	<u>Amount in INR</u>
	<u>Equity Share Capital</u>	<u>Other equity</u>
		<u>Retained Earnings</u>
At beginning of the period	-	-
Issue of capital during the period	10,000,000	
Transfer from Income & Expenditure account	-	179,917,209
At end of period	10,000,000	179,917,209

In terms of our report attached
For P K Barman & Co
(Chartered Accountants)
FRN : 015330N

(CA P K Barman)
Partner
M. No : 094601
Place: Mumbai
Date: June 6, 2017

For & on behalf of the Board of Directors

sd/-
Ishaat Hussain
00027891
sd/-
Koushik Chatterjee
00004989
sd/-
T V Narendran

TATA STEEL FOUNDATION

Cash Flow Statement for the period from 16th Aug 2016 to 31st Mar 2017

Amount in INR
Aug-Mar2017

A. Cash Flow from Operating activities:	
Excess of Income over Expenditure	179,917,209
Adjustments for:	-
Depreciation and amortisation	
Interest Income	(211,330)
Operating profit before working capital changes	179,705,879
Adjustments for:	
Trade and other receivables	-
Inventories	-
Trade and other payables	11,500
Cash generated from operations	179,717,379
Taxes paid	-
Net cash from operating activities	179,717,379
B. Cash Flow from Investing activities:	
Purchase of fixed assets	-
Sale of fixed assets	-
Interest received	211,330.00
Net cash from investing activities	211,330.00
C. Cash Flow from Financing activities:	
Issue of Equity Capital	10,000,000.00
Net cash from financing activities	10,000,000.00
Net increase or decrease in cash and cash equivalents	189,928,709.00
Cash & cash equivalents as at 16th August 2016	-
Cash & cash equivalents as at 31st March 2017	189,928,709.00

In terms of our report attached
For P K Barman & Co
(Chartered Accountants)
FRN : 015330N

(CA P K Barman)
Partner
M. No : 094601
Place: Mumbai
Date: June 6, 2017

For & on behalf of the Board of Directors

sd/-
Ishaat Hussain
00027891
sd/-
Koushik Chatterjee
00004989
sd/-
T V Narendran
03083605

Tata Steel Foundation

Notes forming part of the financial statements for the period ended on 31.03.2017

1. Company overview

Tata Steel Foundation ("the Company"), a non-profit making Company, within the meaning of Section 8 of the Companies Act, 2013, was incorporated on August 16,2016 and granted registration under section 12A of the income tax act,1961 on March 08, 2017.

The Company is a wholly-owned subsidiary of Tata Steel Limited and managed by the nominees of Tata Steel Limited and Independent directors. The primary objects of the Company are:

- i) To promote, undertake, plan, organize, develop, implement, and execute activities that would support, encourage and promote education including special education among the masses.
- ii) To initiate, plan, execute, implement activities directed towards enhancing the quality of life of the poor and needy sections of society.
- iii) To implement work in the areas of social issues such as promoting gender equity and equality and lot more objects as mentioned in the Memorandum of Association.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards specified under section 133 of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis except revenue from grant/donation under the historical cost convention. This first financial statements are prepared from the date of incorporation on 16.08.2016 to 31.03.2017.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialized.

Tata Steel Foundation

2.3 Revenue recognition

General grants and donations are recognized in the year in which the same are received.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits, if any with original maturity of three months or less.

2.5 Demonetization / Specified Bank Notes (SBN)

Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016 as provided in the table below :

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

2.6 Comparative figures

This is the first accounting period for the Company and hence corresponding figures for previous year / period is not available.

2.7 Statutory aspect

The Company had applied for notification under section 35AC of the Income Tax Act, 1961 for construction of Model Schools in the Non-Educationally Backward Blocks (NEBB) in the state of Odisha. The government had notified the project on 21st March'17 for construction of 6 model schools. Accordingly, the Company has received Rs. 18 crores from Tata Steel Ltd. on 31.03.2017 for construction of model schools. The amount will be utilized for the project within the stipulated period.

TATA STEEL FOUNDATION

Amount in INR

03 - Loans

As at Mar 2017 (Audited)

	Non current	Current	Total
(a) Security deposits	-	-	-
(b) Other loans			
(i) Loan to employees	-	-	-
Total Loans	-	-	-

TATA STEEL FOUNDATION

Amount in INR

04 - Other financial assets

As at Mar 2017 (Audited)

	Non current	Current	Total
(a) Funds Receivable			
(i) Government Agencies	-	-	-
(ii) Other Agencies	-	-	-
(b) Advances			
(i) Advance to employees	-	-	-
(ii) Other advances	-	-	-
Total other financial assets	-	-	-

TATA STEEL FOUNDATION

Amount in INR

05 - Cash and bank balances

As at Mar 2017

(a) Cash in hand	-
(b) Cheques, drafts on hand	-
(c) Remittance in-transit	-
(d) Balances with banks	
(i) Project accounts	-
(ii) Regular accounts	189,928,709
Total cash and bank balances	189,928,709

TATA STEEL FOUNDATION

Amount in INR

06 - Other assets

As at Mar 2017 (Audited)

	Non current	Current	Total
(a) Capital Advances	-	-	-
(b) Advance against supplies/services	-	-	-
(c) Other advances & prepayments	-	-	-
Total other assets	-	-	-

TATA STEEL FOUNDATION

Amount in INR

07 - Equity Share capital

As at Mar 2017

Authorised:	
10,00,000 Equity Shares of Rs 10 each	10,000,000
	10,000,000
Issued:	
10,00,000 Equity Shares of Rs 10 each	10,000,000
Subscribed:	
10,00,000 Equity Shares of Rs 10 each	10,000,000
	10,000,000

TATA STEEL FOUNDATION

Amount in INR

08 - Trade payables

As at Mar 2017

	Non current	Current	Total
(a) Creditors for supplies / services	-	-	-
(b) Creditors for accrued wages and salaries	-	-	-
Total trade payables	-	-	-

TATA STEEL FOUNDATION

Amount in INR

09 - Other liabilities

	As at Mar 2017		
	Non current	Current	Total
(a) Funds Received in Advance			
(i) Government Agencies	-	-	-
(ii) Other Agencies	-	-	-
(b) Employee recoveries	-	-	-
(c) Statutory Dues (TDS etc)	-	-	-
(d) Other credit balances	-	-	-
Total Other current liabilities	-	-	-

TATA STEEL FOUNDATION

Amount in INR

10 - Other income

Aug-Mar2017

(a) Interest income	211,330
(b) Profit on sale of capital assets (net of loss on assets sold / scrapped / written off)	-
(c) Other miscellaneous income	-
Total Other Income	211,330

TATA STEEL FOUNDATION

Amount in INR

11 - General Administrative expenses

Aug-Mar2017

(a) Legal and other professional costs	13,406
(b) Audit fees	11,500
(c) Training Expenses	-
(d) Medical expenses	-
(e) Travelling expenses (including TA/DA)	-
(f) Meeting Expenses	-
(g) Repair & Maintainence	-
(h) Printing & Stationery	-
(i) Bank Charges	-
(j) Insurance ,Rent & Taxes	-
(k) Security Services	-
(l) I T Development Expenses	-
(j) Preliminary Expenses	269,215
Total General Administrative expenses	294,121