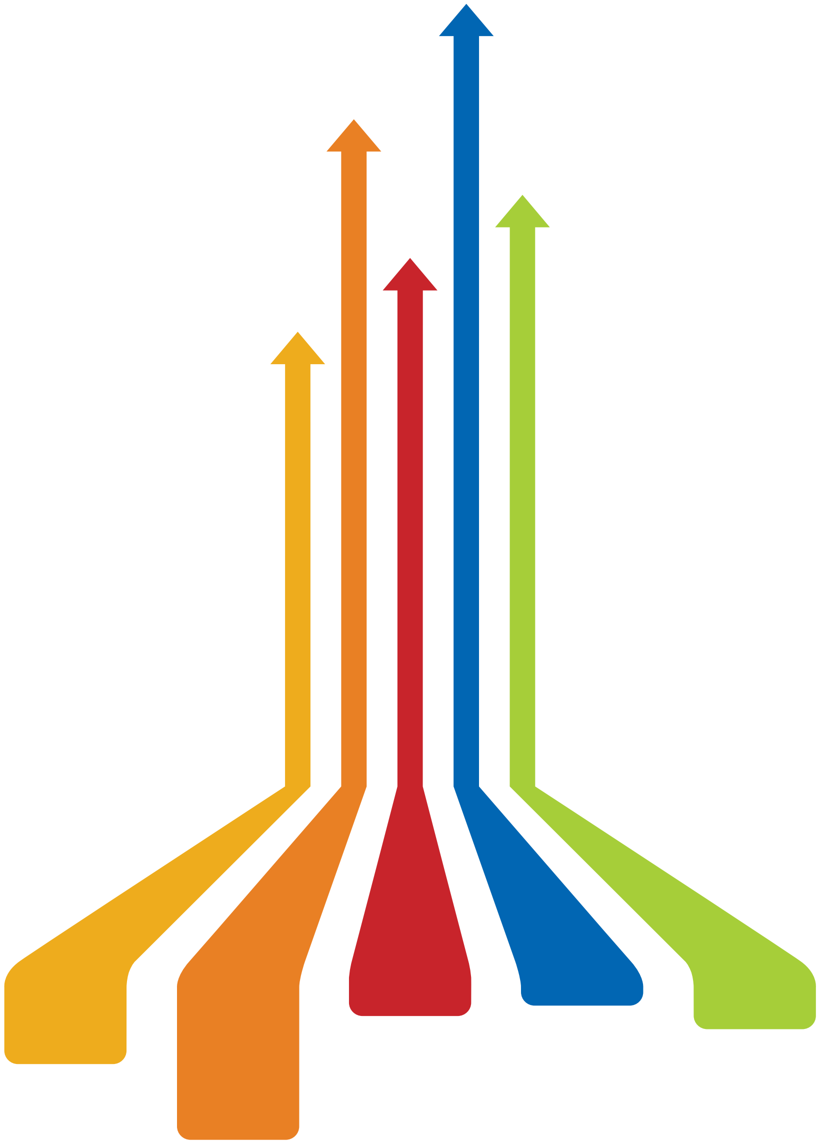
TATA SPONGE IRON LIMITED

TATA



WINNING PERFORMANCE

30th Annual Report 2012-2013

Contents

Highlights

	Standalone Rs. Lacs		Consolidated Rs. Lacs	
	2012-13	2011-12	2012-13	2011-12
Gross revenue from operations	87,695	68,934	87,695	—
Profit Before Tax	12,590	11,207	12,583	—
Profit After Tax	8,543	7,568	8,536	—
Dividend	1,232	1,232	1,232	—
Retained Earnings(For the Period)	7,102	6,136	7,095	—
Capital Employed	67,473	60,368	67,466	—
Net Worth	63,947	54,845	63,940	—
Net worth per Share as at year end	415	356	415	—
Earning Per Share				
Basic	55	49	55	—
Diluted	55	49	55	—
Dividend per share	8	8	8	—

The Thirtieth Annual General Meeting of Tata Sponge Iron Limited will be held at "Lake View" (Officers' Recreation Centre), TSIL Township, Joda, Dist – Keonjhar, Orissa – 758 034, on Wednesday, the 24th July, 2013 at 10-30 a.m.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

TATA SPONGE IRON LIMITED

BOARD OF DIRECTORS
[As on 22nd April, 2013]

Mr. A. M. Misra (Chairman)
Mr. N. P. Sinha
Mr. D. K. Banerjee
Mr. P. C. Parakh
Mr. S. Srikanth
Mr. K. K. Varughese
Mr. D. B. Sundararamam
Mr. Rajesh Chintak
Mr. Manoj T. Thomas
Mr. D. P. Deshpande (Managing Director)

MANAGEMENT TEAM
[As on 22nd April, 2013]

Mr. D. P. Deshpande	Managing Director
Mr. Partha Chattopadhyay	Chief Operating Officer (Sponge Business)
Mr. Ujjwal Chatterjee	Chief Operating Officer (Coal Business)
Mr. S. K. Mishra	General Manager (Finance & Accounts)
Mr. S. S. Dhanjal	Company Secretary

Bankers
State Bank of India
Canara Bank

Auditors
M/s. Deloitte Haskins & Sells
Chartered Accountants

Cost Auditors
M/s. Shome & Banerjee
Cost Accountants

Registered Office & Works
Post - Joda
Dist - Keonjhar
Orissa 758 034
Tel No : (06767) 284236
Fax No : (06767) 278159
E-mail : info@tatasponge.com
Website : www.tatasponge.com

Share Registrars
M/s. TSR Darashaw Pvt. Ltd.
6-10 Haji Moosa Patrawala
Industrial House
20, Dr. E. Moses Road
Near Famous Studio
Mahalaxmi
Mumbai - 400 011.
Tel No : (022) 66568484
Fax No : (022) 66568494
E-mail : csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

I have the pleasure in presenting to you the performance of your company for the year 2012-13.

During the year the Company produced 3,60,697 MT of sponge iron compared to 2,72,106 MT in the previous year registering an increase of 32.5% over last year. As a result, the sales increased to 3,59,912 MT as compared to 2,73,766 MT in the previous year. As power is produced by recovering heat from the waste gases of the kilns, the company also generated 179 million units (previous year - 134 million units) and sold 124 million units (previous year 88 million units).

The prices of two major raw materials, i.e. coal and iron ore, remained high during the year mainly due to higher international prices. However, there was some respite in the fourth quarter owing to fall in the price of iron ore. Despite the rise in costs, the company achieved a better Profit Before Tax at Rs. 125.90 crore (increase of 12.3% compared to last year) and Profit After Tax at Rs. 85.43 crore (increase of 12.8% compared to last year).

Earnings Per Share increased to Rs. 55.47 per share compared to Rs. 49.14 per share. Maintaining the dividend record, the Board has recommended a dividend of Rs 8 per share (previous year- Rs 8 per share).

Significant progress has been made towards the development of coal block particularly in the acquisition of private land. However, the progress on the fronts of statutory clearances has slowed down due to external factors. The entire funding has so far been made out of internal generations. The coal block is now expected to be operational in the next two to three years.

The company won the prestigious TPM award from Japan Institute of Plant Maintenace for successful adoption of TPM. I would like to compliment the management and all employees of the Company for this achievement.

I sincerely thank the office bearers and members of Tata Sponge Shramik Sangh for their support and for maintaining cordial industrial relations. I would also like to take this opportunity to acknowledge the unstinted support of all stakeholders - our shareholders, customers, employees and management, suppliers, the community, the State and Central Government agencies and hope for better times ahead.

A. M. Misra
Chairman

Jamshedpur
22nd April, 2013

NOTICE

THE THIRTIETH ANNUAL GENERAL MEETING OF TATA SPONGE IRON LIMITED will be held at 'Lake View", (Officers' Recreation Centre), TSIL Township, Joda, Dist – Keonjhar, Orissa – 758 034, on Wednesday, the 24th July, 2013, at 10-30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2013 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. D. K. Banerjee, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. P. C. Parakh, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modification, the following Resolution as Ordinary Resolution :

   "RESOLVED that Mr. D. B. Sundararamam be and is hereby appointed a Director of the Company."

7. To consider and if thought fit to pass, with or without modification, the following Resolution as Ordinary Resolution :

   "RESOLVED that Mr. D. P. Deshpande be and is hereby appointed a Director of the Company."

8. Appointment of Mr. D. P. Deshpande as Managing Director :

   To consider and if thought fit, to pass with or without modification, the following Resolutions as Ordinary Resolutions :

   "RESOLVED that pursuant to Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act, and Article 112 of the Articles of Association of the Company, the Company hereby approves of the appointment and terms of remuneration of Mr. D. P. Deshpande, Managing Director of the Company for the period of 3 years from 1st April, 2013 to 31st March, 2016, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. D. P. Deshpande."

   "RESOLVED FURTHER that the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

Notes :

1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT JODA, DIST-KEONJHAR, ORISSA, PIN 758 034, NOT LESS THAN 48 HOURS BEFORE THIS ANNUAL GENERAL MEETING.

2) The Register of Members and Share Transfer Books will remain closed from 4th July, 2013 (Thursday) to 10th July, 2013 (Wednesday), both days inclusive.

3) Dividend, if declared, will be paid to those shareholders, whose names appear on the Company's Register of Members/Register of Beneficial Owners as on 3rd July, 2013. The payment will be made on or after 28th July, 2013.

   Your dividend warrant is valid for payment by the Company's Bankers for three months from the date of issue. Thereafter, please contact our Share Registrars, **M/s. TSR Darashaw Private Ltd.,** (formerly Tata Share Registry Ltd.) **6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011**, for revalidation of the warrants.

   Please encash your dividend warrants immediately as the dividend amounts remaining unclaimed/unpaid at the expiry of 7 years from the date that becomes due for payment are required to be transferred by the Company to the Investor Education and Protection Fund established under Section 205C in terms of Section 205A of the Companies Act, 1956, and no payment shall be made in respect of any such unclaimed/unpaid dividend either by the Company or by the Fund.

4) The unclaimed dividend for the financial years 1993-94 and 1994-95 has been transferred to the General Revenue Account of Central Government and for the years 1995-96 to 2004-05 has been transferred to Investor Education and Protection Fund. Members, who have not encashed their dividend warrant for 1993-94 and 1994-95 are, therefore, requested to claim the amount from the Registrar of Companies, Orissa, Corporate Bhawan, 3rd Floor, Plot No. 9(P), Sector – 1, CDA, Cuttack–753 014.

5) Members, who have not encashed their dividend warrants issued for the years 2005-06 to 2011-12 are requested to immediately forward the same for revalidation to our Share Registrars at their address given under (3) above, and get the encashment at the earliest.

6) Shareholders are requested to notify their bank particulars giving the name of the bank and the branch and the nature of account and also any change of address to the Company's Registrar and Share Transfer Agent, M/s.TSR Darashaw Private Ltd. Shareholders are hereby intimated that under instructions from the Securities and Exchange Board of India, furnishing of bank particulars by the shareholders has become mandatory.

7) In order to provide better service to the shareholders, the Company has introduced Electronic Clearing Service (ECS) for payments of dividend. Shareholders desirous of availing ECS facility may provide the required information to our Share Registrars at their address given under (3) above.

8) Shareholders are hereby informed that the bank particulars given by them at the time of opening a depository account will be used by the Company for printing on the dividend warrants. This would ensure that the dividend warrants cannot be deposited in any account other than the one specified on the warrants. For the safety and interest of the shareholders, it is important that bank account details are correctly provided to the depository participants. The bank mandate for shares held in physical form will not be applied for shares held in electronic form.

9) Section 109 A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders holding share certificates in physical form and willing to avail this facility may make nomination in Form 2B, which may be sent on request. However, in case of demat holdings, the shareholders should approach to their respective depository participants for making nominations.

10) Members, who have multiple accounts in identical names or joint names in same order are requested to intimate M/s.TSR Darashaw Private Ltd., the Ledger Folios of such accounts to enable the Company to consolidate all such share holdings into one account.

By Order of the Board of Directors

S. S. Dhanjal
Company Secretary

Jamshedpur
22nd April, 2013

ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956, (hereinafter referred to as "the Act") the following Explanatory Statement set out all material facts relating to the business mentioned under item Nos. **6, 7 & 8** of the accompanying Notice dated 22nd April, 2013.

Item No. 6

The Board of Directors of the company appointed Mr. D.B. Sundararamam as Additional Director of the company w.e.f. 1st December, 2012, pursuant to Article 109 of the Articles of Association of the company. Mr. Sundararamam will hold office as Director up to the date of the Thirtieth Annual General Meeting and is eligible for appointment. The Company has received from a member a Notice in writing in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Sundararamam as a Director on the Board of Directors of the Company at the forthcoming Annual General Meeting.

The Board commends acceptance of the resolution set out in Item No.6 of the convening Notice.

None of the Directors other than Mr. Sundararamam is concerned or interested in the resolution at Item No. 6 of the Notice.

Item No. 7

The Board of Directors of the Company at its meeting held on 29th March, 2013, appointed Mr. D. P. Deshpande as Additional Director of the Company w.e.f. 1st April, 2013 pursuant to Article 109 of the Articles of Association of the Company. Mr. Deshpande will hold office as Director up to the date of the Thirtieth Annual General Meeting and is eligible for appointment. The Company has received from a member a Notice in writing in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. D. P. Deshpande as a Director on the Board of Directors of the Company at the Thirtieth Annual General Meeting

The Board commends acceptance of the resolution set out in Item No.7 of the convening Notice.

None of the Directors other than Mr. D. P. Deshpande is concerned or interested in the resolution at Item No.7 of the Notice.

Item No. 8

Mr. D. P. Deshpande was appointed as an Additional Director on the Board of Directors of the company w.e.f.1st April, 2013. He possesses vast experience in iron making, understanding of coal, general management, and has held senior positions in Tata Steel Limited and was Executive Director in Tata Metaliks Limited till 31st March, 2013. He is closely associated with various bodies related to trade and industry.

In view of his excellent professional background and managerial skills, the Board at its meeting held on 29th March, 2013, appointed him as Managing Director of the company for a period of 3 years with effect from 1st April, 2013 to 31st March, 2016, on the following terms and conditions :

1) Period of appointment : from 1st April, 2013 to 31st March, 2016

2) Nature of Duties

   The Managing Director shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and / or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of such associated companies and / or subsidiaries or any other executive body or any committee of such a company.

3) Remuneration

   a] **Salary:** In the pay scale of Rs.2,00,000/- to Rs.4,00,000/- per month with annual increments effective 1st April every year, as may be decided by the Board based on merit and taking into account the Company's performance for the year.

   The benefits, perquisites & allowances will be determined by the Board from time to time. Commission will be based on certain performance criteria to be prescribed by the Board.

   b] The aggregate of the remuneration, perquisites, benefits, allowance, etc. shall be within the maximum limits as laid down under Section 198, 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act as amended from time to time.

   c] **Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to the Managing Director remuneration by way of Salary, Benefits, Perquisites and Allowances, and Incentive Remuneration as specified above.

4) (i) The Managing Director shall not become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the company.

   (ii) The terms and conditions of the appointment of the Managing Director may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereinafter in this regard in such manner as may be agreed to between the Board and the Managing Director, subject to such approvals as may be required.

   (iii) The appointment may be terminated by either party by giving to the other party six months' notice of such termination or the company paying six months' remuneration in lieu thereof.

   (iv) The employment of the Managing Director may be terminated by the company without notice or payment in lieu of Notice :

(a) If the Managing Director is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the company or any subsidiary or associated company to which he is required by the Agreement to render services; or

(b) In the event of any serious repeated or continuing breach (after prior warning) or non-observance by the Managing Director of any of the stipulations contained in the agreement to be executed between the company and the Managing Director; or

(c) In the event the Board expresses its loss of confidence in the Managing Director.

(v) Upon termination by whatever means of the Managing Director's employment :

(a) the Managing Director shall immediately tender his resignation as Director of the company and from such other offices held by him in the company, in any subsidiary or associated company and other entities without claim for compensation for loss of office;

(b) the Managing Director shall not without the consent of the company at any time thereafter represent himself as connected with the company or any of its subsidiaries or associated companies.

(vi) The Managing Director is being appointed by virtue of his employment in the company and his appointment is subject to the provisions of Section 283(1)(i) of the Act, while at the same time, the Managing Director is liable to retire by rotation.

(vii) The terms and conditions of appointment of the Managing Director also include clauses pertaining to adherence with the Tata Code of Conduct, no conflict of interest with the company and maintenance of confidentiality.

(viii) If and when the agreement expires or is terminated for any reason whatsoever, he will cease to be the Managing Director and also cease to be a Director. If at any time the Managing Director ceases to be a Director of the company for any reason whatsoever, he shall cease to be the Managing Director and the agreement shall forthwith terminate. If at any time, the Managing Director ceases to be in the employment of the company for any reason whatsoever, he shall cease to be a Director and the Managing Director of the company.

The draft agreement of appointment of Mr. D. P. Deshpande is available for inspection at the Registered Office of the Company between 11-00 a.m. and 1-00 p.m. on any working day of the Company.

Since the services of Mr. D. P. Deshpande as Managing Director will be beneficial to the Company, the Board commends acceptance of the resolution set out in Item No. 8 of the convening Notice.

None of the Directors other than Mr. D. P. Deshpande is concerned or interested in the Resolution at Item No.8 of the Notice.

This may also be treated as an abstract of the draft agreement of appointment of Mr. D. P. Deshpande pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board of Directors

S. S. Dhanjal
Company Secretary

Jamshedpur
22nd April, 2013

DETAILS OF DIRECTORS SEEKING APPOINTMENT AND RE-APPOINTMENT IN THIRTIETH ANNUAL GENERAL MEETING

(In pursuance of Clause 49 of Listing Agreement)

Name of the Director(s)	Mr.D.K. Banerjee	Mr.P.C. Parakh	Mr.D.B. Sundararamam	Mr.D.P. Deshpande
Date of birth	19-02-1946	20-12-1945	31-08-1969	04-10-1956
Qualifications	B.Com (Hons.) Chartered Accountant	M.Sc.(Tech) in Applied Geology from IIT, Roorkee, Masters Degree in Fiscal Studies from University of Bath (UK)	B.Sc. Engineering (Mining). PGDBM, XLRI, Jamshedpur.	B.Tech (Chemical Engg.), IIT, Mumbai. PGDBM, XLRI, Jamshedpur.
Date of appointment	09-05-2003	07-03-2007	01-12-2012	01-04-2013
Expertise in specific functional areas	Chartered Accountant	Retired IAS	Mining Engineering	Chemical Engineering
List of other Companies in which Directorship held (excluding in foreign companies)	1] DIC India Ltd. 2] Tata Metaliks Ltd. 3] TM International Logistics Ltd. 4] Mjunction Services Ltd. 5] The Tinplate Co. of India Ltd. 6] Shristi Infrastructure Development Corporation Ltd. 7] Tayo Rolls Ltd. 8] Tata Metaliks Kubota Pipes Ltd.	Nil	Nil	Tata Metaliks Ltd.
Chairman/Member of the Committees of the Board of Directors of other Companies in which he is a Director (excluding in foreign companies).	1] Chairman of Audit Committee and Remuneration Committee of DIC India Ltd. 2] Member of Audit Committee and Remuneration Committee and Committee of Board of Tata Metaliks Ltd. 3] Chairman of Audit Committee of TM International Logistics Ltd. 4] Chairman of Audit Committee of Mjunction Services Ltd. 5] Member of Audit Committee and Chairman of Remuneration Committee of The Tinplate Co. of India Ltd. 6] Chairman of Audit Committee and Member of Shareholders' Grievance Committee of Shristi Infrastructure Development Corporation Ltd. 7] Member of Audit Committee of Tayo Rolls Ltd. 8] Member of Audit Committee of Tata Metaliks Kubota Pipes Ltd.	Nil	Nil	Nil
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	Nil	Nil	Nil	Nil

Note : Directors of the company do not have any inter-se relationship

TRIPLE BOTTOM LINE REPORT

Winning Performance

The year 2012-13 was a successful year for Tata Sponge Iron Limited (TSIL). After braving severe raw material shortage in the previous year, the company managed to utilise 92% of its capacity. Profits improved and production went up substantially over the previous year to 3,60,697 tonnes while retaining a single-minded focus on safety and quality as also its robust people and processes.

While TSIL did not face any major difficulty in getting iron ore, the challenges were of a different nature. With steel demand sluggish and prices sliding, induction and electric arc furnace units struggled to keep their heads above water. As a result, price of sponge iron dropped from Rs 2,4000 per tonne in April 2012 to Rs 1,9000 in January 2013. TSIL is fortifying itself to weather such market vagaries by improving energy efficiency and operational standards further.

But it was a more long term basis that TSIL's continuous investment in improving its internal processes proved to be a winner, literally. During 2012-13, the company received the prestigious JIPM Total Productive Maintenance Excellence Award, the first sponge iron company to do so. It gave the most deserved recognition to TSIL's relentless quest over the years towards improving organizational performance. As they say, fortune did favour the brave.

Business Scenario:

The world economy is not doing well with every country in the world slowing down in terms of GDP. With reduced consumption both in USA and Europe, exports from India are under pressure. There is a paucity of buyers of goods and services across the globe, which is putting pressure on commodity prices and intermediates across the spectrum.

Consequently the prices of scrap and therefore of sponge iron in the domestic market are also falling. Additional reasons for slackening in the sponge iron price are shortage of power to run electric furnaces for making steel and the price of steel itself. Unfortunately there is no corresponding reduction in the price of iron ore and coal in the domestic market due to very local reasons. Because of this the margin in sponge making is reducing. Fall in domestic prices of iron ore and coal, in line with international prices is essential for the health of sponge iron industry.

Operational Excellence:

The year was marked by success in achieving a prestigious award from Japan Institute of Plant Maintenance (JIPM) for successful adoption of Total Productive Maintenance (TPM) . This award is a rcognition to the company for its operational excellence. Tata Sponge adopted a multi-pronged approach to be internally efficient. One approach was to bring in improvements by adopting Total Productive Maintenance (TPM) methodology through deployment of its eight pillars of Focused improvement, Autonomous maintenance, Planned Maintenance, Quality maintenance, Skill development (Training), Initial Flow Control Safety, Health & Environment (SHE) and Office TPM.

Further going ahead , TSIL also embraced Total Quality Management. It worked through improvements in Productivity, Quality, Cost, Delivery, improving Morale of the workforce and managing Environment (PQCDME). These activities and actions converged to improve the internal processes. This helped TSIL improve productivity: productivity of each resource be it man power, sweating of capital assets, getting more finished product out of each unit of raw material purchased etc

For TSIL, the three pillars of operational excellence can be ascribed as: 1. Process Excellence; 2. Maintenance Excellence: 3. Driving Energy Efficiency:

Process Excellence: In 2012-13, TSIL became the first sponge iron plant in the world to get the JIPM TPM Excellence award. It was a defining moment in the life of the company and its employees and it was the culmination of years of dedication and total commitment by them towards this goal. Significantly, as part of this quest, there has been a cultural change over the years among the employees engaged in TPM. Now they are spontaneously coming forward with many improvement ideas. To encourage them, a kaizen (small improvement) competition is now arranged at the end of every month to listen to the ideas, further refine it jointly. In order to further strengthen activities a new concept has been developed. The ownership of the entire plant has been distinctly divided and linked to their performance appraisal in a hierarchical system. The responsibility of the area is now clearly defined – higher the level greater the responsibility linked to 5S and TPM.

More emphasis is being given to the 5 most important pillars of TPM i.e. to sustain zero equipment failure, zero quality defects, and enhance skill sets through education and training. Operation 'Hulla Bol', the theme based 5S drive for the up keep of the plant is continuing. Last year, 453 kaizen ideas have been generated, out of which ten focussed improvements have been done. Additionally 517 one- point- lessons were prepared and shared amongst the employees. Although the company is driving a number of initiatives viz. TPM, TBEM, TQM, etc it has managed to develop a linkage between all of them. Thus improvement in one area is reflected everywhere. The all round thrust on operational excellence also led the company towards achieving an overall equipment efficiency (OEE) of 80%. To top it, TSIL also had the distinction of achieving zero customer complaint in 2012-13. The other notable achievement was a further improvement in standard deviation of product. It reached 1.73 in 2012-13, from a level of 1.89 in 2011-12. Also, the company's systems – ISO 9001/14001 & 18001 have been recertified. This is another validation of the TSIL's process centricity.

In terms of actual volume, the company's production went up to 3,60,697 tonnes in 2012-13 from 2,72,106 tonnes in the previous year. Raw material usage pattern is dependent more or less on adoption of a standard technology and hence, huge changes are not possible in any given year. However, TSIL recorded improvement in specific consumption of raw materials in 2011-12 due to recovery of embedded iron ore. During 2012-13, the company has been extending its usage of fines in range of 3 mm to 18 mm in the context of overall iron ore scarcity. TSIL has been historically using 5 mm to 18 mm iron ore fines. With this change, fines below 5 mm are being recycled back to the kiln. This has led to a significant monetary benefit.

Maintenance Excellence: For TSIL, it has been a relentless drive to operate the plant efficiently, consume less energy and restrict break-down time. In this endeavour, a number of projects were undertaken .

A few steps taken by the company towards maintenance stand out in particular. These include:

➜ Thermography of extra high tension (ETH) installations: TSIL takes up thermography of extra high tension (ETH) installations once a year. This enables an understanding of high temperature areas and to ascertain where problems can happen;

➜ To reduce the variability in the product quality by suitably adjusting the process of reduction of iron ore in the kilns, the company has introduced online continuous thermal scanning of kiln shell temperature. This indicates the state of process within the kiln and helps operators to adjust the parameters of operations.

➜ Use of dissolve gas analysis (DGA) of oil in the transformer to ascertain conditions inside it and help minimise breakdowns;

➜ Monitoring plant & machinery by SPM to check vibration and bearing condition of the motor. Furthermore, TSIL is complying with the Bureau of Energy Efficiency under PAT (Perform, Trade & Achieve) mechanism and also has an energy manager for the plant;

➜ Utilisation of rejected coal fines in rotary kiln by briquetting to save consumption.

➜ To reduce coal consumption, TSIL has applied low thermal conductivity castable to get low radiation temperature in the kiln shell. This has also lowered carbon dioxide emissions/ green house emission impact on the environment;

➜ To prevent frequent jamming of the rotary feeder of the coal injection system, provision was made for a air blaster. At the same time there was enhancement of reject coal fine bunker;

➜ TSIL's strategy to use imported coal to the tune of 60% of its requirement led to a reduction in carbon to iron ratio.

Driving Energy Efficiency: Tata Sponge won the Confederation of Indian Industry (Eastern Zone) Energy Conservation Award 2012-13 for its journey towards energy excellence. The energy award is intended to encourage, recognize and reward excellence in energy management. It demonstrates the company's commitment to include energy management as part of its business purposes. But the company is not resting on its laurels. Tata Sponge has been declared as designated Consumer under Energy Conservation Act 2001 and assigned Specific Energy Consumption (SEC) reduction target from 0.581ToE/MT(baseline) to 0.551ToE/MT as on 31st March, 2015 under "Perform, Trade and Achieve" scheme of Bureau of Energy Efficiency (BEE), Ministry of Power, Govt. of India. Tata Sponge has taken this target as an opportunity not only to improve its energy efficiency but also to earn Energy Saving Certificates for over achieving the SEC reduction target as notified by BEE. Out of the total energy consumption around 98% (approx.) is on account of thermal energy and 2% is on Electrical Energy consumption. A number of innovative projects have been initiated for reduction of both Specific thermal & electrical energy to surpass the SEC reduction target.

Quality:

The spirit of quality consciousness at Tata Sponge yet again won industry accolades for consecutive third time when CII chose the company for the top position in CII Quality Awards 2012 in an industry-wide contest. The award recognizes industry leaders with a known track record of success in turning strategy into action and continuously improving their organizational performance. For the second consecutive year it also won the prestigious IIM Quality award.

Tata Sponge does not compromise on metallization of iron ore and supplies only specified quality of sponge iron to the customers. In the event of increase in the mean particle size (MPS) of iron ore, the metallization tends to fall. Tata Sponge has installed improved equipments in the finished product handling system to segregate higher size of sponge iron pieces with lower metallization so as to deliver to customers sponge iron of consistent quality. Thereby maintaining quality within the band of acceptability, i e. 79-81 which has reduced from 76 to 84.

Despite best efforts in the kiln to produce material of consistent metallization, the product has high standard deviation. In order to supply sponge iron to customers with less variability, Tata Sponge has carried out process improvements to even out the variations in the quality parameters and supply sponge iron with controlled standard deviation to 1.73 . TSIL has acheived a significant milestone with reduction in standard deviation.

Marketing:

While the year was marked by the company's operational excellence, the external environment was turbulent. 2012-13 saw numerous twists and turns in the sponge iron market. The upheavals and churning in the industry were due mainly to economic slowdown and slide in steel demand. It also led to a shrinking of the industry's customer base. This virtually meant fewer customers being pursued by sponge iron manufacturers. As a result, TSIL has become more and more customer-centric. The foundation has been laid over a number of years with the company seeking free, fair and honest opinion from its customers. Moreover, being one of the pioneers in the sponge iron industry, TSIL proactively caters to requirements of the user industry. The company follows a philosophy of "Equal Customers" which, in essence, means no differentiation amongst customers in terms of collection of information and meeting their requirements. TSIL's philosophy of continuous improvement thus ultimately benefits the customer in totality. In keeping with TSIL's focus to ensure timely delivery to customers without any additional cost, the company has refrained from overbooking orders to take advantage of the prevailing market situation. This is reflected in the company's order compliance percentage which is close to 99%. Also, the Sale Order to Rake Movement period which is 4.62 days on an average is especially satisfying because of this, despite the facts that there are numerous destinations where TSIL moves rakes which are put under restriction by the Railways. TSIL has also provided a facility to its customers to take rakes at private sidings so that their requirements are fulfilled on time. our customers are satisfied with the service we provide in terms of timely dispatch, non deviation in quantity and immediate settlement of accounts.

However, with customers becoming more and more conscious of the package being provided by different suppliers of sponge iron, TSIL took a number of initiatives to further improve customer's satisfaction.

On the product side, TSIL has started recycling of higher seized sponge iron, which has led to improvement in terms of homogeneity in quality and enhanced metallisation and Fe metallic. Apart from this, further improvements in bagging quality, faster despatches are some of the other measures which have benefitted our customers in a recessionary market.

On the service side too, TSIL took quite a few measures to enhance customer satisfaction. This includes:

- ➜ Providing only sponge iron lumps to cater to special requirements of customers in Bangladesh;
- ➜ Extension of courier service to include Sundays and holidays so that document delivery is faster;
- ➜ Introduction of Letter of Credit (LC) clause for pre-dispatch shipment to help customers finance their purchase of sponge iron;
- ➜ Discussions with Railways have been initiated for private container movement which will be beneficial for customers due to lower freight charges and they would also get credit from the service provider;

These initiatives have been appreciated by the customers and are likely to result in long term gains for the company.

The combined impact of all these measures is reflected in the overall Customer Satisfaction Index (CSI) for the year. In 2012-13, CSI was 89.07%. This is a particularly satisfying achievement for the company since it was achieved in a challenging market, marked by rising customer expectations and cut throat competition.

Finance:

The capacity utilization was higher at 92% as compared to 70% in the previous year. Therefore, despite the drop in operating margin during the current year the Company posted a Profit Before Tax of Rs. 126 crore as against Rs.112 crore in the previous year. The sponge iron price which was ruling around Rs. 24000 per tonne in the Q1 of the current financial year steadily dropped to Rs. 19000 a tonne in Q4. Fortunately, the price of iron ore also dipped in Q4, both in domestic and international market giving some relief to the squeezed margin. Due to arbitrary decision of Coal India in terminating the Fuel supply Agreement, the Company is unable to source its requirement from them under linkage. Consequently, the requirement is met by import of coal and sourcing through e-auction notified by coal companies from time to time. This has resulted in increase of coal cost by about Rs. 300 per tonne of production of sponge iron.

TSIL is currently holding good amount of surplus cash pending utilization in its growth plans and the amount is deployed by investing in short term deposits and Mutual Funds. This has helped in generating a sizable financial income. TSIL continues to be a zero debt company.

The Company continues to be dividend paying company for last 16 years. This year the Directors have declared 80% dividend amounting to Rs 8-per equity share having face value of Rs 10 per share as dividend.

Human Resource

Human Resource is an important asset of any organization. Employees with high moral and engagement deliver unexpected benefits to the organization. To keep the morale high, besides adopting standard HR management processes TSIL has been working on a slew of initiatives.

During the year, TSIL engaged the services of an external agency for ascertaining the level of employees' engagement compared to 2009-10 survey. The survey results show a significant improvement in 'engagement ratio after implementing the findings of the previus survey. The engagement ratio serves as a HR benchmark and it placed TSIL among one of the top 20 companies in the country. The challenge before the company now is to maintain its standards of HR excellence.

Lakshya: Achievement of a high employee engagement ratio was no easy task. To meet its objective, TSIL introduced a programme called 'Lakshya' w e f 1st April, 2012.. This was meant for areas outside the normal performance. Some eleven areas were identified for officers and seven for associates. The people participate in the menu of items. Points are given for participating in each activity and these get accumulated. Every quarter, participants' score was determined to announce names of frontrunners. This, in turn, helped raise the level of competition.

Awareness programme on ethics, safety and environment: For contractual employees, TSIL launched an audio visual training programme in 2011-12 called 'ADHAR'. As part of it, these employees are assembled in a hall and shown a half-an-hour long documentary. These documentaries are made in-house and in the local language Oriya. The first one was on Safety, Environment and climate change. It was followed up with 'ADHAR 2' in 2012-13 which ' was focused completely on 'ethics'.

Ama Khabra: TSIL's new in-house infotainment channel, 'Ama Khabra', was launched during the year. It keeps employees informed about all notable company events at the plant & township. These events are recorded, edited, packaged and presented in the channel in an entertaining format.

During the year, TSIL first time participated in the CII - HR Excellence Award competition and won "Significant Achievement in HR Excellence" award.

Safety Excellence:

In 2012-13 Tata Sponge has marched ahead in Safety Excellence Journey with the guidance of Tata Steel Corporate safety with an objective "No Harm to anyone". Following initiatives were taken during the year:

Safety Inspection/Observation through Safety Management Information System (SMIS): Unsafe conditions in the plant are captured through Safety Inspection by a cross functional team and the deficiencies are attended immediately. In addition, all the employees visit plant periodically and do safety observation and locked the potential observations through SMIS and the identified abnormalities are attended by the department.

Safety Training: Training on various safety standards are imparted to all employees and also extended to contract workers.

Incident Investigation: All safety related incidents are investigated followed by corrective and preventive actions.

Health Check up: All the Employees including Contractor Workers are subjected to health check up once in a year .

Work Permit System: All jobs are executed through structured Work Permit System. Mock drills are conducted as per Onsite Emergency Plan of the company.

Safety Committees: As a part of safety excellence journey, the Company has an Apex Safety Council (ASC) chaired by Managing Director, four Sub Committees and Four Area Implementation Committees. The ASC is responsible for defining the objectives, targets and strategies to improve safety performance. It provide support to the line organization to manage for implementation of Safety Management system The implementation of the polices, processes, and procedures developed by the Apex Safety Council and Sub Committees are implemented by Area Implementation committees.

Environment :

Tata Sponge has maintained its track record as one of the most environment sensitive companies. Company is continuing its operations with all state of the art pollution control equipment viz. Electrostatic precipitators, dust extraction systems,chemical dust suppression system,retractable unloading spouts with water curtain facility, vacuum road sweeping machines etc.Company has added a heavy duty water fogging system at an expenditure of Rs. 18 lakhs for suppressing the fugitive emissions.The ambient air quality is monitored continuously. Pollution controlequipment are maintained under TPM circles. 33 kaizens have been implemented during the year under safety and environment.

Company has developed rain water harvesting facility both for roof top as well as surface run-off rain water. This helps actively to raise the ground water table in the area. Also the collected rain water is utilized for plant consumption and other purposes.

For past several years, the company has been utilizing its fly ashto produce fly ash bricks and market in the nearby vicinity. During the year a new semiautomatic high capacity brick manufacturing machine is imported to convert more quantity of fly ash into useful bricks.The income from these bricksis ploughed back to the society for developing the living standard in the nearbyvillages.

In order to reduce paper consumption, a few new systems have been developed viz. leave management system, Cash purchase system, suggestion management system, safety management system, document management system etc.which are linked with SAP system of the company for effective use of information and data.

Tata Sponge has greened up the entire plant and its township. So far, the company has planted 1,62,000 trees.

Company has also added a sewage treatment plant in the township which is operating satisfactorily. As a recognition for maintaining excellent track record in environment, health and safety, the company has received prestigious EHS award from CII (ER).

Learning & Business Excellence:

During the year, Tata Sponge did not apply for the TBEM award to focus on the implementation of TPM. However to keep pace with the business excellence journey, Tata Sponge, held strategy workshops and conducted environmental scans using tools e.g. SWOT, PESTEL, VIRO, 5-Force. It also reassessed company's strategic challenges to ascertain what could impact the company's progress both in the short and the long term. These tools gave Tata Sponge a picture of where it stood and the impending threats, in terms of internal and external challenges.

Internally, the company kept up its pace with the preparatory needs of TBEM. The teams were reframed to take the journey forward. All the six criteria are managed by separate teams led by some senior officials. For instance, requirements for the leadership chapter is headed by the MD, the Strategy team by the COO and so on. Each team has been working, revisiting requirements of TBEM guidelines, addressing areas which have not been settled till now and filling in the gaps. There is a three-tier review fora under company's Leadership system – viz, Apex Council of Excellence (ACE), Divisional Council of Excellence (DICE) and Departmental Level. Matter at the departmental levels is shared with all the employees and discussions centre around company production, safety, ethics, value system, achievements& developments, besides a few other things.

Under TBEM, one of the primary objectives is to ensure stakeholder satisfaction in a balanced manner. One way to gauge it is through feedback surveys. The company organises various surveys every year which included customer satisfaction survey, employee engagement survey, employee satisfaction survey, supplier satisfaction survey and rural community satisfaction survey. These help in knowing stakeholder perception and consequently provides scope to further the relationship.

Tata Sponge has created a knowledge portal where any article of interest can be uploaded. It could be a general interest article or a piece that may directly or indirectly benefit the company. The person is rewarded based on his contribution through 'Lakshya'. There has been a spurt in contribution to knowledge pieces. Knowledge sharing has been systematized. Every week a knowledge sharing session is held where an officer speaks on a subject that could have a bearing on the company. Last year, the maximum number of such sessions were held, indicating a growing interest and popularity of this initiative.

The Ethics Code:

In step with the overall philosophy of the Tata group, the company believes that good corporate governance can only be achieved through ethical business transactions with all stakeholders. It has, therefore, put in place a systematic process for management of business ethics (MBE). This is ensured through Annual MBE Plan which has four important pillars: Leadership, Compliance Mechanism, Communication & Training and Measurement. The Leadership pillar ensures planning and review of MBE activities by Ethics and Compliance Committee of Directors and senior executives, the Compliance pillar ensures making annual MBE plan and deployment of the same, the Communication & Training pillar ensures imparting awareness and re-enforcement training to employees and stakeholders and finally the Measurement pillar ensures obtaining feedbacks, analysis, addressing OFI etc.

Every employee, including the Managing Director is subject to Tata Code of Conduct. There is a separate Code of Conduct for all non-executive directors. The Ethics Team in the company comprises five senior officials in addition to Ethics Counselor and four Ethics Coordinators one of whom is a female. The company has a committee to deal with complaints of sexual harassment at workplace. This committee is chaired by a female employee.

Similarly, the Whistle Blower Policy empowers all employees who can report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct to the Ethics team. While Reward & Recognition Policy ensures reward to genuine whistleblowers, the Whistle Blower protection Committee ensures the protection of whistle blowers from any kind of harassment.

During the year, a number of initiatives were taken in this area, viz, an audio visual show on ethical behavior was organized throughout the year on weekly basis to give awareness to contract employees on ethics, a guide for resolution of dilemma / conflict of interest was launched for benefit of employees etc to name a few.

Inclusive Growth:

Affirmative Action- This is an effort to raise the living standards of the marginalized sections of society including, the SCs & STs. The initiative was taken by the CII at the behest of the PM . Subsequently the Tata' Group felt the need for action and supported the cause. There are 10 guidelines laid down by CII. The Tata Group developed their own guidelines for Affirmative Action, which the group companies are following. These are principally based on 4-Es : Employment; Employability; Entrepreneurship; Education

Employability- The SC/ST want channels to upgrade their skills to compete with the rest. TSIL has the BPO Centre/ ITI training. Here the training is imparted on different aspects like safety, environment

Entrepreneurship – Offer SC/STs jobs in the company as contractors/ suppliers, buying material for them, arrange loans from the banks.

Education- Educate them from child to graduation level. Provide infrastructural support and teaching staff so that they get quality education. TSIL also imparts skill based training to local youth, offer sponsorship and other initiatives through Vidya Shakti Nyas.

Employment- Through the modified HR policy, the company creates a positive discrimination to prefer employment of SC/ST candidates.

The Affirmative Action of the company is assessed by external assessors from Tata Group companies. During the year similar assessment was conducted and the Company has been placed in the higher score band of 50-60 compared to band of 40-50 in the previous year. . This makes the company eligible for an award.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company's CSR coverage area is in the five surrounding Gram Panchayats of Joda Block. There are 38 revenue villages in these five panchayats with population of about 32,000 villagers. Most of the projects are undertaken keeping in view the overall benefit of the community. Since TSIL has been allotted coal block at Angul, the periphery development work in its surrounding villages has been included in the company's CSR footprint. The company also works closely with a charitable trust Vidya Shakti Niyas (VSN) formed by the officers' spouses. VSN acts as an extended arm and complements the company's initiatives on CSR in the five Gram Panchayats.

The gamut of TSIL's CSR activities also encompass Affirmative Action. The CSR activities are divided into 4Es namely, Education, Entrepreneurship, Employability and Employment.

EDUCATION:

At the block/panchayat level, TSIL provided educational support to BPL, SC/ST students studying in primary schools and sponsorship of tuition fees of poor students studying in the company's assisted Nursery school. It gave scholarships to students in ITIs and other technical institutes. TSIL supported two ST teachers' fees and supplemented the government's Mid-Day Meal programme. The company took up repairs and renovation of schools and Anganwadi centre, providing 40 dual benches to three primary schools, three computes to Naradpur College, ten water filters to primary schools, Educational aid to primary , secondary schools and Anganwadi centres benefiting 501 students, tuition fees and scholarship for poor students (in ITI , Diploma Engineering, Primary and High School , college students) benfitting 58 local youths, construction of kitchen cum dining rooms for three primary schools and support to two teachers and took up computer literacy programs for 20 local youth.

ENTREPRENEURSHIP:

a) Development of SHGs: Under this initiative, assistance was given to members of the SC/ST community who were identified to form a Self Help Group (SHG). Training was given to 20 SHGs in phenyl and rice flake powder making .

b) Development of Vendors: TSIL focused on development of SC/ST vendors from the local area and in enlistment in the company's supply chain. During the year, two vendors were enlisted.

EMPLOYABILITY:

Training: Under the company's skill development programme TSIL has been providing one year in–house job training with stipend to some ten ITI Trade Apprentices. It also provided training in driving, tailoring and computer literacy.

Sambhavana:

Call centre/BPO Training: While its CSR activity had so far been confined to a radius of 2 to 3 km around the plant, the company decided to go beyond the periphery of the plant and expand its footprint beyond the Joda, Barbil, Noamundi areas. Since Tata Steel is active in these areas, TSIL consulted them and decided to open a BPO training centre in 2011. It was the high point of TSIL's community initiatives. Since attrition rates are as high as 30 to 40% in the call centre industry, it require manpower on regular basis. After training at TSIL, the students were sent to Tata Business Support Services (TBSS) in Jamshedpur for another month of process training and finally through client interviews.

TSIL spent over Rs 5 lakh to set up facilities for BPO training. The purpose of the programme is to reach out to all such candidates who could not advance their academic career beyond +2 or simple graduation level. The main objective is to help the local youth to become eligible for gainful employment by imparting the required capabilities to them to become a part of the Business Process Outsourced job and in the process, carve out a secured future for them. While the scheme is to cover every rural youth in the surrounding, emphasis is given to ST & SC candidates under the employability segment of Affirmative Action. Besides, all things being equal, females are preferred over the male candidates.

A prospective candidate for above purpose is a +2 pass out, within the age group of 18-26 years. After initial screening to test the candidate's ability to cope up with the training programme, they are made to undergo the following 3 steps:

Step-1 : Make them undergo the basic training, named "Sambhavana Training" at the Learnig and development Centre at Joda premises.

Step-2 : A selection interview is conducted by the officials of TBSS and selected candidates graduate to the 2nd level training at the TBSS Training Centre in Jamshedpur. This step involves exposing them to the training on specific call centre processes (e.g. Tata Sky, Docomo, Virgin Mobile, etc) for about a month.

Step-3 : Upon successful completion of Step-2 training, representatives of client organisation shortlist suitable candidates and induct them in respective processes through a direct employment under the rolls of TBSS.

This includes free training both at Joda & Jamshedpur, exposure to extended hours of computer learning, special expert classes on Hindi pronunciation, free accommodation to needy candidates at company's township in Bilaipada. Hostel facility at subsidized rate has also been arranged at Jamshedpur. For some of the candidates who belong to the poor financial conditions, financial support is provided through waiver of fees. They are also given interest-free soft loans during the training period.

So far, eight batches of 25 students each have been completed and the ninth batch is undergoing training. Out of over 100 candidates who have been trained, the number of girls is 65. A total of some 80 students have been absorbed by employers with average salary varying between Rs 5,000 to Rs 10,000 per month.

Even married women were encouraged to take part in the training and have since been absorbed by TBSS. The success rate of candidates qualifying and doing well has gone up significantly. The experience, so far, has been rewarding for the candidates and extremely gratifying for the company.

EMPLOYMENT:

TSIL tracks total employee status w.r.t to SC/ST. While it tracks employment status on permanent role, it also makes positive discrimination for employment while keeping the eligibility criteria equal.

Civic Infrastructure Support in villages:

TSIL also took up construction of a village road which is expected to support people in six villages of Paranga and Nisha Gram Panchayat covering nearly 3200 families.

On behalf of TSIL installation of 10 non-conventional solar street lights was taken up, particularly in villages and hamlets where there is no power supply. The company also facilitated the installation of a 16 KV transformer at Bhubanpur near the Pitabali temple. This will support the people of Bhubanpur village covering nearly 480 families.

Additionally, TSIL constructed a passenger rest shed at Deojhar Railway Station that will facilitate traveling by rural commuters and the general public. It also constructed a cycle stand in the high school for parking bicycles inside the school campus. TSIL's initiative on leveling the field of Pitabali temple near the TSIL township, will support people of six villages of Paranga and Nisha Gram Panchayat covering 3200 families.

TSIL took up other programmes like rural household toilets benefiting 216 people, child and mother care camps for 516 beneficiaries, supply of medicated soaps to primary schools, Anganwari children, Pulse Polio programme benefiting 3022 people, family planning, Dengue prevention programme in six villages benefiting 6000 families and support to 24 patients.

Vidya Shakti Niyas: Lending Support

The Vidya Shakti Niyas (VSN), a charitable public trust mainly comprising of spouses of employees, has been providing active support to the company's in discharging its Corporate Social Responsibilities for long. Some of the areas of collaborative approach are described below:

Scholarships: During the year, TSIL through VSN, provided scholarships to 34 students pursuing education at various levels at the national, state and district level. This includes one each to OBC and ST students for state and national level degrees in engineering, to four students for pursuing diploma in engineering, two for professional MBA course, 18 for ITI training, three for graduation in regular colleges and five for school education

Educational and Motivational awareness programmes:

Various programmes were conducted for the school going children of the nearby villages e g,

- Parents and Teachers meet
- Celebration of Independence Day, Republic Day, Teachers' Day, Children's day, Hand Wash Day, etc.
- Competition held , such as fancy dress (inter-school), drawing, speech, dance, music, sport competitions. etc
- Study tour organised etc (Maa Basanti Vidyapitha of Munda-sahi at Lahanda village).

Health

Health check up camps: A total of 28 medical camps with a qualified and experienced medical practitioner were conducted in nearby villages and about 2947 patients availed the services.

Health awareness programmes: VSN conducted 21 awareness camps with a participation of 2040 as per details given below.

First Aid and AIDs awareness camps - 8 camps conducted in nearby schools which had a participation of 915 persons and two camps conducted for the labourers working at Jeet Fly Ash Products

First Aid training – VSN actively supported formation of 11 Self Help Groups (SHGs) by the village ladies with a total of 55 participants (each group comprising of of 11 members). A First Aid Training camp was conducted for the benefit of these groups. Two sessions of training were conducted for the labourers working at Jeet Fly Ash products.

Mother & Child care programmes – 8 sessions of awareness programme on mother and child care were conducted in village Lahanda, which was attended by 581 mothers.

Training on ORS preparation – A training programme was conducted to equip the village ladies for the preparation of ORS at Munda-sahi in Lahanda village and 42 ladies participated in this programme.

Health and Hygiene: Sprouted grams was distributed as mid-morning snacks to the children of Anganwadi of Munda- sahi at Lahanda village. Vegetable dishes have been added by VSN in the mid-day meal being served to the children of Maa Basanti vidyapitha of Munda-sahi at Lahanda village. Body massage oil, bath soaps, washing soap are being provided every month to the children of Maa Basanti Vidyapitha, Road-sahi Anganwai and Munda-sahi Anganwadi at Lahanda.

Shishu Kalyan Pratiyogita – In order to instill interest in child care and better upbringing of children in the villages, a Shishu Kalyan Pratiyogita (Baby Show) was held by VSN with the help of a qualified and experienced medical practitioner in village Lananda and 94 children were assessed on various attributes.

Distribution of nutritional supplements

Prolac and Nutrimix were being distributed amongst expecting mothers and toddlers of nearby villages

Family planning - Special efforts are being made to educate and motivate villagers to maintain small & happy family. In order to achieve this, oral pills were supplied to 61 couples and family planning operations were initiated for 7 persons.

Health Aid

Artificial limb was provided to one poor villager, financial support was extended to one villager for surgery and another villager was treated for cancer.

Income Generating Training Programmes

Two days training was provided for production and marketing of Phenyl to a Self Help Group (SHG) , extensive training on seasonal vegetable farming was provided to Villagers, support was provided to set up a cloth store-cum-stitching centre at Kanhupur by SHG of ladies trained by VSN, The SHG of a village was supported for duckery cultivation , support for nursing training was extended to one ST girl.

Relief for the poor

Sarees and bed sheets were distributed to the needy villagers under Joda Block which was severally affected by flood, blankets and bed sheets were distributed amongst the poor and needy villages.

Recreational activities for villagers

Rural Sports meet was held in order to encourage the artistic talent of village ladies, an Alpana competition was held in Lahanda village.

Adoption of village : VSN adopted Lahanda village, a twin hamlet of Munda-sahi spreading over 920 acres and located at about 4 km from the plant. With support, farmers are now growing several other crops in contrast to a Ravi crop. After training by VSN, SHGs are now making rice flake powder and phenyl, a highly marketable product. This is being supplied to a number of corporate houses, schools, hospitals and residential colonies. Education and entrepreneurship has not only eased some of their hardships but also made both the villages, Lahanda and Munda-sahi, self-reliant and more confident.

DIRECTORS' REPORT

The Directors take pleasure in presenting the Thirtieth Annual Report on the business and operations of the company and its financial results for the year ended 31st March, 2013.

FINANCIAL RESULTS

			Stand alone		Consolidated	
			Current year (Rs. Lac)	Previous year (Rs. Lac)	Current year (Rs. Lac)	Previous year (Rs. Lac)
2	(i)	Sales (Net of Excise Duty) and other income	82732	65693	82732	-
	(ii)	Profit before depreciation	14378	13044	14371	-
	(iii)	Depreciation and amortisation expenses	1788	1837	1788	-
	(iv)	Profit before taxes	12590	11207	12583	-
	(v)	Current Tax	4342	4290	4342	-
	(vi)	Deferred Tax	(295)	(651)	(295)	-
	(vii)	Profit after tax	8543	7568	8536	-
	(viii)	Profit brought forward from previous year	1470	1434	1470	-
	(ix)	Profit available for appropriation	10013	9002	10006	-
	(x)	Dividend : 80% (2011-2012 : 80%)	1232	1232	1232	-
	(xi)	Tax on Dividend	209	200	209	-
	(xii)	Transfer to General Reserve	7100	6100	7100	-
	(xiii)	Surplus carried to Balance Sheet	1472	1470	1465	-

DIVIDEND

3. The Board has recommended a dividend of Rs.8/- per share (i.e.80%) on 1,54,00,000 equity shares of Rs.10 each for the financial year ended 31st March, 2013, subject to approval of the shareholders at the ensuing Annual General Meeting. The total outgo on account of dividend (ex-taxes) will be Rs.1232 lac, which is equal to previous year.

OPERATIONS

4. During the year, all the three kilns produced 3,60,697 MT of sponge iron compared to 2,72,106 MT in the previous year. The capacity utilisation was higher at 92% as compared to 70% in the previous year, which happened mainly due to better availability of iron ore.

   The iron ore supply, which was adversely affected during the previous year, has been restored to a large extent resulting in to higher capacity utilisation during the year.

   The company is no more getting coal under linkage which has been stopped by Ministry of Coal linking it to coal block development. The company had to largely source its coal requirement from domestic market through e-auctions and imports. The indigenous coal was optimally used along with imported coal.

   The despatch of sponge iron during the year was 3,59,912 MT as compared to 2,73,766 MT in the previous year. Increase in the despatch was consequent to higher production.

POWER

5. During the year, the total generation of power from the two power plants (of 7.5MW and 18.5 MW capacity) was 179 million kwh out of which 124 million kwh of surplus power was exported to the State Grid regularly up to January, 2013, compared with generation of 134.39 million kwh and sale of 88.31 million kwh in the previous year. As the State Grid did not require power from February, 2013, the same is sold through power exchange. The increase in the generation and sale of power was consequential to higher availability of waste gas from the kilns due to higher production of sponge iron.

FINANCE

6. The market for steel has remained sluggish and therefore sponge iron market was subdued. The price of Sponge Iron decreased in the later part of the year. Earning per share has improved to Rs.55.47 as compared to previous year (Rs.49.14) due to higher sales volume. The company continued to be debt free during the year. Sale of waste materials and earning from financial activities supplemented the margin.

DEVELOPMENT OF COAL BLOCK

7. The work in connection with development of coal block at Radhikapur (East) and Utkal-F in Talcher coalfields was started in 2006-07. The Company has made significant progress in private land acquisition and the land lease agreement is expected in the coming financial year. The coal block is expected to become operational in next two to three years. So far the company has spent an amount of Rs.204 crore till March, 2013, by way of funding from internal accruals.

   During the year the Ministry of Coal ordered for forfeiture of the Bank Guarantee worth Rs.32.50 crore alleging delay in operationalizing the coal block. However, the company has taken up the matter with appropriate Court of Law against this order on the plea that the delays in licensing/approvals are causing this delay.

SUBSIDIARY COMPANY

8. A wholly owned subsidiary namely, "TSIL Energy Limited" has been incorporated on 20th November, 2012, with an authorised share capital of Rs.10 crores and an initial subscribed and paid up capital of Rs.6,00,600 (60,060 equity shares of Rs.10 each). The company has already received the Certificate of Commencement of Business on 21st February, 2013. The consolidated accounts also include figures of this subsidiary from 20th November, 2012 to 31st March, 2013.

CONSOLIDATED FINANCIAL STATEMENTS

9. The Audited Consolidated Financial Statements based on the Financial Statements received from the subsidiary Company, TSIL Energy Limited, as approved by its Board of Directors, have been prepared in accordance with the Accounting Standard - 21 (AS-21) – 'Consolidated Financial Statements', Accounting Standard – 23 (AS-23) – 'Accounting for Investment in Associates' and other applicable Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 read with Companies (Accounting Standards) Rules, 2006, as applicable.

   The consolidated financial statements presented by your Company include financial information of the subsidiary, i.e. TSIL Energy Limited, prepared in compliance with applicable Accounting Standards. The Ministry of Corporate Affairs, Government of India, vide its Circular No.5/12/2007-CL-III dated February 8, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary companies to the balance sheet of the Company, provided certain conditions are fulfilled. Accordingly, annual accounts of the subsidiary company and the related detailed information will be made available to the holding and subsidiary company's investors seeking such information at any point of time. The annual accounts of the subsidiary company will also be kept for inspection by any investor at the Registered Office of the Company, At/Post – Joda, Dist-Keonjhar Orissa – 758 034, and that of the subsidiary company at Tata Sponge Administrative Building, Bileipada, Post – Baneikala, Joda, Dist-Keonjhar, Orissa – 758 038.

TATA BUSINESS EXCELLENCE MODEL (TBEM)

10. Further efforts were made by the company to improve its business processes across all functions. During the year the company participated in dip stick assessment and maintained the score band of 551 – 650.

INTEGRATED MANAGEMENT SYSTEM (IMS) FOR QMS, EMS AND OHSAS:

11. The company continued to maintain Integrated Management System (IMS) comprising of Quality Management System (ISO : 9001). Environment Management System (ISO:14001) and Occupational Health, Safety & Accountability Management System (ISO: 18001). The performance on these fronts has been mentioned in the Triple Bottom Line report given elsewhere in the Annual Report.

AWARDS

12. During the year the company received the ESH (Environment Safety & Health) Awards 2012 constituted by CII, Orissa, and won 2nd prize (National Sustainability Award) from CII. The company also won the "TPM

Excellence Award' in Category – A from JIPM, Japan. Your company is the first one in sponge iron industry to bag the award in the country. The Company has also won the CII (EASTERN Region) "Quality Award" and "Energy Conservation Award" for the year 2012-13.

LISTING FEES

13. The Annual Listing Fee for the year 2012-13 had been paid to those Stock Exchanges where the company's shares are listed.

DIRECTORS

14. Mr. D. K. Banerjee retires by rotation and, being eligible, offers himself for re-appointment.
15. Mr. P. C. Parakh retires by rotation and, being eligible, offers himself for re-appointment.
16. Mr. D. B. Sundararamam, who was appointed Additional Director w.e.f. 1st December, 2012, and who holds office up to the date of the forthcoming Annual General Meeting of the company, has been proposed in writing by a shareholder for the office of Director.
17. Mr. Suresh Thawani ceased to be the Managing Director of the company on and from 1st April, 2013. He had served the company for more than 6 years and significantly contributed towards all round development of the company. The Board of Directors placed on record their sincere thanks and gratitude for his contribution to the company.
18. In the Board meeting held on 29th March, 2013, Mr. D. P. Deshpande was appointed Additional Director of the company w.e.f. 1st April, 2013. He holds office up to the date of the forthcoming Annual General Meeting of the company and has been proposed in writing by a shareholder for the office of Director.

    The Board commends appointment of Mr. D. K. Banerjee, Mr. P. C. Parakh, Mr. D. B. Sundararamam and Mr. D. P. Deshpande.
19. Consequent upon the retirement of Mr. Suresh Thawani, the Board in its meeting held on 29th March, 2013, appointed Mr. D. P. Deshpande as the Managing Director of the company w.e.f. 1st April, 2013. Necessary resolutions together with the explanatory statement have been included in the Notice of the Thirtieth Annual General Meeting as his appointment is subject to approval of the shareholders.

CORPORATE SUSTAINABILITY

20. As a member of Tata Group and as a responsible corporate citizen the company continues to undertake steps towards welfare of society around it, community initiatives, periphery development, environment protection and improvement in harmony with the normal business and contributing to exchequer through various taxes/duties etc. At the same time, the company continued its focus on employees' health and safety, skill development and superior living conditions. The company has taken a serious note of threat of global warming and climate change. Through a specific study, the company has measured carbon foot print of its operations and is taking steps to reduce the Green House Gas emissions.

    Corporate sustainability is aligned with Triple Bottom Line approach by complying with –

    ➤ the UN Global Compact by addressing its ten principles

    ➤ Guidelines of Tata Council for Community Initiatives (TCCI)

    A detailed report on Corporate Sustainability based on Triple Bottom Line approach is appearing elsewhere in the Annual Report.

INCLUSIVE GROWTH

21. The concept of inclusive growth through Affirmative Action has been adopted by the company in the past. Further efforts have been made by the company during the year to strengthen the actions.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

22. As required under Sub-section 1(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, particulars regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are annexed to this report.

PARTICULARS OF EMPLOYEES

23. As required under Sub-section 2A of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, the particulars of such employees are given in a statement annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

24. Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that : -

(i) in the preparation of annual accounts, the applicable accounting standards have been followed and that there are no material departures;

(ii) they have, in the selection of accounting policies, consulted the statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2012-13 and of the profit of the company for that period;

(iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE

25. Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, the followings form part of this Annual Report :

(i) Managing Director's declaration regarding compliance of Code of Conduct by Board Members and Senior Management personnel;

(ii) Management Discussion and Analysis;

(iii) Report on the Corporate Governance;

(iv) Auditors' Certificate regarding compliance of conditions of Corporate Governance.

VOLUNTARY DELISTING OF THE COMPANY'S EQUITY SHARES FROM CERTAIN STOCK EXCHANGES

26. The Equity Shares of the company have been voluntarily delisted from The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd. during 2004-05, from Bhubaneswar Stock Exchange during 2006-07 and from Calcutta Stock Exchange Association Ltd. during the year 2008-09.

Shares of the company are actively traded in the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd.

AUDITORS

27 (a) The Auditors, Messrs Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

(b) The Board has appointed M/s.Shome & Banerjee as Cost Auditors for the year 2012-13.

ACKNOWLEDGEMENT

The Board takes this opportunity to sincerely thank all its stakeholders namely, shareholders, customers, suppliers/contractors, bankers, employees, government agencies, local authorities, and the immediate society for their un-stinted support and co-operation during the year.

On behalf of the Board of Directors

(A.M. Misra)
Chairman

Jamshedpur
22nd April, 2013

ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY :

	2012 - 2013		2011 - 2012	
A) Power and Fuel Consumption				
1) ELECTIRCITY	Unit KWH	Amount Rupees	Unit KWH	Amount Rupees
a) Purchased				
Unit / Amount	60,000	4,87,171	1,23,000	8,80,856
Rate per unit	–	8.12	–	7.16
b) Own Generation				
i) Through Diesel Generator				
Units per litre of Diesel (Kwh/Ltr.)	–	–	1,050	85,160
Cost per unit	–	–	–	81.10
ii) Through Steam Turbine Generator				
Unit / Amount (Consumption) #	5,26,34,570	5,63,18,990	4,37,68,674	4,58,24,527
Cost per unit	–	1.07	–	1.05

#Consumption includes 16738437 KWH consumed in generating power plant
Consumption excludes 123811000 KWH sold and 2423130 KWH consumed in the township.

2) COAL	Unit (MT)	Amount Rupees	Unit (MT)	Amount Rupees
Consumption	4,35,636	2,89,58,22,011	3,48,622	2,28,54,10,940
Coal is used in the manufacturing process as reductant.				
3) DIESEL OIL	Unit (Ltr.)	Amount Rupees	Unit (Ltr.)	Amount Rupees
a) High Speed Diesel				
Quantity / Value	–	–	–	–
Rate / Unit	–	–	–	–
B) Consumption per unit of production				
Electricity (KWH)	99.52	–	110.10	–
Coal (MT)	1.21	–	1.28	–
Diesel Oil (Ltr.)	0.01	–	0.01	–

Note : Figures of the previous year have been regrouped wherever necessary.

TECHNOLOGY ABSORPTION :

A) Research and Development

1) Specific areas in which R & D was carried out by the Company : Nil
2) Benefits derived as a result of the above : Does not arise
3) Future plan of action : Not yet decided
4) Expenditure on R & D : Nil
   a) Capital
   b) Recurring
   c) Total
   d) Total R & D expenditure as a Percentage of total turnover

B) Technology absorption, adaptation and innovation :

1) Efforts in brief, made towards technology absorption, adaptation and innovation :
   The plant has adopted Tisco Direct Reduction Process, which has been absorbed in full.
2) Benefit derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

The Company achieves the metallisation acceptable to the user industry.

The Company is constantly endeavouring to bring about further development in the product. Sponge Iron produced by the Company has helped the country in saving the outgo of scarce foreign exchange resources by way of import substitution.

3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished :

a) Technology imported : Nil

b) Year of import : Not applicable.

c) Has technology been fully absorbed : Not applicable.

d) If not fully absorbed, areas where this has not taken place, reasons therefor and the plan of action : Not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings : Nil

Outgo : Rs.1,05,94,92,270/-

On behalf of the Board of Directors

(A.M. Misra)
Chairman

Jamshedpur
22nd April, 2013

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT,1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES,1975

Sl. No.	Name of the Employee	Designation/ Nature of duties	Age	Gross Remuneration received (Rs.Lac)	Qualification	Experience in No. of years	Last employment held	Commen-cement of Employment
1	Thawani, Suresh	Managing Director	62	111.31	B. Tech (Hons) Metallurgical Engg. Diploma in Electrical & Mechanical Engineering.	40	Jamshedpur Injection Powder Ltd. Managing Director	10-03-2007

NOTES:

1. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites, Company's contribution to Provident Fund and Superannuation Fund, but excludes contribution to Gratuity Fund on the basis of acturial valuation as separate figures are not available.
2. The nature of employment of the above managerial personnel is contractual.

On behalf of the Board of Directors

Jamshedpur
22nd April, 2013

(A. M. Misra)
Chairman

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted Tata Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's website, www.tatasponge.com.

I confirm that the Company has in respect of the financial year ended March 31, 2013, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For TATA SPONGE IRON LIMITED

Jamshedpur
22nd April, 2013

D P Deshpande
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

1. Sponge iron is an intermediate product as source of metalics for electric steel making. Other sources of metalics are either steel scrap or hot metal produced in blast furnace.

   There are two types of sponge iron producers in India (i) captive users, i.e. those using sponge iron in their manufacturing facilities and (ii) merchant producers, who are selling sponge iron in the open market. Tata Sponge belongs to the merchant sector having about 20% capacity in India. Further, sponge iron industry is also divided into two segments, (i) gas based and (ii) coal based using coal as reductant. There are about three producers in gas based segment and their product is known as Hot Briquetted Iron (HBI). In coal based segment, there are roughly about 400 units across the country and the product is known as Sponge Iron. Tata Sponge is a coal based sponge iron producer.

   During the year, the production of HBI/Sponge Iron shrank due to acute shortage of iron ore and gas. Iron Ore availability has improved this year. But many sponge iron plants have either closed or facing the threat of closure due to shortage of iron ore and coal.

   The company operates three kilns with an installed capacity of 3,90,000 tonnes per annum to produce sponge iron. The waste gas from sponge making kilns has significant energy in the form of heat. This energy is recovered in waste heat recovery boilers to generate steam, which then passes through the generator for producing power. Two power plants, based on waste heat from kilns with a combined generation capacity of 26 MW were installed by the company in the past. Entire surplus power, which was about two third of generation, was sold. The power revenue also contributed to bottom line.

   Iron ore and coal are two important raw materials in production of sponge iron. Tata Steel normally supplies full quantity of iron ore, but due to external factors beyond the control, full quantity of ore could not be received by the Company during the year. A part of coal was sourced from domestic open market and balance from overseas markets.

OPPORTUNITIES AND THREATS

2. a) Opportunities :

The growth in sponge iron demand has strong correlation with the growth in steel demand. Unfortunately the steel demand has remained sluggish during the year. As a result, the sponge iron demand also remained sluggish. The demand for sponge iron in medium term is likely to be stable due to closure of many small sponge iron plants for want of iron ore. Steel production through induction furnace route shall be under pressure due to its cost structure. Consequently, merchant sponge suppliers will be under pressure on account of a reduced market demand. The company has been examining options to shift focus to other value creating also apart from present sponge making.

The coal block which is under development will ensure reduction in the manufacturing cost of the sponge iron.

b) Threats:

The cost of iron ore and coal constitute more than 85% of cost of production. Therefore the profitability of the Company depends on market price of these raw materials vis-à-vis price of sponge iron. The only way to substantially reduce the cost of iron ore and coal is to have ownership of these raw materials. The Coal block which is under development will meet the existing coal requirements. The delay in starting the mining operations is due to external factors beyond the control of the management. The company does not have any iron ore mine and sources all of it from Tata Steel Ltd.

The infrastructural constraints at ports and rail-rake availability do pose problems at times in transporting imported coal from the port by rail. The road transportation cost, both for iron ore and coal, is steadily going up over the time.

Global warming and climate change have been recognised by the company as serious concerns. During the year under review, the company has attempted to reduce its carbon footprint. Further, installation of energy saving equipment /devices, measuring of carbon footprint, etc. are some of the steps taken by the Company to address these concerns.

SEGMENT-WISE/PRODUCT-WISE PERFORMANCE

3) During the year, company was engaged mainly in the manufacture of sponge iron which is the only reportable segment in accordance with the Accounting Standard 17 issued pursuant to the Companies (Accounting Standards), Rules, 2006. The production of sponge iron during the year was 3,60,697 MT as compared to 2,72,106 MT in the previous year. The sales during the year was 3,59,912 MT compared to 2,73,766 MT in the previous year. Production and sales quantity was higher by 33% and 31% respectively compared to previous year. However, the previous year's figures are not comparable as it was an abnormal year due to extreme shortage of iron ore.

   Two power plants generated 179 million KWH of power and exported 124 million KWH (net) of power as against 134 million KWH and 88 million KWH respectively in the previous year. This got a revenue of Rs.29.27 crore for the company compared to Rs.24.17 crore in the previous year. The higher generation and sale were due to higher availability of kilns supplying higher quantity of waste heat to the power plants.

OUTLOOK

4) The outlook of the company is broadly described in Vision and Mission statements of the Company. Options of shifting focus to other value creating options, separate power plant at pit head of coal block etc. are being examined to enhance the revenue generation in future.

RISKS AND CONCERNS

5) The process of Risk Management in the company identifies inherent risks in its operations and records residual risk after taking specific risk mitigation steps. The company has identified and categorised risks in the areas of Operations, Finance & Marketing, Regulatory Compliances and Corporate matter. Internal Auditor expresses his opinion on the level of risk identified during the audit of particular area which is reported to the Audit Committee through the Internal Audit Reports. Societal issues pose critical problems in connection with land acquisition for coal mining and also, at times, obstructing iron ore supply to sponge iron plants at Joda. Wherever possible and necessary, appropriate insurance cover is taken for financial risk mitigation. The economic slowdown may adversely affect the demand-supply equation in the sponge iron industry. The price of sponge iron is sensitive to the demand-supply position of steel scrap in the country and the viability of steel manufacturers in secondary sector.

On the financial front, the Company has not borrowed any amount in foreign currency and thus has no exposure to exchange rate fluctuation risk. Credit policy of the company is primarily based on the customer profile. The Management does not perceive any major technological, environmental and/or financial risks for the Company in the near future.

The Company has contingent liability as disclosed in Point No 31 of Notes to Financial Statements.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

6) The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly, applicable statutes, the Tata Code of Conduct and Corporate policies are duly complied with.

The Company has an Audit Committee with majority of independent directors as members to maintain the objectivity. The Audit Charter is the guiding document in this connection. The Company has an Internal Audit Department which conducts audit in various functional areas as per audit programme approved by the Audit Committee. Audit planning and executions are oriented towards a review of internal controls and risks in the functional areas of the company. The Internal Audit Department reports its findings and observations to the Audit Committee which met four times during the year to review the audit issues and to follow up implementation of corrective actions.

The Audit Committee also seeks the views of statutory auditors on the adequacy of the internal control systems in the Company. The Auditors' report regarding adequacy of internal controls can be seen in Clause No. (v) of the Annexure to the Auditors' Report.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

7) **(a)** Financial performance of the Company (Stand alone) has been summarised in the table below followed by explanatory remarks for significant changes in 2012-13 compared to previous year.

(Rs in lacs)

	2012-13	2011-12	Change*	% change	Remarks
Total income	82,732	65,693	17,039	25.94	a
Consumption of raw material	59,578	43,748	(15,830)	(36.18)	b
Employee cost	2,878	2,031	(847)	(41.70)	c
Other expenses	5,107	6,316	1,209	19.14	d
Depreciation and amortisation expenses	1,788	1,837	49	2.67	
Finance cost	791	553	(238)	(43.04)	e
Profit after tax	8,543	7,568	975	12.88	
Earnings per share (Rs.)	55.47	49.14	6.33	12.88	
Reserves & Surplus	62,407	55,305	7,102	12.84	
Current Liabilities	14,010	12,768	(1,242)	(9.73)	f
Fixed Assets	17,729	18,981	(1,252)	(6.60)	
Current Assets	46,585	37,706	8,879	23.55	g

** Figures within bracket denote adverse change.*

a) Increase in total income is mainly due to increase in sales by 31%.

b) The raw material consumption has gone up mainly on account of increase in the volume of production by 33% amounting to Rs.13,000 lacs and increase in raw material prices amounting to Rs.2,831 lacs.

c) Increase in employee cost is primarily due to increase in salary and wages, retiral benefits.

d) Decrease in other expenses is mainly due to onetime provisions made during previous year in respect of following :

i) Differential sales tax provision of Rs.742 lacs.

ii) Write-off of bad debt Rs.144 lacs.

iii) Demurrage paid Rs.157 lacs.

e) Increase in finance cost due to interest provision on excise duty and income tax demands.

f) Increase in current liabilities is mainly on account of followings :

   i) Amount payable to coal supplier of Rs.243 lacs.

   ii) Amount payable to various transport service provider of Rs.202 lacs.

   iii) Advance from customers of Rs.400 lacs.

   iv) Provision for interest on income tax demand of Rs.549 lacs.

g) Increase in current assets is mainly due to increase in short-term investment and cash accumulation.

7) **(b)** Operational performance of the Company has been summarised in the table below followed by explanatory remarks for significant changes in 2012-13 compared to previous year.

	2012-13	**2011-12**	**Change**	**% change**	**Remarks**
Sponge iron	**Tonnes**	**Tonnes**	**Tonnes**		
Production	360,697	272,106	88,591	33	A
Despatches	359,912	273,766	86,146	31	
Capacity utilisation (kilns)	92%	70%	22%	22	
Power	**Million KWH**	**Million KWH**	**Million KWH**	**change**	
Generation (gross)	179	134	45	33	B
Export	124	88	36	40	

A – The increase is mainly due to improvement in supply of iron ore resulting in improvement in production.

B - The increase in generation and sale of power is mainly on account of higher operating days of sponge iron klins.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

8) The company had 452 employees as on 31st March, 2013 as compared to 451 as on 31st March, 2012. A number of training programmes were conducted to develop human resources. The Corporate Balanced Score Card approach was adopted by the company for aligning individual goals with organisational goals. The company focussed on enhancing employees' engagement plans. Reward and recognition policies created a positive work environment. The company is giving extra importance to safety of permanent and contract employees.

The wage agreement was signed with the Union during the year which would remain in force for a period of 4 years starting from January, 2012.

Industrial relations remained cordial throughout the year.

CAUTIONARY STATEMENT

9) **The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include external economic conditions affecting demand/supply influencing price conditions in the market in which the Company operates, changes in Government regulations, statutes, tax laws, currency rate fluctuations and other incidental factors.**

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TATA SPONGE IRON LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **TATA SPONGE IRON LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these 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 Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:

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

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

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

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No.302009E)

Abhijit Bandyopadhyay
Partner
(Membership No. 054785)

Jamshedpur, 22nd April, 2013

ANNEXURE TO THE AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business/activities/result during the year, clauses (vi), (x), (xii), (xiii), (xiv), (xv) and (xix) of paragraph 4 of the Order are not applicable to the company.

(ii) In respect of its fixed assets:

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

(b) The fixed assets were physically verified during the year by the management in accordance with a regular program of verification, which, in our opinion, provides for physical verification of all the fixed assets at regular intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventories:

(a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and the sale of goods and services. During the course of our audit we have not observed any major weaknesses in the internal control system.

(vi) In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to in section 301 that need to be entered into the register maintained under the said section have been so entered.

(b) Where each of such transaction is in excess of rupees five lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable other than sales tax of Rs. 513.83 lacs which is outstanding for more than six months.

(c) details of dues of Income tax, Sales tax, Service tax, Customs duty, Wealth tax, Excise duty and Cess which have not been deposited as at March 31, 2013 on account of any dispute are given below:

Name of Statute	Nature of dues	Amount (Rs. Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act 1956	Central Sales Tax	6.74	1987-88,1992-93, 1993-94,1994-95, 1997-98	High Court of Orissa
		66.71	2005-06	High Court of Orissa
		1226.89	2006-07, 2007-08	Commissioner of Commercial Taxes
Orissa Sales Tax Act	Sales Tax	7.02	1987-88,1989-90, 1990-91, 1998-99, 2000-01	Orissa Sales Tax Tribunal
		2.45	1992-93, 2000-01	High Court of Orissa
Orissa Entry Tax Act	Entry Tax	181.41	2005-06, 2008-09, 2009-10	High Court of Orissa
		165.51	2006-07, 2007-08	Supreme Court
Orissa Value Added Tax Act, 2004	Value Added Tax	137.03	2005-06, 2006-07	Commissioner of Commercial Taxes
Central Excise Act, 1944	Excise Duty	1856.89	2008-09	Central Excise and Service Tax Appellate Tribunal
	Excise Duty	18.78	2008-09	Commissioner of Central Excise
Income tax Act, 1961	Income tax	1178.83	2010-11	Commissioner of Income tax (Appeals)

(x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

(xi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were prima facie applied by the Company during the year for the purposes for which the loans were obtained other than temporary deployment pending application.

(xii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investment.

(xiii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xiv) The Company has not raised any money by public issue.

(xv) To best of our knowledge an according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No.302009E)

Abhijit Bandyopadhyay
Partner
Membership No. 054785

Jamshedpur, 22 April, 2013

BALANCE SHEET
AS AT 31ST MARCH 2013

Rs. In lacs

	Notes	**As at 31.03.2013**	As at 31.03.2012
(I) EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	05	**1,540.00**	1,540.00
(b) Reserves and surplus	06	**62,406.64**	55,304.89
		63,946.64	56,844.89
(2) NON-CURRENT LIABILITIES			
(a) Deferred tax liabilities (net)	07	**2,980.42**	3,275.83
(b) Other Long-term liabilities	08	**1.49**	-
(c) Long-term provisions	09	**544.90**	247.35
		3,526.81	3,523.18
(3) CURRENT LIABILITIES			
(a) Trade payables	10	**5,070.66**	4,635.86
(b) Other current liabilities	11	**2,373.83**	1,545.90
(c) Short-term provisions	09	**6,565.66**	6,586.21
		14,010.15	12,767.97
TOTAL EQUITY AND LIABILITIES		**81,483.60**	73,136.04
(II) ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	12	**16,151.39**	17,342.59
(ii) Intangible assets	13	**12.70**	26.77
(iii) Capital work-in-progress		**1,564.59**	1,611.48
		17,728.68	18,980.84
(b) Non-current investments	14	**86.01**	80.00
(c) Long-term loans and advances	15	**17,082.09**	16,367.10
(d) Other non-current assets	16	**1.55**	1.75
		34,898.33	35,429.69
(2) CURRENT ASSETS			
(a) Current investments	17	**12,683.04**	2,437.44
(b) Inventories	18	**5,863.76**	8,873.99
(c) Trade receivables	19	**2,035.84**	2,751.65
(d) Cash and bank balances	20	**23,448.21**	22,065.55
(e) Short-term loans and advances	15	**2,098.43**	1,079.39
(f) Other current assets	21	**455.99**	498.33
		46,585.27	37,706.35
TOTAL ASSETS		**81,483.60**	73,136.04

See accompanying notes forming an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Abhijit Bandyopadhyay
Partner
Jamshedpur, 22nd April 2013

For and on behalf of the Board of Directors
A. M. Misra - *Chairman*
N.P. Sinha - *Director*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 22nd April 2013

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2013

Rs. In lacs

			Notes	Year Ended 31.03.2013	Year Ended 31.03.2012
I	**Revenue from operations**		22	**87,695.08**	68,933.97
	Less:Excise Duty			**8,119.12**	5,542.09
				79,575.96	63,391.88
II	**Other Income**		23	**3,156.35**	2,301.50
III	**Total Revenue (I + II)**			**82,732.31**	65,693.38
IV	**EXPENSES**				
	(a)	Cost of materials consumed	24	**59,578.28**	43,747.57
	(b)	Changes in inventories of finished goods	25	**(217.33)**	26.73
	(c)	Employee benefits expense	26	**2,877.83**	2,031.32
	(d)	Finance costs	27	**790.98**	553.39
	(e)	Depreciation and amortisation expense		**1,787.97**	1,837.25
	(f)	Other expenses	28	**5,324.13**	6,289.87
	Total Expenses			**70,141.86**	54,486.13
V	**PROFIT BEFORE TAX (III-IV)**			**12,590.45**	11,207.25
VI	**TAX EXPENSES**				
	(1)	Current tax		**4,342.73**	4,290.00
		(i) Current tax		**4,432.00**	4,290.00
		(ii) Current tax relating to previous years		**(89.27)**	–
	(2)	Deferred tax	07	**(295.41)**	(650.77)
	Total tax expense			**4,047.32**	3,639.23
VII	**PROFIT AFTER TAX FOR THE YEAR (V - VI)**			**8,543.13**	7,568.02
VIII	**EARNING PER EQUITY SHARE (Rupees)**				
	Basic and Diluted Earning Per Share [Face value Rs. 10 each]		30	**55.47**	49.14

See accompanying notes forming an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Abhijit Bandyopadhyay
Partner

Jamshedpur, 22nd April 2013

For and on behalf of the Board of Directors

A. M. Misra - *Chairman*

N.P. Sinha - *Director*

D. P. Deshpande - *Managing Director*

S. S. Dhanjal - *Company Secretary*

Jamshedpur, 22nd April 2013

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2013

Rs. In lacs

	April 2012 - March 2013	April 2011 - March 2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxes	**12,590.45**	11,207.25
Adjustments for:		
Depreciation	**1,787.97**	1,837.25
Income from investments	**(825.01)**	(404.15)
(Profit)/loss on sale of assets (net of discarded assets written off)	**1.41**	0.25
Interest income	**(2,156.14)**	(1,712.19)
Finance costs	**790.98**	553.39
Provision no longer required written back	**(8.35)**	(2.85)
Unrealised foreign exchange loss	**-**	(0.10)
Amortisation of forward premium	**106.62**	-
Bad debts written off	**-**	143.75
Provisions for obsolescence of stores inventory	**62.00**	34.97
Provision for wealth tax	**3.02**	6.05
Operating profit before working capital changes	**12,352.95**	11,663.62
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	**2,948.23**	(2,642.28)
Trade receivables	**715.81**	(662.39)
Long term loans and advances	**34.75**	(84.24)
Other non current assets	**0.20**	(0.25)
Short term loans and advances	**(1,125.66)**	(310.73)
Adjustments for increase / (decrease) in operating liabilities:		
Long-term provisions	**297.55**	(72.26)
Other long-term liabilities	**1.49**	(0.55)
Trade payables	**434.80**	2,101.89
Short-term provisions	**22.78**	720.45
Other current liabilities	**795.03**	(65.14)
Cash generated from operations	**16,477.93**	10,648.12
Direct taxes paid	**(5,283.80)**	(4,018.14)
Net cash from operating activities	**11,194.13**	6,629.98
B. CASH FLOW FROM INVESTNG ACTIVITIES		
Capital Expenditure on fixed assets	**(1,262.93)**	(4,916.98)
Proceeds from sale of fixed assets	**0.46**	5.67
Purchase of current investments	**(54,050.00)**	(25,522.29)
Purchase of investment in subsidiary	**(6.01)**	-
Sale of current investments	**44,511.02**	26,756.24
Bank balances not considered as cash and cash equivalents	**(464.99)**	(15,164.01)
Interest received from banks and others	**2,198.48**	1,455.27
Dividend received from investments	**118.40**	88.00
Net cash utilised in investing activities	**(8,955.58)**	(17,298.10)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	**3,314.19**	1,457.25
Repayment of borrowings	**(3,314.19)**	(1,457.25)
Finance cost paid	**(100.10)**	(14.91)
Dividend paid	**(1,220.78)**	(1,220.16)
Net cash utilised in financing activities	**(1,320.88)**	(1,235.07)
Net increase or decrease in cash and cash equivalents	**917.67**	(11,903.19)
Cash and cash equivalents as at April 1 [1]	**1,200.54**	13,103.73
Cash and cash equivalents as at March 31 [1]	**2,118.21**	1,200.54

Notes:
1. Includes cash and drafts on hand, balance in current and deposit accounts with banks having original maturity of three months or less out of which restricted balance is **Rs.138.34 lacs** (March 31, 2012 : Rs. 127.12 lacs).
2. Excludes purchases made out of re investment of dividends **Rs.706.61 lacs** (March 31, 2012: Rs. 316.15 lacs).
3. Figures in brackets represent outflows.
4. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Abhijit Bandyopadhyay
Partner
Jamshedpur, 22nd April 2013

For and on behalf of the Board of Directors
A. M. Misra - *Chairman*
N.P. Sinha - *Director*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 22nd April 2013

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

01 CORPORATE INFORMATION

Tata Sponge Iron Limited which has its manufacturing facility at Bileipada Odisha is engaged in production of sponge iron by direct reduction method of iron ore and generation of power from waste heat.

02 During the financial year 2012-13, Tata Steel Limited has acquired 1,734,040 equity shares, representing 11.26% of outstanding equity share, through a voluntary open offer from the shareholders of the Company at Rs.375/- per share, consequently the holding of Tata Steel Limited increased to 51% with effect from August 28,2012 and accordingly the Company became subsidiary of Tata Steel Limited.

03 The Company has incorporated a wholly owned subsidiary on November 20, 2012 named "TSIL Energy Limited (TSIL Energy)". An amount of Rs. 6.01 lacs has been invested in the fully paid-up equity shares of TSIL Energy having a face value of Rs. 10 each.

04 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and preparation of financial statements

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India, Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules.2006 as amended and other relevant provisions of Companies Act, 1956 . The accounting policies followed in these financial statements are same as those followed in the financial statements for the year ended March 31, 2012.

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 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 recognised in the periods in which the results are known / materialise.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of services rendered by the Company and the time between the cost incurred for rendering the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(b) Revenue Recognition

(i) **Sale of goods**

Revenue from the sale of goods is recognised in the statement of profit and loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue includes consideration received or receivable, excise duty but net of discounts and other sales related taxes.

(ii) **Sale of power**

Revenue from the sale of power is recognised on bills raised to Power Transmission Company.

(iii) **Dividend and Interest income**

Dividend income is recognised when the Company's right to receive dividend is established. Interest income is recognised on a time proportion basis based on the amount outstanding and the rate applicable.

(c) Tangible Assets

All tangible assets are valued at cost less depreciation. The cost of an asset includes the purchase cost of materials, including import duties and non refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalised as part of the cost of the asset until such time that the asset is ready for its intended use.

(d) Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.

(e) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and non refundable taxes, and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

(f) Depreciation and Amortisation

Assets given on lease are depreciated on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 or based on the lease period whichever is higher. Freehold land is not depreciated. Premium paid on leasehold land and land development expenses are amortised over the primary lease period. Intangible assets are amortised over a period of three to five years.

Other fixed assets are depreciated on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 or based on estimated useful life whichever is higher. The estimated useful life for each category of asset is as under :

(i)	Buildings	:	30 to 61 Years
(ii)	Plant and Machinery	:	14 to 21 Years
(iii)	Furniture fixture, Air Conditioners and Office equipment	:	5 Years
(iv)	Computers	:	3 Years
(v)	Vehicles	:	5 Years

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.

(g) Investments

Long term investments are carried at cost less provision for diminution other than temporary (if any) in value of such investments.

Current investments are carried at lower of cost and fair value.

(h) Inventories

Raw materials are valued at cost or net realisable value whichever is lower. Cost comprises purchase price, freight and handling charges, non refundable taxes and duties and other directly attributable costs.

Finished products are valued at lower of cost and net realisable value.

Stores and spares are valued at cost comprising of purchase price, freight and handling charges on refundable taxes and duties and other directly attributable costs less provisions for obsolescence.

Cost of inventories are generally ascertained on the "weighted average" basis.

(i) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short- term deposits (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(j) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(k) Foreign Currency Transactions

Foreign Currency transactions are recorded on initial recognition in the reporting currency i.e. Indian rupees, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in currencies other than the reporting currency and foreign exchange contracts remaining unsettled are remeasured at the rates of exchange prevailing at the balance sheet date. Exchange difference arising on the settlement of monetary items, and on the remeasurement of monetary items, are included in statement of profit and loss.

Foreign currency forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 - Effects of Changes in Foreign Exchange Rates. The difference between the contract rate and spot rate on the date of transaction is recognised as premium/discount over the life of the contract. Exchange differences arising from remeasurement of contracts are included in the statement of profit and loss for the year. Gains and losses arising on account of roll over/cancellation of forward contracts are recognised in the statement of profit and loss.

(l) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the statement of profit and loss in the period in which they are incurred.

(m) Employee Benefits

(i) **Short term benefits**

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered.

(ii) **Post employment benefits**

(a) **Defined Contribution plans**

Defined contribution plans are those plans where the Company pays fixed contributions to a separate entity. Contributions are paid in return for services rendered by the employees during the year. The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employee benefits. The Company provides Provident Fund facility to all employees and Superannuation benefits to selected employees. The contributions are expensed as they are incurred in line with the treatment of wages and salaries.

(b) **Defined Benefit Plans**

The Company provides Gratuity and leave benefits to its employees. Gratuity liabilities are funded through a separate trust with its funds managed by Life Insurance Corporation of India. The liability towards leave benefits is funded with Life Insurance Corporation of India. The present value of these defined benefit obligations are ascertained by an independent actuarial valuation as per the requirement of Accounting Standards 15 - Employee Benefits. The liability recognised in the balance sheet is the present value of the defined benefit obligations on the balance sheet date less the fair value of the plan assets (for funded plans), together with adjustments for unrecognised past service costs. All actuarial gains and losses are wholly recognised in the statement of profit and loss in the year in which they occur.

(n) Taxes on Income

Current Taxes

Provision for Current tax is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Taxes

Deferred tax assets and liabilities are recognised by computing the tax effect on timing differences which arise during the year and reverse in the subsequent periods. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(o) Leases

Amounts due under finance leases are recorded as receivables at the amount of the Company's net investment in the leases . Finance lease income is allocated to accounting periods so as to reflect a constant period rate of return on the Company's net investments standing in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the terms of the relevant leases.

(p) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20- Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax attributable to equity share holders by the weighted average numbers of equity shares outstanding during the year. Diluted earnings during the year adjusted for the effects of all dilutive potential equity shares per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

(q) Impairment

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, except in case of revalued assets.

(r) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(s) Government Grants

Government grants which are given with reference to the total investments in an undertaking and no repayment is ordinarily expected in respect thereof, the grants are treated as capital reserve which can be neither distributed as dividend nor considered as deferred income.

05 SHARE CAPITAL

	As at March 31, 2013	As at March 31, 2012
		Rs. In lacs
Authorised:		
- **25,000,000** Equity Shares of Rs. 10 each	**2,500.00**	2,500.00
(As at March 31, 2012: 25,000,000 Equity Shares of Rs. 10 each)		
	2,500.00	2,500.00
Issued, Subscribed and Fully Paid up :-		
15,400,000 Equity Shares of Rs. 10 each	**1,540.00**	1,540.00
(As at March 31, 2012: 15,400,000 Equity Shares of Rs. 10 each)		
	1,540.00	1,540.00

Reconciliation of Number of shares

Issued, subscribed and fully paid	**As at March 31, 2013 No. of equity shares**	**As at March 31, 2013 Amount Rs. In lacs**	As at March 31, 2012 No. of equity shares	As at March 31, 2012 Amount Rs. In lacs
At the beginning of the year	**15,400,000**	**1,540.00**	15,400,000	1,540.00
Issued during the year	**-**	**-**	-	-
At the end of the year	**15,400,000**	**1,540.00**	15,400,000	1,540.00

Shares held by holding company or its subsidiaries

Shareholder	**As at March 31, 2013** No. of equity shares	%
(1) Tata Steel Limited (Holding Company)	**7,854,000**	**51.00**
(2) Kalimati Investment Company Limited (Subsidiary of Holding Company)	**539,554**	**3.50**
	8,393,554	**54.50**

Details of shareholders holding more than 5% of outstanding shares

Shareholder	**As at March 31, 2013 No. of equity shares**	**As at March 31, 2013 %**	As at March 31, 2012 No. of equity shares	As at March 31, 2012 %
(1) Tata Steel Limited	**7,854,000**	**51.00**	6,119,960	39.74

Rights, preferences and restrictions attached to shares

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

06 RESERVES AND SURPLUS

Rs. In lacs

	Capital Reserve	General Reserve	Surplus in Statement of Profit and Loss	Total
As at March 31, 2013				
Balance at the beginning of the year	**35.00**	**53,800.00**	**1,469.89**	**55,304.89**
Profit for the year -	**-**	**-**	**8,543.13**	**8,543.13**
Proposed dividend #	-	**-**	**(1,232.00)**	**(1,232.00)**
Tax on Dividend #	-	**-**	**(209.38)**	**(209.38)**
Transfer to General Reserve	-	**7,100.00**	**(7,100.00)**	**-**
Balance at the end of the year	**35.00**	**60,900.00**	**1,471.64**	**62,406.64**
As at March 31, 2012				
Balance at the beginning of the year	35.00	47,700.00	1,433.73	49,168.73
Profit for the year -	-	-	7,568.02	7,568.02
Proposed dividend #	-	-	(1,232.00)	(1,232.00)
Tax on Dividend #	-	-	(199.86)	(199.86)
Transfer to General Reserve	-	6,100.00	(6,100.00)	-
Balance at the end of the year	35.00	53,800.00	1,469.89	55,304.89

\# The Board has recommended a dividend of Rs. 8 per Equity Share (2011-12 : Rs. 8 per Equity Share) for the year ended March 31, 2013. The dividend is subject to the approval of Shareholders at the Annual General Meeting. Total dividend payment (including tax on dividends) works out to Rs. 1441.38 lacs (2011-12 : Rs. 1431.86 lacs) for the Company.

07 DEFERRED TAX LIABILITY (NET)

Rs. In lacs

	Deferred tax liability/ (Asset) as at April 01, 2012	Current Year Charge/ (Credit)	Deferred tax liability/ (Asset) as at March 31, 2013
Deferred tax liabilities			
(i) Difference between book and tax depreciation	4,224.63	**(155.14)**	**4,069.49**
	4,224.63	**(155.14)**	**4,069.49**
Deferred tax assets			
(i) Provision for Leave salary	(102.17)	**(6.37)**	**(108.54)**
(ii) Others	(846.63)	**(133.90)**	**(980.53)**
	(948.80)	**(140.27)**	**(1,089.07)**
Deferred tax liabilities (net)	3,275.83	**(295.41)**	**2,980.42**

08 LONG TERM LIABILITIES

Rs. In lacs

	As at March 31, 2013	As at March 31, 2012
Creditors for supplies / services	1.49	-
	1.49	-

09 PROVISIONS

	As at March 31, 2013 Long-term	Short-term	As at March 31, 2012 Long-term	Short-term
(a) Provision for employee benefits				
(1) Post-employment defined benefits				
(i) Pension obligations	**458.13**	**40.11**	183.00	19.33
(ii) Post retirement medical benefits	**49.71**	**5.89**	28.57	3.90
(2) Other employee benefits				
Provident fund liability	**37.06**	**-**	35.78	-
(b) Provision for tax (net of advance tax of Rs. 22749.27 lacs [As at *March 31, 2012 Rs. 17634.14 lacs*]	**-**	**2,467.73**	-	3,211.46
(c) Proposed dividends	**-**	**1,232.00**	-	1,232.00
(d) Provision for tax on dividend	**-**	**209.38**	**-**	199.86
(e) Other provisions				
Excise duty, sales tax, entry tax and interest on income tax	**-**	**2,610.55**	-	1,919.66
Total Provisions	**544.90**	**6,565.66**	247.35	6,586.21

10 TRADE PAYABLES

Rs. In lacs

	As at March 31, 2013	As at March 31, 2012
(a) Creditors for supplies / services	**4,501.70**	4,110.56
(b) Creditors for accrued wages and salaries	**568.96**	525.30
Total Trade Payables	**5,070.66**	**4,635.86**

11 OTHER CURRENT LIABILITIES

(a) Unpaid dividends	**138.34**	127.12
(b) Advances received from customers	**691.39**	271.23
(c) Creditors for capital liability	**159.55**	128.46
(d) Other payables		
(1) Employee recoveries and employer contributions	**39.90**	18.39
(2) Statutory Dues (Excise duty, service tax, sales tax, TDS, etc.)	**1,310.67**	972.70
(3) Other credit balances	**33.98**	28.00
Total Other current liabilities	**2,373.83**	1,545.90

12 TANGIBLE ASSETS

Rs. in Lacs

Description	Freehold Land	Leasehold Land	Land Develop-ment	Freehold Buildings	Plant and Machinery Owned Assets	Plant and machinery leased assets #	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets #	Railway Sidings	Total Tangible Assets
Gross Block as at April 1, 2012	122.32	3.02	39.86	3,650.70	30,220.98	661.79	256.67	34.42	219.02	17.94	363.86	35,590.58
Additions during the year	-	-	-	173.54	339.84	-	11.28	8.37	47.81	-	-	580.84
Assets disposed / written off during the year	-	-	-	-	72.44	-	-	0.07	6.43	-	-	78.94
Gross Block as at March 31, 2013	122.32	3.02	39.86	3,824.24	30,488.38	661.79	267.95	42.72	260.40	17.94	363.86	36,092.48
Accumulated Depreciation as at April 1, 2012	-	0.92	12.33	943.34	15,867.65	661.79	225.95	12.68	141.53	17.94	363.86	18,247.99
Charge for the year	-	0.04	0.44	85.92	1,637.01	-	13.33	2.61	30.82	-	-	1,770.17
Depreciation on assets disposed off/written off during the year	-	-	-	-	70.64	-	-	0.02	6.41	-	-	77.07
Accumulated Depreciation as at March 31, 2013	-	0.96	12.77	1,029.26	17,434.02	661.79	239.28	15.27	165.94	17.94	363.86	19,941.09
Net book value as at April 1, 2012	122.32	2.10	27.53	2,707.36	14,353.33	-	30.72	21.74	77.49	-	-	17,342.59
Net book value as at March 31, 2013	122.32	2.06	27.09	2,794.98	13,054.36	-	28.67	27.45	94.46	-	-	16,151.39

	Freehold Land	Leasehold Land	Land Develop-ment	Freehold Buildings	Plant and Machinery Owned Assets	Plant and machinery leased assets #	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets #	Railway Sidings	Total Tangible Assets
Gross Block as at April 1, 2011	78.12	3.02	39.86	3,597.65	30,089.27	664.35	249.34	36.75	209.69	17.94	363.86	35,349.85
Additions during the year	44.20	-	-	53.05	175.54	-	7.33	5.33	37.78	-	-	323.23
Assets disposed / written off during the year	-	-	-	-	43.83	2.56	-	7.66	28.45	-	-	82.50
Gross Block as at March 31, 2012	122.32	3.02	39.86	3,650.70	30,220.98	661.79	256.67	34.42	219.02	17.94	363.86	35,590.58
Accumulated Depreciation as at April 1, 2011	-	0.89	11.89	859.29	14,296.45	664.35	210.49	16.50	140.61	17.94	363.86	16,582.27
Charge for the year	-	0.03	0.44	84.05	1,612.81	-	15.46	1.99	27.52	-	-	1,742.30
Depreciation on assets disposed off/written off during the year	-	-	-	-	41.61	2.56	-	5.81	26.60	-	-	76.58
Accumulated Depreciation as at March 31, 2012	-	0.92	12.33	943.34	15,867.65	661.79	225.95	12.68	141.53	17.94	363.86	18,247.99
Net book value as at April 1, 2011	78.12	2.13	27.97	2,738.36	15,792.82	-	38.85	20.25	69.08	-	-	18,767.58
Net book value as at March 31, 2012	122.32	2.10	27.53	2,707.36	14,353.33	-	30.72	21.74	77.49	-	-	17,342.59

 # Represent assets given to Tata Steel on lease

13 INTANGIBLE ASSETS

Rs. In Lacs

Description	Mining Geological report	Software Costs	Total Intangible Assets
Gross Block as at April 1, 2012	**468.90**	**181.86**	**650.76**
Additions during the year	**-**	**3.73**	**3.73**
Assets disposed / written off during the year	**-**	**-**	**-**
Gross Block as at March 31, 2013	**468.90**	**185.59**	**654.49**
Accumulated Amortisation as at April 1, 2012	**457.11**	**166.88**	**623.99**
Charge for the year	**11.79**	**6.01**	**17.80**
Amortisation of assets disposed/ written off during the year	**-**	**-**	**-**
Accumulated amortisation as at March 31, 2013	**468.90**	**172.89**	**641.79**
Net book value as at April 1, 2012	**11.79**	**14.98**	**26.77**
Net book value as at March 31, 2013	**-**	**12.70**	**12.70**
Gross Block as at April 1, 2011	468.90	165.71	634.61
Additions during the year	-	16.15	16.15
Assets disposed / written off during the year	-	-	-
Gross Block as at March 31, 2012	468.90	181.86	650.76
Accumulated Amortisation as at April 1, 2011	363.56	165.48	529.04
Charge for the year	93.55	1.40	94.95
Amortisation of assets disposed/ written off during the year	-	-	-
Accumulated amortisation as at March 31, 2012	457.11	166.88	623.99
Net book value as at April 1, 2011	105.34	0.23	105.57
Net book value as at March 31, 2012	11.79	14.98	26.77

14 NON-CURRENT INVESTMENTS

	As at 31.03.2013 Rs. In lacs	As at 31.03.2012 Rs. In lacs
Long Term Investments at cost		
Trade investments		
Investment in Equity Instruments		
Subsidiaries (Unquoted)		
60,060 Equity shares of Rs. 10 each in TSIL Energy Limited, fully paid up	**6.01**	**-**
Others (Unquoted)		
800,000 Equity shares of Rs. 10 each in Jamipol Limited, fully paid up	**80.00**	80.00
	86.01	80.00
Additional Details:		
Aggregate value of Unquoted Investments	**86.01**	80.00

15 LOANS AND ADVANCES

Rs. in Lacs

			As at Marth 31, 2013		As at March 31, 2012	
			Long-term	Short-term	Long-term	Short-term
(Unsecured, considered good unless otherwise stated)						
(a)	Capital advances		**16,662.24**	**-**	15,905.90	-
(b)	Security deposits					
	(1)	Considered good	**6.67**	**144.45**	23.24	149.23
	(2)	Considered doubtful	**-**	**22.57**	-	22.57
	Less: Provision for doubtful deposits		**-**	**(22.57)**	-	(22.57)
(c)	Loans and advances to related parties		**-**	**6.39**	-	-

(d) Other loans and advances				
(1) Loans to employees	**8.92**	**5.32**	5.93	3.94
(2) Advance with public bodies	**-**	**156.14**	-	362.62
(3) Other advances and prepayments	**7.28**	**1,786.13**	11.79	529.89
(4) Advance payment of taxes [net of provision of **Rs. 3129.03 lacs** (*As at March 31, 2012 Rs. 2929.92 lacs*)]	**330.99**	**-**	337.59	-
(5) Retirement Benefit Assets				
(i) Retiring Gratuities	**-**	**-**	-	33.71
(ii) Leave Encashment	**65.99**	**-**	82.65	-
Total Loans and advances	**17,082.09**	**2,098.43**	16,367.10	1,079.39

16 OTHER NON-CURRENT ASSETS

Rs. in Lacs

	As at March 31, 2013	As at March 31, 2012
Deposit with banks and others with maturity period more than 12 months *(Above Deposits are pledged with government authorities)*	**1.55**	1.75
	1.55	1.75

17 CURRENT INVESTMENT

(Lower of cost and fair value)

Investment in Liquid Mutual Funds (Unquoted)

Particulars	Units	Rs. in Lacs	Units	Rs. in Lacs
TATA Liquid Super High Investment Fund-Daily Dividend	107,940.31	1,203.02	54,946.32	612.39
Templeton India Super Institutional Plan- Daily Dividend Option	-	-	82,178.10	822.33
Templeton India Ultra Short Bond	9,423,398.42	943.96	-	-
Peerless Liquid Fund-Super Institutional Plan- Daily Dividend	-	-	2,002,844.55	200.31
Reliance Liquid Fund - Treasury Plan - Instutional Option - Daily Dividend Option	101,526.33	1,552.07	5,248,815.20	802.41
Canara Robeco Liquid Super Institutional Daily Dividend Reinvest Fund	101,720.34	1,022.80	-	-
Templeton India Ultra Short Bond Fund Super Institutional - Daily Dividend Option	19,411,051.17	2,024.61	-	-
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	51,614.08	516.31	-	-
Religare Liquid Fund - Super Institutional Daily Dividend	212,963.26	2,131.30	-	-
Birla Sunlife Cash plus-Daily Dividend-Reinvestment	1,024,487.77	1,026.49	-	-
JPMorgan India Liquid Fund Super Institutional-Daily Dividend Reinvestment	7,293,572.02	729.93	-	-
Baroda Pioneer Liquid Fund - Daily Dividend Plan	153,158.93	1,532.55	-	-
Total Current Investments		12,683.04		2,437.44
Additional Details:				
Aggregate value of Unquoted Investments		12,683.04		2,437.44

18 INVENTORIES

(At lower of cost and net realisable value)

(a) Raw materials	**3,569.21**	6,786.71
(b) Finished goods	**1,106.16**	888.83
(c) Stores and spares	**1,188.39**	1,198.45
Total Inventories	**5,863.76**	8,873.99

19 TRADE RECEIVABLES

(Unsecured, considered good)

Trade receivable outstanding for a period exceeding six months from the date they were due for payment	**-**	-
Others	**2,035.84**	2,751.65
Total Trade Receivables	**2,035.84**	2,751.65

20 CASH AND BANK BALANCES

	As at March 31, 2013	Rs. In lacs As at March 31, 2012
(A) Cash and cash equivalent		
(a) Cash on hand	**1.77**	1.70
(b) Balances with banks		
(1) In current accounts#	**616.44**	548.84
(2) In deposit accounts (maturing in three months or less)	**1,500.00**	650.00
Total Cash and cash equivalent	**2,118.21**	1,200.54
(B) Other bank balances		
Fixed deposit with banks (maturing after three months but within twelve months)	**21,330.00**	20,865.01
Total Cash and bank balances	**23,448.21**	22,065.55
# Includes earmarked balances in unpaid dividend accounts	**138.34**	127.12

21 OTHER CURRENT ASSETS

(Unsecured, considered good)		
Interest accrued on deposits, loans and advances	**455.99**	498.33
Total Other current assets	**455.99**	498.33

22 REVENUE FROM OPERATION

	Year ended March 31, 2013	Rs. In lacs Year ended March 31, 2012
(a) Sale of sponge iron	**82,886.46**	64,170.86
(b) Sale of power	**2,927.57**	2,416.66
(c) Other operating income	**1,881.05**	2,346.45
Gross Revenue from Operations	**87,695.08**	68,933.97

23 OTHER INCOME

(a) Interest income		
(1) Interest received on term deposits, customers' balances etc.	**2,156.14**	1,710.35
(2) Finance income on finance leases	**-**	1.84
(b) Dividend income		
(1) From other non-current investments	**118.40**	88.00
(2) From current investments	**706.61**	316.15
(c) Other non operating Income	**175.20**	185.16
Total Other Income	**3,156.35**	2,301.50

24 COST OF MATERIALS CONSUMED

Opening stock	**6,786.71**	4,178.79
Add: Purchases	**56,360.78**	46,355.49
	63,147.49	50,534.28
Less: Closing stock	**3,569.21**	6,786.71
Total Cost of materials consumed	**59,578.28**	43,747.57
Cost of materials consumed comprises		
(a) Iron Ore	**30,389.21**	20,616.97
(b) Iron Pellet	**-**	189.68
(c) Coal	**28,958.22**	22,854.11
(d) Dolomite	**230.85**	86.81
Total Cost of materials consumed	**59,578.28**	43,747.57

25 CHANGES IN INVENTORIES OF FINISHED GOODS

	Year ended March 31, 2013	Rs. In lacs Year ended March 31, 2012
Stock at the beginning of the year		
Finished goods	**888.83**	915.57
	888.83	915.57
Stock at the end of the year		
Finished goods	**1,106.16**	888.83
	1,106.16	888.83
Net (increase)/decrease	**(217.33)**	26.74

26 EMPLOYEE BENEFITS EXPENSES

(a) Salaries and wages, including bonus	**2,373.96**	1,660.13
(b) Contribution to provident and other funds	**327.54**	195.31
(c) Staff welfare expenses	**176.33**	175.88
Total Employee benefit expense	**2,877.83**	2,031.32

27 FINANCE COST

(a) Interest expense		
(i) Interest on Others	**790.98**	553.39
Total finance costs	**790.98**	553.39

28 OTHER EXPENSES

(a) Consumption of stores and spare parts	**223.98**	314.06
(b) Fuel oil consumed	**84.07**	70.17
(c) Purchase of power	**9.71**	26.27
(d) Rent	**105.93**	76.23
(e) Repairs to buildings	**328.08**	271.86
(f) Repairs to machinery	**1,592.73**	1,306.01
(g) Insurance	**30.52**	32.67
(h) Rates and taxes	**115.70**	96.48
(i) Freight and handling charges	**469.10**	310.63
(j) Commission, discounts and rebates	**56.59**	36.19
(k) Provision for wealth tax	**3.02**	6.05
(l) Packing and forwarding	**520.13**	354.49
(m) Excise duty on change in finished goods [Refer note 29]	**(10.63)**	24.20
(n) Sales tax [Refer note 34]	**-**	742.03
(o) Other expenses	**1,795.20**	2,622.53
(1) Net loss / (gain) on foreign currency transactions	**19.60**	176.56
(2) VAT, Entry Tax and Excise Duty Demand	**1.68**	743.90
(3) Premium on Foreign currency forwards	**106.62**	13.20
(4) Auditors remuneration and out-of-pocket expenses	**19.89**	16.71
(i) As Auditors - statutory audit	**18.25**	15.00
(ii) For other services	**1.25**	1.50
(iii) Auditors out-of-pocket expenses	**0.39**	0.21
(5) Cost audit fees	**1.00**	-
(6) Legal and other professional costs	**276.98**	208.89
(7) Advertisement, promotion and selling expenses	**23.21**	22.95
(8) Travelling expenses	**64.76**	64.92
(9) Loss on sale of assets	**1.41**	0.25
(10) Other general expenses	**1,280.05**	1,375.15
Total Other Expenses	**5,324.13**	6,289.87

29 DETAILS OF EXCISE DUTY PERTAIING TO (ACCRETION)/REDUCTION TO STOCK OF FINISHED GOODS

Rs. In lacs

	Year ended March 31, 2013	Year ended March 31, 2012
On Opening Stock	**145.69**	121.49
On Closing Stock	**135.06**	145.69
	(10.63)	24.20

30 EARNINGS PER SHARE

Net Profit for the year (Rs. In lacs)	**8,543.13**	7,568.02
Weighted average number of equity shares (Nos)	**15,400,000**	15,400,000
Face value per equity share (Rs.)	**10**	10
Basic and diluted earnings per share (Rs.)	**55.47**	49.14

31 CONTIGENT LIABILITIES

Contingent liabilities not provided for

a). Income tax	**230.44**	484.47
b). Sales Tax/Orissa Value Added Tax	**1,001.96**	1,001.96
c). Central excise duty	**703.17**	702.04
d). Demand from SECL	**162.61**	-
e). Demand from Ministry of Coal against Radhikapur coal block	**3,250.00**	-

32 The Company had received a notice on November 23, 2012 from the Ministry of Coal (MoC) for encashment of bank guarantee (BG) of Rs. 3250 lacs on the ground that there was a delay in commissioning the Radhikapur coal block allotted to the Company along with M/s Scaw Industries Limited and SPS Sponge Iron Limited. The Company contends that the delay in commissioning of the project is mainly attributable to both Central and State Governments in granting permissions/ approvals for various critical milestones. Further, the Company has also applied to the MoC for extension of the normative date of production on account of the above delays which is still pending. The Company had moved to Hon'ble High Court of Delhi against the revocation of BG by the MoC and the hearing is in process. Pending disposal by the MoC of the Company's application seeking extension of the normative date of production and the disposal of the Company's case before the Hon'ble High Court of Delhi, the amount has been disclosed as a contingent liability in the financial statements for the year ended March 31, 2013.

33 Estimated amounts of contracts remaining to be executed on capital account and not provided for : **Rs. 752.32 lacs** (*As at March 31, 2012: Rs. 918.99 lacs*) [Net of advances **Rs. 1.07 lacs** (*As at March 31, 2012 Rs.6.10 lacs*)].

34 SALES TAX

a). The Company had filed a writ petition before the High Court of Orissa for sales tax exemption for a period of two years w.e.f. June 10, 1997 as a Pioneer Unit. The High Court initially ruled that the Company should pay the sales tax under dispute pending disposal of the writ petition. Accordingly, the Company paid Sales tax, which had not been collected from customers, and amounts aggregating to Rs. 573.73 lacs had been charged to the Statement of Profit and Loss during the years 1997-98 to 1999-2000.

The High Court directed the Sales Tax Authorities to refund the amount after ascertaining that the said refund shall not unjustly enrich the Company. The Sales Tax Officer passed the order stating that the refund shall unjustly enrich the Company against which the Company has filed a writ petition in the High Court challenging the correctness of the assessment and the same is pending. No credit has been taken in the accounts, as the matter has not reached finality.

b). As per Industrial Policy Resolution 1992 of Government of Orissa, the Company has to pay a minimum sales tax of Rs. 252.56 lacs before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The Company was paying the above amount until the rate of sales tax was reduced. With reduction in rate of sales tax, the Company contends that the above limit of Rs. 252.56 lacs has to correspondingly reduce and accordingly is making reduced payment. The Company however has provided for the differential amount upto the date of exhausting the benefit of exemption and the total provision till March 31, 2012 amounts to Rs. 513.83 lacs. Pending assessments for the years 2008-09 to 2011-12, the Company has started collecting sales tax on sale of sponge iron produced in those kilns w.e.f. April 1, 2012 and depositing the same with Sales Tax authorities after availing set off of applicable input tax credit.

35 RELATED PARTY TRANSACTION

(a) List of Related Parties and relationship

Name of the Related Party	Relationship
(i) Tata Steel Limited	Holding Company w.e.f. August 28, 2012 [Refer note 2]
(ii) TSIL Energy Limited	Wholly owned Subsidiary w.e.f November 20, 2012 [Refer note 3]
(iii) TM International Logistics Limited	Fellow Subsidiary w.e.f August 28, 2012
(iv) The Tinplate Company of India Limited	Fellow Subsidiary w.e.f August 28, 2012
(v) Mr. Suresh Thawani, Managing Director#	Key Management Personnel

Mr. Suresh Thawani has retired with effect from March 31, 2013 and Mr. D P Deshpande has been appointed as Managing Director with effect from April 1 , 2013.

(b) Related party transactions

Name of the related party	Nature of transactions	Year ended 31.03.2013 Amount (Rs. In lacs)	Year ended 31.03.2012 Amount (Rs. In lacs)
Tata Steel Limited [1]	Purchase of goods	**27,501.37**	20,603.23
	Services received	**28.84**	29.13
	Leasing arrangements[2]	**-**	2.90
	Dividend Paid	**489.60**	489.60
	Services rendered	**18.58**	23.48
TM International Logistics Limited[3]	Services received	**1,091.94**	NA
The Tinplate Company of India Limited[3]	Services received	**0.14**	NA
TSIL Energy Limited	Investment in equity shares	**6.01**	NA
Mr. Suresh Thawani	Remuneration	**111.31**	90.00
Name of the related party	**Nature of Balances**	**As at March 31, 2013 Amount (Rs. In lacs)**	As at March 31, 2012 Amount (Rs. In lacs)
Tata Steel Limited	Amounts payable	**2,429.63**	2,791.22
	Amounts receivable	**1.21**	7.88
The Tinplate Company of India Limited	Amounts payable	**0.01**	NA
TM International Logistics Limited	Amounts receivable	**0.59**	NA
TSIL Energy Limited	Amounts receivable	**6.39**	NA

Note 1: Current year figures includes the following amounts since the Company became subsidiary of Tata Steel Limited:

Nature of transactions	Amount (Rs. In lacs)
Purchase of goods	**16,512.28**
Services received	**14.28**
Leasing arrangements	**-**
Services rendered	**7.70**

Note 2: Rs. 409/-

Note 3 : Transactions reported above are from the date the Company became subsidiary of Tata Steel Limited i.e., August 28, 2012

36 CIF VALUE OF IMPORTS

Rs. In lacs

	Year ended March 31, 2013	Year ended March 31, 2012
(a) Raw Materials	**10,574.46**	13,144.54
(b) Components, Stores and Spares	**20.46**	1.45

37 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(a) Others - Travelling Expenses	**-**	0.54

38 CONSUMPTION OF IMPORTED AND INDEGENOUS MATERIALS

	Year ended March 31, 2013 %	Year ended March 31, 2013 Amount (Rs. In lacs)	Year ended March 31, 2012 %	Year ended March 31, 2012 Amount (Rs. In lacs)
a). Raw Materials consumed				
- Indigenous	**72.27**	**43,055.72**	73.95	32,352.98
- Imported	**27.73**	**16,522.56**	26.05	11,394.59
	100.00	**59,578.28**	100.00	43,747.57
b). Stores and Spare parts				
- Indigenous	**97.80**	**805.34**	99.74	762.23
- Imported	**2.20**	**18.09**	0.26	1.99
	100.00	**823.43**	100.00	764.22
Less: Charged to repairs to building and plant and machinery		**599.45**		450.16
		223.98		314.06

39 EARNINGS IN FOREIGN EXCHANGE

Rs. In lacs

	Year ended 31.03.2013	Year ended 31.03.2012
a). Service income	**-**	24.42

40 EMPLOYEE BENEFITS

Defined Contribution Plans		
(i) Contribution to Provident fund	**134.79**	119.39
(ii) Contribution to Superannuation fund	**71.16**	68.69
	205.95	188.08

Defined Benefits Plans

Details of the Gratuity and Leave Encashment Benefit are as follows

Description	2012-13 Gratuity (Funded) Amount (Rs. In lacs)	2012-13 Leave Encashment (Funded) Amount (Rs. In lacs)	2011-12 Gratuity (Funded) Amount (Rs. In lacs)	2011-12 Leave Encashment (Funded) Amount (Rs. In lacs)
1. Reconciliation of opening and closing balances of obligation				
a. Obligation at the beginning of the year	**854.54**	**320.27**	814.14	279.25
b. Current service cost	**50.60**	**46.78**	48.43	42.66
c. Interest cost	**70.17**	**25.77**	63.33	21.08
d. Acquisition adjustment	**-**	**-**	-	-
e. Actuarial (gain)/loss	**82.52**	**13.17**	(26.34)	8.72
f. Benefits paid	**(38.34)**	**(27.09)**	(45.02)	(31.44)
g. Obligation at the end of the year	**1,019.49**	**378.90**	854.54	320.27
2. Change in fair value of plan assets				
a. Fair value of plan assets at the beginning of the year	**888.25**	**402.92**	853.71	209.41
b. Acquisition adjustment	**-**	**-**	-	-
c. Expected return on plan assets	**81.69**	**37.88**	78.20	27.49
d. Actuarial gain/(loss)	**-**	**4.09**	-	-
e. Contributions made by the company	**87.89**	**27.09**	1.36	197.46
f. Benefits paid	**(38.34)**	**(27.09)**	(45.02)	(31.44)
g. Fair value of plan assets at the end of the year	**1,019.49**	**444.89**	888.25	402.92

3.	**Reconciliation of fair value of plan assets and obligations**				
	a. Present value of obligation at the end of the year	**1,019.49**	**378.90**	854.54	320.27
	b. Fair value of plan assets at the end of the year	**(1,019.49)**	**(444.89)**	(888.25)	(402.92)
	c. Amount recognised in the balance sheet (Assets)/ Liability	**-**	**(65.99)**	(33.71)	(82.65)
4.	**Expenses recognised during the year**				
	a. Current service cost	**50.60**	**46.78**	48.43	42.66
	b. Interest cost	**70.17**	**25.77**	63.33	21.08
	c. Expected return on plan assets	**(81.69)**	**(37.88)**	(78.20)	(27.49)
	d. Actuarial (gains)/loss	**82.52**	**9.08**	(26.34)	8.72
	e. Expenses recognised during the year	**121.60**	**43.75**	7.22	44.97
5.	**Investment details**				
	a. Others (Funds with Life Insurance Corporation of India)	**1,019.49**	**444.89**	888.25	402.92
6.	**Assumptions**				
	a. Discount rate (per annum)	**8.00%**	**8.00%**	8.40%	8.40%
	b. Estimated rate of return on plan assets (per annum)	**9.40%**	**9.40%**	9.40%	9.40%
	c. Rate of escalation in salary	**8.00%**	**8.00%**	8.00%	8.00%

7.	**Experience adjustments**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**
	Gratuity					
	a. Present value of obligation as at the end of the year	**1,019.49**	**854.54**	**814.14**	**738.12**	**610.50**
	b. Fair value of plan assets as at the end of the year	**(1,019.49)**	**(888.25)**	**(853.71)**	**(731.05)**	**(549.32)**
	c. (Surplus)/Deficit in the plan	**-**	**(33.71)**	**(39.57)**	**7.07**	**61.18**
	d. Experience adjustments on plan liabilities	**53.42**	**4.40**	**25.94**	**95.33**	**12.82**
	e. Experience adjustments on plan assets [(loss)/gain]	**-**	**-**	**4.59**	**16.29**	**(7.40)**
	Leave Encashment					
	a. Present value of obligation as at the end of the year	**378.90**	**320.27**	**279.25**	**235.89**	**214.12**
	b. Fair value of plan assets as at the end of the year	**(444.89)**	**(402.92)**	**(209.41)**	**(193.71)**	**(177.76)**
	c. (Surplus)/Deficit in the plan	**(65.99)**	**(82.65)**	**69.84**	**42.18**	**36.36**
	d. Experience adjustments on plan liabilities [loss/(gains)]	**1.43**	**20.81**	**29.84**	**(1.27)**	**(38.73)**
	e. Experience adjustments on plan assets [(loss)/gain]	**4.09**	**-**	**(2.51)**	**0.84**	**6.39**

Details of the Defined Pension and Post Retirement Medical Benefit (PRMB) are as follows

		2012-13		2011-12	
		Pension	**PRMB**	Pension	PRMB
	Description	**Amount (Rs. In lacs)**	**Amount (Rs. In lacs)**	Amount (Rs. In lacs)	Amount (Rs. In lacs)
1.	**Reconciliation of opening and closing balances of obligation**				
	a. Obligation at the beginning of the year	**202.33**	**32.47**	215.68	34.09
	b. Current service cost	**-**	**-**	-	-
	c. Interest cost	**16.13**	**2.70**	16.45	2.68
	d. Actuarial (gain)/loss	**300.46**	**21.00**	(9.92)	(3.24)
	e. Benefits paid	**(20.68)**	**(0.57)**	(19.88)	(1.06)
	f. Obligation at the end of the year	**498.24**	**55.60**	202.33	32.47
2.	**Change in fair value of plan assets**				
	a. Fair value of plan assets at the beginning of the year	**-**	**-**	-	-
	b. Expected return on plan assets	**-**	**-**	-	-
	c. Actuarial gain/(loss)	**-**	**-**	-	-
	d. Contributions made by the company	**20.68**	**0.57**	19.88	1.06
	e. Benefits paid	**(20.68)**	**(0.57)**	(19.88)	(1.06)
	f. Fair value of plan assets at the end of the year	**-**	**-**	-	-

3. Reconciliation of fair value of plan assets and obligations				
a. Present value of obligation at the end of the year	**498.24**	**55.60**	202.33	32.47
b. Fair value of plan assets at end of the year	**-**	**-**	-	-
c. Amount recognised in the balance sheet	**498.24**	**55.60**	202.33	32.47
4. Expenses recognised during the year				
a Current service cost	**-**	**-**	-	-
b Interest cost	**16.13**	**2.70**	16.45	2.68
c Expected return on plan assets	**-**	**-**	-	-
d Actuarial (gains)/loss	**300.46**	**21.00**	(9.92)	(3.24)
e Expenses recognised during the year	**316.59**	**23.70**	6.53	(0.56)
5. Assumptions				
a. Discount rate (per annum)	**8.00%**	**8.00%**	8.40%	8.40%
b. Estimated rate of return on plan assets (per annum)	**NA**	**NA**	NA	NA
c. Rate of escalation in pension	**4.00%**	**NA**	4.00%	NA
d. Medical cost - % of annual entitlement utilised	**NA**	**20.00%**	NA	20.00%

6. **Experience adjustments**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**
Pension					
a. Present value of obligation as at the end of the year	**498.24**	**202.33**	**215.68**	**244.30**	**194.84**
b. Fair value of plan assets as at the end of the year	**-**	**-**	**-**	**-**	**-**
c. (Surplus)/Deficit in the plan	**498.24**	**202.33**	**215.68**	**244.30**	**194.84**
d. Experience adjustments on plan liabilities [loss/(gains)]	**283.10**	**(3.74)**	**(27.48)**	**56.07**	**1.66**
e. Experience adjustments on plan assets [(loss)/gain]	**-**	**-**	**-**	**-**	**-**
Post Retirement Medical Benefit					
a. Present value of obligation as at the end of the year	**55.60**	**32.47**	**34.09**	**40.80**	**42.05**
b. Fair value of plan assets as at the end of the year	**-**	**-**	**-**	**-**	**-**
c. (Surplus)/Deficit in the plan	**55.60**	**32.47**	**34.09**	**40.80**	**42.05**
d. Experience adjustments on plan liabilities [loss/(gains)]	**19.38**	**(2.38)**	**(6.92)**	**(1.84)**	**(2.40)**
e. Experience adjustments on plan assets [(loss)/gain]	**-**	**-**	**-**	-	-

41 The Company is engaged in production and sale of Sponge Iron in India and hence Sponge Iron is the only reportable segment in accordance with Accounting Standard 17 - Segment Reporting.

42 Based on and to the extent of information obtained from suppliers regarding their status as Micro, Small or Medium enterprises under Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to them as at the end of the year.

43 The foreign currency exposures at the year end that have not been hedged by a derivative instrument or otherwise are given below:

	As at March 31, 2013		As at March 31, 2012	
	US Dollar Equivalent	**Amount (Rs. In lacs)**	US Dollar Equivalent	Amount (Rs. In lacs)
Amount receivable in foreign currency on account of Outstanding receivables	-	-	48,000	24.42

44 Disclosure as required under AS 29

Provisions for Sales tax and Entry tax have been recognised in the financial statements considering the following:

(i) The company has a present obligation as a result of past event

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation

Particulars	**Interest on Income Tax**	**Excise Duty**	**Entry VAT and Sales tax**
Carrying amount as at April 1, 2012 Rs. in lacs	Rs.173.56 lacs	Rs. 1049.31 lacs	Rs. 696.79 lacs
Provision made during the year Rs. in lacs	Rs.567.70 lacs	Rs.123.19 lacs	Nil
Amount paid during the year Rs. in lacs	Nil	Nil	Nil
Unused amount reversed during the year Rs. in lacs	Nil	Nil	Nil
Carrying amount as at March 31, 2013 Rs. in lacs	Rs.741.26 lacs	Rs. 1172.50 lacs	Rs. 696.79 lacs
Nature of obligation	Interest on Income Tax	Demand for Excise duty	Demand for sales tax
Expected timing of resultant outflow	On decision by competent authority	On decision by competent authority	On decision by the competent adjudicating authorities
Indication of uncertainty about those outflows	The above matters are under dispute with authorities	The above matters are under dispute with authorities	The above matters are under dispute with authorities
Major assumptions concerning future events	The matter is with higher authorities for adjudication. On the grounds of prudence provision is made.	The matter is with higher authorities for adjudication. On the grounds of prudence provision is made.	The matter is with higher authorities for adjudication. On the grounds of prudence provision is made.
Amount of any expected reimbursement, i.e.., amount of any asset that has been recognised for that expected reimbursement	Nil	Nil	Nil

45 Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

For and on behalf of the Board of Directors

A M Misra - Chairman

N P Sinha - Director

D P Deshpande - Managing Director

S S Dhanjal - Company Secretary

Jamshedpur, 22nd April 2013

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF TATA SPONGE IRON LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TATA SPONGE IRON LIMITED** (the "Company"), its subsidiary (the Company, its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No.302009E)

Abhijit Bandyopadhyay
Partner
(Membership No. 054785)

Jamshedpur, 22nd April, 2013

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2013

	Notes	Rs. In lacs As at 31.03.2013
(I) EQUITY AND LIABILITIES		
(1) SHAREHOLDERS' FUNDS		
(a) Share capital	03	**1,540.00**
(b) Reserves and surplus	04	**62,399.50**
		63,939.50
(2) NON-CURRENT LIABILITIES		
(a) Deferred tax liabilities (net)	05	**2,980.42**
(b) Other Long-term liabilities	06	**1.49**
(c) Long-term provisions	07	**544.90**
		3,526.81
(3) CURRENT LIABILITIES		
(a) Trade payables	08	**5,071.41**
(b) Other current liabilities	09	**2,373.83**
(c) Short-term provisions	07	**6,565.66**
		14,010.90
TOTAL EQUITY AND LIABILITIES		**81,477.21**
(II) ASSETS		
(1) NON-CURRENT ASSETS		
(a) Fixed assets		
(i) Tangible assets	10	**16,151.39**
(ii) Intangible assets	11	**12.70**
(iii) Capital work-in-progress		**1,564.59**
		17,728.68
(b) Non-current investments	12	**80.00**
(c) Long-term loans and advances	13	**17,082.09**
(d) Other non-current assets	14	**1.55**
		34,892.32
(2) CURRENT ASSETS		
(a) Current investments	15	**12,683.04**
(b) Inventories	16	**5,863.76**
(c) Trade receivables	17	**2,035.84**
(d) Cash and bank balances	18	**23,454.22**
(e) Short-term loans and advances	13	**2,092.04**
(f) Other current assets	19	**455.99**
		46,584.89
TOTAL ASSETS		**81,477.21**

See accompanying notes forming an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Abhijit Bandyopadhyay
Partner
Jamshedpur, 22nd April 2013

For and on behalf of the Board of Directors
A. M. Misra - *Chairman*
N.P. Sinha - *Director*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 22nd April 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2013

Rs. In lacs

			Notes	Year Ended 31.03.2013
I	**Revenue from operations**		20	**87,695.08**
	Less:Excise Duty			**8,119.12**
				79,575.96
II	**Other Income**		21	**3,156.35**
III	**Total Revenue (I + II)**			**82,732.31**
IV	**EXPENSES**			
	(a)	Cost of materials consumed	22	**59,578.28**
	(b)	Changes in inventories of finished goods	23	**(217.33)**
	(c)	Employee benefits expense	24	**2,877.83**
	(d)	Finance costs	25	**790.98**
	(e)	Depreciation and amortisation expense		**1,787.97**
	(f)	Other expenses	26	**5,331.27**
	Total Expenses			**70,149.00**
V	**PROFIT BEFORE TAX (III-IV)**			**12,583.31**
VI	**TAX EXPENSES**			
	(1)	Current tax		
		(i) Current tax		**4,432.00**
		(ii) Current tax relating to previous years		**(89.27)**
	(2)	Deferred tax	05	**(295.41)**
	Total tax expense			**4,047.32**
VII	**PROFIT AFTER TAX FOR THE YEAR (V - VI)**			**8,535.99**
VIII	**EARNING PER EQUITY SHARE (Rupees)**			
	Basic and Diluted Earning Per Share [Face value Rs. 10 each]		28	**55.43**

See accompanying notes forming an integral part of the financial statements
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Abhijit Bandyopadhyay
Partner

Jamshedpur, 22nd April 2013

For and on behalf of the Board of Directors
A. M. Misra - *Chairman*
N.P. Sinha - *Director*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 22nd April 2013

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2013

		Rs. In lacs Year Ended 31.03.2013
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	
	Profit before taxes	**12,583.31**
	Adjustments for:	
	Depreciation	**1,787.97**
	Income from investments	**(825.01)**
	(Profit)/loss on sale of assets (net of discarded assets written off)	**1.41**
	Interest income	**(2,156.14)**
	Finance costs	**790.98**
	Provision no longer required written back	**(8.35)**
	Unrealised foreign exchange loss	**-**
	Amortisation of forward premium	**106.62**
	Bad debts written off	**-**
	Provisions for obsolescence of stores inventory	**62.00**
	Provision for wealth tax	**3.02**
	Operating profit before working capital changes	**12,345.81**
	Changes in Working Capital:	
	Adjustments for (increase) / decrease in operating assets:	
	Inventories	**2,948.23**
	Trade receivables	**715.81**
	Long term loans and advances	**34.75**
	Other non current assets	**0.20**
	Short term loans and advances	**(1,119.27)**
	Adjustments for increase / (decrease) in operating liabilities:	
	Long-term provisions	**297.55**
	Other long-term liabilities	**1.49**
	Trade payables	**435.55**
	Short-term provisions	**22.78**
	Other current liabilities	**795.03**
	Cash generated from operations	**16,477.93**
	Direct taxes paid	**(5,283.80)**
	Net cash from operating activities	**11,194.13**
B.	**CASH FLOW FROM INVESTNG ACTIVITIES**	
	Capital Expenditure on fixed assets	**(1,262.93)**
	Proceeds from sale of fixed assets	**0.46**
	Purchase of current investments	**(54,050.00)**
	Sale of current investments	**44,511.02**
	Bank balances not considered as cash and cash equivalents	**(464.99)**
	Interest received from banks and others	**2,198.48**
	Dividend received from investments	**118.40**
	Net cash utilised in investing activities	**(8,949.57)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**	
	Proceeds from short term borrowings	**3,314.19**
	Repayment of borrowings	**(3,314.19)**
	Finance cost paid	**(100.10)**
	Dividend paid	**(1,220.78)**
	Net cash utilised in financing activities	**(1,320.88)**
Net increase/(decrease) in cash and cash equivalents		**923.68**
Cash and cash equivalents as at April 1 [1]		**1,200.54**
Cash and cash equivalents as at March 31 [1]		**2,124.22**

Notes:
1. Includes cash and drafts on hand, balance in current and deposit accounts with banks having original maturity of three months or less, out of which restricted balance is **Rs.138.34 lacs.**
2. Excludes purchases made out of re investment of dividends **Rs.706.61 lacs.**
3. Figures in brackets represent outflows.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Abhijit Bandyopadhyay
Partner
Jamshedpur, 22nd April 2013

For and on behalf of the Board of Directors
A. M. Misra - *Chairman*
N.P. Sinha - *Director*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 22nd April 2013

NOTES TO CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF PROFIT AND LOSS

01 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Tata Spone Iron Limited ("the Company") and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

(a) The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits and losses as per Accounting Standards 21 (AS 21) Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.

(b) The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that of the Company. i.e., March 31, 2013.

(c) TSIL Energy Limited being a wholly owned subsidiary, there is no minority interest.

(d) Intra-group balances and intra-group transactions and resulting unrealised profit have been eliminated.

(e) The Subsidiary considered in the preparation of the Consolidated Financial Statements:

Name of the Subsidiary	:	**TSIL Energy Limited**
Country of incorporation	:	**India**
Percentage of ownership interest as at March 31, 2013	:	**100.00%**

02 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and preparation of financial statements

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India, Accounting Standards notified by the Central Government under the companies (Accounting Standards) Rules, 2006 as amended and other relevant provisions of Companies Act, 1956 . The accounting policies followed in these financial statements are same as those followed in the financial statements for the year ended March 31, 2012.

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 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 recognised in the periods in which the results are known / materialise.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of services rendered by the Company and the time between the cost incurred for rendering the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(b) Revenue Recognition

(i) **Sale of goods**

Revenue from the sale of goods is recognised in the statement of profit and loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue includes consideration received or receivable, excise duty but net of discounts and other sales related taxes.

(ii) **Sale of power**

Revenue from the sale of power is recognised on bills raised to Power Transmission Company.

(iii) **Dividend and Interest income**

Dividend income is recognised when the Company's right to receive dividend is established. Interest income is recognised on a time proportion basis based on the amount outstanding and the rate applicable.

(c) Tangible Assets

All tangible assets are valued at cost less depreciation. The cost of an asset includes the purchase cost of materials, including import duties and non refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalised as part of the cost of the asset until such time that the asset is ready for its intended use.

(d) Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.

(e) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and non refundable taxes, and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

(f) Depreciation and Amortisation

Assets given on lease are depreciated on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 or based on the lease period whichever is higher. Freehold land is not depreciated. Premium paid on leasehold land and land development expenses are amortised over the primary lease period. Intangible assets are amortised over a period of three to five years.

Other fixed assets are depreciated on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 or based on estimated useful life whichever is higher. The estimated useful life for each category of asset is as under :

(i)	Buildings	30 to 61 Years
(ii)	Plant and Machinery	14 to 21 Years
(iii)	Furniture fixture, Air Conditioners and Office equipment	5 Years
(iv)	Computers	3 Years
(v)	Vehicles	5 Years

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.

(g) Investments

Long term investments are carried at cost less provision for diminution other than temporary (if any) in value of such investments.

Current investments are carried at lower of cost and fair value.

(h) Inventories

Raw materials are valued at cost or net realisable value whichever is lower. Cost comprises purchase price, freight and handling charges, non refundable taxes and duties and other directly attributable costs.

Finished products are valued at lower of cost and net realisable value.

Stores and spares are valued at cost comprising of purchase price, freight and handling charges on refundable taxes and duties and other directly attributable costs less provisions for obsolescence.

Cost of inventories are generally ascertained on the “weighted average” basis.

(i) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term deposits (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(j) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(k) Foreign Currency Transactions

Foreign Currency transactions are recorded on initial recognition in the reporting currency i.e. Indian rupees, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in currencies other than the reporting currency and foreign exchange contracts remaining unsettled are remeasured at the rates of exchange prevailing at the balance sheet date. Exchange difference arising on the settlement of monetary items, and on the remeasurement of monetary items, are included in statement of profit and loss.

Foreign currency forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 - Effects of Changes in Foreign Exchange Rates. The difference between the contract rate and spot rate on the date of transaction is recognised as premium/discount over the life of the contract. Exchange differences arising from remeasurement of contracts are included in the statement of profit and loss for the year. Gains and losses arising on account of roll over/cancellation of forward contracts are recognised in the statement of profit and loss.

(l) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the statement of profit and loss in the period in which they are incurred.

(m) Employee Benefits

(i) **Short term benefits**

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered.

(ii) **Post employment benefits**

(a) **Defined Contribution plans**

Defined contribution plans are those plans where the Company pays fixed contributions to a separate entity. Contributions are paid in return for services rendered by the employees during the year. The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employee benefits. The Company provides Provident Fund facility to all employees and Superannuation benefits to selected employees. The contributions are expensed as they are incurred in line with the treatment of wages and salaries.

(b) **Defined Benefit Plans**

The Company provides Gratuity and leave benefits to its employees. Gratuity liabilities are funded through a separate trust with its funds managed by Life Insurance Corporation of India. The liability towards leave benefits is funded with Life Insurance Corporation of India. The present value of these defined benefit obligations are ascertained by an independent actuarial valuation as per the requirement of Accounting Standards 15 - Employee Benefits. The liability recognised in the balance sheet is the present value of the defined benefit obligations on the balance sheet date less the fair value of the plan assets (for funded plans), together with adjustments for unrecognised past service costs. All actuarial gains and losses are wholly recognised in the statement of profit and loss in the year in which they occur.

(n) Taxes on Income

Current Taxes

Provision for Current tax is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Taxes

Deferred tax assets and liabilities are recognised by computing the tax effect on timing differences which arise during the year and reverse in the subsequent periods. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(o) Leases

Amounts due under finance leases are recorded as receivables at the amount of the Company's net investment in the leases . Finance lease income is allocated to accounting periods so as to reflect a constant period rate of return on the Company's net investments standing in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the terms of the relevant leases.

(p) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20- Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax attributable to equity share holders by the weighted average numbers of equity shares outstanding during the year. Diluted earnings during the year adjusted for the effects of all dilutive potential equity shares per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

(q) Impairment

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, except in case of revalued assets.

(r) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(s) Government Grants

Government grants which are given with reference to the total investments in an undertaking and no repayment is ordinarily expected in respect thereof, the grants are treated as capital reserve which can be neither distributed as dividend nor considered as deferred income.

03 SHARE CAPITAL

	Rs. In lacs As at March 31, 2013
Authorised:	
- **25,000,000** Equity Shares of Rs. 10 each	2,500.00
(As at March 31, 2012: 25,000,000 Equity Shares of Rs. 10 each)	
	2,500.00
Issued, Subscribed and Fully Paid up :-	
15,400,000 Equity Shares of Rs. 10 each	1,540.00
(As at March 31, 2012: 15,400,000 Equity Shares of Rs. 10 each)	
	1,540.00

04 RESERVES AND SURPLUS

Rs. In lacs

As at March 31, 2013	Capital Reserve	General Reserve	Surplus in Statement of Profit and Loss	Total
Balance at the beginning of the year	35.00	53,800.00	1,469.89	55,304.89
Profit for the year	-	-	8,535.99	8,535.99
Proposed dividend	-	-	(1,232.00)	(1,232.00)
Tax on Dividend	-	-	(209.38)	(209.38)
Transfer to General Reserve	-	7,100.00	(7,100.00)	-
Balance at the end of the year	35.00	60,900.00	1,464.50	62,399.50

05 DEFERRED TAX LIABILITY (NET)

Rs. In lacs

	Deferred tax liability/ (Asset) as at April 01, 2012	Current Year Charge/ (Credit)	Deferred tax liability/ (Asset) as at March 31, 2013
Deferred tax liabilities			
(i) Difference between book and tax depreciation	4,224.63	**(155.14)**	**4,069.49**
	4,224.63	**(155.14)**	**4,069.49**
Deferred tax assets			
(i) Provision for Leave salary	(102.17)	**(6.37)**	**(108.54)**
(ii) Others	(846.63)	**(133.90)**	**(980.53)**
	(948.80)	**(140.27)**	**(1,089.07)**
Deferred tax liabilities (net)	3,275.83	**(295.41)**	**2,980.42**

06 LONG TERM LIABILITIES

	As at March 31, 2013	
Creditors for supplies / services	1.49	1.49

07 PROVISIONS

	As at March 31, 2013	
	Long-term	Short-term
(a) Provision for employee benefits		
(1) Post-employment defined benefits		
(i) Pension obligations	**458.13**	**40.11**
(ii) Post retirement medical benefits	**49.71**	**5.89**
(2) Other employee benefits		
Provident fund liability	**37.06**	**-**
(b) Provision for tax (net of advance tax of Rs. 22749.27 **lacs** [As at *March 31, 2012 Rs. 17634.14 lacs*]	**-**	**2,467.73**
(c) Proposed dividends	**-**	**1,232.00**
(d) Provision for tax on dividend		**209.38**
(e) Other provisions		
Excise duty, sales tax, entry tax and interest on income tax	**-**	**2,610.55**
Total Provisions	**544.90**	**6,565.66**

08 TRADE PAYABLES

	As at March 31, 2013
(a) Creditors for supplies / services	**4,502.45**
(b) Creditors for accrued wages and salaries	**568.96**
Total Trade Payables	**5,071.41**

09 OTHER CURRENT LIABILITIES

	As at March 31, 2013
(a) Unpaid dividends	**138.34**
(b) Advances received from customers	**691.39**
(c) Creditors for capital liability	**159.55**
(d) Other payables	
(1) Employee recoveries and employer contributions	**39.90**
(2) Statutory Dues (Excise duty, service tax, sales tax, TDS, etc.)	**1,310.67**
(3) Other credit balances	**33.98**
Total Other current liabilities	**2,373.83**

10 TANGIBLE ASSETS

Rs. in Lacs

Description	Freehold Land	Leasehold Land	Land Develop-ment	Freehold Buildings	Plant and Machinery Owned Assets	Plant and machinery leased assets #	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets #	Railway Sidings	Total Tangible Assets
Gross Block as at April 1, 2012	122.32	3.02	39.86	3,650.70	30,220.98	661.79	256.67	34.42	219.02	17.94	363.86	35,590.58
Additions during the year	-	-	-	173.54	339.84	-	11.28	8.37	47.81	-	-	580.84
Assets disposed / written off during the year	-	-	-	-	72.44	-	-	0.07	6.43	-	-	78.94
Gross Block as at March 31, 2013	122.32	3.02	39.86	3,824.24	30,488.38	661.79	267.95	42.72	260.40	17.94	363.86	36,092.48
Accumulated Depreciation as at April 1, 2012	-	0.92	12.33	943.34	15,867.65	661.79	225.95	12.68	141.53	17.94	363.86	18,247.99
Charge for the year	-	0.04	0.44	85.92	1,637.01	-	13.33	2.61	30.82	-	-	1,770.17
Depreciation on assets disposed off/written off during the year	-	-	-	-	70.64	-	-	0.02	6.41	-	-	77.07
Accumulated Depreciation as at March 31, 2013	-	0.96	12.77	1,029.26	17,434.02	661.79	239.28	15.27	165.94	17.94	363.86	19,941.09
Net book value as at April 1, 2012	122.32	2.10	27.53	2,707.36	14,353.33	-	30.72	21.74	77.49	-	-	17,342.59
Net book value as at March 31, 2013	122.32	2.06	27.09	2,794.98	13,054.36	-	28.67	27.45	94.46	-	-	16,151.39

 # Represent assets given to Tata Steel on lease

11 INTANGIBLE ASSETS

Rs. In Lacs

Description	Mining Geological report	Software Costs	Total Intangible Assets
Gross Block as at April 1, 2012	468.90	181.86	650.76
Additions during the year	-	3.73	3.73
Assets disposed / written off during the year	-	-	-
Gross Block as at March 31, 2013	468.90	185.59	654.49
Accumulated Amortisation as at April 1, 2012	457.11	166.88	623.99
Charge for the year	11.79	6.01	17.80
Amortisation of assets disposed/ written off during the year	-	-	-
Accumulated amortisation as at March 31, 2013	468.90	172.89	641.79
Net book value as at April 1, 2012	11.79	14.98	26.77
Net book value as at March 31, 2013	-	12.70	12.70

12 NON-CURRENT INVESTMENT

	As at March 31, 2013
Long Term Investments at cost	
Trade investments (unquoted)	
800,000 Equity shares of Rs. 10 each in Jamipol Limited, fully paid up	80.00
	80.00
Additional Details:	
Aggregate value of Unquoted Investments	80.00

13 LOANS AND ADVANCES

Rs. In lacs

	As at March 31, 2013 Long-term	As at March 31, 2013 Short-term
(Unsecured, considered good unless otherwise stated)		
(a) Capital advances	16,662.24	-
(b) Security deposits		
(1) Considered good	6.67	144.45
(2) Considered doubtful	-	22.57
Less: Provision for doubtful deposits	-	(22.57)
(c) Other loans and advances		
(1) Loans to employees	8.92	5.32
(2) Advance with public bodies	-	156.14
(3) Other advances and prepayments	7.28	1,786.13
(4) Advance payment of taxes [net of provision of **Rs. 3129.03 lacs** (*As at March 31, 2012 Rs. 2929.92 lacs*)]	330.99	-
(5) Retirement Benefit Assets		
(i) Retiring Gratuities	-	-
(ii) Leave Encashment	65.99	-
Total Loans and advances	17,082.09	2,092.04

14 OTHER NON-CURRENT ASSETS

	As at March 31, 2013
Deposit with banks and others with maturity period more than 12 months	1.55
(Above Deposits are pledged with government authorities)	1.55

15 CURRENT INVESTMENT

(Lower of cost and fair value)

Investment in Liquid Mutual Funds (Unquoted)

Particulars	Units	As at March 31, 2013 Rs. in lacs
TATA Liquid Super High Investment Fund-Daily Dividend	107,940.31	1,203.02
Templeton India Super Institutional Plan- Daily Dividend Option	-	-
Templeton India Ultra Short Bond	9,423,398.42	943.96
Peerless Liquid Fund-Super Institutional Plan- Daily Dividend	-	-
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	101,526.33	1,552.07
Canara Robeco Liquid Super Institutional Daily Dividend Reinvest Fund	101,720.34	1,022.80
Templeton India Ultra Short Bond Fund Super Institutional - Daily Dividend Option	19,411,051.17	2,024.61
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	51,614.08	516.31
Religare Liquid Fund - Super Institutional Daily Dividend	212,963.26	2,131.30
Birla Sunlife Cash plus-Daily Dividend-Reinvestment	1,024,487.77	1,026.49
JPMorgan India Liquid Fund Super Institutional-Daily Dividend Reinvestment	7,293,572.02	729.93
Baroda Pioneer Liquid Fund - Daily Dividend Plan	153,158.93	1,532.55
Total Current Investments		**12,683.04**
Additional Details:		
Aggregate value of Unquoted Investments		**12,683.04**

16 INVENTORIES

(At lower of cost and net realisable value)	As at March 31, 2013
(a) Raw materials	**3,569.21**
(b) Finished goods	**1,106.16**
(c) Stores and spares	**1,188.39**
Total Inventories	**5,863.76**

17 TRADE RECEIVABLES

(Unsecured, considered good)	As at March 31, 2013
Trade receivable outstanding for a period exceeding six months from the date they were due for payment	**-**
Others	**2,035.84**
Total Trade Receivables	**2,035.84**

18 CASH AND BANK BALANCES

	As at March 31, 2013
(A) Cash and cash equivalent	
(a) Cash on hand	**1.77**
(b) Balances with banks	
(1) In current accounts#	**622.45**
(2) In deposit accounts (maturing in three months or less)	**1,500.00**
Total Cash and cash equivalent	**2,124.22**
(B) Other bank balances	
Fixed deposit with banks (maturing after three months but within twelve months)	**21,330.00**
Total Cash and bank balances	**23,454.22**
# Includes earmarked balances in unpaid dividend accounts	**138.34**

Rs. in lacs

19	OTHER CURRENT ASSETS	As at March 31, 2013
	(Unsecured, considered good)	
	Interest accrued on deposits, loans and advances	455.99
	Total Other current assets	**455.99**

20	REVENUE FROM OPERATIONS	Rs. In lacs Year ended March 31, 2013
	(a) Sale of sponge iron	82,886.46
	(b) Sale of power	2,927.57
	(c) Other operating income	1,881.05
	Gross Revenue from Operations	**87,695.08**

21	OTHER INCOME	Rs. In lacs Year ended March 31, 2013
	(a) Interest income	
	(1) Interest received on term deposits, customers' balances etc.	2,156.14
	(2) Finance income on finance leases	-
	(b) Dividend income	
	(1) From other non-current investments	118.40
	(2) From current investments	706.61
	(c) Other non operating Income	175.20
	Total Other Income	**3,156.35**

22	COST OF MATERIALS CONSUMED	Rs. In lacs Year ended March 31, 2013
	Opening stock	6,786.71
	Add: Purchases	56,360.78
		63,147.49
	Less: Closing stock	3,569.21
	Total Cost of materials consumed	**59,578.28**
	Cost of materials consumed comprises	
	(a) Iron Ore	30,389.21
	(b) Iron Pellet	-
	(c) Coal	28,958.22
	(d) Dolomite	230.85
	Total Cost of materials consumed	**59,578.28**

23	CHANGES IN INVENTORIES OF FINISHED GOODS	Rs. In lacs Year ended March 31, 2013
	Stock at the beginning of the year	
	Finished goods	888.83
		888.83
	Stock at the end of the year	
	Finished goods	1,106.16
		1,106.16
	Net (increase)/decrease	**(217.33)**

24 EMPLOYEE BENEFITS EXPENSES

	Rs. In lacs Year ended March 31, 2013
(a) Salaries and wages, including bonus	**2,373.96**
(b) Contribution to provident and other funds	**327.54**
(c) Staff welfare expenses	**176.33**
Total Employee benefit expense	**2,877.83**

25 FINANCE COST

	Rs. In lacs Year ended March 31, 2013
(a) Interest expense	
(i) Interest on Others	**790.98**
Total finance costs	**790.98**

26 OTHER EXPENSES

	Rs. In lacs Year ended March 31, 2013
(a) Consumption of stores and spare parts	**223.98**
(b) Fuel oil consumed	**84.07**
(c) Purchase of power	**9.71**
(d) Rent	**105.93**
(e) Repairs to buildings	**328.08**
(f) Repairs to machinery	**1,592.73**
(g) Insurance	**30.52**
(h) Rates and taxes	**115.70**
(i) Freight and handling charges	**469.10**
(j) Commission, discounts and rebates	**56.59**
(k) Provision for wealth tax	**3.02**
(l) Packing and forwarding	**520.13**
(m) Excise duty on change in finished goods [Refer note 27]	**(10.63)**
(n) Preliminary expenses written off	**6.39**
(o) Sales tax [Refer note 32]	**-**
(p) Other expenses	**1,795.95**
(1) Net loss / (gain) on foreign currency transactions	**19.60**
(2) VAT, Entry Tax and Excise Duty Demand	**1.68**
(3) Premium on Foreign currency forwards	**106.62**
(4) Auditors remuneration and out-of-pocket expenses	**20.64**
(i) As Auditors - statutory audit	**19.00**
(ii) For other services	**1.25**
(iii) Auditors out-of-pocket expenses	**0.39**
(5) Cost audit fees	**1.00**
(6) Legal and other professional costs	**276.98**
(7) Advertisement, promotion and selling expenses	**23.21**
(8) Travelling expenses	**64.76**
(9) Loss on sale of assets	**1.41**
(10) Other general expenses	**1,280.05**
Total Other Expenses	**5,331.27**

27 DETAILS OF EXCISE DUTY PERTAIING TO (ACCRETION)/REDUCTION TO STOCK OF FINISHED GOODS

	Rs. In lacs Year ended March 31, 2013
On Opening Stock	**145.69**
On Closing Stock	**135.06**
	(10.63)

28 EARNINGS PER SHARE

	Year ended March 31, 2013
Net Profit for the year (Rs. In lacs)	**8,535.99**
Weighted average number of equity shares (Nos)	**15,400,000**
Face value per equity share (Rs.)	**10**
Basic and diluted earnings per share (Rs.)	**55.43**

29 CONTIGENT LIABILITIES

	Rs. In lacs As at March 31, 2013
Contingent liabilities not provided for	
a). Income tax	**230.44**
b). Sales Tax/Orissa Value Added Tax	**1,001.96**
c). Central excise duty	**703.17**
d). Demand from SECL	**162.61**
e). Demand from Ministry of Coal against Radhikapur coal block	**3,250.00**

30 The Company had received a notice on November 23, 2012 from the Ministry of Coal (MoC) for encashment of bank guarantee (BG) of Rs. 3250 lacs on the ground that there was a delay in commissioning the Radhikapur coal block allotted to the Company along with M/s Scaw Industries Limited and SPS Sponge Iron Limited. The Company contends that the delay in commissioning of the project is mainly attributable to both Central and State Governments in granting permissions/ approvals for various critical milestones. Further, the Company has also applied to the MoC for extension of the normative date of production on account of the above delays which is still pending. The Company had moved to Hon'ble High Court of Delhi against the revocation of BG by the MoC and the hearing is in process. Pending disposal by the MoC of the Company's application seeking extension of the normative date of production and the disposal of the Company's case before the Hon'ble High Court of Delhi, the amount has been disclosed as a contingent liability in the financial statements for the year ended March 31, 2013.

31 Estimated amounts of contracts remaining to be executed on capital account and not provided for : **Rs. 752.32 lacs** (*As at March 31, 2012: Rs. 918.99 lacs*) [Net of advances **Rs. 1.07 lacs** (*As at March 31, 2012 Rs.6.10 lacs*)].

32 SALES TAX

(a) The Company had filed a writ petition before the High Court of Orissa for sales tax exemption for a period of two years w.e.f. June 10, 1997 as a Pioneer Unit. The High Court initially ruled that the Company should pay the sales tax under dispute pending disposal of the writ petition. Accordingly, the Company paid Sales tax, which had not been collected from customers, and amounts aggregating to Rs. 573.73 lacs had been charged to the Statement of Profit and Loss during the years 1997-98 to 1999-2000.

The High Court directed the Sales Tax Authorities to refund the amount after ascertaining that the said refund shall not unjustly enrich the Company. The Sales Tax Officer passed the order stating that the refund shall unjustly enrich the Company against which the Company has filed a writ petition in the High Court challenging the correctness of the assessment and the same is pending. No credit has been taken in the accounts, as the matter has not reached finality.

(b) As per Industrial Policy Resolution 1992 of Government of Orissa, the Company has to pay a minimum sales tax of Rs. 252.56 lacs before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The Company was paying the above amount until the rate of sales tax was reduced. With reduction in rate of sales tax, the Company contends that the above limit of Rs. 252.56 lacs has to correspondingly reduce and accordingly is making reduced payment. The Company however has provided for the differential amount upto the date of exhausting the benefit of exemption and the total provision till March 31, 2012 amounts to Rs. 513.83 lacs. Pending assessments for the years 2008-09 to 2011-12, the Company has started collecting sales tax on sale of sponge iron produced in those kilns w.e.f. April 1, 2012 and depositing the same with Sales Tax authorities after availing set off of applicable input tax credit.

33 RELATED PARTY TRANSACTION

(a) List of Related Parties and relationship

Name of the Related Party	**Relationship**
(i) Tata Steel Limited	Holding Company w.e.f. August 28, 2012 [Refer note 1 (b)]
(ii) TSIL Energy Limited	Wholly owned Subsidiary w.e.f November 20, 2012 [Refer note 1 (c)]
(iii) TM International Logistics Limited	Fellow Subsidiary w.e.f August 28, 2012
(iv) The Tinplate Company of India Limited	Fellow Subsidiary w.e.f August 28, 2012
(v) Mr. Suresh Thawani, Managing Director#	Key Management Personnel

Mr. Suresh Thawani has retired with effect from March 31, 2013 and Mr. D P Deshpande has been appointed as Managing Director with effect from April 1 , 2013.

(b) Related party transactions

Name of the related party	**Nature of transactions**	**Year ended 31.03.2013 Amount (Rs. In lacs)**
Tata Steel Limited [1]	Purchase of goods	**27,501.37**
	Services received	**28.84**
	Leasing arrangements[2]	**-**
	Dividend Paid	**489.60**
	Services rendered	**18.58**
TM International Logistics Limited[3]	Services received	**1,091.94**
The Tinplate Company of India Limited[3]	Services received	**0.14**
Mr. Suresh Thawani	Remuneration	**111.31**
Name of the related party	**Nature of Balances**	**As at March 31, 2013 Amount (Rs. In lacs)**
Tata Steel Limited	Amounts payable	**2,429.63**
	Amounts receivable	**1.21**
The Tinplate Company of India Limited	Amounts payable	**0.01**
TM International Logistics Limited	Amounts receivable	**0.59**

Note 1: Current year figures include the following amounts since the Company became subsidiary of Tata Steel Limited:

Nature of transactions	**Amount (Rs. In lacs)**
Purchase of goods	**16,512.28**
Services received	**14.28**
Leasing arrangements	**-**
Services rendered	**7.70**

Note 2: Rs. 409/-

Note 3 : Transactions reported above are from the date the Company became subsidiary of Tata Steel Limited i.e., August 28, 2012.

34 EMPLOYEE BENEFITS

Defined Contribution Plans

	Rs. In lacs Year ended March 31, 2013
(i) Contribution to Provident fund	**134.79**
(ii) Contribution to Superannuation fund	**71.16**
	205.95

Defined Benefits Plans

Details of the Gratuity and Leave Encashment Benefit are as follows

	Description		2012-13	
			Gratuity (Funded)	**Leave Encashment (Funded)**
			Amount (Rs. In lacs)	**Amount (Rs. In lacs)**
1.	**Reconciliation of opening and closing balances of obligation**			
	a.	Obligation at the beginning of the year	854.54	320.27
	b.	Current service cost	50.60	46.78
	c.	Interest cost	70.17	25.77
	d.	Acquisition adjustment	-	-
	e.	Actuarial (gain)/loss	82.52	13.17
	f.	Benefits paid	(38.34)	(27.09)
	g.	Obligation at the end of the year	1,019.49	378.90
2.	**Change in fair value of plan assets**			
	a.	Fair value of plan assets at the beginning of the year	888.25	402.92
	b.	Acquisition adjustment	-	-
	c.	Expected return on plan assets	81.69	37.88
	d.	Actuarial gain/(loss)	-	4.09
	e.	Contributions made by the company	87.89	27.09
	f.	Benefits paid	(38.34)	(27.09)
	g.	Fair value of plan assets at the end of the year	1,019.49	444.89
3.	**Reconciliation of fair value of plan assets and obligations**			
	a.	Present value of obligation at the end of the year	1,019.49	378.90
	b.	Fair value of plan assets at the end of the year	(1,019.49)	(444.89)
	c.	Amount recognised in the balance sheet (Assets)/ Liability	-	(65.99)
4.	**Expenses recognised during the year**			
	a.	Current service cost	50.60	46.78
	b.	Interest cost	70.17	25.77
	c.	Expected return on plan assets	(81.69)	(37.88)
	d.	Actuarial (gains)/loss	82.52	9.08
	e.	Expenses recognised during the year	121.60	43.75
5.	**Investment details**			
	a.	Others (Funds with Life Insurance Corporation of India)	1,019.49	444.89
6.	**Assumptions**			
	a.	Discount rate (per annum)	8.00%	8.00%
	b.	Estimated rate of return on plan assets (per annum)	9.40%	9.40%
	c.	Rate of escalation in salary	8.00%	8.00%
7.	**Experience adjustments**			**2012-13**
	Gratuity			
	a.	Present value of obligation as at the end of the year		1,019.49
	b.	Fair value of plan assets as at the end of the year		(1,019.49)
	c.	(Surplus)/Deficit in the plan		-
	d.	Experience adjustments on plan liabilities		53.42
	e.	Experience adjustments on plan assets [(loss)/gain]		-
	Leave Encashment			
	a.	Present value of obligation as at the end of the year		378.90
	b.	Fair value of plan assets as at the end of the year		(444.89)
	c.	(Surplus)/Deficit in the plan		(65.99)
	d.	Experience adjustments on plan liabilities [loss/(gains)]		1.43
	e.	Experience adjustments on plan assets [(loss)/gain]		4.09

Details of the Defined Pension and Post Retirement Medical Benefit (PRMB) are as follows

	Description	2012-13 Pension	2012-13 PRMB
1.	**Reconciliation of opening and closing balances of obligation**		***(Amount in Rs. lacs)***
a.	Obligation at the beginning of the year	202.33	32.47
b.	Current service cost	-	-
c.	Interest cost	16.13	2.70
d.	Actuarial (gain)/loss	300.46	21.00
e.	Benefits paid	(20.68)	(0.57)
f.	Obligation at the end of the year	498.24	55.60
2.	**Change in fair value of plan assets**		
a.	Fair value of plan assets at the beginning of the year	-	-
b.	Expected return on plan assets	-	-
c.	Actuarial gain/(loss)	-	-
d.	Contributions made by the company	20.68	0.57
e.	Benefits paid	(20.68)	(0.57)
f.	Fair value of plan assets at the end of the year	-	-
3.	**Reconciliation of fair value of plan assets and obligations**		
a.	Present value of obligation at the end of the year	498.24	55.60
b.	Fair value of plan assets at end of the year	-	-
c.	Amount recognised in the balance sheet	498.24	55.60
4.	**Expenses recognised during the year**		
a	Current service cost	-	-
b	Interest cost	16.13	2.70
c	Expected return on plan assets	-	-
d	Actuarial (gains)/loss	300.46	21.00
e	Expenses recognised during the year	316.59	23.70
5.	**Assumptions**		
a.	Discount rate (per annum)	8.00%	8.00%
b.	Estimated rate of return on plan assets (per annum)	NA	NA
c.	Rate of escalation in pension	4.00%	NA
d.	Medical cost - % of annual entitlement utilised	NA	20.00%

		2012-13
6.	**Experience adjustments**	
	Pension	
a.	Present value of obligation as at the end of the year	498.24
b.	Fair value of plan assets as at the end of the year	-
c.	(Surplus)/Deficit in the plan	498.24
d.	Experience adjustments on plan liabilities (loss/(gains))	283.10
e.	Experience adjustments on plan assets ((loss)/gain)	-
	Post Retirement Medical Benefit	
a.	Present value of obligation as at the end of the year	55.60
b.	Fair value of plan assets as at the end of the year	-
c.	(Surplus)/Deficit in the plan	55.60
d.	Experience adjustments on plan liabilities (loss/(gains))	19.38
e.	Experience adjustments on plan assets ((loss)/gain)	-

35 The Company is engaged in production and sale of Sponge Iron in India and hence Sponge Iron is the only reportable segment in accordance with Accounting Standard 17 - Segment Reporting.

36 Previous year figures have not been provided as the sudsidiary has prepared financial statement for the first time as at March 31, 2013.

For and on behalf of the Board of Directors

A. M. Misra - *Chairman*
N.P. Sinha - *Director*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*

Jamshedpur, 22nd April 2013

Financial Information of Subsidiary Company (TSIL Energy Limited)

Rupees in lacs

Name of the company	Reporting currency	Exchange rate	Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding Investment in Subsidiaries)	Turn-over	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
TSIL Energy Limited	INR	1.00	6.01	(7.14)	6.01	7.14	0	0	(7.14)	0	(7.14)	0	India

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2012-13

(as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Tata Sponge Iron Limited (TSIL) is committed to good corporate governance in order to enhance shareholders' value and promote national interest.

In order to achieve the objectives of good corporate governance, TSIL follows the principles of transparency, disclosure, fairness, independent supervision, healthy competition, provision of equal opportunity in employment, political non-alignment, promotion of health, safety and welfare, production of quality products and services, compliance with all relevant laws, rules and regulations, improvement in quality of life and meeting social responsibility.

It is expected that good corporate governance by TSIL would protect and enhance the trust of shareholders, customers, suppliers, financiers, employees, government agencies and the society, in TSIL.

2. BOARD OF DIRECTORS

The Company has a Non-Executive Chairman who is also a nominee of promoter company. One-half of the Board of Directors of the company comprises of independent Directors. The number of Non-Executive Directors (NEDs) is more than 50% of the total number of Directors.

None of the Directors on the Board is a Member of more than 10 committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below in Table - 1:

Table - 1 As on 31st March, 2013

Sl. No	Name of the Director	Status	Category	Attendance at Board Meetings	Attendance at the last AGM held on 20th July, 2012	No of Directorship in other public companies		No of committee positions held in other public companies@	
						Chairman	Member	Chairman	Member
1	2	3	4	5	6	7	8	9	10
1	Mr. A.M. Misra	Chairman	Promoter's (Tata Steel) nominee, Non-executive & Not Independent	5	P	2	-	-	-
2	Mr. N.P. Sinha		Non-executive & Independent	5	P	-	3	1	1
3	Mr.D.K. Banerjee		Non-executive & Independent	4	P	1	7	4	5
4	Mr.K.K. Varughese		Non-executive & Not Independent	3	P	-	1	-	-
5	Mr. P. C. Parakh		Non-executive & Independent	5	P	-	-	-	-
6	Mr.Rajesh Chintak		Non-executive & Not Independent	3	P	-	4	-	1
7	Mr.Manoj T. Thomas		Non-executive & Independent	4	P	-	-	-	-
8	Mr.S. Srikanth#		Non-executive & Independent	2	NP	-	-	-	-
9	Mr.D.B. Sundararamam$		Non-executive & Independent	2	NA	-	-	-	-
10	Mr. Suresh Thawani*	Managing Director	Executive & Not Independent	5	P	-	1	-	-
	Mr. D. P. Deshpande**	Managing Director	Executive & Not Independent	-	-	-	-	-	-
	Mr.S.P. Mehrotra***		Non-executive & Independent	2	P	-	-	-	-
	Mr.Arun Misra****		Non-executive & Not Independent	3	NP	-	-	-	-

P'= 'Present' 'NP' = Not Present NA = Not applicable

@ Represents Chairmanships/Memberships of Audit Committee and Shareholders' Grievance Committee.

\# Appointed in the AGM held on 20th July, 2012.

$ Appointed by the Board as Additional Director w.e.f. 1st December, 2012

* Retired from the Board w.e.f. 1st April, 2013.

** Appointed as Managing Director w.e.f. 1st April, 2013.

*** Retired by rotation in the AGM held on 20th July, 2012 and did not seek re-election.

**** Resigned from the Board w.e.f. 26-11-2012

No of Board Meetings held during the year	=	5
Dates on which held	=	23-04-2012, 19-07-2012, 19-10-2012, 22-01-2013 & 29-03-2013

- The information as required under Annexure-IA to Clause-49 is being made available periodically to the Board.
- Details of Directors seeking appointment/re-appointment in Thirtieth Annual General Meeting are given with the Notice to the Annual General Meeting.
- Directors of the company do not have any inter-se relationship.

The Board periodically reviews compliance reports of laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

The company has adopted the Tata Code of Conduct for Executive Directors, Senior Management Personnel and other executives of the company. The company has received confirmation from Executive Director (i.e. the Managing Director) as well as the senior management personnel regarding compliance of the Code during the year under review. The company has also adopted the Code of Conduct for the Non-Executive Directors of the company. The company has received confirmations from the Non-Executive Directors regarding compliance of the Code for the period ended 31st March, 2013. Both the Codes are posted on the website of the Company i.e. *www.tatasponge.com.*

3. AUDIT COMMITTEE

The Company had constituted an Audit Committee in the year 1987. The broad terms of reference of the Audit Committee were (i) to review reports of the Internal Audit Department and discuss the same with the internal auditors periodically; (ii) to meet Statutory Auditors to discuss their findings, suggestions and other related matters; (iii) to review compliance with system and discuss related observations reported by Internal and Statutory Auditors, etc. The scope of the activities of the Audit Committee has been enlarged to include the areas prescribed by Clause 49(II)(D) by the Board of Directors at its meeting held on 27th March, 2001 to inter-alia (a) review the quarterly, half yearly and annual financial results of the Company before submission to the Board and (b) recommending the appointment of Statutory Auditors and finalisation of their remuneration. At the same meeting the Audit Committee has been granted powers as prescribed under Clause 49 (II) (C).

The company has complied with the requirements of Clause 49 II (A) as regards composition of the Audit Committee.

The chairman of the Audit Committee, Mr.N.P. Sinha , was present at the Twenty-ninth Annual General Meeting held on 20th July, 2012.

The composition of the Audit Committee is in line with the requirements of Clause 49 of the Listing Agreement and the details of meetings attended by the Directors are given below in Table – 2.

Table - 2 As on 31st March, 2013

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. N. P. Sinha	Chairman	Non-executive & Independent	4
2	Mr.D.K. Banerjee	Member	Non-executive & Independent	4
3	Mr.P.C. Parakh	Member	Non-executive & Independent	4
4	Mr. K.K. Varughese	Member	Non-executive & Not Independent	3

No. of Audit Committee meetings held during the year	=	4
Dates on which held	=	23-04-2012, 19-07-2012, 19-10-2012 & 22-01-2013

Audit Committee meetings are attended by the General Manager (Finance & Accounts) and the Head (Internal Audit). The Statutory Auditors are invited to each meeting and the Managing Director/other persons are invited to the meetings as and when required. The Company Secretary acts as the Secretary of the Audit Committee.

The necessary quorum was present at the meetings.

4. SUBSIDIARY COMPANIES

A wholly owned subsidiary namely, “TSIL Energy Limited”, has been incorporated on 20th November, 2012, with an authorised share capital of Rs.10 crore and subscribed/paid up capital of Rs.6,00,600 (60,060 equity shares of Rs.10 each). The first directors of the new company are Mr. A. M. Misra, Mr. Suresh Thawani and Mr. K. K. Varughese. Two Board meetings of this company were held till 31st March, 2013.

5. REMUNERATION COMMITTEE

The Board of Directors of the company had constituted a Remuneration Committee in 1994. The broad terms of reference of the Remuneration Committee are to recommend to the Board, salary (including annual increments) perquisites and commission to be paid to the company’s Managing/Whole-time Directors (MD/WTDs) and to finalise the perquisites package within the overall ceiling fixed by the Board, to recommend to the Board appointment/re-appointment of Managing/Whole-time Director and retirement benefits to be paid to the MD/WTDs under the Retirement Benefit Guidelines adopted by the Board.

The composition of the Remuneration Committee and the details of meetings attended by the Directors are given below in Table – 3.

Table – 3 As on 31st March, 2013

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. N.P. Sinha	Chairman	Non-executive & Independent	2
2	Mr.A.M. Misra	Member	Non-executive & Not Independent	2
3	Mr.Manoj T. Thomas*	Member	Non-executive & Independent	1
	Mr.S.P. Mehrotra*	Member	Non-executive & Independent	1

*Consequent to the retirement of Mr.S.P. Mehrotra, the Board Reconstituted the Remuneration Committee by nominating Mr. Manoj T. Thomas as Member of the Committee w.e.f. 21st July, 2012.

No.of Remuneration Committee meetings held during the year	=	2
Date on which held	=	23-04-2012 & 29-03-2013

To the extent stated above the company has complied with the non-mandatory requirements of Clause 49 regarding the Remuneration Committee.

Remuneration policy

(a) For Non-Executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of sitting fees as per Article 104 of the Articles of Association of the company and Commission.

The company pays sitting fee of Rs.15,000 per meeting for attending the meetings of Board, Audit Committee, Remuneration Committee and Committee of Board. For other Committee meetings, Rs.8,000 per meeting is paid by the Company.

The Commission is payable at a rate not exceeding 1% per annum of the profits of the company (computed in accordance with Section 309(5) of the Companies Act, 1956). The distribution of Commission amongst the NEDs is placed before the Board. The Commission is distributed broadly on the basis of Board meetings and various Committee meetings attended by the NEDs. Extra weightage is given to the Commission payable to Chairman of Board/Committee meetings, keeping in view the greater contribution being made by him at every Board/Committee meeting chaired by him.

(b) For Managing Director (MD) / Whole-time Director (WTD)

The company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to MD/WTD. Salary is paid within the range approved by the Shareholders. Annual increment effective from 1st April each year, as recommended by the Remuneration Committee, is approved by the Board. The ceiling on perquisites and allowances as a percentage of salary, is fixed by the Board. Within the prescribed ceiling, the perquisite package is recommended by the Remuneration Committee. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. Specific amount payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the company for the year.

Details of remuneration to all the directors

Table – 4

NON-WHOLE-TIME DIRECTORS — Remuneration paid during 2012-2013 (Rs. lac)

Sl. No.	Name of the Director	Sitting fees (Gross)	Perquisites & Allowances	Commission (Gross)*	Total (Gross)
1	Mr.A.M. Misra	1.05	Nil	4.29	5.34
2	Mr.N.P. Sinha	1.73	Nil	6.07	7.80
3	Mr.D.K. Banerjee	1.20	Nil	2.86	4.06
4	Mr.K.K. Varughese	0.90	Nil	2.14	3.04
5	Mr.P.C. Parakh	1.43	Nil	3.21	4.64
6	Mr.Arun Misra*	0.45	Nil	1.07	1.52
7	Mr.S.P. Mehrotra*	0.45	Nil	1.07	1.52
8	Mr.Rajesh Chintak	0.45	Nil	1.07	1.52
9	Mr.Manoj T. Thomas	0.75	Nil	1.79	2.54
10	Mr.S. Srikanth*	0.30	Nil	0.71	1.01
11	Mr.D.B. Sundararamam*	0.30	Nil	0.71	1.01
	Total	9.01	-	25.00	34.01

* For part of the year.

WHOLE-TIME DIRECTOR(S) 2012-13

		Salary	Perquisites & Allowances	Commission (Gross)*	Total (Gross)
1	Mr. Suresh Thawani	27.12	34.47	49.72	111.31

* Payable after shareholders' approval at the 30th Annual General Meeting during 2013-14

Note: The Company has not yet introduced the Employees' Stock Option Scheme.

SERVICE CONTRACT/NOTICE PERIOD/SEVERANCE FEES:

Mr. Suresh Thawani Managing Director : Initial appointment from 10th March, 2007 to 9th March, 2010.
Reappointed for the period 10th March, 2010 to 31st March, 2013.
The agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.
There is no separate provision for payment of severance fees.
Retired w.e.f. 1st April, 2013.

Shareholding of the Directors in the Company as on 31st March, 2013

Table - 5

Sl No	Name of the Directors	No of Equity Shares of Rs 10/- each held singly and/or jointly.
1	Mr.A.M. Misra	Nil
2	Mr. N.P. Sinha	1000
3	Mr. D. K. Banerjee	Nil
4	Mr. K. K. Varughese	Nil
5	Mr. P. C. Parakh	Nil
6	Mr.Rajesh Chintak	Nil
7	Mr.Manoj T. Thomas	Nil
8	Mr.S. Srikanth	Nil
9	Mr.D.B. Sundararamam	Nil
10	Mr. Suresh Thawani	Nil
	Total	**1000**

6. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Company has a Shareholders' Grievance Committee for redressal of Shareholders' grievances like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

The composition of the Shareholders' Grievance Committee and the details of meetings attended by the Directors are given below in Table – 6.

Table – 6 As on 31st March, 2013

Sl.No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr.N.P. Sinha	Chairman	Non-executive & Independent	1
2	Mr.P.C. Parakh	Member	Non-executive & Independent	1

No. of Shareholders' Grievance Committee meeting held during the year	=	1
Date on which held	=	29-03-2013

Name, designation and address of Compliance officer : Mr. S.S. Dhanjal
Company Secretary
P.O- Joda, Dist- Keonjhar
Orissa-758034
Phone- (06767) - 284236
Fax- (06767) - 278159
- 278129
E-mail: ssdhanjal@tatasponge.com

No. of complaints pending as on 1st April,2012	3
No. of complaints identified and reported under Clause 41of the Listing Agreement during the year 2012-13	8
No. of Complaints disposed of during the year ended 31st March, 2013	10
Not solved to the satisfaction of shareholders as on 31-3-2013	-
No. of pending complaints as on 31-3-2013	1

Note:

The correspondence identified as investor complaints are letters received through Statutory/Regulatory bodies and those related to Court/Consumer forum matters, alleged fraudulent encashment and alleged non-receipt of dividend amounts where reconciliation of the payment is in progress/completed after end of the quarter.

7. ETHICS AND COMPLIANCE COMMITTEE

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the Regulations), the Board of Directors of the company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other Employees. The Code is based on the principle that Directors and Employees of the company owe a fiduciary duty to, among others, the shareholders of the company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the company to enable them to take informed investment decisions with regard to the company's securities. The Company Secretary is the Compliance Officer under the above-mentioned Code.

The composition of the Ethics and Compliance Committee and the details of meetings attended by the Directors are given below in Table – 7.

Table – 7 As on 31st March, 2013

Sl.No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr.N.P. Sinha	Chairman	Non-executive & Independent	-
2	Mr. K. K. Varughese	Member	Non-executive & Not-Independent	-

No. of Ethics and Compliance Committee meetings held during the year	=	Nil
Date on which held	=	N.A.

8. COMMITTEE OF BOARD

The Board of Directors of the Company at its meeting held on 3rd November, 2010, has constituted a Committee of Board for advising/recommending to the Board on strategic and other important business issues .

The composition of the Committee of Board and the details of meetings attended by the Directors are given below in Table – 8.

Table – 8 As on 31st March, 2013

Sl.No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr.A.M. Misra	Chairman	Non-executive & not independent	-
2	Mr.N.P. Sinha	Member	Non-executive & Independent	-
3	Mr.D.K. Banerjee	Member	Non-executive & Independent	-
4	Mr.K.K. Varughese	Member	Non-executive & not independent	-
5	Mr.Suresh Thawani	Member	Executive & not independent	-

No. of Committee of Board meetings held during the year	=	Nil
Date on which held	=	N.A.

9. GENERAL BODY MEETINGS

a) The details of last three Annual General Meetings of the Company are furnished below :

Table - 9

Year	Location	Date	Time
2011-2012	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	20-07-2012	10-30 a.m.
2010-2011	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	15-07-2011	11-00 a.m.
2009-2010	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	24-07-2010	11-00 a.m.

b) No Extra-Ordinary General Meeting of the shareholders was held during the year.

c) No Postal Ballot was conducted during the year. None of the resolutions proposed for the ensuing Annual General meeting need to be passed by Postal Ballot.

d) Special Resolutions passed in previous three Annual General Meetings :

- At the Annual General Meeting held on 20th July, 2012, Special Resolution was passed for payment of commission to Directors, other than Managing and Whole-time Directors.
- At the Annual General Meeting held on 15th July, 2011, no Special Resolution was passed.
- At the Annual General Meeting held on 24th July, 2010, no Special Resolution was passed.

10. DISCLOSURES

(A) Disclosure by key managerial personnel about related party transactions

The Board has received disclosures from key managerial personnel relating to financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interest of the company at large. The related party transactions have been disclosed in point no.35 of the notes on Balance Sheet and Statement of Profit and Loss for the year ended 31st March, 2013.

(B) Disclosure of Accounting Treatment

The applicable Accounting Standards as issued by the Institute of Chartered Accountants of India have been followed in preparation of the financial statements of the company.

(C) Board Disclosures – Risk Management

The procedures for risk assessment and minimisation has been disclosed in point no. 5 of the Management Discussion & Analysis report forming part of the Directors' Report.

(D) Proceeds from public issues, rights issues, preferential issues etc.

The company has not made any capital issues during the financial year.

(E) Matters related to Capital Markets

The company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the company by any Stock Exchange or SEBI or any statutory authority, on any matter relating to capital markets, during the last three years.

(F) Whistle Blower Policy

The Company has a Whistle Blower Policy that provides a formal mechanism for all employees of the Company to approach the Ethics Counsellor/Chairman of the Audit Committee of the Company and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Whistle Blower Policy is an extension of the Tata Code of Conduct, which requires every employee of the company to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the company. The disclosures reported are addressed in the manner and within the time frames prescribed in the policy. Under the policy, each employee has an assured access to the Ethics Counsellor/Chairman of the Audit Committee.

(G) Management Discussion & Analysis Report

The Management Discussion & Analysis Report is a part of the Annual Report.

(H) Compliance with Non-mandatory Requirements

The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure ID to Clause 49 of the Listing Agreement with the Stock Exchanges:

(a) The Company has a Remuneration Committee (Please refer to Para 5 above for details).

(b) The Company has adopted a Whistle Blower Policy (Please refer to Para 10 (F) above for details).

(c) The Company already has a regime of unqualified financial statements. Auditors have raised no qualification on the financial statements for the year 2012-13.

11. CEO/CFO CERTIFICATION

The Managing Director and the General Manager (Finance & Accounts) of the Company have given a certificate to the Board of Directors as prescribed under Clause 49(V) of the Listing Agreement(s) for the year ending 31st March, 2013.

12. SECRETARIAL AUDIT

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held in electronic mode with NSDL and CDSL.

13. MEANS OF COMMUNICATION

(i) Quarterly Results –

The quarterly and annual financial results are normally published in Business Standard (All editions) and the 'Sambad' (Oriya daily) and also posted on the website of the Company (www.tatasponge.com).

(ii) Presentation to Institutional Investors or to Analysts –

Official news releases and presentations made to the Institutional Investors and Analysts are posted on the Company's website. During the financial year 2012-13, press interviews were not made. However, important news is displayed on the website of the Company.

(iii) Company's Corporate Website –

The Company's website (www.tatasponge.com) is a comprehensive reference on the company's management, vision, mission, policies, corporate governance, corporate social responsibility, investor relations, operations, financials, news, etc.

14. GENERAL SHAREHOLDER INFORMATION

14.1 30th Annual General Meeting	Day/Date :	Wednesday, the 24th July, 2013
	Time :	10.30 am
	Venue :	Lake View (Officers' Recreation Centre), TSIL Township, Joda, Dist - Keonjhar, Orissa, Pin code - 758 034.

14.2 Financial calendar for 2013-14

a] Board Meetings for consideration of financial results	i] July, 2013 for consideration of audited financial results for 3 months ending 30th June, 2013. ii] October, 2013 for consideration of audited financial results for 3 months/ half year ending 30th September, 2013. iii] January, 2014 for consideration of audited financial results for 3 months/ 9 months ending 31st December, 2013. iv] April/May, 2014 for consideration of audited financial results for 2013-14.
b] 31st Annual General Meeting (for the year ending 31-3-2014)	Between June - September, 2014
14.3 Date of Book closure	From 4th July, 2013 to 10th July, 2013, both days inclusive.
14.4 Dividend payment date	The dividend warrants will be posted on or after 28th July, 2013.
14.5 Listing on Stock Exchanges	1] BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. 2] National Stock Exchange of India Ltd. Exchange Plaza (5th Floor), Plot No. C/1, G. Block Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.
14.6 Stock Code- Equity Share	
ISIN CODE	INE 674A01014 (Electronic form)
BSE CODE	13010 (Physical form), 513010 (Demat form)
NSE SCRIP CODE	TATASPONGE
14.7 Correspondence Address	P.O. Joda - 758 034 Dist - Keonjhar, Orissa. Phone - 06767-284236, Fax - 06767-278159/278129 E-Mail : info@tatasponge.com
14.8 Exclusive e-mail ID for redressal of investors' complaints.	investorcell@tatasponge.com

Note : Pursuant to the Special Resolution passed by the Shareholders at their 21st Annual General Meeting held on 26th July, 2004, the Company had made application for voluntary de-listing of its 1,54,00,000 equity shares from Ahmedabad, Delhi, Calcutta and Bhubaneswar Stock Exchanges. Whereas the Ahmedabad, the Delhi and the Bhubaneswar Stock Exchanges had communicated the de-listing effective 15-10-2004, 11-12-2004 and 28-09-2006 respectively, the Calcutta Stock Exchange Association Limited conveyed the delisting vide its letter dated 24-4-2008.

14.9 **Market price data: Monthly High/Low prices per share during 2012-13 :**

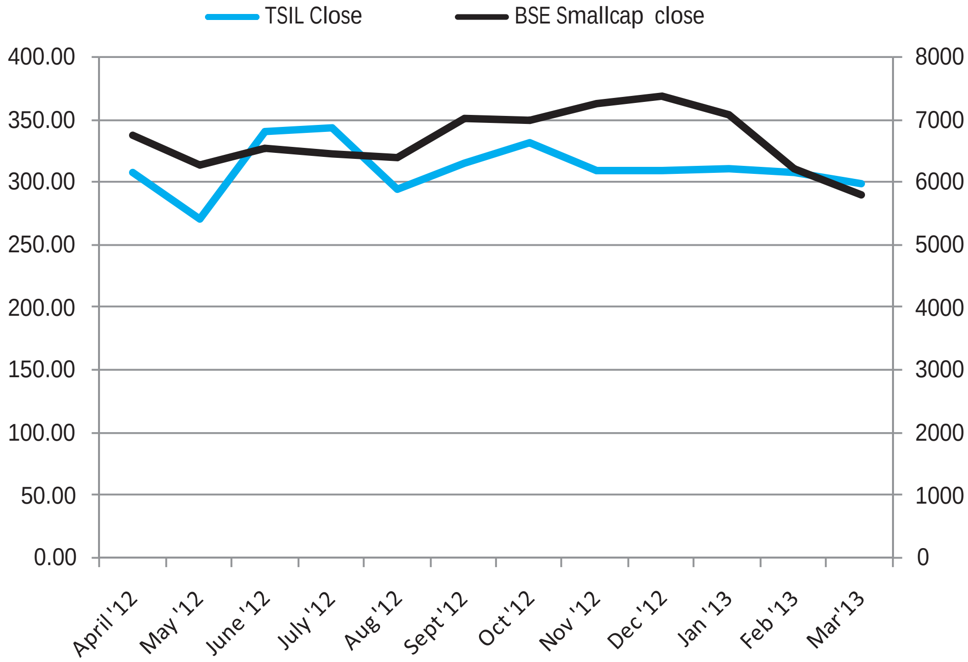
Table - 10

Months	BSE Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2012	341.85	299.15	342.00	299.20
May, 2012	310.00	252.05	310.00	251.05
June, 2012	351.35	266.00	349.80	264.30
July, 2012	350.00	335.05	350.00	335.00
August, 2012	345.00	291.00	358.95	290.10
September, 2012	325.00	285.00	344.90	282.00
October, 2012	346.95	314.95	349.00	314.65
November, 2012	337.95	301.00	337.90	300.30
December, 2012	326.00	301.20	326.00	305.00
January, 2013	320.00	205.00	319.50	304.05
February, 2013	315.00	298.05	314.50	297.10
March, 2013	316.00	290.00	316.00	288.75

14.10 Stock performance

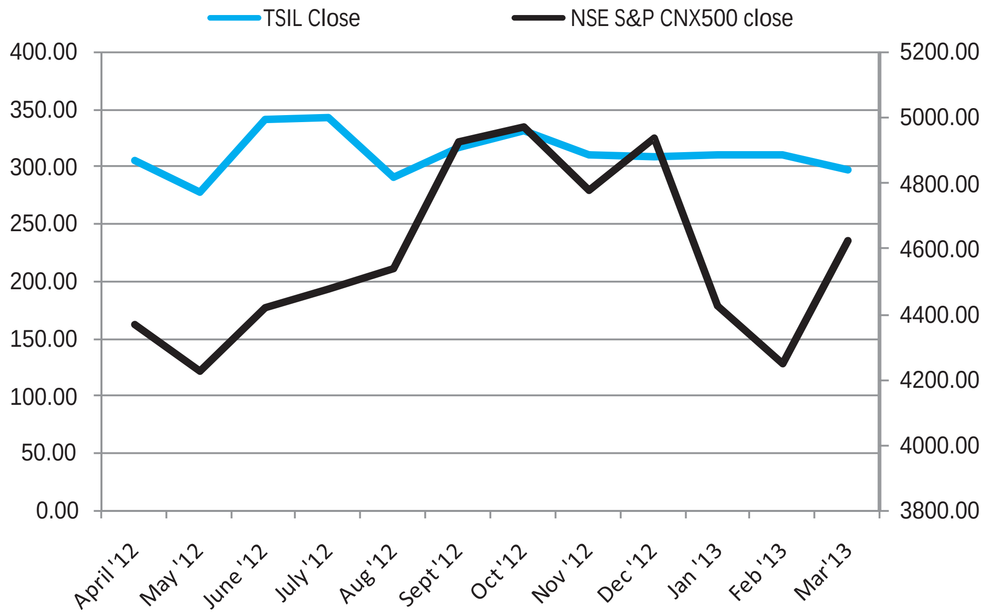
TSIL vs. BSE

Table – 11



TSIL vs. NSE

Table – 12



14.11 **Share Registrars & Transfer Agents :**

REGISTERED OFFICE :

M/s. TSR Darashaw Pvt. Limited
(formerly Tata Share Registry Limited)
6-10, Haji Moosa Patrawala Industrial House
20, Dr. E. Moses Road, Near Famous Studio
Mahalaxmi, Mumbai - 400 011

Phone : 022 - 66568484
Fax : 022 - 66568494 / 66568496
Website : www.tsrdarashaw.com
e-mail : csg-unit@tsrdarashaw.com

BRANCH OFFICES :

For the convenience of shareholders based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of TSR Darashaw Pvt. Limited :

1) Bangalore
M/s. TSR Darashaw Pvt. Limited
(formerly Tata Share Registry Limited)
503, Barton Centre (5th Floor)
84, Mahatma Gandhi Road
Bangalore - 560 001.
Phone : 080 - 25320321
Fax : 080 - 25580019
e-mail : tsrlbang@tsrdarashaw.com

2) Jamshedpur
M/s. TSR Darashaw Pvt. Limited
(formerly Tata Share Registry Limited)
Bungalow No.1, 'E' Road, Northern Town,
Bistupur, Jamshedpur - 831 001.
Phone : 0657 - 2426616
Fax : 0657 - 2426937
e-mail : tsrljsr@tsrdarashaw.com

3) Kolkata
M/s. TSR Darashaw Pvt. Limited
(formerly Tata Share Registry Limited)
Tata Centre, 1st Floor, 43, Jawaharlal Nehru Road
Kolkata - 700 071.
Phone : 033 - 22883087
Fax : 033 - 22883062
e-mail : tsrlcal@tsrdarashaw.com

4) New Delhi
M/s. TSR Darashaw Pvt. Limited
(formerly Tata Share Registry Limited)
Plot No. 2/42, Sant Vihar, Ansari Road,
Daryaganj, New Delhi - 110 002.
Phone : 011 - 23271805
Fax : 011 - 23271802
e-mail : tsrldel@tsrdarashaw.com

5) Ahmedabad
M/s.Shah Consultancy Services Pvt. Ltd.
Agents : TSR Darashaw Limited, Sumatinath
Complex, Pritamnagar, Akhada Road, Ellisbridge
Ahmedabad -380 006.
Telefax : 079 - 26576038
e-mail : shahconsultancy8154@gmail.com

Note : **Name of the Registrars & Share Transfer Agents has been changed from Tata Share Registry Limited to TSR Darashaw Limited w.e.f. 12-01-2006 and subsequently from TSR Darashaw Limited to TSR Darashaw Private Limited w.e.f. 6-11-2012.**

14.12 **Share Transfer System:**

The Company has retained M/s. TSR Darashaw Private Limited (formerly Tata Share Registry Ltd.) of Mumbai to carry out the transfer related activities. Authorised personnel are approving the transfer on periodical basis. All valid transfers are affected within stipulated days. Share certificates received at Registered Office are also sent to Registrars and Share Transfer Agents for doing the needful. In case of electronic transfers, the bye laws of Depositories are complied with.

14.13 **Distribution of shareholding as on 31-03-2013**

Table - 13

Shareholding of nominal value of			Shareholders		Share Amount	
Rs.		Rs.	Number	% to total	In Rs.	% to total
(1)			(2)	(3)	(4)	(5)
1	–	100	2800	9.91	173830	0.11
101	–	500	10426	36.90	4213550	2.74
501	–	1,000	6989	24.74	6668000	4.33
1,001	–	5,000	6851	24.25	16350640	10.62
5,001	–	10,000	641	2.27	5026280	3.26
10,001	–	20,000	277	0.98	4185710	2.72
20,001	–	30,000	104	0.37	2598230	1.69
30,001	–	40,000	35	0.12	1250870	0.81
40,001	–	50,000	33	0.12	1532240	0.99
50,001	–	1,00,000	45	0.16	3275170	2.13
1,00,001	and	above	52	0.18	108725480	70.60
		Total	**28253**	**100.00**	**154000000**	**100.00**

14.14 **Categories of shareholders as on 31-03-2013**

Table - 14

Sl. No.	Category	No. of shares held	Percentage of shareholding
1	Promoters		
	(i) Tata Steel Limited (formerly known as The Tata Iron & Steel Company Ltd.)	7854000	51.00
	(ii) Kalimati Investment Company Limited	539554	3.50
2	Mutual Funds and UTI	177317	1.15
3	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	315593	2.05
4	Private Corporate Bodies	362550	2.35
5	Indian Public	4877410	31.67
6	NRIs/OCBs/FIIs	1270226	8.25
7	Directors & Relatives	1000	0.01
8	Trusts	2350	0.02
	TOTAL	**15400000**	**100.00**

14.15 **TOP TEN SHAREHOLDERS ACROSS ALL CATEGORIES AS ON 31ST MARCH, 2013** :

Table - 15

Sr.No.	Name of the Shareholder	No. of shares held	% of holding
1	Tata Steel Limited	7854000	51.00
2	Pinebridge Investments Asia Limited A/c Pinebridge Investments GF Mauritius Ltd.	707915	4.60
3	Kalimati Investment Company Limited	539554	3.50
4	Life Insurance Corporation of India	160650	1.04
5	Reliance Capital Trustee Co. Ltd - A/c Reliance Small Cap Fund	158789	1.03
6	General Insurance Corporation of India	145267	0.94
7	Acacia Partners, LP	106800	0.69
8	Ajai Hari Dalmia	83983	0.55
9	Acacia Institutional Partners, LP	80000	0.52
10	Acacia Banyan Partners	80000	0.52

14.16 **DEMATERIALISATION OF SHARES:**

As per SEBI's direction the Company had signed tripartite agreements with both the Depositories (NSDL & CDSL) and Registrars and Transfer Agents in March, 2000. Accordingly, dematerialisation facility for the shares of the Company is available and it is in the interest of all the shareholders to convert their physical holdings into electronic holdings by dematerialisation.

As on 31st March, 2013, 1,44,08,588 shares were held in dematerialised form which constitute approx. 93.56% of total number of subscribed shares.

14.17 **LIQUIDITY**

Since Company's shares are listed (as on 31-3-2013) on BSE Limited and National Stock Exchange of India Limited and are compulsorily traded in dematerialised form, these shares enjoy enough liquidity in the market.

14.18 Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity : Not applicable

14.19 **Plant Location :**

Registered Office & Plant :
P.O. Joda - 758 034, Dist - Keonjhar, Orissa.
Phone - 06767-284236, Fax - 06767-278159/278129, E-Mail : info@tatasponge.com
Website: www.tatasponge.com

For and on behalf of the Board of Directors

(D. P. Deshpande)
Managing Director

Place : Jamshedpur
Dated : 22nd April, 2013

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the members of Tata Sponge Iron Limited

(1) We have examined the compliance of conditions of corporate governance by Tata Sponge Iron Limited for the year ended March 31, 2013 as stipulated in clause 49 of the Listing agreement(s) of the said Company with Stock Exchange(s).

(2) The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Corporate Governance Certificate issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

(3) In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

(4) We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata
Date : 22nd April,2013

(S.M.GUPTA)
S.M.GUPTA & CO.
COMPANY SECRETARIES
Membership No.: FCS - 896
C. P. Number : 2053

FINANCIAL STATISTICS

CAPITAL ACCOUNT

(Rupees in Lac)

Year	Share Capital	Reserves and Surplus	Shareholders' Funds	Borrowings	Total Funds	Gross Block	Depreciation
2001-02	1540.00	2911.82	4451.82	4902.82	9354.64	15900.48	5643.14
2002-03	1540.00	4229.77	5769.77	2044.01	7813.78	15962.03	6436.76
2003-04	1540.00	6796.92	8336.92	81.27	8418.19	15986.54	7068.19
2004-05	1540.00	11657.15	13197.15	68.82	13265.97	16241.14	7774.24
2005-06	1540.00	13168.72	14708.72	7066.99	21775.71	23095.83	8526.57
2006-07	1540.00	14297.38	15837.38	14684.14	30521.52	35031.33	9825.67
2007-08	1540.00	22806.20	24346.20	8439.80	32786.00	36892.00	11783.59
2008-09	1540.00	33431.43	34971.43	11.11	34982.54	35914.99	13571.92
2009-10	1540.00	40467.05	42007.05	14.81	42021.86	35924.90	15359.13
2010-11	1540.00	49168.73	50708.73	—	50708.73	35984.46	17111.31
2011-12	1540.00	55304.89	56844.89	—	56844.89	35590.58	18247.99
2012-13	**1540.00**	**62406.64**	**63946.64**	**—**	**63946.64**	**36092.48**	**19941.09**

CAPITAL ACCOUNT (Contd.)

(Rupees in Lac)

Year	Net Block	Capital Work-in-Progress	Investment	Current Assets	Current Liabilities & Provisions	Net Current Assets	Percentage of Shareholders' Funds to Total Funds	Percentage of Borrowings to Total Funds
2001-02	10257.34	7.88	80.00	2174.29	1379.52	794.77	47.59	52.41
2002-03	9525.27	21.79	80.00	2383.50	1891.94	491.56	73.84	26.16
2003-04	8918.35	438.07	80.00	5278.77	4021.18	1257.59	99.03	0.97
2004-05	8466.90	3182.75	80.00	7985.44	4397.78	3587.66	99.48	0.52
2005-06	14569.26	9269.36	80.00	4977.14	4768.36	208.78	67.55	32.45
2006-07	25205.66	1328.70	80.00	13920.83	6941.10	6979.73	51.89	48.11
2007-08	25108.41	1439.17	80.00	20735.97	9281.99	11453.98	74.26	25.74
2008-09	22343.07	2127.73	80.00	20958.19	5493.76	15464.43	99.97	0.03
2009-10	20565.77	12174.48	80.00	21548.76	7754.88	13793.88	99.96	0.04
2010-11	18873.15	12904.76	3435.25	28748.10	9325.93	19422.17	100.00	0.00
2011-12	17342.59	1611.48	80.00	37706.35	12744.74	24961.61	100.00	0.00
2012-13	**16151.39**	**1564.59**	**86.01**	**46585.27**	**14010.50**	**32574.77**	**100.00**	**0.00**

REVENUE ACCOUNT

(Rupees in Lac)

Year	Production in MT	Sales	Income from other Sources	Expenses	Depreciation	Profit before Tax	Tax	Profit after Tax	Dividend	Percentage of Profit after Tax to Sales	Percentage of Profit after Tax to Total Funds	EPS (Rs.)
2001-02	228346	14272.52	477.32	12982.37	739.24	1028.23	387.31	640.92	308.00	4.49	6.85	4.16
2002-03	236432	14208.22	636.97	11486.39	797.66	2561.14	722.00	1839.14	462.00	11.15	23.54	11.94
2003-04	216137	17485.17	819.15	12291.46	706.07	5306.79	1870.98	3435.81	770.00	19.65	40.81	22.31
2004-05	223686	24050.17	945.34	14769.98	716.76	9508.77	3419.35	6089.42	1078.00	25.32	45.90	39.54
2005-06	205552	19303.76	1133.95	16246.46	756.78	3425.64	1211.68	2213.96	616.00	11.47	10.17	14.38
2006-07	282274	27750.81	1937.93	24503.12	1349.19	3294.19	1170.76	2123.43	616.00	7.65	6.96	13.79
2007-08	332264	43329.03	4674.22	33156.54	1964.62	13643.64	4091.05	9552.59	1078.00	22.05	29.14	62.03
2008-09	342074	60813.94	2014.13	42416.36	1831.10	18116.70	6050.09	12066.61	1232.00	19.84	34.49	78.35
2009-10	359333	52001.37	2193.03	39609.75	1937.52	12622.15	4169.91	8452.24	1232.00	16.25	20.11	54.88
2010-11	383002	67578.35	1908.82	52607.56	1851.50	15027.87	4894.33	10133.54	1232.00	15.00	19.98	65.80
2011-12	272106	63394.73	2298.65	52648.88	1837.25	11207.25	3639.23	7568.02	1232.00	11.94	13.31	49.14
2012-13	**360697**	**79575.96**	**3156.35**	**68353.89**	**1787.97**	**12590.45**	**4047.32**	**8543.13**	**1232.00**	**10.74**	**13.36**	**55.47**

Notes :

1. The Company started commercial production of Sponge Iron from April 1986 with first kiln.
2. The second kiln started commercial production from September, 1998.
3. Tax includes Deferred Tax w.e.f. 2001-02.
4. The third kiln started commercial production from March, 2006.
5. Sales include sale of surplus power net of Excise Duty w.e.f. 2008-09.
6. Figures are as per revised Schedule VI of the Companies Act, 1956 w.e.f financial year 2011-12.

TATA SPONGE IRON LIMITED

Regd. Office : Post- Joda, Dist. Keonjhar, Orissa 758 034

ATTENDANCE SLIP

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the THIRTIETH ANNUAL GENERAL MEETING of the Company at "Lake View" (Officers' Recreation Centre), TSIL Township, Joda, Dist.- Keonjhar, Orissa - 758034, at 10.30 a.m. on Wednesday, July 24, 2013.

....

Full name of the Shareholder (in block capitals) Signature

Folio No. ..../DP ID No.* .... & Client id No.* ....

*Applicable for members holding shares in electronic form.

....

Full name of Proxy (in block capitals) Signature

NOTE : Shareholder/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

PROXY FORM

I/We ....

of .... in the district of .... being

a Member/Members of the above named Company, hereby appoint ....

of .... in the district of .... or failing him

.... of .... in the district of

....

as my/our Proxy to attend and vote for me/us and on my/our behalf at the THIRTIETH ANNUAL GENERAL MEETING of the Company, to be held at 10.30 a.m. on Wednesday, July 24, 2013 and at any adjournment thereof.

Signed this .... day of .... 2013.

Folio No. ..../DP ID No.* .... & Client id No.* ....

*Applicable for members holding shares in electronic form.

No. of Share(s) Signature .... Affix Rupee one Revenue Stamp ....

This form is to be used @ in favour / @ against of the resolution. Unless otherwise instructed, the proxy will act as he thinks fit.

@ Strike out whichever is not desired.

NOTES :(i) The proxy must be returned so as to reach the Registered Office of the Company at Joda, Post- Joda, Dist. Keonjhar, Orissa 758 034, not less than FORTY-EIGHT HOURS before the time of holding the aforesaid meeting.

(ii) Those members who have multiple folios with different jointholders may use copies of this Attendance Slip/Proxy.

QUALITY POLICY

Tata Sponge Iron Limited is committed to continual improvement and innovation in its operations for the production and marketing of sponge iron and power. To this end, the company shall strive to set and achieve its quality objectives through annual business plans, up gradation of knowledge and maintenance of a high level of employee engagement.

It shall adopt the TPM practices for achieving operational excellence through zero failure, zero defects and zero losses.

ENVIRONMENTAL POLICY

Tata Sponge Iron Limited is committed to sustainable and continual improvement in its activities pertaining to the handling of raw materials; production of sponge iron; and generation of power; so as to achieve ever improving environmental compliance and provide clean and safe environment to its employees and the impacted society.

To this end, it will-

- Identify the impact of its activities upon the environment;
- Prepare and implement an annual environmental improvement plan;
- Communicate the policy, plan and performance to all.

HEALTH & SAFETY POLICY

OUR BELIEF;

The safety and health of all the people who work in and with Tata Sponge Iron Limited is our number one priority.

HEALTH AND SAFETY POLICY

All injuries and work related illness can and must be prevented.

- All employees and contractors are responsible for their own health and safety and that of their colleagues, with management accountable.
- Employee engagement and training on health and safety are essential.
- Working safely is a condition of employment for all employees and contractors.
- Excellence in health and safety drives excellent business results.
- Safety and health is integrated into all our business management systems and processes.
- The Company shall continually strive to improve its Health & Safety performance by setting & pursuing relevant objectives and meeting all legal and other requirements.

HUMAN RESOURCE POLICY

Tata Sponge Iron Limited recognizes that its human capital is its most important asset. It will pursue innovative HR processes for attracting, developing and retaining talent for business competitiveness and creating a work environment of continuous learning.

TATA SPONGE IRON LIMITED
P.O. JODA, Dist. Keonjhar, Orissa 758034
www.tataspunge.com

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the plus factor

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Tata Sponge Iron Limited
2.	Annual financial statements for the year ended	**March 31, 2013**
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not applicable
5.	(D P Deshpande) Managing Director (S K Mishra) Chief Financial Officer N. P. Sinha (N P Sinha) Audit Committee Chairman Auditor of the Company Refer our Audit Report dated April 22, 2013 on the Consolidated Financial Statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Firm Registration No. 302009E) Abhijit Bandyopadhyay Partner (Membership No. 054785) Kolkata	