





FORM A

Format of covering letter of the annual report to be filed with the Stock Exchanges

1.	Name of the Company	Tata Sponge Iron Limited
2.	Annual financial statement for the year ended	March 31, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	 (D.P. Deshpande) Managing Director   (S.K. Mishra) Chief Financial Officer   (P.C. Parakh) Audit Committee Chairman   Auditor of the Company Refer our Audit Report dated April 20, 2015 on the Stand alone and Consolidated Financial Statements of the Company  For DELOITTE HASKINS & SELLS Chartered Accountants (Firm's Registration No.302009E)   (Abhijit Bandyopadhyay) Partner (Membership No.054785)	

**TATA SPONGE IRON LIMITED**



**WINNING PERFORMANCE**

32ND ANNUAL REPORT, 2014-15



## Contents

Corporate Information **02** | Chairman's Statement **03** | Notice **04** | Directors' Report **15** | Management Discussion & Analysis **39**  
**Standalone financial statements** — Independent Auditors' Report **42** | Balance Sheet **46** | Statement of Profit and Loss **47** | Cash Flow Statement **48** | Notes to the Financial Statements **49** | **Consolidated financial statements** — Independent Auditors' Report **66** | Balance Sheet **70** | Statement of Profit and Loss **71** | Cash Flow Statement **72** | Notes to the Consolidated Financial Statements **73** | Financial information about subsidiary **89** | Report on Corporate Governance **90** | Corporate Governance Compliance Certificate **102** | Proxy and Attendance Slip **103** | Financial Statistics **104**

## Highlights

	Standalone Rs. Lacs		Consolidated Rs. Lacs	
	2014-15	2013-14	2014-15	2013-14
Gross revenue from operations	<b>86,755</b>	85,656	<b>86755</b>	85,656
Profit Before Tax	<b>13,647</b>	14,980	<b>13652</b>	14,982
Profit After Tax	<b>9,189</b>	10,118	<b>9194</b>	10,120
Dividend	<b>1,540</b>	1,540	<b>1540</b>	1,540
Retained Earnings( For the Period)	<b>7,335</b>	8,316	<b>7340</b>	8,318
Capital Employed	<b>82,349</b>	74,910	<b>82349</b>	74,905
Net Worth	<b>79517</b>	72,262	<b>79517</b>	72,258
	<b>In Rs</b>		<b>In Rs</b>	
Net worth per Share as at year end	516	469	516	469
Earning Per Share				
Basic	<b>60</b>	66	<b>60</b>	66
Diluted	<b>60</b>	66	<b>60</b>	66
Dividend per share	<b>10</b>	10	<b>10</b>	10

The Thirty Second 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 Friday, the 21<sup>st</sup> August, 2015 at 10.00 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.

### REGISTRATION / UPDATION OF YOUR E MAIL ID

Members are requested to update their e mail ID with the Depositories (if shares are held in electronic mode) or with the Registrar and Transfer Agents (if shares are held in physical mode)

**BOARD OF DIRECTORS**

[As on 20th April, 2015]

Mr. A.M.Misra (Chairman)  
Mr. D.K. Banerjee  
Mr. P.C. Parakh  
Mr. Manoj T Thomas  
Dr O N Mohanty  
Mr Krishna Dutt  
Mr. R. Ranganath  
Mrs Meena Lall  
Mr D P Deshpande (Managing Director)  
Mr Sanjay Kumar Pattnaik (Executive Director)

**MANAGEMENT TEAM**

[As on 20th April, 2015]

Mr.D.P. Deshpande	Managing Director
Mr Sanjay Kumar Pattnaik	Executive Director
Mr.Partha Chattopadhyay	Chief Operating Officer (Sponge Business)
Mr.Ujjwal Chatterjee	Chief Business Development Officer
Mr.S.K. Mishra	Chief Financial Officer
Mr.S.S. Dhanjal	Company Secretary

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**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  
CIN : L27102OR1982PLC001091

**Share Registrars** M/s. TSR Darashaw 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 would like to take this opportunity to present you the performance of your Company for the year 2014-15.*

*During the year the Company produced 3,65,324 MT of Sponge Iron compared to 3,76,433 MT in the previous year, registering a decrease of 11,109 MT in production. As a result, the sales also decreased to 3,62,912 MT from 3,74,782 MT in the previous year. The generation of power being in tandem with the Sponge Iron production, as power is produced by recovering heat from the waste gases of the kilns, the Company generated 173 million units as compared to 196 million units in the previous year, and sold 121 million units as compared to 141 million units in the previous year.*

*During the year, the pace of the national economy started looking up from mid year. Signs of economic recovery were visible. However, several indigenous source mines were closed. This led to acute shortage and high price of iron ore for a part of the year. To meet short supply, the Company used high priced and low yielding iron ore pellets to sustain operations. This affected the top line. The net revenue from operations rose to Rs. 790 crore from Rs. 782 crore in 2013-14. Other income also supported the revenue. However, the margins fell down due to high prices of key raw materials. As a result, the Company achieved a lower Profit Before Tax at Rs. 136.47 crore (Rs. 149.79 crore in the previous year) and Profit After Tax at Rs. 91.89 crore (Rs. 101.17 crore in the previous year). The Earnings Per Share has decreased to Rs. 59.67 per share (Rs. 65.69 per share in the previous year). Notwithstanding these operational and financial results, the Board has recommended a dividend of Rs 10 per share (previous year :Rs 10 per share).*

*The Hon'ble Supreme Court of India had de-allocated Radhikapur (East) coal block which was under development. The Company had lodged a claim with appropriate authorities for refund of the invested amount. The entire funding for the coal block under development was made out of internal generation. However, the Company is continuing its efforts in getting allocation of a coal block to strengthen its raw material supply chain.*

*The Company has adopted the Tata Business Excellence Model in all business processes complying with high standards of business ethics. On account of this, operational excellence has reached at higher level. The company has also won a couple of awards in the fields of safety and sustainability. During the year, the Company had upped spending on CSR activities from current level to desired statutory level. I'd like to compliment the management team and the employees of the Company for all round good performance of the Company.*

*I sincerely thank the Union leaders of Tata Sponge Shramik Sangh for their support and for maintaining industrial harmony. I would also like to take this opportunity to acknowledge the trust reposed in the management by the shareholders as well as other stakeholders.*

Jamshedpur  
20th April, 2015

(A M Misra)  
Chairman

**NOTICE**

THE THIRTY-SECOND 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 Friday, the 21st August, 2015, at 10-00 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, 2015 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors' Report thereon and to pass, with or without modification, the following Resolution as Ordinary Resolution :**  
"RESOLVED that the Directors' Report to the Shareholders dated 20th April, 2015, Statement of Profit and Loss for the year ended 31st March, 2015, and the Balance Sheet as at that date, the Cash Flow Statement for the year ended 31st March, 2015, together with the Auditors' Report thereon be and are hereby received and adopted."
- 2. To declare a dividend and to pass, with or without modification, the following Resolution as Ordinary Resolution :**  
"RESOLVED that dividend at the rate of Rs 10/- per share (100 %) on the fully paid equity share capital of Rs. 15,40,00,000 of the Company, by appropriating Rs 15,40,00,000 from the profit for the year 2014-15 available for appropriation, be and is hereby approved and declared for the year ended 31st March, 2015."
- 3. To appoint a Director in place of Mr. D. P. Deshpande (holding DIN 02526471), who retires by rotation and being eligible offers himself for re-appointment and to pass, with or without modification, the following Resolution as Ordinary Resolution :**  
"RESOLVED that Mr. D P Deshpande (holding DIN 02526471), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed Director of the Company."
- 4. To appoint auditors of the Company and to fix their remuneration and to pass, with or without modification, the following Resolution as Ordinary Resolution :**  
"RESOLVED that subject to the provisions Section 139 of the Companies Act, 2013 and the Rules made thereunder, Messrs Deloitte, Haskins & Sells, Chartered Accountants (ICAI Registration No.302009E), the retiring auditors, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting up to the conclusion of the next Annual General Meeting of the Company and to audit the accounts of the Company for the financial year ending 31st March, 2016, or any extension thereof at such remuneration as may be mutually agreed upon between the Board of Directors and the auditors, plus out of pocket and travelling expenses."

**SPECIAL BUSINESS**

- 5. To ratify remuneration of Cost Auditors and to pass, with or without modification, the following Resolution as Ordinary Resolution :**  
"RESOLVED that the remuneration of Rs. 1,50,000/- (excluding taxes, cess etc.), plus out of pocket expenses, payable to the Cost Auditors of the company, M/s. Shome & Banerjee, Cost Accountants, having Registration No.000001, for carrying out cost audit with respect to manufacturing of Sponge Iron and generation of power at Joda, for the year 2015-16 as approved by the Board in its meeting held on 20th April, 2015, be and is hereby ratified."
- 6. To appoint Mr.O.N. Mohanty as Independent Director and to pass, with or without modification, the following Resolution as Ordinary Resolution :**  
"RESOLVED that Mr.O.N. Mohanty (DIN 03058576) who was appointed as an Additional and Independent Director of the Company by the Board of Directors with effect from 16th July, 2014, pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 ("Act") and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a Notice from a member proposing his candidature for the office of Independent Director and who is eligible for appointment, be and is hereby appointed as Independent Director of the company with effect from 21st August, 2015, up to 15th July, 2019."
- 7. To appoint Mr. Krishnava Satyaki Dutt as Independent Director and to pass, with or without modification, the following Resolution as Ordinary Resolution :**  
"RESOLVED that Mr Krishnava Satyaki Dutt (DIN 02792753) who was appointed as an Additional and Independent Director of the Company by the Board of Directors with effect from 16th August, 2014, pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 ("Act") and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a Notice from a member proposing his candidature for the office of Independent Director and who is eligible for appointment, be and is hereby appointed as Independent Director of the company with effect from 21st August, 2015, up to 15th August, 2019, or earlier on attaining the age of retirement fixed by the Company."

8. **To appoint Mr.P.C. Parakh as Independent Director and to pass, with or without modification, the following Resolution as Ordinary Resolution :**

“RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 (“Act”) and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, Mr. Prakash Chandra Parakh, DIN 01305775, a non-executive director of the company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the company with effect from 21st August, 2015, up to 20th August, 2020 or earlier on attaining the age of retirement fixed by the Company.”

9. **To appoint Mrs Meena Lall as Director and to pass, with or without modification, the following Resolution as Ordinary Resolution :**

“RESOLVED that Mrs. Meena Lall (DIN 05133322) who was appointed as an Additional Director of the company by the Board of Directors with effect from 16th August, 2014, in terms of Section 161(1) of the Companies Act, 2013 and Article 109 of the Articles of Association of the company and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

10. **To appoint Mr Sanjay Kumar Pattnaik as Director and to pass, with or without modification, the following Resolution as Ordinary Resolution :**

“RESOLVED that Mr. Sanjay Kumar Pattnaik (holding DIN 00256832) who was appointed as an Additional Director of the company by the Board of Directors with effect from 16th August, 2014, in terms of Section 161(1) of the Companies Act, 2013 and Article 109 of the Articles of Association of the company and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

11. **Appointment of Mr. Sanjay Kumar Pattnaik as the Executive Director :**

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

“RESOLVED that pursuant to provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with Schedule V 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. Sanjay Kumar Pattnaik, the Executive Director of the Company for the period of 3 years from 16th August, 2014 to 15th August, 2017, 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. Sanjay Kumar Pattnaik.”

“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.”

12. **Approval of material related party transactions:**

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to provisions of Section 188 of the Companies Act, 2013 read with Rules made there under and provisions of the Listing Agreement with stock exchanges, approval be and is hereby given for purchasing of goods/materials from Related Parties (as detailed in Explanatory Statement to the Notice annexed herewith) as per contracts/arrangements in the ordinary course of business and also at arm's length basis for a sum not exceeding Rs 260 crore for the period 21st August, 2015 to the date of next Annual General Meeting.”

13. **Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings.**

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

“RESOLVED THAT in supersession of the resolution passed by shareholders of the Company at their 26th Annual General Meeting held on 1st August, 2009, and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof) for continuing with existing charges, mortgages, hypothecations and other encumbrances created by the Company, on such movable and immovable properties, and in such manner as the Board deem fit, provided that the total amount of borrowings together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the borrowings, shall not, at any time exceed Rs. 400 crore.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution.”



**14. Remuneration/Commission to Non Executive Directors:**

To consider and, if thought fit, to pass with or without modification (s), the following Resolution as Special Resolutions :

“RESOLVED that in supersession of the resolution previously passed by the members at their meeting held on 20th July, 2012 approving payment of remuneration by way of commission to non-executive directors and pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), the Company be and is authorised to pay remuneration in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board of Directors or Committees thereof, an amount, by way of Commission, not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198 of the Act, and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year for the period of five years commencing 1st April, 2014.”

**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 August, 2015 (Tuesday) to 6th August, 2015 (Thursday), 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 August, 2015. The payment will be made on or after 21st August, 2015.  
  
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 Ltd.**, (formerly Tata Share Registry Ltd.) **6-10 Haji Moosa Patrawala Industrial House, 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 125 in terms of Section 124 of the Companies Act, 2013.
- 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 2006-07 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 2007-08 to 2013-14 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 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 72 of the Companies Act, 2013, 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 SH 13, 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 Ltd., the Ledger Folios of such accounts to enable the Company to consolidate all such share holdings into one account.



#### 11) Voting through electronic means/Ballot

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder and the Clause 35B of the Listing Agreement, the Members are provided with the facility to cast their vote electronically, through e-voting services provided by NSDL, on all the resolutions set forth in this Notice. In order to enable its Members, who do not have the access to e-voting facility to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, the Company is enclosing a Ballot Form with the Notice. Instructions for Ballot Form are given at the back of the said form and instructions for e-voting are given herein below. Resolution(s) passed by Members through Ballot Forms or e-voting is/are deemed to have been passed as if they have been passed at the AGM.
- II. Mr.Pramod Kumar Singh, Practising Company Secretary (Membership No. 5878) of M/s.P.K. Singh & Associates has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- III. The facility for voting, either through electronic voting or ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting or by ballot form shall be able to exercise their right at the meeting.
- IV. The Members who have cast their vote by remote e-voting or by ballot form prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- V. Members can opt for only one mode of voting, i.e. either by Ballot Form or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.
- VI. In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to [investorcell@tatasponge.com](mailto:investorcell@tatasponge.com) by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, Mr.Pramod Kumar Singh, Practising Company Secretary & Scrutinizer, 2nd Floor, SBI Building, Circuit House Area East, Jamshedpur 831 001, not later than Thursday, 20th August, 2015, (5-00 p.m. IST). Ballot Form received after this date will be treated as invalid.
- VII. The instructions for e-voting are as under :
  - A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depository Participant(s)) :
    - (i) Open email and also open PDF file, namely "Tata Sponge remote e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL : <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder Login.
    - (iv) If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
    - (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password. The password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
    - (vi) Once the e-voting home page opens, click on e-Voting > Active Voting Cycles.
    - (vii) Select "EVEN" (E-voting Event Number) of Tata Sponge Iron Limited.
    - (viii) Now you are ready for e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to [pramodkumar.pcs@gmail.com](mailto:pramodkumar.pcs@gmail.com) or [evoting@tatasponge.com](mailto:evoting@tatasponge.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  - B. In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy) :
    - (i) Initial password is provided as below/at the bottom of the ballot paper for the AGM:  
**EVEN ( remote e Voting Event Number) + USER ID and PASSWORD/PIN**
    - (ii) Please follow all steps from SI.No.A(ii) to SI.No.A(xii) above, to cast vote.

- VIII. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- IX. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- X. The e-voting period commences on 18th August, 2015 (9-00 a.m. IST) and ends on 20th August, 2015 (5-00 p.m. IST). During this period shareholders of the company holding shares either in physical form or in dematerialised form, as on 14th August, 2015, i.e. the cut-off date, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently or cast vote again.
- XI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting, voting through ballot form, as well as voting at the meeting through ballot.
- XII. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forget User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- XIII. The Scrutinizer shall immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- XIV. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.tatasponge.com](http://www.tatasponge.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.
- XV. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9-00 a.m. to 5-00 p.m.) on all working days, up to and including the date of the Annual General Meeting of the company.

By Order of the Board of Directors

Jamshedpur  
20th April, 2015

**S.S. Dhanjal**  
Company Secretary

## ANNEXURE TO NOTICE

As required by the provisions of Section 102 of the Companies Act, 2013, (hereinafter referred to as "the Act") the following Explanatory Statement set out all material facts relating to the business mentioned under item Nos. 5 to 14 of the accompanying Notice dated 20th April, 2015.

### **Item No 5**

Based on the recommendation of the Audit Committee, the Board in its meeting held on 20th April, 2015, appointed M/s Shome & Banerjee, Cost Accountants, to conduct the audit of the sponge iron manufacturing and power generation business for the financial year 2015-16 at fee of Rs.1,50,000/- (excluding taxes, cess etc.), plus out of pocket expenses.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors as set out in the Resolution at item No 5 of the convening Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested in the said Resolution.

### **Item No. 6**

Mr. O. N. Mohanty was appointed on the Board of your company on 16th July, 2014, as Additional Director in the capacity as Non Executive and Independent Director. Mr. Mohanty has vast experience, knowledge and standing in the area of metallurgy.

As per the provisions of Section 149 of the Companies Act, 2013 ("Act") which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Mr. Mohanty has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Mr. Mohanty as Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as an Independent Director up to 15th July, 2019 or earlier on attaining the age of retirement fixed by the Company.

In the opinion of the Board, Mr. Mohanty fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Mohanty as Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the company.

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

Mr. Mohanty is interested and concerned in the Resolution mentioned at Item No.6 of the Notice. Other than Mr. Mohanty no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.6 of the Notice.

### **Item No. 7**

Mr. Krishnava Dutt was appointed on the Board of your company on 16th August, 2015, as Additional Director in the capacity as Non Executive and Independent Director. Mr. Dutt has vast experience, knowledge and standing in the area of Corporate and other Laws and is presently a partner of Udwardia Udeshi & Argus Partners, Solicitors & Advocates.

As per the provisions of Section 149 of the Companies Act, 2013 ("Act") which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Mr. Dutt has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Mr. Dutt as Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as an Independent Director up to 15th August, 2019 or earlier on attaining the age of retirement fixed by the Company.

In the opinion of the Board, Mr. Dutt fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Dutt as Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the company.

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

Mr. Dutt is interested and concerned in the Resolution mentioned at Item No.7 of the Notice. Other than Mr. Dutt no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.7 of the Notice.

**Item No. 8**

Mr. P C Parakh, a retired IAS Officer, was appointed on the Board of your company on 9th May, 2003, as additional director and his appointment as Director was approved by the Shareholders at their 20th Annual General Meeting held on 28th July, 2003. Mr. Parakh is having vast professional experience in various Government Departments/Offices. He was a non-executive director and was considered as Independent Director under Clause 49 of the Listing Agreement.

As per the provisions of Section 149 of the Companies Act, 2013 ("Act") which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. Mr. Parakh has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Mr. Parakh as Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as an Independent Director for five years or earlier on attaining the age of retirement fixed by the Company.

In the opinion of the Board, Mr. Parakh fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Parakh as Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the company.

The Board commends acceptance of the resolution set out in Item No. 8 of the convening Notice.

Mr. Parakh is interested and concerned in the Resolution mentioned at Item No.8 of the Notice. Other than Mr. Parakh no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.8 of the Notice.

**Item No.9**

The Board of Directors of the company appointed Mrs Meena Lall, by profession a lawyer, as Additional Director of the company w.e.f. 16th August, 2014, pursuant to Article 109 of the Articles of Association of the company. Mrs Lall will hold office as Director up to the date of the Thirty-second Annual General Meeting and is eligible for appointment. The Company has received from a member a Notice in writing in terms of Section 160 of the Companies Act, 2013, signifying his intention to propose the appointment of Mrs Lall 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. 9 of the convening Notice.

Mrs Lall is interested and concerned in the Resolution mentioned at Item No.9 of the Notice. Other than Mrs Lall no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 9 of the Notice.

**Item No.10**

The Board of Directors of the company appointed Mrs Sanjay Kumar Pattnaik, a Mining Engineer, as Additional Director of the company w.e.f. 16th August, 2014 pursuant to Article 109 of the Articles of Association of the company. Mr. Pattnaik will hold office as Director up to the date of the Thirty-second Annual General Meeting and is eligible for appointment. He has worked in various senior positions in Tata Steel Limited. The Company has received from a member a Notice in writing in terms of Section 160 of the Companies Act, 2013, signifying his intention to propose the appointment of Mr. Pattnaik 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. 10 of the convening Notice.

Mr. Pattnaik is interested and concerned in the Resolution mentioned at Item No.10 of the Notice. Other than Mr. Pattnaik no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 10 of the Notice.

**Item No.11**

Mr. Sanjay Kumar Pattnaik was appointed as an Additional Director on the Board of Directors of the Company w.e.f. 16th August, 2014. He carries a rich working experience of over 32 years in Tata Steel and was General Manager, Raw Material Strategy Group at the time of induction on the Board. He has passed his B.E. in Mining Engineering from Osmania University, Hyderabad, in 1983, completed Advanced Management Programme (CEDEP/INSEAD, France) in April, 2004, joined Tata Steel Ltd. in March, 1983 and is currently the General Manger, Raw Material Strategy Group based at Jamshedpur. His experience and expertise include mineral assets acquisition, policy and regulatory affairs relating to mining, port operations and logistic solutions, liasoning and business facilitation, to name a few. He is presently on the Board of M/s.T.M. Mining Co. Ltd (a joint venture of Tata Steel & MMTC) and also associated with professional bodies of (i) Federation of Indian Mining Industries as its Vice President, (ii) Mining Engineering Association of India as its Vice President, The Utkal Chamber of Commerce & Industry as its Executive Council Member, (iv) The Society of Geoscientists and Allied

Technologists as its Executive Council Member, (v) Bhubaneswar Metropolis Management Association (affiliated to All India Management Association) as its member and General Council of Multi Disciplinary Centre on Safety, Health & Environment (a Government of Orissa sponsored autonomous Institute) as its member, etc.

In view of his excellent professional background and managerial skills, the Board at its meeting held on 12th August, 2014, appointed him as Executive Director of the company for a period of 3 years with effect from 16th August, 2014 to 15th August, 2017 March, on the following terms and conditions:

1) Period of appointment: from 16th August, 2014 to 15th August, 2017

2) Nature of Duties

The Executive 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 197 and all other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V 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 Executive Director, the Company has no profits or its profits are inadequate, the Company will pay to the Executive Director remuneration by way of Salary, Benefits, Perquisites and Allowances, and Incentive Remuneration as specified above.

4) (i) The Executive 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 Executive 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 V to the Act or any amendments made hereinafter in this regard in such manner as may be agreed to between the Board and the Executive Director, subject to such approvals as may be required.

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

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

(a) If the Executive 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 Executive Director of any of the stipulations contained in the agreement to be executed between the company and the Executive Director; or

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

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

(a) the Executive 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 Executive 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 Executive Director is being appointed by virtue of his employment in the company and his appointment is subject to the provisions of Section 167 (1) of the Act, while at the same time, the Executive Director is liable to retire by rotation.

- (vii) The terms and conditions of appointment of the Executive 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 Executive Director and also cease to be a Director. If at any time the Executive Director ceases to be a Director of the company for any reason whatsoever, he shall cease to be the Executive Director and the agreement shall forthwith terminate. If at any time, the Executive Director ceases to be in the employment of the company for any reason whatsoever, he shall cease to be a Director and the Executive Director of the company.

The draft agreement of appointment of Mr. Pattanik 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. Pattnaik as Executive Director will be beneficial to the Company, the Board commends acceptance of the resolution set out in Item No. 11 of the convening Notice.

Mr. Pattnaik is concerned or interested in the Resolution at Item No.11 of the Notice.

Other than Mr. Pattnaik no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 11 of the Notice.

**Item No. 12:**

As per requirements of revised Clause 49 VII (E) of the Listing Agreement with stock exchanges effective from 1st October , 2014, all material related party transactions shall require the approval of shareholders through Special Resolution. Further, the Clause 49 VII ( C ) provides that a transaction with a related party shall be considered material if the transaction/transaction to be entered into individually or taken together with previous transactions during the financial year ( i e during 2015-16 ) , exceeds 10 % of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. According to this definition the relevant turnover was apprx **Rs. 867.55** crore for 2014-15 and 10 % of which is equal to **Rs. 86.76** crore. Hence, it is proposed to secured shareholders' approval on Special Resolution No 12 in the forthcoming Annual General meeting including through postal ballot/e voting for approving following material related party contracts for the period 21st August, 2015 to the date of next Annual General Meeting:

SI No	Description	Details
A	Name of the related party	Tata Steel Ltd
B	Name of the director or key managerial person who is related , if any	None
C	Nature of relationship	Tata Steel Ltd is a holding Company having 54.5 % shares in the paid up capital of the Company.
D	Nature, material terms, monetary value and particulars of the contract or arrangement.	I. The Company intends to purchase apprx 6,44,000 tonnes of iron ore from M/s Tata Steel Ltd II. The pricing mechanism is purely market based. Latest auction price of OMC for Barbil sector has been considered as base/indicative price. In absence of auction price of Barbil sector, Gandhmardan sector auction price is considered as base/indicative price. III. The indicative price for iron ore (with 62 % Fe) purchased from Joda East mine Rs. 3,237 PMT and Rs 2,500 PMT for the months of April and May 2015 respectively. IV. The other material terms include Rs.150/PMT for extra band shift for changes in Fe%, proportionate price adjustment is applicable for determination of applied price. Tata Steel Limited also allows discount at 15% over the reference price. V. Total Material Value of proposed procurement of iron ore from 32nd AGM to 33rd AGM would be for a sum not exceeding Rs. 260 crore.
E	Any other information relevant or important for the members to take a decision on the proposed resolution	The contract for this purchase of Iron Ore is in the ordinary course of business and also at arm's length basis price. The Company has been purchasing iron ore from Tata Steel Limited for producing sponge iron in the kilns of the Company. Till period eding 30th June, 2015, the Company has purchased 60,000 tonnes of iron ore from Joda East Mines of Tata Steel Ltd

According to provisions of Section 188 and the provisions of the Clause 49 (VII) (E) of the Listing Agreement with stock exchanges the related party shall abstain from voting on Resolution mentioned at Item No 12 of the Notice.

The Board recommends the Resolution mentioned at Item No 12 of the Notice for approval of the shareholders by a Special Resolution.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the Resolution at Item No 12 of the Notice.



**Item No. 13:**

Under the erstwhile Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a Company could, with the consent of the shareholders obtained by an Ordinary Resolution, create charge/ mortgage/ hypothecation on the Company's assets, both present and future, in favour of the lenders/ trustees for the holders of debentures/ bonds, to secure the repayment of moneys borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business).

The shareholders of the Company, at their 26th Annual General Meeting held on 1st August, 2009, had accorded their consent to the Board of Directors for creation of charges/mortgages/hypothecations for an amount not exceeding Rs. 1,800 crore or the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose at the relevant time, whichever is higher.

Under the provisions of Section 180 (1) (a) of the Act, which were made effective from 12th September, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by a Special Resolution. Further, as per the Circular dated 25th March, 2014 issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293 (1) (a) of the Companies Act, 1956 remained valid up to September 11, 2014. As such, it is necessary to obtain fresh approval of the shareholders by means of a Special Resolution, to enable the Board of Directors of the Company to create charge/ mortgage/ hypothecation on the Company's assets, both present and future, in favour of the lenders to secure the repayment of moneys borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business). Standard market terms of long term debt finance include conditions whereby lenders/ trustees in certain circumstances (such as non-payment or other events of default) can take over the management of the Company, to recover their dues. It is therefore, necessary to obtain members' approval by way of a Special Resolution under Section 180 (1) (a) of the Act for creation of charges/mortgages/hypothecations for a revised amount not exceeding Rs.400 crore.

The proposed borrowings of the Company may, if necessary, be secured by way of charge/ mortgage/ hypothecation on the Company's assets in favour of the lenders as mentioned in the Resolution at Item No.13. As the documents to be executed between the and the Company may contain provisions to take over substantial assets of the Company in certain events, it is necessary to pass a special resolution under Section 180(1)(a) of the Act, for creation of charges/mortgages/hypothecations for a revised amount not exceeding Rs.400 crore.

The Board recommends the Resolutions mentioned at Item No.13 of the Notice for approval of the shareholders by a **Special Resolution**.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No.13 of the Notice.

**Item No 14:**

The Members had, at the Annual General Meeting of the Company held on 20th July, 2012, passed a Special Resolution under Section 309(4) of the Companies Act, 1956, approving the payment of commission to Non Executive Directors of the Company, of a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956. The approval was originally valid till 31st March, 2017. However, due to enactment of the Companies Act, 2013, it is thought prudent to seek fresh approval of the shareholders in this respect.

The current competitive business environment, stringent accounting standards and corporate governance norms require considerably enhanced levels of involvement of the Directors in the decision making process. The responsibility of the Directors has become more onerous and the Directors are required to give more time and attention to the business of the Company. It is therefore proposed to continue the payment of commission to the Non Executive Directors of the Company. The Board of Directors will determine each year, the specific amount to be paid as commission to the Non Executive Directors which shall not exceed one percent of the net profits of the Company for that year, as computed in the manner referred to in Section 198 of the Companies Act, 2013. In view of the above, the Members approval is being sought pursuant to Sections 197, 198 and other applicable provisions of the Companies Act, 2013, if any, for the payment of commission to the Non Executive Directors of the Company for a period of five years commencing from 1st April, 2014. The payment of commission would be in addition to the sitting fees payable for attending Meetings of the Board and Committees thereof.

All the Non Executive Directors of the Company are interested in the Resolution set out at Item No. 14 of the accompanying Notice, since it relates to their respective remuneration.

The Managing Director, the Executive Director and Key Managerial Personnel of the Company and their relatives are not concerned or interested in the said Resolution.

The Board of Directors commend the Ordinary Resolution set out at Item No. 14 of the Notice for approval by the Members.

By Order of the Board of Directors

Jamshedpur  
20th April, 2015

**S. S. Dhanjal**  
Company Secretary



**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN  
THE THIRTY-SECOND ANNUAL GENERAL MEETING**  
(In pursuance of Clause 49 of Listing Agreement)

Name of the Director(s)	Mr.D.P. Deshpande	Mr.Omkar Nath Mohanty	Mr.Krishnava Satyaki Dutt	Mr.P.C. Parakh	Mrs Meena Lall	Mr.Sanjay Kumar Pattnaik
Date of birth	04-10-1956	10-01-1945	16-10-1974	20-12-1945	14-08-1964	02-07-1959
Qualifications	B.Tech (Chemical Engg.), IIT, Mumbai. PGDBM, XLRI, Jamshedpur.	Dr.ing Materials Engg., University Karlsruhe, Germany. M.Tech Physical Metallurgy, IIT, Kharagpur. B.Tech (Hons)-Metallurgical Engg., IIT, Kharagpur General Management Programme CEDEP, Fontainebleau, France	Bachelor of Socio-Legal Science and Bachelor of Law	M.Sc.(Tech) in Applied Geology from IIT, Roorkee, Masters Degree in Fiscal Studies from University of Bath (UK)	BA, LLB, LLM (Gold Medalist)	B.E (Mining), Advanced Management Programme (CEDEP/INSEAD) France
Date of appointment	01-04-2013	16-07-2014	16-08-2014	07-03-2007	16-08-2014	16-08-2014
Expertise in specific functional areas	Chemical Engineering	Technology and Academic Initiative	Law	Retired IAS	Law	Mining and Minerals
List of other Companies in which Directorship held (excluding in foreign companies)	TSL Energy Limited	RSB Metalltech (P) Ltd.	1) Himadri Chemicals & Industries Ltd. 2) Macmet India Ltd. 3) Balarpur Chini Mills Ltd. 4) Macmet Engineering Pvt. Ltd. 5) Caprihans (India) Ltd. 6) Tata Metaliks Ltd. 7) Tata Metaliks DI Pipes Ltd.	Nil	Nil	1)TM Mining Company Limited 2) Federation of Indian Mineral Industries
Chairman/Member of the Committees of the Board of Directors of other Companies in which he is a Director (excluding in foreign companies).	Nil		Chairman of Audit Committee of Balarpur Chini Mills Ltd and Tata Metaliks Ltd; and Member of Audit Committee of Jai Balaji Industries 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	Nil	Nil

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

## DIRECTORS' REPORT

The Directors take pleasure in presenting the Thirty-second Annual Report on the business and operations of the company and its financial results for the year ended 31st March, 2015.

### FINANCIAL RESULTS

	Standalone		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	84522	81764	84528	81767
(ii) Profit before depreciation	14941	16754	14946	16757
(iii) Depreciation and amortisation expenses	1294	1775	1294	1775
(iv) Profit before taxes	13647	14979	13652	14982
(v) Current Tax	4294	5661	4294	5661
(vi) Deferred Tax	164	(799)	164	(799)
(vii) Profit after tax	9189	10117	9194	10119
(viii) Profit brought forward from previous year	1807	1472	1802	1465
Adjustment for change in useful life of assets	(80)	-	(80)	-
(ix) Profit available for appropriation	10916	11589	10916	11584
(x) Dividend : 100% (2013-14 : 100 %)	1540	1540	1540	1540
(xi) Tax on Dividend	314	262	314	262
(xii) Transfer to General Reserve	7000	7980	7000	7980
(xiii) Surplus carried to Balance Sheet	2062	1807	2062	1802

### DIVIDEND

3. The Board has recommended a dividend of Rs.10/- per share (i.e.100%) on 1,54,00,000 equity shares of Rs.10 each for the financial year ended 31st March, 2015, subject to approval of the shareholders at the ensuing Annual General Meeting. The total outgo on account of dividend (ex-taxes) will be Rs.1540 lac equalling to previous year.

### OPERATIONS

#### Sponge Iron

4. During the year, all the three kilns produced 3,65,324 MT of sponge iron compared to 3,76,432 MT in the previous year. The capacity utilisation was lower at 94 % as compared to 97 % in the previous year.

The company sourced almost all of its iron ore requirement from Tata Steel. It sourced half of its coal requirement from auctions of Coal India, other half was imported. The linkage coal continues to remain unavailable, with Coal India and Ministry of Coal connecting it to coal block allocation. While some of the linkage quota is connectable, the whole is not. The Company has disputed this interpretation.

The despatch of sponge iron during the year was 3,62,912 MT as compared to 3,74,782 MT in the previous year. Decrease in the despatch was consequent to lower 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 173 million kwh out of which 121 million kwh of surplus power was exported, compared with generation of 196 million kwh and export of 141 million kwh in the previous year. The decrease in the generation and sale of power was consequential to (i) lower availability of waste gas from the kilns due to lower production of sponge iron and (ii) increase in steam consumption.

### MARKET

6. The year commenced on a positive note for sponge iron industry with good demand. However, this trend could not sustain in later half of the year mainly due to sluggish economic growth, though with help of good performance in the first half of the year and by using strategic initiatives in marketing, the Company could improve the net realisation by about 3 % over the previous year. There was no due from debtors at the close of the year.

**FINANCE**

7. Despite the increase in the average net realisation from sale of sponge iron, the earning per share has declined to Rs 59.67 as compared to previous year (Rs.65.69) due to lower sales volume. The company continued to be debt free during the year. Sale of power, waste materials and earning from financial activities supported the earnings.

**DE-ALLOCATION OF COAL BLOCK**

8. The work in connection with development of coal block at Radhikapur (East) in Talcher coalfields was started in 2006-07. The Company had made significant progress in private land acquisition during 2013-14. However, the Hon'ble Supreme Court of India vide its order dated 24th Sept, 2014, has cancelled allocation of several coal blocks including Radhikapur (East) coal block which was allotted to the Company on 7th Feb, 2006. The carrying value of investments made in this coal block was Rs 18074.18 lac as on 31st March, 2015. The Company had lodged a claim with the Nominated Authority of Ministry of Coal for refund of the invested amount. However, the claim has not reached the finality.

During the year 2013-14 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 had 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. The Hon'ble High Court of Delhi vide its order dated 30th Oct, 2014 has granted a stay on invocation of Bank Guarantee. The High Court also directed the Company to keep the Bank Guarantee valid till 28th May, 2015. Pending finalisation of the matter the BG amount continues to be disclosed as Contingent Liability as at the end of the year.

**SUBSIDIARY COMPANY**

9. The Company has a wholly owned subsidiary namely, "TSIL Energy Limited" incorporated on 20th November, 2012, with an authorised share capital of Rs.10 crore and paid up capital of Rs.1,06,00,600 (10,60,060 equity shares of Rs.10 each). The consolidated accounts also include figures of this subsidiary from 1st April, 2014 to 31st March, 2015.

**CONSOLIDATED FINANCIAL STATEMENTS**

10. 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 issued by The Institute of Chartered Accountants of India.

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.

Further a statement containing salient features of the financial statements of this subsidiary Company is included in the Annual Report in the format prescribed under Section 129(3) of the Companies Act, 2013 read with the Rule made thereunder. This reflects performance and financial position of the subsidiary company as per Rule 8 (1) of the Companies (Accounts) Rules, 2014.

**INTERNAL SYSTEM AND PROCESS**

11. Efforts are going on to improve the business processes across all functions in accordance with Tata Business Excellence Model. 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).

**AWARDS**

12. During the year the Company received National Sustainability Award (First) for 2013-14 from Indin Institute of Metals, Ferrous Division, Pune and the Kalinga Safety Award for 2013-14.

**LISTING FEES**

13. The Annual Listing Fee for the year 2014-15 had been paid to those Stock Exchanges where the company's shares are listed.

**CORPORATE SUSTAINABILITY**

14. 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)

#### **CORPORATE SOCIAL RESPONSIBILITY**

15. The Company has a Corporate Social Responsibility Committee comprising of four directors which stood as follows as on 31st March, 2015:

Mr.R. Ranganath (Non-executive Director) – Chairman

Mr.Manoj T. Thomas (Non-executive and Independent Director) – Member

Mr. D P Deshpande (the Managing Director)-Member

Mr. Sanjay Kumar Pattnaik ( the Executive Director)- Member

The terms of reference and scope of work is same as prescribed in Section 135 of the Companies Act, 2013, and the Rules thereunder. The Committee met four times during the year to discharge its responsibilities. As part of its initiatives under “Corporate Social Responsibility” (CSR) the Company has undertaken projects in the areas of Education, Livelihood, Health, Water and Sanitation, Environment, Rural development etc . An Annual Report on CSR activities is annexed herewith as Annexure - C in the prescribed format. During the year the Company has spent Rs 259.02 lakh towards CSR activities.

#### **COMPOSITION OF THE AUDIT COMMITTEE:**

16. As prescribed under sub section 3 of the Section 177 of the Companies Act, 2013 the Composition of the Audit Committee is given in the Corporate Governance Report which is part of the Directors Report. Further, there was no instance when the Board has not accepted any recommendation of the Audit Committee.

#### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY:**

17. The Company has a vigil mechanism named as Whistle Blower Policy text of which is available on the website of the Company , namely [www.tatasponge.com](http://www.tatasponge.com).

#### **MEASURES FOR PREVENTION OF SEXUAL HARASSMENT AT WORKPLACES**

18. The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

Further, the Company has an Internal Complaint Committees for various locations of the Company in compliance with the above mentioned Act and Rules. For the financial year 2014-15, no case of sexual harassment was pending at the beginning , no case was received during the year nor any case remained pending at the close of the year.

#### **INCLUSIVE GROWTH**

19. The concept of inclusive growth through Affirmative Action (AA) 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.**

20. As required under Sub-section 3(m) of Section 134 of the Companies Act, 2013, read with the Rule 8 of the Companies (Accounts) Rules, 2014, particulars regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are annexed to this report as Annexure B

#### **PARTICULARS OF EMPLOYEES**

21. The particulars of employees are given in Annexure - A to this Report as required under Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

#### **DIRECTORS**

22. Mr. D. P. Deshpande retires by rotation and, being eligible, offers himself for re-appointment.
23. In accordance with the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, it is proposed to appoint Mr. P. C. Parakh who is currently a non-executive independent director of the company and who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, as independent director for a period of 5 years or earlier on attaining the age of retirement fixed by the Company.

24. Dr O N Mohanty was appointed Additional Director w e f 16th July, 2014 and Mr Sanjay Kumar Pattnaik, Mr Krishnava Dutt and Mrs Meena Lall were also appointed as Additional Directors w e f 16th August, 2014, and who hold office up to the date of the forthcoming Annual General Meeting of the company ,each have been proposed in writing by a shareholder for the office of Director.

The Board commends appointment of Dr O N Mohanty, Mr Sanjay Kumar Pattnaik, Mr Krishnava Dutt and Mrs Meena Lall as Directors.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

25. Based on the recommendation of the Nomination and Remuneration Committee, the Board, in its meeting held on 12th August, 2014, appointed Mr Sanjay Kumar Pattnaik as Executive director w e f 16th August, 2014 for a period of three years i e up to 15th August, 2017. The Notice of the Annual General Meeting includes the Resolution and terms and conditions for his appointment as Executive Director as the same is subject to approval of the shareholders.
- The Board commends appointment of Mr Pattnaik as the Executive Director.
26. Mr Manikanta Naik and Mr D B Sundararamam resigned from the Board during the year. The Board of Directors placed on record its sincere thanks and gratitude for their contribution to the company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

27. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial auditors and external consultant(s) and the reviews performed by the management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2014-15.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (i) in the preparation of annual financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) the directors have selected such accounting policies and 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 2014-15 and of the profit of the company for that period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis;
- (v) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

#### **BOARD EVALUATION**

28. Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance and that of its Committees and individual directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

#### **INDEPENDENT DIRECTORS' MEETING:**

29. During the year under review, the Independent Directors met on 19th Jan, 2015, inter alia, to:
- Review the performance of Non Independent Directors, and the Board of Directors as a whole;
  - Review the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
  - Assess the quality, content and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this meeting.

#### **APPOINTMENT AND REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

30. The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management Personnel and Key Managerial Personnel and their remuneration. This Policy is described in the Corporate Governance Report.

#### **DIRECTORS REMUNERATION vis-à-vis MEDIAN EMPLOYEES' REMUNERATION etc:**

31. Particulars of Directors' remuneration vis-à-vis median employees' remuneration etc. as required under Section 197 (12) and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in Annexure - D to this Report.

#### **BOARD MEETINGS**

32. A calendar of meetings is prepared and circulated in advance to the Directors. During the year eight Board meetings and four Audit Committee meetings were held details of which are given in the Corporate Governance Report. The gap between the meetings was within the period prescribed under the Companies Act, 2013

#### **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

33. All the related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Further, there was only one material Related Party transaction (as defined in clause 49 of the Listing Agreement) with the promoters, i.e. Tata Steel Ltd for purchase of Iron ore in the ordinary course of business and also at arm's length basis. This transaction was approved by the shareholders during the year.

All related party transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval is obtained on a quarterly bases for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board for their approval on quarterly basis. The statement is supported by a Certificate from the Managing Director and the Chief Financial Officer. The Company has developed a Related Party Transactions Manual for the purpose of identification and monitoring of such transactions.

The policy on Related Party Transactions as approved by the Board is displayed on the website of the Company, viz, [www.tatasponge.com](http://www.tatasponge.com). Members' attention is also drawn on Note No 34 of Financial Statements which sets out details of Related Party transactions.

#### **REPORT ON CORPORATE GOVERNANCE**

34. 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.

#### **AUDIT/AUDITORS**

35. (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 had appointed M/s. Shome & Banerjee as Cost Auditors for the year 2015-16 in its meeting held on 20th April, 2015. Their remuneration is subject to ratification by shareholders at the ensuing Annual General Meeting.
- (c) Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 the Company has appointed M/s S. M. Gupta & Company, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as Annexure - E

#### **EXTRACT OF ANNUAL RETURN**

36. The extract of the Annual Return in form MGT 9 is annexed herewith as Annexure - F

#### **DISCLOSURES WITH RESPECT TO EMPLOYEES STOCK OPTION SCHEME**

37. The Company does not have any Employees Stock Option Scheme. Hence no disclosure is required.

#### **RISK MANAGEMENT**

38. Pursuant to provision of Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The framework also defines the risk management approach across the enterprise at various levels. Risk Management forms an integral part of the Company's planning process.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

39. There are no significant or material orders passed by the Regulators or the Courts which would impact the going concern status of the Company and its future operations. However, the Hon'ble Supreme Court of India vide its order dated 24th Sept, 2014 has cancelled the allocation of Radhikapur (East) coal block wherein the Company had incurred, invested and advanced (including deposits/advances to IDCOL and other parties) the money equal to Rs 214 crore. Subsequently, the Union Government promulgated The Coal Mines (Special Provisions) Ordinance, 2014 which intended to take appropriate actions to deal with situation arising pursuant to the Hon'ble Supreme Court's decision. The management, based on its understanding and interpretation of the Ordinance and on the basis of legal advice, believes that the financial loss or operational impact, if any, will not be significant. Further, the Company has lodged a claim with Ministry of Coal for refund of this amount along with interest totalling to Rs 328.23 crore as compensation to prior allottee, i.e the Company.

**DEPOSITS**

40. The Company does not have any Deposit from public at the close of the year. Hence, no disclosure is required in this connection.

**ACKNOWLEDGEMENT**

41. 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

Jamshedpur  
20th April, 2015

(A.M. Misra )  
Chairman

**ANNEXURE - A**

**STATEMENT PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

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	Commencement of Employment
1	Mr. Deshpande, D. P.	Managing Director	58	133.54	B.Tech (Chemical Engg.), IIT, Mumbai, PGDBM, XLRI, Jamshedpur	36	Tata Metaliks Ltd. as Executive Director	1-4-2013
2.	Mr. Pattnaik, Sanjay Kumar	Executive Director	55	79.45	B.E (Mining), Advanced Management Programme (CEDEP/INSEAD), France	32	Tata Steel Ltd	16-8-2014

- 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 actuarial 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  
20th April, 2015

(A.M. Misra )  
Chairman



## ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 134(3) of the Companies Act, 2013, read with and Rule 8(3) of Chapter IX of Companies (Accounts) Rules, 2014.

### A) Conservation of Energy :

- (i) Steps taken or impact on conservation of energy :

The Company has made effective use of the heat generated in the sponge iron making process and utilized the waste heat to generate 26 MW of electricity by installing two captive power plants (one with 7.5MW capacity set up in December, 2001 and the other with 18.5 MW capacity set up in January, 2007). The company consumes about 517,38,574 KWH of power for its operation and the surplus power is sold to the Orissa State Power Grid and also to the promoter.

- (ii) Steps taken by the company for utilizing alternate source of power :

Tata Sponge has initiated action for commissioning of roof top solar power plants. There is a regulatory stalemate going on in the areas of Renewable Power and once it is getting settled, Tata Sponge will install such facilities. Further Tata Sponge has also invited bids from reputed consultancy firms for a biomass assessment study for finalizing the potential available in this areas.

Steps taken or impact on conservation of energy:

The Company had conducted audit of Energy Usage through an independent agency, which is accredited under Bureau of Energy Efficiency, Govt. of India. Based on the recommendation, the Company had identified some short term measures and implemented them for reduction of energy consumption in the plant:

SL	Name of Equipment	Measures Taken	Amount Spent (Lakhs)
1	Kiln - 2 Shell	Painting with heat resistant paint to reduce coal consumption	6.09
2	K-3 Cold well pump	Installation of VFD to reduce electrical energy	3.95

In addition to the above TSIL has spent around 17.8 lakhs during the financial year on various small energy efficiency measures.

Tata Sponge has placed order for replacement of existing Kiln-2- ID Fan for a contract value of Rs. 16.75 Lakhs with a new energy efficient fan. This is expected to be commissioned during 2015-16.

- (iii) Capital investment on energy conservation equipments ( VFD ) : Rs. 3.95 lakh (as on 31-3-2015).

### B) Technology absorption :

- i) The efforts made towards technology absorption

The plant has adopted Tisco Direct Reduction Process, which has been absorbed in full.

- ii) The benefits derived like product improvement, cost reduction, product development or import substitution

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.

- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) :

- a) Technology imported : Nil  
 b) Year of import : Not applicable.  
 c) whether the technology been fully absorbed : Not applicable.  
 d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof and : Not applicable.

- iv) The expenditure incurred on Research and Development : Nil

### C) Foreign exchange earning and outgo :

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows

- Earnings : Nil  
 Outgo : Rs. 22,749.48 lakh

On behalf of the Board of Directors

Jamshedpur  
 20th April, 2015

(A.M. Misra)  
 Chairman

**THE ANNUAL REPORT ON CSR ACTIVITIES**
**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

Tata Sponge endeavors to conduct its business responsibly, mindful of its social accountability, respecting applicable laws and with regard for human dignity in alignment with the Tata Group Core Purpose. The company's long-term CSR objective is "to improve the quality of life of the communities we serve through long term value creation for all stakeholders".

Tata Sponge's CSR thrust is in the field of Promoting Education, Promoting Health Care, Sanitation & Drinking Water, Livelihood Enhancement, Gender Equality, Environmental Sustainability and Rural Development Projects. Besides, it also undertakes programs to promote rural sports and culture, conservation of natural resources, skill development, entrepreneurship building, disaster relief interventions and other community need based rural development projects.

(The detailed CSR policy can be accessed in the Company's website i.e. [www.tatasponge.com](http://www.tatasponge.com), in the *investor > corporate governance* section.)

**2. The Composition of the CSR Committee.**

Mr. R. Ranganath	- Non-executive, Non-independent	- Chairman
Mr. Manoj T. Thomas	- Non-executive, Independent	- Member
Mr. D. P. Deshpande	- Executive, Non-independent	- Member
Mr. S. K. Pattnaik	- Executive, Non-independent	- Member

**3. The average net profit of the company for last three financial years :**

The average net profit for the past 3 financial years is Rs. 12938.20 lac

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

As per the prescribed CSR expenditure, the 2% of the above works out to be Rs. 258.76 lac

**5. Details of CSR spent during the financial year.**

- (a) Total amount to be spent for the financial year: 258.76 lac
- (b) Amount unspent, if any: NIL (The Company has spent Rs. 259.02 lac).
- (c) Manner in which the amount spent during the financial year is detailed below.

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs. in Lac)	Amount spent on the Programs Sub-heads: (1) Direct on projects or programs (2) Overheads (Rs. in Lac)	Cumulative expenditure upto the reporting period (Rs. in Lac)	Amount Spent: Direct or through implementing agency
1	Provision of a waiting hall for Primary Health Centre	Preventive health care & sanitation	Local Area (CHC-Basudevapur, G.P.-Kandara, Block-Joda, Dist-Keonjhar, Odisha)	32.00	31.99	31.99	Direct
2	Awareness training programs on AIDS, Safety, Environment etc., including promotional activities	Preventive health care & sanitation	Local Area (Anseikala, Birikala, Chamakpu, Kandara, Deojhar GP in Joda Block, Dist-Keonjhar)	0.20	0.16	0.16	Direct
3	Organizing Health Camps & Dengue prevention program	Preventive health care & sanitation	Local Area : Chendipada Block Dist-Angul, Odisha)	1.50	1.48	1.48	Direct
4	Supply of drinking water by mobile tankers during Summer and necessary collection arrangements.	Preventive health care & sanitation	Local Area (Village-Bileipada & Bhagalpur, G.P.-Birikala, Block-Joda, Dist-Keonjhar, Odisha)	0.29	0.29	0.29	Direct

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs. in Lac)	Amount spent on the Programs Sub-heads: (1) Direct on projects or programs (2) Overheads (Rs. in Lac)	Cumulative expenditure upto the reporting period (Rs. in Lac)	Amount Spent: Direct or through implementing agency
5	Construction of toilets for school and promoting their usage.	Preventive health care & sanitation	Local Area: Murga Pny. school, G.P. Deojhar	1.52	1.51	1.51	Direct
6	Laying of 100mtrs of Pipeline for Drinking water & const. of tankbase, etc.	Safe Drinking water	Local Area (Village- Putugaon, G.P.- Anseikala, Block-Joda, Dist-Keonjhar, Odisha)	0.75	0.63	0.63	Direct
7	Boring of 5 Tube wells and development of space around it for supply of drinking water.	Safe Drinking water	Local Area (Village- Jamukundia, Deojhar, BirikalaMundasahi, Lahanda AWC, Balita, Gugudari, Joda Block, Dist-Keonjhar)	8.00	7.98	7.98	Direct
8	Maintenance and upkeep of Tube wells provided by TSIL	Safe Drinking water	Local Area (5 GPs.- Anseikala, Birikala, Chamakpur, Deojhar & Kandara of Joda Block, Dist-Keonjhar, Odisha)	1.50	1.57	1.57	Direct
9	Deep bore well & pipeline fitting and development of space around for drinking water supply.	Safe Drinking water	Local Area (Village- Sankarpur, G.P.- Chamakpur, Block- Joda, Dist-Keonjhar	2.00	3.13	3.13	Direct
10	Provision of pipe/pump/ storage tank for drinking water purpose.	Safe Drinking water	Village Bileipada Mundasahi, GP-Birikala, Dist- Keonjhar.	5.00	4.65	4.65	Direct
11	Construction of building for 3 new Anganwadi Centers with boundary wall & furniture and associated promotional expenditure	Promoting Education	Local Area (Village:Balita, Lahanda & Karansahi) Block-Joda, G.P.-BirikalaDist – Keonjhar State- Odisha,	48.88	52.09	52.09	Direct
12	Construction of one classroom for High School	-do-	Local Area (Village: Bileipada, Block-Joda, G.P.-Birikala, Dist – Keonjhar State- Odisha)	9.10	9.05	9.05	Direct
13	Construction of 3 Kitchen-cum-Dining units at Primary Schools, including development of space around.	-do-	Local Area (Village: Kuldum & Gobardh anpur of Deojhar G.P. & Lahanda of Birikala G.P., Block- Joda, Dist Keonjhar State- Odisha)	22.00	21.66	21.66	Direct
14	Provide 150 sets of dual bench-desk and 10 sets of Table- Chair in 5 schools.	-do-	Local Area (Anseikala&Birikala G.P., Block-Joda, Dist-Keonjhar, Odisha)	3.25	3.21	3.21	Direct

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs. in Lac)	Amount spent on the Programs Sub-heads: (1) Direct on projects or programs (2) Overheads (Rs. in Lac)	Cumulative expenditure upto the reporting period (Rs. in Lac)	Amount Spent: Direct or through implementing agency
15	Construction of School building	Promoting Education	Local Area (Village: Jamukundia Pky. School Block-Joda, G.P.-Anseikala, Dist – Keonjhar, State- Odisha)	12.00	11.67	11.67	Direct
16	Construction of Kitchen cum dining unit for Mid-Day-meal in Schools	Promoting Education	Local Area (Kolhahundula Pky. School, Block-Joda, G.P.-Anseikala, Dist – Keonjhar, State- Odisha)	6.50 (Year 14-15: 3.00) (Year 15-16: 3.50)	2.11	2.11	Direct
17	Repairing and upgradation of school building	Promoting Education	Local Area (Gobindpur Pky. School, Block-Joda, G.P.-Birikala Dist – Keonjhar State- Odisha, )	1.30	1.36	1.36	Direct
18	Promoting science education amongst the school children through science exhibition, talks, books, etc.	Promoting Education	Local Area (Village Bileipada, GP. Birikala Block-Joda, Dist-Keonjhar, Odisha)	5.30	5.29	5.29	Direct
19	Upgradation and maintenance of school buildings.	Promoting Education	Local Area (5 GPs.- Anseikala, Birikala, Chamakpur, Deojhar & Kandara of Joda Block, Dist-Keonjhar, Odisha)	0.50	0.40	0.40	Direct
20	Provision in part for construction of hostel & boundary wall of a school - supply of free fly ash bricks.	Promoting Education	Prakalpa an NGO, DistKeonjhar	10.00 Year 14-15: 4.00 Year 15-16: 6.00	4.70	4.70	Direct
21	Awareness and dialogue programmes with communities, including surveys/ feedbacks by professionals, etc.	Promoting Education	Local Area (5 GPs.- Anseikala, Birikala, Chamakpur, Deojhar & Kandara of Joda Block, Dist-Keonjhar, Odisha)	8.25	8.21	8.21	Through implementing agency (Kalinga Institute of Social Sciences)
22	Bringing technology to education in Math, Science and Geographyin partnership with AIFT	Promoting Education	Local Area (5 GPs.- Anseikala, Birikala, Chamakpur, Deojhar & Kandara of Joda Block, Dist-Keonjhar, Odisha)	66.00 Year 14-15: 14.00 Year 15-16: 31.00 Year 16-17: 21.00	14.11	14.11	Through implementing agency (The American India Foundation Trust)
23	Infrastructure development in Anganwadi Center	Promoting Education	Local Area (Village Balita, G.P. Birikala, Block-Joda, Dist – Keonjhar State- Odisha, )	1.00	0.84	0.84	Direct

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs. in Lac)	Amount spent on the Programs Sub-heads: (1) Direct on projects or programs (2) Overheads (Rs. in Lac)	Cumulative expenditure upto the reporting period (Rs. in Lac)	Amount Spent: Direct or through implementing agency
24	Promoting higher studies - Scholarship for poor & meritorious students	Promoting Education	Local Area (Ansekala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block, Dist-Keonjhar, Odisha) National level through FAEA (New Delhi)	0.90 0.70	0.83 0.70	0.83 0.70	Direct Direct
25	SHG and Entrepreneurship - Hiring of consulting agency for facilitation.	Livelihood Enhancement	Local Area: Chendipada block (District – Angul, Odisha)	5.45	5.45	5.45	Through implementing agency (EDII)
26	Livelihood enhancement through in-house on the job training with stipend to 10 ST/SC ITI Trade Apprentices.	Livelihood Enhancement	Local Area: District-Keonjhar, Odisha.	2.25	2.54	2.54	Direct
27	Plantation of 5500 fruit bearing/soil conservative saplings including barbed fencing	Environmental Sustainability	Local Area (Village-Sankarpur, G.P.-Chamakpur, Block-Joda, Dist-Keonjhar)  Local area: ChendipadaDist-Angul, Odisha)	3.60 16.65	2.58 16.64	2.58 16.64	Direct Direct
28	Promotion of Swachh Bharat	Environmental Sustainability	Local area of 5 G.P.	0.50	0.29	0.29	Direct
29	Construction of Road	Rural Development Project	Local Area (Village-Lahanda, G.P.-Birikala, Block-Joda, Dist-Keonjhar	5.50	5.43	5.43	Direct
30	Repairing & tarring of G.P. road	Rural Development Project	Local Area (Village-Bileipada to Birikala, G.P.-Birikala, Block-Joda, Dist-Keonjhar	20.50	20.37	20.37	Direct
31	Construction of Road (Phase I)	Rural Development Project	Local Area (Village - Bileipada (Mundasahi), G.P.-Birikala, Block-Joda, Dist-Keonjhar	3.75	3.77	3.77	Direct
				<b>306.89</b>	<b>246.69</b>	<b>246.69</b>	
	<b>Overhead @ 5% of project cost</b>				<b>12.33</b>		
	<b>Total amount spent on program &amp; overhead during Fy '15</b>				<b>259.02</b>		

**Details of implementing agency:**

Out of the 31 projects / programs under taken during the year, 28 projects were implemented directly by the Company and the remaining 3 programs were executed through different implementing agencies as follows:

- i. **America India Foundation Trust (AIFT)** with Head Office at New Delhi for bringing technology to education in Science, Mathematics and Geography for improving quality education in 36 CAL and 14 Non Cal Schools in Keonjhar District of Odisha.
  - ii. **Kilanga Institute of Social Sciences (KISS)**, Bhubaneswar for bringing out awareness, professional inputs and a base line study on Education Health Care and sanitation and other thematic areas in the 5 surrounding Gram Panchayats.
  - iii. **Entrepreneurship Development Institute of India (EDII)** for organizing various income generating programs for youth and women groups at Chendipada of Angul district.
6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board.**  
Not applicable.
7. **The responsibility statement of the CSR Committee of the Board:**  
“ The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and Policy of the Company.”

Jamshedpur  
20th April, 2015

**( D.P. Deshpande )**  
*Managing Director*

**( R. Ranganath )**  
*Chairman - CSR Committee*

**PARTICULARS UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND  
THE RULES MADE THEREUNDER**

Description				
<b>( I ) Ratio of each director's remuneration to Median Remuneration of Employees.</b>	<b>2013-14</b>	<b>2014-15</b>		
MD	31.18	32.56		
ED	NA	19.37		
<b>(II) Percentage Increase in Remuneration</b>	<b>2013-14</b>	<b>2014-15</b>	<b>Differential</b>	<b>% increase/ (decrease)</b>
MD	12,169,537.00	13,354,353.00	1,184,816.00	9.74
ED	NA	7,944,562.92	NA	NA
CFO	3,373,052.00	3,604,473.98	231,421.98	6.86
CS	2,274,782.00	2,562,536.32	287,754.32	12.65
<b>( III ) Percentage Increase in Median Remuneration of employees</b>	<b>2013-14</b>	<b>2014-15</b>	<b>Differential</b>	<b>% increase/ (decrease)</b>
Median Remuneration	390,330.00	410,162.98	19,832.98	5.08
<b>( IV ) No of Employees</b>	<b>2013-14</b>	<b>2014-15</b>		
As on 31st March	443.00	439.00		
<b>(V) Explanation on relation ship between average increase in Remuneration and Company Performance</b>	<b>2013-14</b>	<b>2014-15</b>	<b>Differential</b>	<b>% increase/ (decrease)</b>
	2013-14	2014-15	Differential	% increase/ (decrease)
Total Remuneration	266,686,870.53	302,550,836.86	35,863,966.33	13.45
Company Performance-PBT in Lacs	14,979.52	13,646.94	(1,332.58)	(8.90)
<b>Explanation - increase remuneration is commensurate to the efforts made by the employees</b>				
<b>(VI) Comparision of remuneration of KMP against Company Performance</b>	<b>2013-14</b>	<b>2014-15</b>	<b>Differential</b>	<b>% increase/ (decrease)</b>
Company Performance-PBT in Lacs	14,979.52	13,646.94	(1,332.58)	(8.90)
KMP Remuneration	17,817,371.00	27,465,926.22	9,648,555.00	54.15
<b>(VII) Variation in the market capitalisation of the company, price earning ratio as at the closing date of current FY and previous Fy and percentage increase or decrease in the market quotations of the shares of the company in comparision to the rate at which the company came out with the last public offer</b>	<b>2013-14</b>	<b>2014-15</b>	<b>Differential</b>	<b>% increase/ (decrease)</b>
Market Capitalisation in Lacs	78,120.00	111,680.80	33,560.80	42.96
PE Ratio	7.72	12.15	4.43	57.38
Market Price as on 31st March-Per Share	507.25	725.20		
Market quotes on last public offer (June-1984)	10.00	10.00		
Increase or decrease	497.25	715.20		
<b>Rate of Increase or Decrease</b>	<b>4,972.50</b>	<b>7,152.00</b>		



<b>(VIII) Average Percetile increase of employees other than managerial personel in last FY and its comparision with percentile increase/decrease in managerial remuneration</b>	<b>2013-14</b>	<b>2014-15</b>	<b>Differential</b>	<b>% increase/ (decrease)</b>
Remuneration other than managerial remuneration	254,517,333.53	281,251,920.94	26,734,587.41	10.50
Managerial Remuneration	12,169,537.00	21,298,915.92	9,129,378.92	75.02
<b>Justification Note for substantial increase</b>				
The increase in managerial remuneration is due to appointment of Excecutive Director in the FY 2014-15.				
<b>Increase in Manegerial Remuneration excluding the remuneration of ED is 9.30%.</b>				
<b>(IX ) Comparision of remuneration of each KMP against Company Performance</b>	<b>2013-14</b>	<b>2014-15</b>	<b>Differential</b>	<b>% increase/ (decrease)</b>
Company Performamce-PBT in Lacs	14,979.52	13,646.94	(1,332.58)	(8.90)
MD	12,169,537.00	13,354,353.00	1,184,816.00	9.74
ED	NA	7,944,562.92	NA	NA
CFO	3,373,052.00	3,604,473.98	231,421.98	6.86
CS	2,274,782.00	2,562,536.32	287,754.32	12.65
<b>(X) The Key parameters for any variable component of remuneration availed by the directos&gt;&gt;&gt;&gt;&gt;&gt;</b>				
<b>(XI) The ratio of the remuneration of the highest paid director to that of the employees who are directors but receive remuneration in excess during the year of the highest paid director</b>				
No such case.				
<b>(XII) Affirmation that the remuneration is as per the remuneration policy of the Company.</b>				
It is affirmed that the remuneration is as per the remuneration policy of the Company				

**Form No. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED – 31.03.2015

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**TATA SPONGE IRON LIMITED**  
P.O Joda, Keonjhar  
Orissa - 758 034

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TATA SPONGE IRON LIMITED** (hereinafter called the company). Secretarial Audit was conducted in accordance with the Guidance Note issued by the Institute of Company Secretaries of India (A statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers; agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our information, knowledge and belief and according to the explanations given to us, the company has, during the audit period covering the financial year ended on 31.03.2015 generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **TATA SPONGE IRON LIMITED** for the financial year ended on 31.03.2015 according to the applicable provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act; 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB) to the extent applicable to the company: - **As reported to us, there were no FDI, ODI and ECB transactions in the company during the year under review.**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act) to the extent applicable to the company:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **No instances were reported during the year.**
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable During the year.**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable during the year.**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **The Company has duly appointed a SEBI authorized Category I Registrar and Share Transfer Agent as required under Law.**

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable during the year.**
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **No buy – back was done during the year**

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India: **not yet applicable.**
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

We further report that as far as we have been able to ascertain -

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
4. Based on the compliance mechanism established by the Company and on the basis of the certificates placed before the Board and taken on record by the Directors at their meetings, we are of the opinion that the company has adequate systems and processes commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and the Company has complied with the applicable laws, as reported to us.

We further report that, as informed to us, during the audit period the company has had the following specific events:

1. The Hon'ble Supreme Court of India vide its order dated September 24, 2014, has cancelled Radhikapur (East) Coal Block which was allotted to the Company on February 07, 2006. The carrying value of investments made in Radhikapur East Coal Block as on March 31st, 2015 was Rs. 18,074.18 lakh, as informed to us.

It is stated that the compliance of all the applicable provisions of the Companies Act, 2013 and other laws is the responsibility of the management. We have relied on the representation made by the company and its Officers for systems and mechanism set-up by the company for compliances under applicable laws. Our examination, on a test-check basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities / statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the aforementioned corporate laws of the Union of India.

Place: Kolkata

Date: 20.04.2015

Encl: Annexure 'A' forming an integral part of this Report

(S.M.Gupta)  
S.M.Gupta & Co.  
FCS No: 896  
C P No: 2053

To,  
The Members,  
**TATA SPONGE IRON LIMITED**  
P.O Joda, Keonjhar  
Orissa - 758 034

“Annexure A”

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

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

Place: Kolkata

Date: 20.04.2015

(S.M.Gupta)  
S.M.Gupta & Co.  
FCS No:896  
C P No:2053

**FORM NO. MGT - 9**
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended 31st March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

i	CIN	L27102OR1982PLC001091
ii	Registration Date	31st July, 1982
iii	Name of the Company	TATA SPONGE IRON LIMITED
iv	Category / Sub-Category of the Company	Company having Share Capital
v	Address of the Registered office and contact details	Joda, Post - Joda, Dist - Keonjhar, Orissa - 758 034 Tel No. 06767 - 284236 Fax No. 06767 - 278159 E-mail : info@tatasponge.com Website : www.tatasponge.com
vi	Whether listed company Yes / No	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s.TSRDarashaw Limited 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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Sponge Iron	72031000	94.37
2	Power generated from waste heat	27160000	5.63

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Tata Steel Limited	L27100MH1907PLC000260	Holding	54.5%	2(46)
2	TSIL Energy Limited	U40109OR2012PLC016232	Subsidiary	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of TotalEquity)**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Promoter</b>									
<b>1. Indian</b>									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	8393554	0	8393554	54.50	8393554	0	8393554	54.50	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other...	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(1)</b>	<b>8393554</b>	<b>0</b>	<b>8393554</b>	<b>54.50</b>	<b>8393554</b>	<b>0</b>	<b>8393554</b>	<b>54.50</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>8393554</b>	<b>0</b>	<b>8393554</b>	<b>54.50</b>	<b>8393554</b>	<b>0</b>	<b>8393554</b>	<b>54.50</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds/UTI	259765	3500	263265	1.71	8793	3500	12293	0.08	-1.63
b) Banks / FI	9772	6050	15822	0.10	34379	5750	40129	0.26	0.16
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	178024	0	178024	1.16	100000	0	100000	0.65	-0.51
g) FIs	1424648	0	1424648	9.25	1562043	0	1562043	10.14	0.89
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0					
Foreign Portfolio Investors (Corp.)	0	0	0	0	36010	0	36010	0.23	0.23
<b>Sub-Total (B)(1)</b>	<b>1872209</b>	<b>9550</b>	<b>0</b>	<b>12.22</b>	<b>1741225</b>	<b>9250</b>	<b>1750475</b>	<b>11.37</b>	<b>-0.85</b>
<b>(2) Non-Institutions</b>									
a) Bodies Corporate	571110	9790	580900	3.77	692591	9490	702081	4.56	0.79
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual Shareholders holding nominal share capital up to Rs.1 lakh	2937092	944152	3881244	25.20	3095370	904642	4000012	25.97	0.77
ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	661343	0	661343	4.29	549978	0	549978	3.57	-0.72
c) Others (specify)									
Trust	1200	0	1200	0.01	3900	0	3900	0.03	0.02
<b>Sub-Total (B)(2)</b>	<b>4170745</b>	<b>953942</b>	<b>5124687</b>	<b>33.28</b>	<b>4341839</b>	<b>914132</b>	<b>5255971</b>	<b>34.13</b>	<b>0.85</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>6042954</b>	<b>963492</b>	<b>7006446</b>	<b>45.50</b>	<b>6083064</b>	<b>923382</b>	<b>7006444</b>	<b>45.50</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>14436508</b>	<b>963492</b>	<b>15400000</b>	<b>100.00</b>	<b>14476618</b>	<b>923382</b>	<b>15400000</b>	<b>100.00</b>	<b>0</b>

**(ii) Shareholding of Promoters**

Sl. No	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of shares of the Company	% of Shares Pledged/encumbered to total shares	No. of shares	% of shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Tata Steel Limited	7854000	51.00	0	8393554	54.50	0	3.50
2	Kalimati Investment Company Limited	539554	3.50	0	0	0	0	-3.50
	<b>Total</b>	<b>8393554</b>	<b>54.50</b>	<b>0</b>	<b>8393554</b>	<b>54.50</b>	<b>0</b>	<b>0</b>

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change)**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>At the beginning of the year</b>	<b>No change during the year</b>			
<b>Date-wise Increase/Decrease in</b>	<b>No change during the year</b>			
<b>Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)</b>	<b>No change during the year</b>			
<b>At the end of the year</b>	<b>No change during the year</b>			

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Acacia Partners, LP	342000	2.22	-	-
2	Acacia Institutional Partners, LP	216000	1.40	-	-
3	DWS Invest - DWS Invest Asian Small / Mid Cap	185000	1.20	-	-
4	Acacia Conservation Fund, LP	180000	1.17	-	-
5	Acacia Banyan Partners	161200	1.05	-	-
6	General Insurance Corporation of India	140267	0.91	100000	0.65
7	Reliance Capital Trustee Co. Ltd. - A/c. Reliance Small Cap Fund	128779	0.84	-	-
8	IDFC Equity Opportunity - Series - 1	125000	0.81	-	-
9	Ajay HariDalmia	83983	0.55	75983	0.49
10	StichtingPensioenfond ABP	81200	0.53	101975	0.66
11	Merrill Lynch Capital Markets Espana S.A. S.V.	-	-	345106	2.24
12	Goldman Sachs (Singapore) PTE	-	-	214264	1.39
13	Russell Investment Company PLC - Russell Emerging Markets Equity Fund	-	-	180007	1.17
14	Morgan Stanley Asia (Singapore) PTE	-	-	178421	1.16
15	Russell Investment Company Emerging Markets Fund - Managed by Arrowstreet Capital Limited Partnership	-	-	90920	0.59
16	Swiss Finance Corporation (Mauritius) Limited	-	-	71891	0.47
17	Acadian Emerging Markets Equity II Fund LLC	-	-	62557	0.41



(v) Shareholding of Directors and Key Managerial Personnel

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	None of the Directors hold shares in the Company			
Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	None of the Directors hold shares in the Company			
At the end of the year	None of the Directors hold shares in the Company			

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. S. K. Mishra, Chief Financial Officer				
	At the beginning of the year	50		50	
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	None		None	
	At the end of the year	50		50	
2	Mr. S. S. Dhanjal, Company Secretary				
	At the beginning of the year	10		10	
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	None		None	
	At the end of the year	10		10	

Note: Percentage of total shares of the Company is less than 0.01% for 1 and 2.

V. INDEBTEDNESS

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

	Secured Loans, excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Rs.)
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	4,42,428	4,42,428
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	<b>4,42,428</b>	<b>4,42,428</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	-	-	4,42,428	4,42,428
<b>Net Change</b>	-	-	<b>4,42,428</b>	<b>4,42,428</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Rupees in Lakh

Sl. No.	Particulars of Remuneration	Mr.D.P. Deshpande MD	Mr.S.K. Pattnaik ED*	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36.96	20.14	57.10
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	41.08	32.31	73.39
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	• As % of profit	55.50	27.00	82.50
	• Others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	133.54	79.45	212.99

\*Appointed Executive Director w.e.f. 16-08-2014

**B. Remuneration to other directors:**
**1. Independent Directors**

Rupees in Lakh

Sl. No.	Particulars of Remuneration	Name of Director					Total amount
		Mr. D. K. Banerjee	Mr. P. C. Parakh	Mr. Manoj T. Thomas	Dr. Omkar Nath Mohanty	Mr. Krishna S. Dutt	
	Fee for attending Board/ Committee meetings	2.40	1.65	1.97	1.20	0.68	7.90
	Commission	4.12	4.12	3.85	1.92	1.10	15.11
	Others, please specify	-	-	-	-	-	-
	Total (B)(1)	6.52	5.77	5.82	3.12	1.78	23.01

**2. Other Non-executive Directors**

Rupees in Lakh

Sl. No.	Particulars of Remuneration	Name of Director					Total amount
		Mr. A. M. Misra	Mr. R. Ranganath	Mrs Meena Lall	Mr.D.B. Sundararamam	Mr. Manikanta Naik	
	Fee for attending Board/ Committee meetings	1.80	2.12	0.53	0.45	0.08	4.98
	Commission	5.22	3.02	0.82	0.83	-	9.89
	Others, please specify	-	-	-	-	-	-
	Total (B)(2)	7.02	5.14	1.35	1.27	0.08	14.87
	Total (B) = (B)(1) + (B)(2)						37.88

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Rupees in Lakh

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (Rs.Lakhs)
		Mr.S.K. Mishra Chief Financial Officer	Mr.S.S. Dhanjal Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1951	28.10	19.86	47.96
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1951	5.42	3.02	8.44
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1951			
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	As % of profit	-	-	-
	Others, specify	-	-	-
5	Others, please specify - Retirals	3.52	2.75	5.27
	Total (C)	36.04	25.63	61.67

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

**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 and the Executive 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](http://www.tatasponge.com).

I confirm that the Company has in respect of the financial year ended March 31, 2015, 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.

Jamshedpur  
20th April, 2015

For TATASPONGE IRON LIMITED

**DP Deshpande**  
Managing Director

## MANAGEMENT DISCUSSION & ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

1. Sponge iron is an intermediate product; a source of metallics for the secondary steel making through EAF or IF route. Other sources of metallics are either steel scrap and hot metal produced in the blast furnace. Steel scrap becomes a direct substitute of sponge iron; since both of them are tradable commodities, unlike hot metal.

There are two kinds of sponge iron producers in India (i) captive users, i.e. those using sponge iron in their own 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 this sector. Further, sponge iron industry is also classified into two categories (i) gas based and (ii) coal based using coal as reductant. There are only a few producers in gas based segment and their product is known as Hot Briquetted Iron (HBI). In coal based segment, there are about four hundred units across the country and the product is known as Sponge Iron. Tata Sponge is a coal based merchant sponge iron producer.

Domestic sponge iron capacity utilisation is showing a downward trend for last couple of years due to weak demand. Tendency of stand-alone sponge iron players moving towards forward integration and ceasing to be pure merchant market players is visible. Sponge iron manufacturers located near coal and/or iron ore mines enjoy lower logistics cost and earn higher margin.

Tata Sponge operates three rotary kilns with an installed capacity of 3,90,000 tonnes per annum to produce sponge iron. The company has established loyal and stable customer base in Eastern India and export market. The company practices have resulted into a small product premium. 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 are also operated. Entire surplus power, which was about 70 % of generation, was sold. The power revenue also contributed to revenue and the bottom line.

Iron ore and coal are two important raw materials in production of sponge iron. Iron ore continued to be procured from Tata Steel excepting for short period during the year due to suspension of production at source mines on account of statutory restrictions. However, during this period the Company was able to source iron ore through import and from other local suppliers, albeit, at a higher price. A part of coal was sourced from domestic open market and balance from overseas markets.

### OPPORTUNITIES AND THREATS

2. a) **Opportunities :**

The demand for steel as well as sponge iron has been sluggish for past few years. Steel production through induction furnace route shall be under pressure due to its relative cost structure. Consequently, merchant sponge suppliers will continue to be under pressure on account of a reduced market demand until such time that the steel demand picks up. Once the steel demand picks up, the sponge iron and secondary steel sector will get their dues well. The company has been examining options for itself in the value chain of secondary steel making. The company has necessary resources to do so.

- b) **Threats:**

The cost of iron ore and coal constitute more than 80% 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 sure way to substantially reduce the cost of iron ore and coal is to have ownership of these raw materials. The Coal block which was under development was supposed to ensure reduction of manufacturing cost of sponge iron. However, due to de-allocation of coal block, this opportunity does not exist for the time being. But, the Company has been exploring the possibility of participating in e auction of re-notified coal blocks. This process is yet to reach at logical conclusion. The company does not have any iron ore mine and sources all of it from Tata Steel Ltd (excepting for a small disruption during the year). 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) The Company has two separate business segments; namely, manufacture of sponge iron and generation of power as reportable segments 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 3,65,324 MT as compared to 3,76,432 MT in the previous year. The sales during the year was 3,62,912 MT compared to 3,74,782 MT in the previous year. Production and sales quantity was lower by 2.95 % and 3.17 % respectively compared to previous year.

Two power plants generated 173 million KWH of power and exported 121 million KWH (net) of power as against 196 million KWH and 141 million KWH respectively in the previous year. The lower generation and sale were due to lower availability of kilns and supplying lower quantity of waste heat to the power plants.

**OUTLOOK**

- 4) The Board is ever engaged in evaluating its options across the value chain and other options such as diversification/expansion etc. We see that the strengths that the company has, would allow it to have positive margins, albeit lower due to market forces.

**RISKS AND CONCERNS**

- 5) During the year the Board has constituted a Risk Management Committee (RMC) which met a number of times to identify prominent risks at the Company level. 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, environmental developments etc. 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. The Board has also reviewed the Risk Assessment & Mitigation process.

On the financial front, the Company has little to no exposure to exchange rate fluctuation risk. Credit policy of the company is primarily based on the customer profile. Excepting for the supply chain disruptions, 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.29 of Notes to Financial Statements.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

- 6) The Board has an Audit Committee with independent directors in majority 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 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. Apart from this, the Company has laid down a list of all internal financial controls which were evaluated by the Auditors of the Company.

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. (iv) 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 2014-15 compared to previous year.

(Rs in lacs)

	2014-15	2013-14	Change*	% change	Remarks
Total income	84,522	81,764	2758	3.37	
Consumption of raw material	57,892	54,706	(3186)	(5.82)	(a)
Employee cost	3,515	2,684	(831)	(30.96)	(b)
Other expenses	8,211	6,298	(1913)	(30.37)	(c)
Depreciation and amortisation expenses	1,294	1,775	481	27.10	(d)
Finance cost	531	1,322	791	59.83	
Profit after tax	9,189	10,118	(929)	(9.18)	
Earnings per share (Rs.)	59.67	65.69			
Reserves & Surplus	77,977	70,722	7255	10.25	
Current Liabilities	14,941	18,022	3081	17.10	
Fixed Assets	16,764	16,655	109	0.65	
Current Assets	60,770	58,280	2490	4.27	

\* Figures within bracket denote adverse change.

Notes: (a) Raw material consumption has gone up mainly on account of increase in price of iron ore and pellet amounting to Rs.7541.92 lakh;

- (b) During the year, the discount factor has come down to 7.75%. This has resulted in increase in Gratuity and Leave by Rs.349.49 lakh and PRMB by Rs.101.47 lakh in actuarial valuation;
- (c) Increase in other expenses is mainly due to the following :
- (i) CSR expenses ... Rs.259.02 lakh
  - (ii) Demurrage ... Rs.694.45 lakh
  - (iii) Cross subsidy provision ... Rs.600.99 lakh
  - (iv) E-auction expenses ... Rs.177.56 lakh
- (d) Depreciation and amortisation expenses reduced mainly due to change in life of assets as per Companies Act, 2013.
- 7) (b) During the year the Company's wholly owned subsidiary, i.e. TSIL Energy Limited, which has not yet started commercial operations, also earned a small other income.
- 7) (c) Operational performance of the Company has been summarised in the table below followed by explanatory remarks for significant changes in 2014-15 compared to previous year.

	2014-15	2013-14	Change	Change	Remarks
<b>Sponge iron</b>	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>	<b>%</b>	
Production	365324	3,76,432	(11108)	(2.95)	A
Despatches	362912	3,74,782	(11870)	(3.17)	
Capacity utilisation (kilns)	94 %	97%		(3.0)	
<b>Power</b>		<b>Million KWH</b>	<b>Million KWH</b>	<b>change</b>	
Generation (gross)	173	196	(23)	(12)	B
Export	121	141	(20)	(14)	

A – The decrease is mainly due to lower capacity utilisation on account of higher down time and lower throughput rate.

B – The decrease in generation and sale of power is mainly on account of lower operating days of sponge iron kilns and higher specific consumption of by-product steam.

#### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

- 8) The company had 439 employees as on 31st March, 2015 as compared to 443 as on 31st March, 2014. 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. Various task forces and cross functional teams were created to realise the company's goals. Management takes keen interest in training, talent management, leadership development, knowledge sharing, correction in compensation and benefits to employees. The Union is also supportive of all positive steps of the company in the direction of the sustainability.

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, tax laws, and other incidental factors.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATA SPONGE IRON LIMITED**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **TATA SPONGE IRON LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, 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 Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section 11 of Section 143 of the Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in financial statements- Refer Note 29, 30, 31, 33 and 42 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Jamshedpur, April 20, 2015

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

**Abhijit Bandyopadhyay**  
Partner  
(Membership No. 054785)

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

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

- (i) 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 reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) 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.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.
- (iv) 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.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost records and audit) Rules, 2014 prescribed by the Central Government under subsection 1 of Section 148 of the Companies Act, 2013 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.
- (vii) 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, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable except for sales tax of Rs. 513.83 lacs which is outstanding for more than six months.

- (b) Details of dues of Income tax, Sales tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as at March 31, 2015 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
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	4,641.28	2005-06, 2008-09 to 2009-August 2013	High Court of Orissa
		244.30	2006-07, 2007-08, 2008-09, 2009-10	High Court of Orissa
Orissa Value Added Tax Act, 2004	Value Added Tax	7.14	2005-06	Commissioner of Commercial Taxes
		129.89	2006-07	Supreme Court
Income tax Act, 1961	Income tax	4,653.54	2012-13	Commissioner of Income tax (Appeals)

- (c) the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act 1956 (1 of 1956) and rules made thereunder has been so transferred to such fund within time.
- (viii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) 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 or financial institutions. The Company has not issued any debentures.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not availed any term loans.
- (xii) To best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company was noticed or reported during the year.

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

**Abhijit Bandyopadhyay**  
Partner  
(Membership No. 054785)

Jamshedpur, April 20, 2015

**BALANCE SHEET**

AS AT MARCH 31, 2015

	Notes	As at March 31, 2015	Rs. in lacs As at March 31, 2014
<b>(I) EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	03	1,540.00	1,540.00
(b) Reserves and surplus	04	77,977.19	70,722.49
		<b>79,517.19</b>	<b>72,262.49</b>
<b>(2) Non-current liabilities</b>			
(a) Deferred tax liabilities (net)	05	2,303.96	2,181.37
(b) Long-term provisions	06	528.00	466.07
		<b>2,831.96</b>	<b>2,647.44</b>
<b>(3) Current liabilities</b>			
(a) Trade payables	07	4,689.87	5,404.49
(b) Other current liabilities	08	1,756.25	4,180.82
(c) Short-term provisions	06	8,494.56	8,436.71
		<b>14,940.68</b>	<b>18,022.02</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>97,289.83</b>	<b>92,931.95</b>
<b>(II) ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	09	14,033.57	15,023.83
(ii) Intangible assets	10	726.52	6.07
(iii) Capital work-in-progress		2,003.88	1,624.95
		<b>16,763.97</b>	<b>16,654.85</b>
(b) Non-current investments	11	186.01	186.01
(c) Long-term loans and advances	12	19,567.84	17,808.75
(d) Other non-current assets	13	2.05	2.45
		<b>36,519.87</b>	<b>34,652.06</b>
<b>(2) Current assets</b>			
(a) Current investments	14	20,613.98	20,269.95
(b) Inventories	15	10,844.88	6,185.42
(c) Trade receivables	16	888.11	2,607.45
(d) Cash and bank balances	17	25,151.13	26,929.98
(e) Short-term loans and advances	12	2,233.11	1,661.47
(f) Other current assets	18	1,038.75	625.62
		<b>60,769.96</b>	<b>58,279.89</b>
<b>TOTAL ASSETS</b>		<b>97,289.83</b>	<b>92,931.95</b>

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, 20 April 2015

For and on behalf of the Board of Directors

**A. M. Misra - Chairman**  
**D. P. Deshpande - Managing Director**  
**S. K. Mishra - Chief Financial Officer**  
**S. S. Dhanjal - Company Secretary**

Jamshedpur, 20 April 2015

## STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2015

		<b>Year Ended March 31, 2015</b>	<b>Rs. in lacs Year Ended March 31, 2014</b>
<b>I REVENUE FROM OPERATIONS (GROSS)</b>	19	<b>86,754.55</b>	85,656.17
Less: Excise Duty		<b>7,781.34</b>	7,433.94
<b>REVENUE FROM OPERATIONS (NET)</b>		<b>78,973.21</b>	78,222.23
<b>II OTHER INCOME</b>	20	<b>5,548.45</b>	3,541.97
<b>III TOTAL REVENUE (I + II)</b>		<b>84,521.66</b>	81,764.20
<b>IV EXPENSES</b>			
(a) Cost of materials consumed	21	<b>57,892.24</b>	54,705.94
(b) Changes in inventories of finished goods	22	<b>(567.98)</b>	(169.09)
(c) Employee benefits expense	23	<b>3,515.07</b>	2,683.56
(d) Finance costs	24	<b>530.50</b>	1,322.29
(e) Depreciation and amortisation expense	25	<b>1,294.12</b>	1,775.33
(f) Other expenses	26	<b>8,210.77</b>	6,466.65
<b>TOTAL EXPENSES</b>		<b>70,874.72</b>	66,784.68
<b>V PROFIT BEFORE TAX (III-IV)</b>		<b>13,646.94</b>	14,979.52
<b>VI TAX EXPENSES</b>			
(1) Current tax		<b>4,294.00</b>	5,661.00
(2) Deferred tax credit	05	<b>164.10</b>	(799.05)
<b>TOTAL TAX EXPENSE</b>		<b>4,458.10</b>	4,861.95
<b>VII PROFIT AFTER TAX (V - VI)</b>		<b>9,188.84</b>	10,117.57
<b>VIII EARNING PER EQUITY SHARE (Rupees)</b>			
Basic and Diluted Earning Per Share [Face value Rs. 10 each]	28	<b>59.67</b>	65.69

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, 20 April 2015

For and on behalf of the Board of Directors

**A. M. Misra - Chairman**  
**D. P. Deshpande - Managing Director**  
**S. K. Mishra - Chief Financial Officer**  
**S. S. Dhanjal - Company Secretary**

Jamshedpur, 20 April 2015

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED MARCH 31, 2015

	Year Ended March 31, 2015	Rs. In lacs Year Ended March 31, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxes</b>	<b>13,646.94</b>	14,979.52
<i>Adjustments for:</i>		
Depreciation and amortisation expense	1,294.12	1,775.33
Dividend from investments	(1,626.80)	(991.16)
Net (Gain) / loss on sale of investments	(2.32)	(3.45)
Net (Profit) / Loss on sale of assets (net of discarded assets written off)	(0.41)	0.96
Interest Income	(2,216.13)	(2,329.55)
Finance costs	530.50	1,322.29
Liabilities / provisions no longer required written back	(1,608.85)	(39.19)
Provisions for obsolescence of stores inventory	68.11	68.54
Provision for wealth tax	2.56	2.15
<b>Operating profit before working capital changes</b>	<b>10,087.72</b>	14,785.44
<i>Changes in Working Capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(4,727.57)	(390.20)
Trade receivables	1,719.34	(571.61)
Short term loans and advances	(571.64)	436.96
Long term loans and advances	144.90	(100.76)
Other non current assets	0.40	(0.90)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(714.62)	333.83
Other current liabilities	(1,337.97)	1,966.00
Other long-term liabilities	-	(1.49)
Short-term provisions	601.86	(520.54)
Long-term provisions	61.93	(78.83)
<b>Cash generated from operations</b>	<b>5,264.35</b>	15,857.90
Direct taxes paid	(7,146.29)	(5,798.52)
<b>Net cash from / (utilised in) operating activities</b>	<b>(1,881.94)</b>	10,059.38
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on fixed assets including capital advances	(1,464.18)	(829.02)
Proceeds from sale of fixed assets	2.13	3.27
Purchase of current investments	(122,987.00)	(39,124.98)
Purchase of long term investment in subsidiary	-	(100.00)
Proceeds from sale of current investments	124,200.09	32,456.68
Bank balances not considered as Cash and cash equivalents	3,687.13	(3,581.76)
Interest received from banks and others	1,803.00	2,159.92
Dividend received from investments	72.00	76.00
<b>Net cash from / (utilised in) investing activities</b>	<b>5,313.17</b>	(8,939.89)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Finance cost paid/ reversed	(7.12)	(3.49)
Dividend paid	(1,515.83)	(1,215.99)
<b>Net cash utilised in financing activities</b>	<b>(1,522.95)</b>	(1,219.48)
<b>Net increase or decrease in cash or cash equivalents</b>	<b>1,908.28</b>	(99.99)
<b>Cash and cash equivalents as at 1 April <sup>1</sup></b>	<b>2,018.22</b>	2,118.21
<b>Cash and cash equivalents as at 31 March <sup>1</sup></b>	<b>3,926.50</b>	2,018.22

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. 178.52 lacs** (As at March 31, 2014 : Rs. 154.35 lacs).
- 2 Excludes purchases made out of re-investment of dividends **Rs. 1,554.80 lacs** (As at March 31, 2014: Rs. 915.16 lacs).
- 3 Figures in brackets represent outflows.

In terms of our report attached

**For Deloitte Haskins & Sells**  
 Chartered Accountants

**Abhijit Bandyopadhyay**  
 Partner

Jamshedpur, 20 April 2015

For and on behalf of the Board of Directors

**A. M. Misra - Chairman**  
**D. P. Deshpande - Managing Director**  
**S. K. Mishra - Chief Financial Officer**  
**S. S. Dhanjal - Company Secretary**

Jamshedpur, 20 April 2015

## 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 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

#### (b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in 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.

The Company has changed its estimates of useful life of tangible fixed assets for providing depreciation on the same as more fully described in Note 2(f) and Note 9.

#### (c) 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 ascertained on the "weighted average" basis.

#### (d) 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.

#### (e) 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.

#### (f) Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.

Furniture and Fixtures : 5 Years

Vehicles : 5 Years

Premium paid on leasehold land and land development expenses are amortised over the primary leased period. Intangible assets are amortised over a period of three to five years.

Assets individually costing Rs. 25,000 or less are fully depreciated in the year of purchase.

#### (g) 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 transfer of power is recognized based on contracts / arrangements with the power consumers.
- (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.
- (h) Tangible Assets**  
All tangible assets are valued at cost less depreciation and impairment losses, if any. 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.
- (i) 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.
- (j) 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.
- (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.
- (l) 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.
- (m) Investments**  
Long term investments are carried individually at cost less provision for diminution, other than temporary (if any) in the value of such investments. Current investments are carried at lower of cost and fair value.  
Cost of investments include acquisition charges such as brokerage, fees and duties.
- (n) 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 benefits to its employees and pension and post retirement medical benefits to its past managing directors. Gratuity liabilities are funded through a separate trust with its funds managed by Life Insurance Corporation of India, whereas pension and post retirement medical benefits are unfunded. 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.
  - (iii) Other long term employee benefits**  
The Company provides benefits in the nature of Compensated absences to its employees. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the



related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Liabilities for Compensated absences are funded through a separate trust with its funds managed by Life Insurance Corporation of India. The present value of these obligations are ascertained by an independent actuarial valuation. 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, 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.

**(o) 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.

**(p) Segment Reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

**(q) 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.

**(r) Earnings Per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

**(s) 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.

**(t) 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.

**(u) 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.

**03 SHARE CAPITAL**

	As at March 31, 2015		Rs. In lacs As at March 31, 2014	
	(a) <b>Authorised:</b> 25,000,000 Equity Shares of Rs. 10 each (As at 31.03.2014: 25,000,000 Equity Shares of Rs. 10 each)	2,500.00		2,500.00
(b) <b>Issued, subscribed and fully paid up :</b> 15,400,000 Equity Shares of Rs. 10 each (As at 31.03.2014: 15,400,000 Equity Shares of Rs. 10 each)	1,540.00		1,540.00	
(c) <b>Reconciliation of Number of shares</b>	<b>For the year ended March 31, 2015</b>		<b>For the year ended March 31, 2014</b>	
	<b>No. of Equity shares</b>	<b>Amount Rs. in lacs</b>	<b>No. of Equity shares</b>	<b>Amount Rs. in lacs</b>
<b>Issued, subscribed and fully paid</b>				
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
(d) <b>Shares held by holding company or its subsidiaries</b>	<b>As at March 31, 2015</b>		<b>As at March 31, 2014</b>	
<b>Shareholder</b>	<b>No. of Equity shares</b>	<b>%</b>	<b>No. of Equity shares</b>	<b>%</b>
(1) Tata Steel Limited (Holding Company)	8,393,554	54.50%	7,854,000	51.00%
(2) Kalimati Investment Company Limited * (Subsidiary of Holding Company)	—	0.00%	539,554	3.50%
	8,393,554	54.50%	8,393,554	54.50%

\* The shares held by Kalimati Investments Company Limited (KICL) has been transferred to Tata Steel Limited (TSL), pursuant to a scheme of amalgamation whereby KICL has been amalgamated with Tata Steel Limited.

**(e) Details of shareholders holding more than 5% of outstanding shares**

Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Equity shares	%	No. of Equity shares	%
(1) Tata Steel Limited	8,393,554	54.50%	7,854,000	51.00%

**(f) 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.

**04 RESERVES AND SURPLUS**

	Rs. In lacs			Total
	Capital Reserve	General Reserve	Surplus in Statement of Profit and Loss	
<b>As at March 31, 2015</b>				
<b>Balance at the beginning of the period</b>	35.00	68,880.00	1,807.49	70,722.49
Adjustments for change in useful life of assets (net of deferred tax amounting to Rs. 41.51 lacs)	—	—	(80.63)	(80.63)
Profit for the year	—	—	9,188.84	9,188.84
Dividends proposed to be distributed to equity shareholders (Rs. 10/- per share)	—	—	(1,540.00)	(1,540.00)
Tax on Dividend	—	—	(313.51)	(313.51)
Transfer to General Reserve	—	7,000.00	(7,000.00)	—
<b>Balance at the end of the period</b>	35.00	75,880.00	2,062.19	77,977.19
<b>As at March 31, 2014</b>				
<b>Balance at the beginning of the year</b>	35.00	60,900.00	1,471.64	62,406.64
Profit for the year	—	—	10,117.57	10,117.57
Dividends proposed to be distributed to equity shareholders (Rs. 10 per share)	—	—	(1,540.00)	(1,540.00)
Tax on dividend	—	—	(261.72)	(261.72)
Transfer to General Reserve	—	7,980.00	(7,980.00)	—
<b>Balance at the end of the year</b>	35.00	68,880.00	1,807.49	70,722.49

The Board of Directors has recommended a dividend of Rs. 10/- per Equity Share (2013-14 Rs. 10 per Equity Share) for the year ended March 31, 2015. The dividend payment is subject to the approvals of the shareholders at the Annual General Meeting. The total dividend payout (including tax on dividend) works out to Rs. 1,853.51 lacs (2013-14: Rs. 1,801.72 lacs) for the Company.

## 05 DEFERRED TAX LIABILITIES (NET)

	Rs. In lacs		
	Deferred tax liability/ (Asset) as at April 01, 2014	Current year Charge/ (Credit) in the Statement of Profit and Loss	Deferred tax liability/ (Asset) as at March 31, 2015
<b>Deferred tax liabilities</b>			
(i) Difference between book and tax depreciation	3,693.28	(263.12)	3,430.16
	<u>3,693.28</u>	<u>(263.12)</u>	<u>3,430.16</u>
<b>Deferred tax assets</b>			
(i) Provision for compensated absences	(89.36)	(37.94)	(127.30)
(ii) Others	(1,422.55)	423.65	(998.90)
	<u>(1,511.91)</u>	<u>385.71</u>	<u>(1,126.20)</u>
<b>Deferred tax liabilities (net)</b>	<u>2,181.37</u>	<u>122.59</u>	<u>2,303.96</u>
<b>Less: Adjusted against opening retained earnings</b>		(41.51)	
<b>Net amount credited to Statement of Profit and Loss</b>		<u>164.10</u>	
<b>Deferred tax liabilities (net)</b>	<u>2,181.37</u>		<u>2,303.96</u>

## 06 PROVISIONS

	As at March 31, 2015		As at March 31, 2014	
	Long-term	Short-term	Long-term	Short-term
(a) Provision for employee benefits				
(1) Post-employment defined benefits				
(i) Pension obligations [Refer note 38(c)]	479.14	40.79	420.96	41.84
(ii) Post retirement medical benefits [Refer note 38(d)]	48.86	5.78	45.11	5.75
(b) Provision for tax (net of advance tax of <b>Rs. 18,491.20 lacs</b> [As at March 31, 2014 Rs. 23,548.10 lacs])	–	2,220.79	–	3,039.91
(c) Proposed dividends	–	1,540.00	–	1,540.00
(d) Provision for tax on dividend	–	313.51	–	261.72
(e) Other provisions				
Provisions for sales tax, entry tax, interest on income tax and others [Refer Note 42]	–	4,373.69	–	3,547.49
<b>Total Provisions</b>	<u>528.00</u>	<u>8,494.56</u>	<u>466.07</u>	<u>8,436.71</u>

## 07 TRADE PAYABLES

	Rs. In lacs	
	As at March 31, 2015	As at March 31, 2014
(a) Creditors for supplies and services	3,855.93	4,675.26
(b) Creditors for accrued wages and salaries	833.94	729.23
<b>Total Trade Payables</b>	<u>4,689.87</u>	<u>5,404.49</u>

## 08 OTHER CURRENT LIABILITIES

	Rs. In lacs	
	As at March 31, 2015	As at March 31, 2014
(a) Unpaid dividends	178.52	154.35
(b) Advances received from customers	551.89	1,730.08
(c) Creditors for capital supplies and services	362.01	163.99
(d) Other payables		
(1) Employee recoveries and employer contributions	55.31	49.67
(2) Statutory Dues (Excise duty, service tax, sales tax, TDS, etc.)	577.93	2,042.61
(3) Other credit balances	30.59	40.12
<b>Total Other current liabilities</b>	<u>1,756.25</u>	<u>4,180.82</u>

09 TANGIBLE ASSETS

Rs. In lacs

As at March 31, 2015	Freehold Land	Leasehold Land	Land Development	Freehold Buildings	Plant and Machinery Owned Assets	Plant and Machinery Leased Assets	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets	Total Tangible Assets
<b>Gross Block as at April 1, 2014</b>	229.42	3.02	39.86	4,210.43	30,619.86	-	267.51	44.01	276.13	-	35,690.24
Additions during the year	-	-	-	47.96	193.15	-	11.06	36.38	22.21	-	310.76
Assets disposed / written off during the year	-	-	-	-	24.36	-	-	-	6.57	-	30.93
<b>Gross Block as at March 31, 2015</b>	229.42	3.02	39.86	4,258.39	30,788.65	-	278.57	80.39	291.77	-	35,970.07
<b>Accumulated Depreciation as at April 1, 2014</b>	-	0.99	13.21	1,120.42	19,093.27	-	244.35	16.22	177.95	-	20,666.41
Charge for the year	-	0.03	0.44	288.50	818.37	-	19.10	21.08	29.64	-	1,177.16
Depreciation on assets adjusted against retained earnings during the year [Refer Note 2]	-	-	-	85.50	25.36	-	0.03	11.25	-	-	122.14
Depreciation on assets disposed / written off during the year	-	-	-	-	23.02	-	-	-	6.19	-	29.21
<b>Accumulated Depreciation as at March 31, 2015</b>	-	1.02	13.65	1,494.42	19,913.98	-	263.48	48.55	201.40	-	21,936.50
<b>Net book value as at April 1, 2014</b>	229.42	2.03	26.65	3,090.01	11,526.59	-	23.16	27.79	98.18	-	15,023.83
<b>Net book value as at March 31, 2015</b>	229.42	2.00	26.21	2,763.97	10,874.67	-	15.09	31.84	90.37	-	14,033.57
As at March 31, 2014	Freehold Land	Leasehold Land	Land Development	Freehold Buildings	Plant and Machinery Owned Assets	Plant and Machinery Leased Assets #	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets #	Total Tangible Assets
<b>Gross Block as at April 1, 2013</b>	122.32	3.02	39.86	3,824.24	30,523.91	626.26	267.95	42.72	266.60	11.74	35,728.62
Additions during the year	107.10	-	-	386.19	112.21	-	3.34	4.83	31.70	-	645.37
Assets disposed / written off during the year	-	-	-	-	16.26	626.26	3.78	3.54	22.17	11.74	683.75
<b>Gross Block as at March 31, 2014</b>	229.42	3.02	39.86	4,210.43	30,619.86	-	267.51	44.01	276.13	-	35,690.24
Accumulated Depreciation as at April 1, 2014	-	0.96	12.77	1,029.26	17,469.55	626.26	239.28	15.27	172.14	11.74	19,577.23
Charge for the year	-	0.03	0.44	91.16	1,637.71	-	8.65	3.83	26.88	-	1,768.70
Depreciation on assets disposed / written off during the year	-	-	-	-	13.99	626.26	3.58	2.88	21.07	11.74	679.52
Accumulated Depreciation as at March 31, 2014	-	0.99	13.21	1,120.42	19,093.27	-	244.35	16.22	177.95	-	20,666.41
<b>Net book value as at April 1, 2014</b>	122.32	2.06	27.09	2,794.98	13,054.36	-	28.67	27.45	94.46	-	16,151.39
<b>Net book value as at March 31, 2014</b>	229.42	2.03	26.65	3,090.01	11,526.59	-	23.16	27.79	98.18	-	15,023.83

Notes

- (1) During the year, pursuant to the notification of Schedule II of the Companies Act, 2013, with effect from April 1, 2014, the Company has revised the estimated useful life of its assets to align the useful life with those specified in Schedule II except for furniture and fixtures and vehicles for which the useful life as previously used has been continued.
- (2) Pursuant to transitional provisions prescribed in Schedule II of the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be NIL as on April 1, 2014 and has adjusted an amount of ` 80.63 lacs (net of deferred tax of ` 41.51 lacs) against the opening surplus balance in the Statement of Profit and Loss under Reserve and Surplus.
- (3) Assets individually costing ` 25,000/- or less has been depreciated for the period is higher by ` 26.22 lacs. # Represents assets leased to Tata Steel Limited

## 10 INTANGIBLE ASSETS (ACQUIRED)

Rs. In lacs

	Mining Geological report	Software Costs	Railway Sidings	Total Intangible Assets
<b>As at March 31, 2015</b>				
<b>Gross Block as at April 1, 2014</b>	468.90	185.59	363.86	1,018.35
Additions during the year	-	-	837.41	837.41
Assets disposed / written off during the year	-	-	-	-
<b>Gross Block as at March 31, 2015</b>	468.90	185.59	1,201.27	1,855.76
<b>Accumulated Amortisation as at April 1, 2014</b>	468.90	179.52	363.86	1,012.28
Charge for the year	-	5.46	111.50	116.96
Amortisation of assets disposed / written off during the year	-	-	-	-
<b>Accumulated amortisation as at March 31, 2015</b>	468.90	184.98	475.36	1,129.24
<b>Net book value as at April 1, 2014</b>	-	6.07	-	6.07
<b>Net book value as at March 31, 2015</b>	-	0.61	725.91	726.52
<b>Gross Block as at April 1, 2013</b>	468.90	185.59	363.86	654.49
Additions during the year	-	-	-	-
Assets disposed / written off during the year	-	-	-	-
<b>Gross Block as at March 31, 2014</b>	468.90	185.59	363.86	654.49
Accumulated Amortisation as at April 1, 2013	468.90	172.89	363.86	641.79
Charge for the year	-	6.63	-	6.63
Amortisation of assets disposed / written off during the year	-	-	-	-
Accumulated amortisation as at March 31, 2014	468.90	179.52	363.86	648.42
<b>Net book value as at April 1, 2014</b>	-	12.70	-	12.70
<b>Net book value as at March 31, 2014</b>	-	6.07	-	6.07

## 11 NON-CURRENT INVESTMENTS

	As at March 31, 2015	As at March 31, 2014
<b>Long-term investments at cost</b>		
<b>Trade investments</b>		
Investment in Equity Instruments		
<b>Subsidiaries (Unquoted)</b>		
1060,060 Equity shares of Rs. 10 each in TSIL Energy Limited, fully paid up	106.01	106.01
<b>Others (Unquoted)</b>		
800,000 Equity shares of Rs. 10 each in Jamipol Limited, fully paid up	80.00	80.00
	<b>186.01</b>	<b>186.01</b>
<b>Additional Details:</b>		
Aggregate value of Unquoted Investments	<b>186.01</b>	186.01

## 12 LOANS AND ADVANCES

	As at March 31, 2015		As at March 31, 2014	
	Long-term	Short-term	Long-term	Short-term
(Unsecured, considered good unless otherwise stated)				
(a) Capital advances	16,925.07	-	16,789.97	-
(b) Security deposits				
(1) Considered good	8.51	220.16	6.32	215.06
(2) Considered doubtful	-	22.57	-	22.57
Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
(c) Loans and advances to related parties [Refer Note 34(b)]	-	71.86	-	13.08

			Rs. In lacs	
(d) Other loans and advances				
(1) Loans to employees	15.53	6.97	12.42	6.01
(2) Advances with public bodies	-	1,050.49	-	832.75
(3) Other advances and prepayments	9.60	883.63	8.39	594.57
(4) Advance payment of taxes [net of provision of Rs. 17,589.03 lacs (As at March 31, 2014 Rs. 7,419.03 lacs)]	2,598.05	-	829.16	-
(5) Employee benefits assets				
(i) Retiring gratuities [Refer note 38(c)]	-	-	40.07	-
(ii) Compensated absences	11.08	-	122.42	-
<b>Total Loans and advances</b>	<b>19,567.84</b>	<b>2,233.11</b>	<b>17,808.75</b>	<b>1,661.47</b>
				<b>Rs. In lacs</b>
<b>13 OTHER NON-CURRENT ASSETS</b>		<b>As at March 31, 2015</b>		<b>As at March 31, 2014</b>
Deposit with banks and others with maturity period more than 12 months <i>(Above deposits are pledged with government authorities)</i>		<b>2.05</b>		2.45
<b>Total Other non-current assets</b>		<b>2.05</b>		2.45
<b>14 CURRENT INVESTMENT</b> (Lower of cost and fair value)				
<b>Investment in Mutual Funds (Unquoted)</b>				
Liquid Mutual Funds		<b>20,613.98</b>		20,269.95
<b>Total Current investments</b>		<b>20,613.98</b>		20,269.95
<b>Additional Details:</b>				
Aggregate value of Unquoted Investments		<b>20,613.98</b>		20,269.95
<b>15 INVENTORIES</b> (At lower of cost or net realisable value)				
(a) Raw materials		<b>7,955.32</b>		3,687.76
(b) Finished goods		<b>1,843.23</b>		1,275.25
(c) Stores and spares		<b>1,046.33</b>		1,222.41
<b>Total Inventories</b>		<b>10,844.88</b>		6,185.42
<b>16 TRADE RECEIVABLES</b> (Unsecured, considered good)				
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		<b>6.18</b>		1.21
Others		<b>881.93</b>		2,606.24
<b>Total Trade Receivables</b>		<b>888.11</b>		2,607.45
<b>17 CASH AND BANK BALANCES</b>				
<b>(A) Cash and cash equivalent</b>				
(a) Cash on hand		<b>1.44</b>		0.90
(b) Balances with banks				
(1) In current accounts <sup>1</sup>		<b>208.58</b>		202.32
(2) In deposit accounts <sup>2</sup>		<b>3,716.48</b>		1,815.00
<b>Total Cash and cash equivalent</b>		<b>3,926.50</b>		2,018.22
<b>(B) Other bank balances</b>				
Fixed deposit with bank <sup>3</sup>		<b>21,224.63</b>		24,911.76
<b>Total Cash and bank balances</b>		<b>25,151.13</b>		26,929.98
		<b>178.52</b>		154.35
1 Includes earmarked balances in unpaid dividend accounts				
2 Represents deposits having original maturity of three months or less				
3 Represents deposits having original maturity above three months but maturing within twelve months from the Balance Sheet date				

	As at March 31, 2015	Rs. In lacs As at March 31, 2014
<b>18 OTHER CURRENT ASSETS (Unsecured, considered good)</b>		
Interest accrued on deposits, loans and advances	1,038.75	625.62
<b>Total Other current assets</b>	<b>1,038.75</b>	<b>625.62</b>
	<b>Year Ended March 31, 2015</b>	<b>Year Ended March 31, 2014</b>
<b>19 REVENUE FROM OPERATIONS</b>		
(a) Sale of sponge iron	79,654.88	79,206.74
(b) Sale of power	4,749.53	4,499.41
(c) Other operating income	2,350.14	1,950.02
<b>Gross Revenue from Operations</b>	<b>86,754.55</b>	<b>85,656.17</b>
<b>Other operating income comprises</b>		
(a) Sale of iron ore fines, coal fines and char etc.	2,350.14	1,950.02
<b>Total Other operating income</b>	<b>2,350.14</b>	<b>1,950.02</b>
<b>20 OTHER INCOME</b>		
(a) Interest Income Interest received on term deposits, customers' balances etc.	2,216.13	2,329.55
(b) Dividend Income		
(1) From non-current investments	72.00	76.00
(2) From current investments	1,554.80	915.16
(c) Net gain on sale of current investments	2.32	3.45
(d) Profit on sale of assets	0.41	-
(e) Liabilities no longer required written back	1,608.85	39.19
(f) Other non operating Income	93.94	178.62
<b>Total Other Income</b>	<b>5,548.45</b>	<b>3,541.97</b>
<b>21 COST OF MATERIALS CONSUMED</b>		
Opening Stock	3,687.76	3,569.21
Add: Purchases	62,159.80	54,824.49
	65,847.56	58,393.70
Less: Closing Stock	7,955.32	3,687.76
<b>Total Cost of materials consumed</b>	<b>57,892.24</b>	<b>54,705.94</b>
<b>Cost of materials consumed comprises</b>		
(a) Iron Ore	28,894.79	28,058.05
(b) Iron Pellet	6,705.18	-
(c) Coal	21,928.91	26,331.16
(d) Dolomite	363.36	316.73
<b>Total Cost of materials consumed</b>	<b>57,892.24</b>	<b>54,705.94</b>
<b>22 CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
<b>Stock at the beginning of the year</b>		
Finished goods	1,275.25	1,106.16
	1,275.25	1,106.16
<b>Stock at the end of the year</b>		
Finished goods	1,843.23	1,275.25
	1,843.23	1,275.25
<b>Net (increase) / decrease in finished goods</b>	<b>(567.98)</b>	<b>(169.09)</b>

	Year Ended March 31, 2015	Rs. In lacs Year Ended March 31, 2014
<b>23 EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages, including bonus	2,803.73	2,260.58
(b) Contribution to provident and other funds [Refer note 38(a)]	249.18	220.44
(c) Gratuity [Refer note 38(c)]	214.63	(3.05)
(d) Staff welfare expenses	247.53	205.59
<b>Total Employee benefits expense</b>	<b>3,515.07</b>	<b>2,683.56</b>
<b>24 FINANCE COSTS</b>		
(a) Interest expense		
Interest on others	530.50	1,322.29
<b>Total Finance costs</b>	<b>530.50</b>	<b>1,322.29</b>
<b>25 DEPRECIATION AND AMORTISATION EXPENSE</b>		
(a) Depreciation on tangible assets [Refer Note 09]	1,299.30	1,768.70
(b) Amortisation of intangible assets [Refer Note 10]	116.96	6.63
	1,416.26	1,775.33
Less: Adjusted against opening retained earnings	122.14	-
<b>Total Depreciation and amortisation expenses</b>	<b>1,294.12</b>	<b>1,775.33</b>
<b>26 OTHER EXPENSES</b>		
(a) Consumption of stores and spare parts	312.96	248.60
(b) Fuel oil consumed	79.28	72.97
(c) Purchase of power	20.57	11.15
(d) Rent	77.90	73.04
(e) Repairs to buildings	309.34	301.15
(f) Repairs to machinery	1,913.13	1,705.69
(g) Insurance	37.55	39.48
(h) Rates and taxes	335.03	326.55
(i) Freight and handling charges	560.62	507.93
(j) Commission, discounts and rebates	42.29	49.44
(k) Provision for wealth tax	2.56	2.15
(l) Packing and forwarding	586.77	586.29
(m) Excise duty on Change in Finished Goods [Refer note 27]	32.29	46.50
(n) Other expenses		
(1) Net loss / (gain) on foreign currency transactions	116.53	(150.45)
(2) VAT, Entry Tax and Excise Duty demand	16.89	497.58
(3) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors - statutory audit	18.50	18.50
(ii) For Other Services	2.50	1.25
(iii) Auditors out-of-pocket expenses	0.21	0.25
(4) Cost audit fees	1.50	1.00
(5) Legal and other professional costs	217.33	333.69
(6) Advertisement, promotion and selling expenses	29.35	33.72
(7) Travelling expenses	119.59	83.13
(8) Loss on sale of assets	-	0.96
(9) Corporate Social Responsibility Expenses	259.03	-
(10) Other general expenses	3,119.05	1,676.08
<b>Total Other expenses</b>	<b>8,210.77</b>	<b>6,466.65</b>



	Year Ended March 31, 2015	Rs. In lacs Year Ended March 31, 2014
<b>27</b>	<b>EXCISE DUTY ON CHANGES IN FINISHED GOODS</b>	
Excise duty on opening stock of finished goods	181.56	135.06
Excise duty on closing stock of finished goods	213.85	181.56
<b>Total Excise duty on change in finished goods</b>	<b>32.29</b>	<b>46.50</b>
<b>28</b>	<b>EARNINGS PER SHARE</b>	
Net Profit for the period (Rs. In lacs)	9,188.84	10,117.57
Weighted average number of equity shares (Nos)	15,400,000	15,400,000
Nominal Value per Equity Share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	59.67	65.69
<b>29</b>	<b>CONTINGENT LIABILITIES</b>	
<b>Claims against the company not acknowledged as debt;</b>		
(a) Income tax	346.15	507.05
(b) Sales Tax/Odisha Value Added Tax	-	1,001.96
(c) Central excise duty	-	684.40
(d) Odisha Entry tax	2,579.93	2,579.93
(e) Demand from SECL	152.13	152.13
(f) Demand from Ministry of Coal against Radhikapur coal block	3,250.00	3,250.00
(g) Others	549.26	-
<b>30</b>	(a) In the month of November 2012, Ministry of Coal ("MoC") issued notices to the Company for invocation of bank guarantee ("BG") of Rs. 3,250 lacs submitted towards performance of conditions for allocation of coal block. The Hon'ble High Court of Delhi vide its order dated October 30, 2014 has granted a stay on invocation of bank guarantee. The High Court also directed the Company to keep the bank guarantee valid till 28th May 2015 by which the Union of India has been directed to take a decision. Pending finalisation of the matter, the BG amount continues to be disclosed as a contingent liability.	
	(b) During pendency of the aforesaid matters in Delhi High Court, the Hon'ble Supreme Court of India vide its order dated September 24, 2014 has cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Company on February 07, 2006. The carrying value of investments made in Radhikapur East Coal Block as on March 31st, 2015 is ` 18,074.18 lacs.	
	(c) Pursuant to the judgment of Hon'ble Supreme Court of India, the Government of India has promulgated Coal Mines (Special Provision) Rules, 2014 ("Rules") for allocation of the coal mines through auction and matters related thereto. In terms of the said Rules, the successful bidder will be called upon to pay to the prior allocatee the expenses incurred by the prior allocatee towards land and mine infrastructure. Pursuant to MoC's directive seeking the details of expenses vide letter dated December 26, 2014, the Company has furnished the required statement of expenses on January 5, 2015. Based on the Rules and necessary legal opinion obtained by the company, no provision is considered necessary.	
<b>31</b>	<b>Cross Subsidy Surcharge payable to power distribution companies</b>	
	In 2012-13, the Company injected power to State Grid beyond the period of invocation of section 11 i.e. June, 2012 by the Government of Odisha. Subsequently the Company continued injecting power to State Grid due to refusal of open access for supply of power to the parent Company, Tata Steel Limited. Consequently, the Company could not qualify to be CGP in the said year and it has filed a case before Appellate Tribunal against the order of OERC to consider the period of injection to State Grid as self consumption and the matter is pending for adjudication. As a matter of prudence, the amount of Rs. 601 lacs has been recognized as provision in the books during the year.	
<b>32</b>	Estimated amounts of contracts remaining to be executed on capital account and not provided for : <b>Rs. 844.29 lacs</b> (As at March 31, 2014: Rs. 894.85 lacs) [Net of advances <b>Rs. 109.09 lacs</b> (As at March 31, 2014: Rs.7.26 lacs)].	
<b>33</b>	<b>SALES TAX</b>	
(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. 10 June 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 made reduced payment. The Company however has provided for the differential amount upto the date of availing the benefit and 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 01, 2012 and depositing the same with Sales Tax authorities after availing set off of applicable input tax credit.

**34 RELATED PARTY TRANSACTION**
**(a) List of Related Parties and relationship**

Name of the Related Party	Relationship
(i). Tata Steel Limited	Holding Company
(ii). TSIL Energy Limited	Wholly owned Subsidiary
(iii). TM International Logistics Limited	
(iv). Tata Metaliks Limited	Fellow Subsidiary
(v). Kalimati Investments Company Limited *	
(vi). Jamshedpur Utilities & Services Company Limited	
(vii). Tayo Rolls Limited	
(viii). Tata Steel Global Procurement Co. Pte. Ltd.	
(ix). The Tinplate Company of India Limited	Key Managerial Personnel
(x) Mr. D P Deshpande, Managing Director	
(xi) Mr. Sanjay Kumar Pattnaik, Executive Director	
(xii) Mr. S K Mishra , Chief Financial Officer	Key Management Personnel
(xiii) Mr. S S Dhanjal , Company Secretary	Key Management Personnel

\* Kalimati Investments Company Limited (KICL) , pursuant to a scheme of amalgamation whereby KICL has been amalgamated with Tata Steel Limited.

**(b) Related party transactions**

Name of the related party	Nature of transactions	Year Ended March 31, 2015 Amount (Rs. In lacs)	Year Ended March 31, 2014 Amount (Rs. In lacs)
<b>Tata Steel Limited</b>	Purchase of goods	10,276.65	24,963.67
	Purchase of Fixed Assets	12.71	-
	Sale of Power	4,671.12	4,183.96
	Services received	31.17	31.54
	Dividend Paid	839.36	628.32
	Services rendered	10.17	0.68
<b>Tata Steel Global Procurement Co. Pte. Ltd.</b>	Purchase of goods	1,057.36	-
<b>Tata Metaliks Limited</b>	Services received	-	2.72
	Sales of Goods	598.78	386.42
	Purchase of Fixed Assets	-	23.40
<b>Kalimati Investments Company Limited</b>	Dividend Paid	-	43.16
<b>TM International Logistics Limited</b>	Services received	3,886.96	2,326.09
<b>The Tinplate Company of India Limited</b>	Services received	0.13	0.51
<b>Jamshedpur Utilities &amp; Service Company Limited</b>	Services received	-	1.24
<b>Tayo Rolls Limited</b>	Sale of goods	87.40	20.55
<b>TSIL Energy Limited</b>	Investment in Equity Shares	-	100.00
<b>Mr. D.P. Deshpande</b>	Remuneration	133.54	121.70
<b>Mr.Sanjay Kumar Pattnaik</b>	Remuneration	79.45	NA
<b>Mr. S K Mishra</b>	Remuneration	36.04	NA
<b>Mr. S S Dhanjal</b>	Remuneration	25.62	NA

Name of the related party	Nature of Balances	As at March 31, 2015 Amount (Rs. In lacs)	As at March 31, 2014 Amount (Rs. In lacs)
<b>Tata Steel Limited</b>	Amounts payable	1,522.23	2,451.54
	Amounts receivable	367.49	512.87
<b>Tayo Rolls Limited</b>	Amounts receivable	8.40	-
<b>The Tinplate Company of India Limited</b>	Amounts payable	-	12.59
<b>TM International Logistics Limited</b>	Amounts receivable	71.86	13.08

	Year Ended March 31, 2015	Rs. In lacs Year Ended March 31, 2014
<b>35 CIF VALUE OF IMPORTS</b>		
(a) Raw Materials	22,322.97	12,685.88
(b) Components, Stores and Spares	8.75	17.91
<b>36 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)</b>		
Travelling Expenses	7.62	4.91

**37 CONSUMPTION OF IMPORTED AND INDEGENOUS MATERIALS**

	Year Ended March 31, 2015		Year Ended March 31, 2014	
	%	Amount (Rs.in lacs)	%	Amount (Rs.in lacs)
(a) Raw Materials consumed				
Indigenous	57.02%	33,012.36	71.20%	38,952.52
Imported	42.98%	24,879.88	28.80%	15,753.42
	100.00%	57,892.24	100.00%	54,705.94
(b) Stores and Spare parts				
Indigenous	97.84%	1,079.62	99.25%	980.05
Imported	2.16%	23.89	0.75%	6.87
	100.00%	1,103.51	100.00%	986.92
<b>Less: Charged to repairs to plant and machinery and building</b>		790.55		738.32
		312.96		248.60

**38 EMPLOYEE BENEFITS**

(a) **Defined Contribution Plans**

The Company has recognised, in the Statement of Profit and Loss for the year ended March 31, 2015, an amount of **Rs. 249.18 lacs** (March 31, 2014: Rs. 220.44 lacs) as expenses under the following defined contribution plans.

Benefits (Contributions to)	Year Ended March 31, 2015	Rs.in lacs Year Ended March 31, 2014
(i) Contribution to Provident fund	160.77	144.69
(ii) Contribution to Superannuation fund	88.41	75.75
	249.18	220.44

(b) **Defined Benefits Plans and other long term employee benefits**

The Company operates post retirement defined benefit plans as follows:

**Post retirement defined benefit plans**

- (i) Post Retirement Gratuity [Funded]
- (ii) Post Retirement Medical Benefits of Past Managing Directors (PRMB) [Unfunded]
- (iii) Pension to Past Managing Directors [Unfunded]

## (c) Details of the Funded Gratuity and Unfunded Post Retirement Pension are as follows

Description	2014-15		2013-14	
	Gratuity Amount (Rs. In lacs)	Pension Amount (Rs. In lacs)	Gratuity Amount (Rs. In lacs)	Pension Amount (Rs. In lacs)
<b>1 Reconciliation of opening and closing balances of obligation</b>				
a. Obligation at the beginning of the year	1,053.91	462.80	1,019.49	498.24
b. Current service cost	60.27	-	59.31	-
c. Interest cost	94.12	39.81	79.17	38.22
d. Actuarial (gain)/loss	164.43	58.19	(44.20)	(32.79)
e. Benefits paid	(16.21)	(40.87)	(59.86)	(40.87)
f. Obligation at the end of the year	1,356.52	519.93	1,053.91	462.80
<b>2 Change in fair value of plan assets</b>				
a. Fair value of plan assets at the beginning of the year	1,093.98	-	1,019.49	-
b. Expected return on plan assets	102.07	-	94.76	-
c. Actuarial gain/(loss)	2.11	-	2.57	-
d. Contributions made by the company	174.56	40.87	37.02	40.87
e. Benefits paid	(16.21)	(40.87)	(59.86)	(40.87)
f. Fair value of plan assets at the end of the year	1,356.52	-	1,093.98	-
<b>3 Reconciliation of fair value of plan assets and obligations</b>				
a. Present value of obligation at the end of the year	1,356.52	519.93	1,053.91	462.80
b. Fair value of plan assets at the end of the year	(1,356.52)	-	(1,093.98)	-
c. Amount recognised in the balance sheet (Assets)/ Liability	-	519.93	(40.07)	462.80
<b>4 Expenses recognised during the year</b>				
a. Current service cost	60.27	-	59.31	-
b. Interest cost	94.12	39.81	79.17	38.22
c. Expected return on plan assets	(102.07)	-	(94.76)	-
d. Actuarial (gains)/loss	162.31	58.19	(46.77)	(32.79)
e. Expenses recognised during the year	214.63	98.00	(3.05)	5.43
<b>5 Investment details</b>				
a. Others (Funds with Life Insurance Corporation of India)	1,356.52	NA	1,093.98	NA
<b>6 Assumptions</b>				
a. Discount rate (per annum)	7.75%	7.75%	9.00%	9.00%
b. Estimated rate of return on plan assets (per annum)	9.10%	NA	9.40%	NA
c. Rate of escalation in salary* / pension	8.00%	4.00%	8.00%	4.00%

\* The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.

### Details of the Funded Gratuity and Unfunded Post Retirement Pension

#### 7 Experience adjustments

	2014-15 Amount Rs. in Lacs	2013-14 Amount Rs. in Lacs	2012-13 Amount Rs. in Lacs	2011-12 Amount Rs. in Lacs	2010-11 Amount Rs. in Lacs
<b>Gratuity</b>					
a. Present value of obligation as at the end of the year	1,356.52	1,053.91	1,019.49	854.54	814.14
b. Fair value of plan assets as at the end of the year	(1,356.52)	(1,093.98)	(1,019.49)	(888.25)	(853.71)
c. (Surplus)/Deficit in the plan	-	(40.07)	-	(33.71)	(39.57)
d. Experience adjustments on plan liabilities (loss/(gains))	62.91	29.12	53.42	4.40	25.94
e. Experience adjustments on plan assets ((loss)/gain)	2.11	2.57	-	-	4.59
<b>Pension</b>					
a. Present value of obligation as at the end of the year	519.93	462.80	498.24	202.33	215.68
c. (Surplus)/Deficit in the plan	519.93	462.80	498.24	202.33	215.68
d. Experience adjustments on plan liabilities [loss/(gains)]	6.67	8.16	283.10	(3.74)	(27.48)

#### (d) Details of the Unfunded Post Retirement Medical Benefit (PRMB) are as follows

Description	2014-15	2013-14			
	PRMB Amount (Rs. In lacs)	PRMB Amount (Rs. In lacs)			
<b>1 Reconciliation of opening and closing balances of obligation</b>					
a. Obligation at the beginning of the year	50.86	55.60			
b. Current service cost	-	-			
c. Interest cost	4.51	4.41			
d. Actuarial (gain)/loss	0.77	(8.03)			
e. Benefits paid	(1.50)	(1.12)			
f. Obligation at the end of the year	54.64	50.86			
<b>2 Reconciliation of fair value of plan assets and obligations</b>					
a. Present value of obligation at the end of the year	54.64	50.86			
b. Amount recognised in the balance sheet	54.64	50.86			
<b>4 Expenses recognised during the year</b>					
a. Current service cost	-	-			
b. Interest cost	4.51	4.41			
c. Actuarial (gains)/loss	0.77	(8.03)			
d. Expenses recognised during the year	5.28	(3.62)			
<b>5 Assumptions</b>					
a. Discount rate (per annum)	7.75%	9.00%			
b. Medical cost - % of annual entitlement utilised	20.00%	20.00%			
<b>6 Experience adjustments</b>					
<b>Post Retirement Medical Benefit</b>					
	2014-15 Amount Rs. in Lacs	2013-14 Amount Rs. in Lacs	2012-13 Amount Rs. in Lacs	2011-12 Amount Rs. in Lacs	2010-11 Amount Rs. in Lacs
a. Present value of obligation as at the end of the year	54.64	50.86	55.60	32.47	34.09
b. (Surplus)/Deficit in the plan	54.64	50.86	50.86	50.86	50.86
c. Experience adjustments on plan liabilities (loss/(gains))	(3.87)	(4.25)	19.38	(2.38)	(6.92)

**39 SEGMENT REPORTING**

- (a) The Company has identified sale of power as separate business segment other than sale of sponge iron considering the requirements under Accounting Standard - 17 on "Segment Reporting". Further, as the Company's products are sold primarily in India there is no reportable secondary segment i.e. Geographical Segment.
- (b) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocable. Assets and liabilities that cannot be allocated between the segments are shown as unallocable assets and liabilities respectively.
- (c) **Segment Disclosures**

	Amount (Rs. In lacs )	
	2014-15	2013-14
<b>Segment Revenue</b>		
Sponge Iron	74,223.68	73,722.82
Power	6,198.32	5,778.49
Less: Inter segment sales	(1,448.79)	(1,279.08)
	<u>78,973.21</u>	<u>78,222.23</u>
<b>Segment Results</b>		
Sponge Iron	6,535.19	10,526.62
Power	4,220.03	3,039.97
Unallocated income/(expenditure)	3,422.22	2,735.22
<b>Segment results before finance costs and tax</b>	<u>14,177.44</u>	<u>16,301.81</u>
<b>Less: Finance cost</b>	<u>530.50</u>	<u>1,322.29</u>
<b>Profit before tax</b>	<u>13,646.94</u>	<u>14,979.52</u>
<b>Less: Tax expenses</b>	<u>4,458.10</u>	<u>4,861.95</u>
<b>Profit after tax</b>	<u>9,188.84</u>	<u>10,117.57</u>
<b>Segment Assets</b>		
Sponge Iron	26,144.14	21,200.62
Power	4,522.34	4,943.03
Unallocated	66,623.35	66,788.30
	<u>97,289.83</u>	<u>92,931.95</u>
<b>Segment Liabilities</b>		
Sponge Iron	9,247.80	12,221.13
Power	14.18	1,865.45
Unallocated	8,510.66	6,582.88
	<u>17,772.64</u>	<u>20,669.46</u>
<b>Capital Expenditure (including capital work in progress and capital advances)</b>		
Sponge Iron	1,662.20	155.98
Power	-	-
Unallocated	-	677.48
	<u>1,662.20</u>	<u>833.46</u>
<b>Depreciation and Amortisation</b>		
Sponge Iron	984.60	1,092.52
Power	253.29	667.59
Unallocated	56.23	15.22
	<u>1,294.12</u>	<u>1,775.33</u>
<b>Non cash expenditure other than depreciation</b>		
Sponge Iron	62.67	63.86
Power	5.44	4.68
Unallocated	-	-
	<u>68.11</u>	<u>68.54</u>

40 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.

#### 41 OPERATING LEASES

The Company has cancellable operating lease agreements for office spaces and residential accommodations. Tenure of leases generally vary from less than a year to 3 years. Terms of such lease include option for renewal on mutually agreed terms. Operating lease rental expenses aggregating **Rs. 77.90 lacs** (2013-14: Rs. 73.04 lacs) have been debited to the Statement of Profit and Loss.

#### 42 Disclosure as required under AS 29

Provisions for interest on income tax and others have been recognised in the financial statements considering the following:

- The company has a present obligation as a result of past event
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation

Rs. In lacs

Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Carrying amount as at beginning of the year	2,507.50	696.79	-	-	1,039.99	741.26
Provision made during the year	226.81	1,810.71	601.00	-	296.51	298.73
Amount paid during the year	-	-	-	-	-	-
Unused amount reversed during the year	224.92	-	-	-	73.20	-
Carrying amount as at the end of the year	2,509.39	2,507.50	601.00	-	1,263.30	1,039.99
Nature of obligation	VAT, Entry tax and sales tax including interest thereon		Cross subsidy surcharge payable to power distribution companies		Interest on income tax	
Expected timing of resultant outflow	On decision by competent authority		On decision by competent authority		On decision by competent authority	
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 pending before higher authorities for adjudication. On the grounds of prudence, provision is made.		The matter is pending before higher authorities for adjudication. On the grounds of prudence, provision is made.		The matter is pending before 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	Nil	Nil	Nil

43 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

**D P Deshpande** – Managing Director

**S K Mishra** – Chief Financial Officer

**S S Dhanjal** – Company Secretary

Jamshedpur, 20 April 2015

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF TATA SPONGE IRON LIMITED****Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **TATA SPONGE IRON LIMITED** ("hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, 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 Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 judgment, 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 internal financial control relevant to the Holding Company's preparation 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**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 the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



2. As required by Section 143 (3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group Companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 29, 30, 31, 33 and 38 to the consolidated financial statements;
    - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiary company incorporated in India.

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

**Abhijit Bandyopadhyay**  
Partner  
(Membership No. 054785)

Jamshedpur, April 20, 2015

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

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

- (i) The Company's subsidiary does not have any fixed assets and considering the same reporting under this clause is not applicable to it. In respect of fixed assets of the Holding Company:
  - (a) The Holding Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets of Holding Company 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 reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) The Company's subsidiary does not have any inventories and considering the same reporting under this clause is not applicable to it. In respect of inventories of the Holding Company:
  - (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 Holding Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Holding Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Holding Company and its subsidiary incorporated in India has not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013 by the respective entities.
- (iv) 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 in the Holding company and its subsidiary incorporated in India commensurate with the size of the respective entities 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 such internal control system.
- (v) According to information and explanations given to us, the Holding Company and its subsidiary company incorporated in India, has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) According to the information and explanations given to us, in our opinion the Holding company have, *prima facie*, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013. We have, however not, made a detailed examination of the cost records with a view to determine whether they are accurate or complete. Maintenance of cost of records is not applicable to the subsidiary company.
- (vii) According to the information and explanations given to us in respect of statutory dues of its Holding company and its subsidiary incorporated in India:
  - (a) The respective entities has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable except for sales tax of Rs. 513.83 lacs which is outstanding for more than six months.

- (b) Details of dues of Income tax, Sales tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as at March 31, 2015 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
Orissa Sales Tax Act	Sales Tax	7.02	1987-88, 1989-90, 1990-91, 19989-99, 2000-01	Orissa Sales Tax Tribunal
		2.45	1992-93, 2000-01	High Court of Orissa
Orissa Entry Tax Act	Entry Tax	4,641.28	2005-06, 2008-09 to 2009-August 2013	High Court of Orissa
		244.30	2006-07, 2007-08, 2008-09, 2009-10	High Court of Orissa
Orissa Value Added Tax Act, 2004	Value Added Tax	7.14	2005-06	Commissioner of Commercial Taxes
		129.89	2006-07	Supreme Court
Income tax Act, 1961	Income tax	4,653.54	2012-13	Commissioner of Income tax (Appeals)

- (c) The Holding company have been generally regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time. However, in case of subsidiary company there are no amounts that are due to be transferred by the subsidiary company to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) The Group does not have accumulated losses at the end of the financial year and the Group has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Holding company and its subsidiary company have not defaulted in the repayment of dues to banks or financial institutions. The Holding company and its subsidiary company have not issued any debentures.
- (x) In our opinion and according to the information and explanations given to us, the Holding company and its subsidiary company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Holding company and its subsidiary company has not availed any term loans.
- (xii) To best of our knowledge an according to the information and explanations given to us, no fraud by the Holding company its subsidiary company and no material fraud on the Holding company or its subsidiary company was noticed or reported during the year.

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

**Abhijit Bandyopadhyay**  
Partner  
(Membership No. 054785)

Jamshedpur, April 20, 2015

**CONSOLIDATED BALANCE SHEET**

AS AT MARCH 31, 2015

	Notes	As at March 31, 2015	Rs. in lacs As at March 31, 2014
<b>(I) EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	03	1,540.00	1,540.00
(b) Reserves and surplus	04	77,977.19	70,717.54
		<b>79,517.19</b>	<b>72,257.54</b>
<b>(2) Non-current liabilities</b>			
(a) Deferred tax liabilities (net)	05	2,303.96	2,181.37
(b) Long-term provisions	06	528.00	466.07
		<b>2,831.96</b>	<b>2,647.44</b>
<b>(3) Current liabilities</b>			
(a) Trade payables	07	4,690.71	5,405.33
(b) Other current liabilities	08	1,756.25	4,180.82
(c) Short-term provisions	06	8,494.56	8,436.71
		<b>14,941.52</b>	<b>18,022.86</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>97,290.67</b>	<b>92,927.84</b>
<b>(II) ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	09	14,033.57	15,023.83
(ii) Intangible assets	10	726.52	6.07
(iii) Capital work-in-progress		2,003.88	1,624.95
		<b>16,763.97</b>	<b>16,654.85</b>
(b) Non-current investments	11	80.00	80.00
(c) Long-term loans and advances	12	19,567.84	17,808.75
(d) Other non-current assets	13	2.05	2.45
		<b>36,413.86</b>	<b>34,546.05</b>
<b>(2) Current assets</b>			
(a) Current investments	14	20,716.32	20,369.12
(b) Inventories	15	10,844.88	6,185.42
(c) Trade receivables	16	888.11	2,607.45
(d) Cash and bank balances	17	25,155.64	26,932.71
(e) Short-term loans and advances	12	2,233.11	1,661.47
(f) Other current assets	18	1,038.75	625.62
		<b>60,876.81</b>	<b>58,381.79</b>
<b>TOTAL ASSETS</b>		<b>97,290.67</b>	<b>92,927.84</b>

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, 20 April 2015

For and on behalf of the Board of Directors

**A. M. Misra - Chairman**  
**D. P. Deshpande - Managing Director**  
**S. K. Mishra - Chief Financial Officer**  
**S. S. Dhanjal - Company Secretary**

Jamshedpur, 20 April 2015

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2015

		<b>Year Ended March 31, 2015</b>	<b>Rs. in lacs Year Ended March 31, 2014</b>
<b>I REVENUE FROM OPERATIONS (GROSS)</b>	19	<b>86,754.55</b>	85,656.17
Less: Excise Duty		<b>7,781.34</b>	7,433.94
<b>REVENUE FROM OPERATIONS (NET)</b>		<b>78,973.21</b>	78,222.23
<b>II OTHER INCOME</b>	20	<b>5,554.65</b>	3,545.14
<b>III TOTAL REVENUE (I + II)</b>		<b>84,527.86</b>	81,767.37
<b>IV EXPENSES</b>			
(a) Cost of materials consumed	21	<b>57,892.24</b>	54,705.94
(b) Changes in inventories of finished goods	22	<b>(567.98)</b>	(169.09)
(c) Employee benefits expense	23	<b>3,515.07</b>	2,683.56
(d) Finance costs	24	<b>530.50</b>	1,322.29
(e) Depreciation and amortisation expense	25	<b>1,294.12</b>	1,775.33
(f) Other expenses	26	<b>8,212.02</b>	6,467.63
<b>TOTAL EXPENSES</b>		<b>70,875.97</b>	66,785.66
<b>V PROFIT BEFORE TAX (III-IV)</b>		<b>13,651.89</b>	14,981.71
<b>VI TAX EXPENSES</b>			
(1) Current tax		<b>4,294.00</b>	5,661.00
(2) Deferred tax credit	05	<b>164.10</b>	(799.05)
<b>TOTAL TAX EXPENSE</b>		<b>4,458.10</b>	4,861.95
<b>VII PROFIT AFTER TAX (V - VI)</b>		<b>9,193.79</b>	10,119.76
<b>VIII EARNING PER EQUITY SHARE (Rupees)</b>			
Basic and Diluted Earning Per Share [Face value Rs. 10 each]	28	<b>59.70</b>	65.70

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, 20 April 2015

For and on behalf of the Board of Directors

**A. M. Misra - Chairman**  
**D. P. Deshpande - Managing Director**  
**S. K. Mishra - Chief Financial Officer**  
**S. S. Dhanjal - Company Secretary**

Jamshedpur, 20 April 2015

**CONSOLIDATED CASH FLOW STATEMENT**

FOR THE YEAR ENDED MARCH 31, 2015

	Year Ended March 31, 2015	Rs. In lacs Year Ended March 31, 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxes</b>	<b>13,651.89</b>	14,981.71
<i>Adjustments for:</i>		
Depreciation and amortisation expense	1,294.12	1,775.33
Dividend from investments	(1,633.00)	(994.33)
Net (Gain)/loss on sale of investments	(2.32)	(3.45)
Loss on sale of assets (net of discarded assets written off)	(0.41)	0.96
Interest Income	(2,216.13)	(2,329.55)
Finance costs	530.50	1,322.29
Liabilities / provisions no longer required written back	(1,608.85)	(39.19)
Provisions for obsolescence of stores inventory	68.11	68.54
Provision for wealth tax	2.56	2.15
<b>Operating profit before working capital changes</b>	<b>10,086.47</b>	14,784.46
<i>Changes in Working Capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(4,727.57)	(390.20)
Trade receivables	1,719.34	(571.61)
Short term loans and advances	(571.64)	430.57
Long term loans and advances	144.90	(100.76)
Other non current assets	0.40	(0.90)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(714.62)	333.92
Other current liabilities	(1,337.97)	1,966.00
Other long-term liabilities	-	(1.49)
Short-term provisions	601.86	(520.54)
Long-term provisions	61.93	(78.83)
<b>Cash generated from operations</b>	<b>5,263.10</b>	15,850.62
Direct taxes paid	(7,146.29)	(5,798.52)
<b>Net cash from operating activities</b>	<b>(1,883.19)</b>	10,052.10
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on fixed assets including capital advances	(1,464.18)	(829.02)
Proceeds from sale of fixed assets	2.13	3.27
Purchase of current investments	(123,085.00)	(39,220.98)
Proceeds from sale of current investments	124,301.12	32,456.68
Bank balances not considered as Cash and cash equivalents	3,687.13	(3,581.76)
Interest received from banks and others	1,803.00	2,159.92
Dividend received from investments	72.00	76.00
<b>Net cash from / (utilised in) investing activities</b>	<b>5,316.20</b>	(8,935.89)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Finance cost paid/ reversed	(7.12)	(3.49)
Dividend paid	(1,515.83)	(1,215.99)
<b>Net cash utilised in financing activities</b>	<b>(1,522.95)</b>	(1,219.48)
<b>Net increase or decrease in cash or cash equivalents</b>	<b>1,910.06</b>	(103.27)
<b>Cash and cash equivalents as at 1 April <sup>1</sup></b>	<b>2,020.95</b>	2,124.22
<b>Cash and cash equivalents as at 31 March <sup>1</sup></b>	<b>3,931.01</b>	2,020.95

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. 178.52 lacs (As at March 31, 2014 : Rs. 154.35 lacs).
- 2 'Excludes purchases made out of re-investment of dividends Rs. 1,561.00 lacs (As at March 31, 2014: Rs. 918.33 lacs).
- 3 Figures in brackets represent outflows.

In terms of our report attached

**For Deloitte Haskins & Sells**  
 Chartered Accountants

**Abhijit Bandyopadhyay**  
 Partner

Jamshedpur, 20 April 2015

For and on behalf of the Board of Directors

**A. M. Misra - Chairman**  
**D. P. Deshpande - Managing Director**  
**S. K. Mishra - Chief Financial Officer**  
**S. S. Dhanjal - Company Secretary**

Jamshedpur, 20 April 2015

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

### 01 CORPORATE INFORMATION

The consolidated financial statements relate to Tata Sponge 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 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (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, 2015.
- (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	:	<b>TSIL Energy Limited</b>
Country of incorporation	:	<b>India</b>
Percentage of ownership interest as at March 31, 2015	:	<b>100</b>

### 02 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

#### (b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in 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.

The Company has changed its estimates of useful life of tangible fixed assets for providing depreciation on the same as more fully described in Note 2(f) and Note 9.

#### (c) 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.

#### (d) 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.

#### (e) 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.

**(f) Depreciation and Amortisation**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.

Furniture and Fixtures	:	5 Years
Vehicles	:	5 Years
Railway Sidings	:	5 Years

Premium paid on leasehold land and land development expenses are amortised over the primary leased period. Intangible assets are amortised over a period of three to five years.

Assets individually costing Rs. 25,000 or less are fully depreciated in the year of purchase.

**(g) 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 transfer of power is recognized based on contracts / arrangements with the power consumers.

**(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.

**(h) Tangible Assets**

All tangible assets are valued at cost less depreciation and impairment losses, if any. 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.

**(i) 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.

**(j) 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.

**(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 profit and loss.

**(l) 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.

**(m) Investments**

Long term investments are carried individually at cost less provision for diminution, other than temporary ( if any) in the value of such investments. Current investments are carried at lower of cost and fair value.

Cost of investments include acquisition charges such as brokerage, fees and duties.



**(n) 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 benefits to its employees and pension and post retirement medical benefits to its past managing directors. Gratuity liabilities are funded through a separate trust with its funds managed by Life Insurance Corporation of India, whereas pension and post retirement medical benefits are unfunded. 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 profit and loss in the year in which they occur.

**(iii) Other long term employee benefits**

The Company provides benefits in the nature of Compensated absences to its employees. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Liabilities for Compensated absences are funded through a separate trust with its funds managed by Life Insurance Corporation of India. The present value of these obligations are ascertained by an independent actuarial valuation. 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, together with adjustments for unrecognised past service costs. All actuarial gains and losses are wholly recognised in the statement profit and loss in the year in which they occur.

**(o) 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.

**(p) Segment Reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

**(q) 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.

**(r) Earnings Per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

**(s) 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.

**(t) 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.

**(u) 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.

**03 SHARE CAPITAL**

	As at March 31, 2015	Rs. In lacs As at March 31, 2014
<b>(a) Authorised:</b>		
25,000,000 Equity Shares of Rs. 10 each <i>(As at 31.03.2014: 25,000,000 Equity Shares of Rs. 10 each)</i>	2,500.00	2,500.00
	<u>2,500.00</u>	<u>2,500.00</u>
<b>(b) Issued, subscribed and fully paid up :</b>		
15,400,000 Equity Shares of Rs. 10 each <i>(As at 31.03.2014: 15,400,000 Equity Shares of Rs. 10 each)</i>	1,540.00	1,540.00
	<u>1,540.00</u>	<u>1,540.00</u>

**04 RESERVES AND SURPLUS**

	Capital Reserve	General Reserve	Surplus in Statement of Profit and Loss	Total
<b>As at March 31, 2015</b>				
<b>Balance at the beginning of the period</b>	35.00	68,880.00	1,802.54	70,717.54
Adjustments for change in useful life of assets (net of deferred tax amounting to Rs. 41.51 lacs)	-	-	(80.63)	(80.63)
Profit for the year	-	-	9,193.79	9,193.79
Dividends proposed to be distributed to equity shareholders (Rs. 10/- per share)	-	-	(1,540.00)	(1,540.00)
Tax on Dividend	-	-	(313.51)	(313.51)
Transfer to General Reserve	-	7,000.00	(7,000.00)	-
<b>Balance at the end of the period</b>	<u>35.00</u>	<u>75,880.00</u>	<u>2,062.19</u>	<u>77,977.19</u>
<b>As at March 31, 2014</b>				
<b>Balance at the beginning of the year</b>	35.00	60,900.00	1,464.50	62,399.50
Profit for the year	-	-	10,119.76	10,119.76
Dividends proposed to be distributed to equity shareholders (Rs. 10 per share)	-	-	(1,540.00)	(1,540.00)
Tax on dividend	-	-	(261.72)	(261.72)
Transfer to General Reserve	-	7,980.00	(7,980.00)	-
<b>Balance at the end of the year</b>	<u>35.00</u>	<u>68,880.00</u>	<u>1,802.54</u>	<u>70,717.54</u>

The Board of Directors has recommended a dividend of Rs. 10/- per Equity Share (2013-14 Rs. 10/- per Equity Share) for the year ended March 31, 2015. The dividend payment is subject to the approvals of the shareholders at the Annual General Meeting. The total dividend payout (including tax on dividend) works out to Rs. 1853.51 lacs (2013-14: Rs. 1,801.72 lacs) for the Company.

## 05 DEFERRED TAX LIABILITIES (NET)

	Rs. In lacs		
	Deferred tax liability/ (Asset) as at April 01, 2014	Current year Charge/ (Credit) in the Statement of Profit and Loss	Deferred tax liability/ (Asset) as at March 31, 2015
<b>Deferred tax liabilities</b>			
(i) Difference between book and tax depreciation	3,693.28	(263.12)	3,430.16
	3,693.28	(263.12)	3,430.16
<b>Deferred tax assets</b>			
(i) Provision for compensated absences	(89.36)	(37.94)	(127.30)
(ii) Others	(1,422.55)	423.65	(998.90)
	(1,511.91)	385.71	(1,126.20)
<b>Deferred tax liabilities (net)</b>	2,181.37	122.59	2,303.96
<b>Less: Adjusted against opening retained earnings</b>		(41.51)	
<b>Net amount credited to Statement of Profit and Loss</b>		164.10	
<b>Deferred tax liabilities (net)</b>	2,181.37		2,303.96

## 06 PROVISIONS

	As at March 31, 2015		As at March 31, 2014	
	Long-term	Short-term	Long-term	Short-term
(a) Provision for employee benefits				
(1) Post-employment defined benefits				
(i) Pension obligations [Refer note 35(c)]	479.14	40.79	420.96	41.84
(ii) Post retirement medical benefits [Refer note 35(d)]	48.86	5.78	45.11	5.75
(b) Provision for tax (net of advance tax of <b>Rs. 18,491.20 lacs</b> [As at March 31, 2014 Rs. 23,548.10 lacs])	–	2,220.79	–	3,039.91
(c) Proposed dividends	–	1,540.00	–	1,540.00
(d) Provision for tax on dividend	–	313.51	–	261.72
(e) Other provisions				
Provisions for sales tax, entry tax, interest on income tax and others	–	4,373.69	–	3,547.49
<b>Total Provisions</b>	528.00	8,494.56	466.07	8,436.71

## 07 TRADE PAYABLES

	Rs. In lacs	
	As at March 31, 2015	As at March 31, 2014
(a) Creditors for supplies and services	3,856.77	4,676.10
(b) Creditors for accrued wages and salaries	833.94	729.23
<b>Total Trade Payables</b>	4,690.71	5,405.33

## 08 OTHER CURRENT LIABILITIES

	Rs. In lacs	
	As at March 31, 2015	As at March 31, 2014
(a) Unpaid dividends	178.52	154.35
(b) Advances received from customers	551.89	1,730.08
(c) Creditors for capital supplies and services	362.01	163.99
(d) Other payables		
(1) Employee recoveries and employer contributions	55.31	49.67
(2) Statutory Dues (Excise duty, service tax, sales tax, TDS, etc.)	577.93	2,042.61
(3) Other credit balances	30.59	40.12
<b>Total Other current liabilities</b>	1,756.25	4,180.82

09 TANGIBLE ASSETS

Rs. In lacs

As at March 31, 2015	Freehold Land	Leasehold Land	Land Development	Freehold Buildings	Plant and Machinery Owned Assets	Plant and Machinery Leased Assets	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets	Total Tangible Assets
<b>Gross Block as at April 1, 2014</b>	229.42	3.02	39.86	4,210.43	30,619.86	-	267.51	44.01	276.13	-	35,690.24
Additions during the year	-	-	-	47.96	193.15	-	11.06	36.38	22.21	-	310.76
Assets disposed / written off during the year	-	-	-	-	24.36	-	-	-	6.57	-	30.93
<b>Gross Block as at March 31, 2015</b>	229.42	3.02	39.86	4,258.39	30,788.65	-	278.57	80.39	291.77	-	35,970.07
<b>Accumulated Depreciation as at April 1, 2014</b>	-	0.99	13.21	1,120.42	19,093.27	-	244.35	16.22	177.95	-	20,666.41
Charge for the year	-	0.03	0.44	288.50	818.37	-	19.10	21.08	29.64	-	1,177.16
Depreciation on assets adjusted against retained earnings during the year [Refer Note 2]	-	-	-	85.50	25.36	-	0.03	11.25	-	-	122.14
Depreciation on assets disposed / written off during the year	-	-	-	-	23.02	-	-	-	6.19	-	29.21
<b>Accumulated Depreciation as at March 31, 2015</b>	-	1.02	13.65	1,494.42	19,913.98	-	263.48	48.55	201.40	-	21,936.50
<b>Net book value as at April 1, 2014</b>	229.42	2.03	26.65	3,090.01	11,526.59	-	23.16	27.79	98.18	-	15,023.83
<b>Net book value as at March 31, 2015</b>	229.42	2.00	26.21	2,763.97	10,874.67	-	15.09	31.84	90.37	-	14,033.57
<b>As at March 31, 2014</b>	Freehold Land	Leasehold Land	Land Development	Freehold Buildings	Plant and Machinery Owned Assets	Plant and Machinery Leased Assets #	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets #	Total Tangible Assets
<b>Gross Block as at April 1, 2013</b>	122.32	3.02	39.86	3,824.24	30,523.91	626.26	267.95	42.72	266.60	11.74	35,728.62
Additions during the year	107.10	-	-	386.19	112.21	-	3.34	4.83	31.70	-	645.37
Assets disposed / written off during the year	-	-	-	-	16.26	626.26	3.78	3.54	22.17	11.74	683.75
<b>Gross Block as at March 31, 2014</b>	229.42	3.02	39.86	4,210.43	30,619.86	-	267.51	44.01	276.13	-	35,690.24
Accumulated Depreciation as at April 1, 2014	-	0.96	12.77	1,029.26	17,469.55	626.26	239.28	15.27	172.14	11.74	19,577.23
Charge for the year	-	0.03	0.44	91.16	1,637.71	-	8.65	3.83	26.88	-	1,768.70
Depreciation on assets disposed / written off during the year	-	-	-	-	13.99	626.26	3.58	2.88	21.07	11.74	679.52
Accumulated Depreciation as at March 31, 2014	-	0.99	13.21	1,120.42	19,093.27	-	244.35	16.22	177.95	-	20,666.41
<b>Net book value as at April 1, 2014</b>	122.32	2.06	27.09	2,794.98	13,054.36	-	28.67	27.45	94.46	-	16,151.39
<b>Net book value as at March 31, 2014</b>	229.42	2.03	26.65	3,090.01	11,526.59	-	23.16	27.79	98.18	-	15,023.83

Notes

(1) During the year, pursuant to the notification of Schedule II of the Companies Act, 2013, with effect from April 1, 2014, the Company has revised the estimated useful life of its assets to align the useful life with those specified in Schedule II except for furniture and fixtures and vehicles for which the useful life as previously used has been continued.

(2) Pursuant to transitional provisions prescribed in Schedule II of the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be NIL as on April 1, 2014, and has adjusted an amount of ₹ 80.63 lacs (net of deferred tax of ₹ 41.51 lacs) against the opening surplus balance in the Statement of Profit and Loss under Reserve and Surplus.

(3) Assets individually costing ₹ 25,000/- or less has been depreciated for the period is higher by ₹ 26.22 lacs.

# Represents assets leased to Tata Steel Limited

## 10 INTANGIBLE ASSETS (ACQUIRED)

Rs. In lacs

	Mining Geological report	Software Costs	Railway Sidings	Total Intangible Assets
<b>As at March 31, 2015</b>				
<b>Gross Block as at April 1, 2014</b>	468.90	185.59	363.86	1,018.35
Additions during the year	-	-	837.41	837.41
Assets disposed / written off during the year	-	-	-	-
<b>Gross Block as at March 31, 2015</b>	468.90	185.59	1,201.27	1,855.76
<b>Accumulated Amortisation as at April 1, 2014</b>	468.90	179.52	363.86	1,012.28
Charge for the year	-	5.46	111.50	116.96
Amortisation of assets disposed / written off during the year	-	-	-	-
<b>Accumulated amortisation as at March 31, 2015</b>	468.90	184.98	475.36	1,129.24
<b>Net book value as at April 1, 2014</b>	-	6.07	-	6.07
<b>Net book value as at March 31, 2015</b>	-	0.61	725.91	726.52
<b>Gross Block as at April 1, 2013</b>	468.90	185.59	363.86	654.49
Additions during the year	-	-	-	-
Assets disposed / written off during the year	-	-	-	-
<b>Gross Block as at March 31, 2014</b>	468.90	185.59	363.86	654.49
Accumulated Amortisation as at April 1, 2013	468.90	172.89	363.86	641.79
Charge for the year	-	6.63	-	6.63
Amortisation of assets disposed / written off during the year	-	-	-	-
<b>Accumulated amortisation as at March 31, 2014</b>	468.90	179.52	363.86	648.42
<b>Net book value as at April 1, 2013</b>	-	12.70	-	12.70
<b>Net book value as at March 31, 2014</b>	-	6.07	-	6.07

## 11 NON-CURRENT INVESTMENTS

Rs. In lacs

	As at March 31, 2015	As at March 31, 2014
<b>Long-term investments at cost</b>		
<b>Trade investments</b>		
Investment in Equity Instruments		
<b>Others (Unquoted)</b>		
800,000 Equity shares of Rs. 10 each in Jamipol Limited, fully paid up	80.00	80.00
	80.00	80.00
<b>Additional Details:</b>		
Aggregate value of Unquoted Investments	80.00	80.00

Rs. In lacs

## 12 LOANS AND ADVANCES

	As at March 31, 2015		As at March 31, 2014	
	Long-term	Short-term	Long-term	Short-term
(Unsecured, considered good unless otherwise stated)				
(a) Capital advances	16,925.07	-	16,789.97	-
(b) Security deposits				
(1) Considered good	8.51	220.16	6.32	215.06
(2) Considered doubtful	-	22.57	-	22.57
Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
(c) Loans and advances to related parties [Refer Note 34(b)]	-	71.86	-	13.08

			Rs. In lacs	
(d) Other loans and advances				
(1) Loans to employees	15.53	6.97	12.42	6.01
(2) Advances with public bodies	-	1,050.49	-	832.75
(3) Other advances and prepayments	9.60	883.63	8.39	594.57
(4) Advance payment of taxes [net of provision of <b>Rs. 17,589.03 lacs</b> (As at March 31, 2014 Rs. 7,419.03 lacs)]	2,598.05	-	829.16	-
(5) Employee benefits assets				
(i) Retiring gratuities [Refer note 35(c)]	-	-	40.07	-
(ii) Compensated absences	11.08	-	122.42	-
<b>Total Loans and advances</b>	<b>19,567.84</b>	<b>2,233.11</b>	<b>17,808.75</b>	<b>1,661.47</b>
				<b>Rs. In lacs</b>
<b>13 OTHER NON-CURRENT ASSETS</b>		<b>As at</b>		<b>As at</b>
		<b>March 31, 2015</b>		<b>March 31, 2014</b>
Deposit with banks and others with maturity period more than 12 months (Above deposits are pledged with government authorities)		2.05		2.45
<b>Total Other non-current assets</b>		<b>2.05</b>		<b>2.45</b>
<b>14 CURRENT INVESTMENT</b> (Lower of cost and fair value)				
<b>Investment in Mutual Funds (Unquoted)</b>				
Liquid Mutual Funds		20,716.32		20,369.12
<b>Total Current investments</b>		<b>20,716.32</b>		<b>20,369.12</b>
<b>Additional Details:</b>				
Aggregate value of Unquoted Investments		20,716.32		20,369.12
<b>15 INVENTORIES</b> (At lower of cost or net realisable value)				
(a) Raw materials		7,955.32		3,687.76
(b) Finished goods		1,843.23		1,275.25
(c) Stores and spares		1,046.33		1,222.41
<b>Total Inventories</b>		<b>10,844.88</b>		<b>6,185.42</b>
<b>16 TRADE RECEIVABLES</b> (Unsecured, considered good)				
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		6.18		1.21
Others		881.93		2,606.24
<b>Total Trade Receivables</b>		<b>888.11</b>		<b>2,607.45</b>
<b>17 CASH AND BANK BALANCES</b>				
<b>(A) Cash and cash equivalent</b>				
(a) Cash on hand		1.44		0.90
(b) Balances with banks				
(1) In current accounts <sup>1</sup>		213.09		205.05
(2) In deposit accounts <sup>2</sup>		3,716.48		1,815.00
<b>Total Cash and cash equivalent</b>		<b>3,931.01</b>		<b>2,020.95</b>
<b>(B) Other bank balances</b>				
Fixed deposit with bank <sup>3</sup>		21,224.63		24,911.76
<b>Total Cash and bank balances</b>		<b>25,155.64</b>		<b>26,932.71</b>
		<b>178.52</b>		<b>154.35</b>
1 Includes earmarked balances in unpaid dividend accounts				
2 Represents deposits having original maturity of three months or less				
3 Represents deposits having original maturity above three months but maturing within twelve months from the Balance Sheet date				

	As at March 31, 2015	Rs. In lacs As at March 31, 2014
<b>18 OTHER CURRENT ASSETS (Unsecured, considered good)</b>		
Interest accrued on deposits, loans and advances	1,038.75	625.62
<b>Total Other current assets</b>	<b>1,038.75</b>	<b>625.62</b>
	<b>Year Ended March 31, 2015</b>	<b>Year Ended March 31, 2014</b>
<b>19 REVENUE FROM OPERATIONS</b>		
(a) Sale of sponge iron	79,654.88	79,206.74
(b) Sale of power	4,749.53	4,499.41
(c) Other operating income	2,350.14	1,950.02
<b>Gross Revenue from Operations</b>	<b>86,754.55</b>	<b>85,656.17</b>
<b>Other operating income comprises</b>		
(a) Sale of iron ore fines, coal fines and char etc.	2,350.14	1,950.02
<b>Total Other operating income</b>	<b>2,350.14</b>	<b>1,950.02</b>
<b>20 OTHER INCOME</b>		
(a) Interest Income Interest received on term deposits, customers' balances etc.	2,216.13	2,329.55
(b) Dividend Income		
(1) From non-current investments	72.00	76.00
(2) From current investments	1,561.00	918.33
(c) Net gain on sale of current investments	2.32	3.45
(d) Profit on sale of assets	0.41	-
(e) Liabilities no longer required written back	1,608.85	39.19
(f) Other non operating Income	93.94	178.62
<b>Total Other Income</b>	<b>5,554.65</b>	<b>3,545.14</b>
<b>21 COST OF MATERIALS CONSUMED</b>		
<b>Opening Stock</b>	<b>3,687.76</b>	<b>3,569.21</b>
<b>Add: Purchases</b>	<b>62,159.80</b>	<b>54,824.49</b>
	<b>65,847.56</b>	<b>58,393.70</b>
<b>Less: Closing Stock</b>	<b>7,955.32</b>	<b>3,687.76</b>
<b>Total Cost of materials consumed</b>	<b>57,892.24</b>	<b>54,705.94</b>
<b>Cost of materials consumed comprises</b>		
(a) Iron Ore	28,894.79	28,058.05
(b) Iron Pellet	6,705.18	-
(c) Coal	21,928.91	26,331.16
(d) Dolomite	363.36	316.73
<b>Total Cost of materials consumed</b>	<b>57,892.24</b>	<b>54,705.94</b>
<b>22 CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
<b>Stock at the beginning of the year</b>		
Finished goods	1,275.25	1,106.16
	<b>1,275.25</b>	<b>1,106.16</b>
<b>Stock at the end of the year</b>		
Finished goods	1,843.23	1,275.25
	<b>1,843.23</b>	<b>1,275.25</b>
<b>Net (increase) / decrease in finished goods</b>	<b>(567.98)</b>	<b>(169.09)</b>

	Year Ended March 31, 2015	Rs. In lacs Year Ended March 31, 2014
<b>23 EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and wages, including bonus	2,803.73	2,260.58
(b) Contribution to provident and other funds [Refer note 35(a)]	249.18	220.44
(c) Gratuity [Refer note 35(c)]	214.63	(3.05)
(d) Staff welfare expenses	247.53	205.59
<b>Total Employee benefits expense</b>	<b>3,515.07</b>	<b>2,683.56</b>
<b>24 FINANCE COSTS</b>		
(a) Interest expense		
Interest on others	530.50	1,322.29
<b>Total Finance costs</b>	<b>530.50</b>	<b>1,322.29</b>
<b>25 DEPRECIATION AND AMORTISATION EXPENSE</b>		
(a) Depreciation on tangible assets [Refer Note 09]	1,299.30	1,768.70
(b) Amortisation of intangible assets [Refer Note 10]	116.96	6.63
	1,416.26	1,775.33
Less: Adjusted against opening retained earnings	122.14	-
<b>Total Depreciation and amortisation expenses</b>	<b>1,294.12</b>	<b>1,775.33</b>
<b>26 OTHER EXPENSES</b>		
(a) Consumption of stores and spare parts	312.96	248.60
(b) Fuel oil consumed	79.28	72.97
(c) Purchase of power	20.57	11.15
(d) Rent	77.90	73.04
(e) Repairs to buildings	309.34	301.15
(f) Repairs to machinery	1,913.13	1,705.69
(g) Insurance	37.55	39.48
(h) Rates and taxes	335.03	326.64
(i) Freight and handling charges	560.62	507.93
(j) Commission, discounts and rebates	42.29	49.44
(k) Provision for wealth tax	2.56	2.15
(l) Packing and forwarding	586.77	586.29
(m) Excise duty on Change in Finished Goods [Refer note 27]	32.29	46.50
(n) Other expenses		
(1) Net loss / (gain) on foreign currency transactions	116.53	(150.45)
(2) VAT, Entry Tax and Excise Duty demand	16.89	497.58
(3) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors - statutory audit	19.34	19.34
(ii) For Other Services	2.50	1.25
(iii) Auditors out-of-pocket expenses	0.21	0.25
(4) Cost audit fees	1.50	1.00
(5) Legal and other professional costs	217.33	333.69
(6) Advertisement, promotion and selling expenses	29.35	33.72
(7) Travelling expenses	119.59	83.13
(8) Loss on sale of assets	-	0.96
(9) Corporate Social Responsibility Expenses	259.03	-
(10) Other general expenses	3,119.46	1,676.03
<b>Total Other expenses</b>	<b>8,212.02</b>	<b>6,467.63</b>



	Year Ended March 31, 2015	Rs. In lacs Year Ended March 31, 2014
<b>27</b>	<b>EXCISE DUTY ON CHANGES IN FINISHED GOODS</b>	
Excise duty on opening stock of finished goods	181.56	135.06
Excise duty on closing stock of finished goods	213.85	181.56
<b>Total Excise duty on change in finished goods</b>	<b>32.29</b>	<b>46.50</b>
<b>28</b>	<b>EARNINGS PER SHARE</b>	
Net Profit for the period (Rs. In lacs)	9,193.79	10,119.76
Weighted average number of equity shares (Nos)	15,400,000	15,400,000
Nominal Value per Equity Share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	59.70	65.70
<b>29</b>	<b>CONTINGENT LIABILITIES</b>	
<b>Claims against the company not acknowledged as debt;</b>		
(a) Income tax	346.15	507.05
(b) Sales Tax/Odisha Value Added Tax	-	1,001.96
(c) Central excise duty	-	684.40
(d) Odisha Entry tax	2,579.93	2,579.93
(e) Demand from SECL	152.13	152.13
(f) Demand from Ministry of Coal against Radhikapur coal block	3,250.00	3,250.00
(g) Others	549.26	-
<b>30</b>	(a) In the month of November 2012, Ministry of Coal ("MoC") issued notices to the Company for invocation of bank guarantee ("BG") of Rs. 3,250 lacs submitted towards performance of conditions for allocation of coal block. The Hon'ble High Court of Delhi vide its order dated October 30, 2014 has granted a stay on invocation of bank guarantee. The High Court also directed the Company to keep the bank guarantee valid till 28th May 2015 by which the Union of India has been directed to take a decision. Pending finalisation of the matter, the BG amount continues to be disclosed as a contingent liability.	
	(b) During pendency of the aforesaid matters in Delhi High Court, the Hon'ble Supreme Court of India vide its order dated September 24, 2014 has cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Company on February 07, 2006. The carrying value of investments made in Radhikapur East Coal Block as on March 31st, 2015 is ` 18,074.18 lacs.	
	(c) Pursuant to the judgment of Hon'ble Supreme Court of India, the Government of India has promulgated Coal Mines (Special Provision) Rules, 2014 ("Rules") for allocation of the coal mines through auction and matters related thereto. In terms of the said Rules, the successful bidder will be called upon to pay to the prior allocatee the expenses incurred by the prior allocatee towards land and mine infrastructure. Pursuant to MoC's directive seeking the details of expenses vide letter dated December 26, 2014, the Company has furnished the required statement of expenses on January 5, 2015. Based on the Rules and necessary legal opinion obtained by the company, no provision is considered necessary	
<b>31</b>	<b>Cross Subsidy Surcharge payable to power distribution companies</b>	
	In 2012-13, the Company injected power to State Grid beyond the period of invocation of section 11 i.e. June, 2012 by the Government of Odisha. Subsequently the Company continued injecting power to State Grid due to refusal of open access for supply of power to the parent Company, Tata Steel Limited. Consequently, the Company could not qualify to be CGP in the said year and it has filed a case before Appellate Tribunal against the order of OERC to consider the period of injection to State Grid as self consumption and the matter is pending for adjudication. As a matter of prudence, the amount of Rs. 601 lacs has been recognized as provision in the books during the year.	
<b>32</b>	Estimated amounts of contracts remaining to be executed on capital account and not provided for : Rs. 844.29 lacs (As at March 31, 2014: Rs. 894.85 lacs) [Net of advances Rs. 109.09 lacs (As at March 31, 2014: Rs.7.26 lacs)].	
<b>33</b>	<b>SALES TAX</b>	
(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. 10 June 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 made reduced payment. The Company however has provided for the differential amount upto the date of availing the benefit and 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 01, 2012 and depositing the same with Sales Tax authorities after availing set off of applicable input tax credit

**34 RELATED PARTY TRANSACTION**
**(a) List of Related Parties and relationship**

Name of the Related Party	Relationship
(i). Tata Steel Limited	Holding Company
(ii). TSIL Energy Limited	Wholly owned Subsidiary
(iii). TM International Logistics Limited	Fellow Subsidiary
(iv). Tata Metaliks Limited	
(v). Kalimati Investments Company Limited *	
(vi). Jamshedpur Utilities & Services Company Limited	
(vii). Tayo Rolls Limited	
(viii). Tata Steel Global Procurement Co. Pte. Ltd.	Key Managerial Personnel
(ix). The Tinplate Company of India Limited	
(x) Mr. D P Deshpande, Managing Director	
(xi) Mr. Sanjay Kumar Pattnaik, Executive Director	Key Managerial Personnel
(xii) Mr. S K Mishra , Chief Financial Officer	Key Management Personnel
(xiii) Mr. S S Dhanjal , Company Secretary	Key Management Personnel

\* Kalimati Investments Company Limited (KICL) , pursuant to a scheme of amalgamation whereby KICL has been amalgamated with Tata Steel Limited.

**(b) Related party transactions**

Name of the related party	Nature of transactions	Year Ended March 31, 2015 Amount (Rs. In lacs)	Year Ended March 31, 2014 Amount (Rs. In lacs)
<b>Tata Steel Limited</b>	Purchase of goods	10,276.65	24,963.67
	Purchase of Fixed Assets	12.71	-
	Sale of Power	4,671.12	4,183.96
	Services received	31.17	31.54
	Dividend Paid	839.36	628.32
	Services rendered	10.17	0.68
<b>Tata Steel Global Procurement Co. Pte. Ltd.</b>	Purchase of goods	1,057.36	-
<b>Tata Metaliks Limited</b>	Services received	-	2.72
	Sales of Goods	598.78	386.42
	Purchase of Fixed Assets	-	23.40
<b>Kalimati Investments Company Limited</b>	Dividend Paid	-	43.16
<b>TM International Logistics Limited</b>	Services received	3,886.96	2,326.09
<b>The Tinplate Company of India Limited</b>	Services received	0.13	0.51
<b>Jamshedpur Utilities &amp; Service Company Limited</b>	Services received	-	1.24
<b>Tayo Rolls Limited</b>	Sale of goods	87.40	20.55
<b>Mr. D.P. Deshpande</b>	Remuneration	133.54	121.70
<b>Mr.Sanjay Kumar Pattnaik</b>	Remuneration	79.45	NA
<b>Mr. S K Mishra</b>	Remuneration	36.04	NA
<b>Mr. S S Dhanjal</b>	Remuneration	25.62	NA

Name of the related party	Nature of Balances	As at	As at
		March 31, 2015	March 31, 2014
		Amount	Amount
		(Rs. In lacs)	(Rs. In lacs)
Tata Steel Limited	Amounts payable	1,522.23	2,451.54
	Amounts receivable	367.49	512.87
Tayo Rolls Limited	Amounts receivable	8.40	-
The Tinplate Company of India Limited	Amounts payable	-	12.59
TM International Logistics Limited	Amounts receivable	71.86	13.08

### 35 EMPLOYEE BENEFITS

#### (a) Defined Contribution Plans

The Company has recognised, in the Statement of Profit and Loss for the year ended March 31, 2015, an amount of Rs. 249.18 lacs (March 31, 2014: Rs. 220.44 lacs) as expenses under the following defined contribution plans.

Benefits (Contributions to)	Year Ended	Rs.in lacs
	March 31, 2015	Year Ended March 31, 2014
(i) Contribution to Provident fund	160.77	144.69
(ii) Contribution to Superannuation fund	88.41	75.75
	<b>249.18</b>	<b>220.44</b>

#### (b) Defined Benefits Plans and other long term employee benefits

The Company operates post retirement defined benefit plans as follows:

##### Post retirement defined benefit plans

- (i) Post Retirement Gratuity [Funded]
- (ii) Post Retirement Medical Benefits of Past Managing Directors (PRMB) [Unfunded]
- (iii) Pension to Past Managing Directors [Unfunded]

#### (c) Details of the Funded Gratuity and Unfunded Post Retirement Pension are as follows

Description	2014-15		2013-14	
	Gratuity Amount (Rs. In lacs)	Pension Amount (Rs. In lacs)	Gratuity Amount (Rs. In lacs)	Pension Amount (Rs. In lacs)
<b>1 Reconciliation of opening and closing balances of obligation</b>				
a. Obligation at the beginning of the year	1,053.91	462.80	1,019.49	498.24
b. Current service cost	60.27	-	59.31	-
c. Interest cost	94.12	39.81	79.17	38.22
d. Actuarial (gain)/loss	164.43	58.19	(44.20)	(32.79)
e. Benefits paid	(16.21)	(40.87)	(59.86)	(40.87)
f. Obligation at the end of the year	<b>1,356.52</b>	<b>519.93</b>	1,053.91	462.80
<b>2 Change in fair value of plan assets</b>				
a. Fair value of plan assets at the beginning of the year	1,093.98	-	1,019.49	-
b. Expected return on plan assets	102.07	-	94.76	-
c. Actuarial gain/(loss)	2.11	-	2.57	-
d. Contributions made by the company	174.56	40.87	37.02	40.87
e. Benefits paid	(16.21)	(40.87)	(59.86)	(40.87)
f. Fair value of plan assets at the end of the year	<b>1,356.52</b>	-	1,093.98	-

## (c) Details of the Funded Gratuity and Unfunded Post Retirement Pension are as follows (Contd.)

Description	2014-15		2013-14	
	Gratuity Amount (Rs. In lacs)	Pension Amount (Rs. In lacs)	Gratuity Amount (Rs. In lacs)	Pension Amount (Rs. In lacs)
<b>3 Reconciliation of fair value of plan assets and obligations</b>				
a. Present value of obligation at the end of the year	1,356.52	519.93	1,053.91	462.80
b. Fair value of plan assets at the end of the year	(1,356.52)	-	(1,093.98)	-
c. Amount recognised in the balance sheet (Assets)/ Liability	-	519.93	(40.07)	462.80
<b>4 Expenses recognised during the year</b>				
a. Current service cost	60.27	-	59.31	-
b. Interest cost	94.12	39.81	79.17	38.22
c. Expected return on plan assets	(102.07)	-	(94.76)	-
d. Actuarial (gains)/loss	162.31	58.19	(46.77)	(32.79)
e. Expenses recognised during the year	214.63	98.00	(3.05)	5.43
<b>5 Investment details</b>				
a. Others (Funds with Life Insurance Corporation of India)	1,356.52	NA	1,093.98	NA
<b>6 Assumptions</b>				
a. Discount rate (per annum)	7.75%	7.75%	9.00%	9.00%
b. Estimated rate of return on plan assets (per annum)	9.10%	NA	9.40%	NA
c. Rate of escalation in salary* / pension	8.00%	4.00%	8.00%	4.00%

\* The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.

**7 Experience adjustments**

	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Gratuity</b>					
a. Present value of obligation as at the end of the year	1,356.52	1,053.91	1,019.49	854.54	814.14
b. Fair value of plan assets as at the end of the year	(1,356.52)	(1,093.98)	(1,019.49)	(888.25)	(853.71)
c. (Surplus)/Deficit in the plan	-	(40.07)	-	(33.71)	(39.57)
d. Experience adjustments on plan liabilities (loss/(gains))	62.91	29.12	53.42	4.40	25.94
e. Experience adjustments on plan assets ((loss)/gain)	2.11	2.57	-	-	4.59
<b>Pension</b>					
a. Present value of obligation as at the end of the year	519.93	462.80	498.24	202.33	215.68
c. (Surplus)/Deficit in the plan	519.93	462.80	498.24	202.33	215.68
d. Experience adjustments on plan liabilities [loss/(gains)]	6.67	8.16	283.10	(3.74)	(27.48)

(d) Details of the Unfunded Post Retirement Medical Benefit (PRMB) are as follows

Description	2014-15	2013-14			
	PRMB Amount (Rs. In lacs)	PRMB Amount (Rs. In lacs)			
<b>1 Reconciliation of opening and closing balances of obligation</b>					
a. Obligation at the beginning of the year	50.86				55.60
b. Current service cost	-				-
c. Interest cost	4.51				4.41
d. Actuarial (gain)/loss	0.77				(8.03)
e. Benefits paid	(1.50)				(1.12)
f. Obligation at the end of the year	54.64				50.86
<b>2 Reconciliation of fair value of plan assets and obligations</b>					
a. Present value of obligation at the end of the year	54.64				50.86
b. Amount recognised in the balance sheet	54.64				50.86
<b>4 Expenses recognised during the year</b>					
a. Current service cost	-				-
b. Interest cost	4.51				4.41
c. Actuarial (gains)/loss	0.77				(8.03)
d. Expenses recognised during the year	5.28				(3.62)
<b>5 Assumptions</b>					
a. Discount rate (per annum)	7.75%				9.00%
b. Medical cost - % of annual entitlement utilised	20.00%				20.00%
<b>6 Experience adjustments</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
<b>Post Retirement Medical Benefit</b>					
a. Present value of obligation as at the end of the year	54.64	50.86	55.60	32.47	34.09
b. (Surplus)/Deficit in the plan	54.64	50.86	50.86	50.86	50.86
c. Experience adjustments on plan liabilities (loss/(gains))	(3.87)	(4.25)	19.38	(2.38)	(6.92)

### 36 SEGMENT REPORTING

- (a) The Company has identified sale of power as separate business segment other than sale of sponge iron considering the requirements under Accounting Standard - 17 on "Segment Reporting". Further, as the Company's products are sold primarily in India there is no reportable secondary segment i.e. Geographical Segment.
- (b) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocable. Assets and liabilities that cannot be allocated between the segments are shown as unallocable assets and liabilities respectively.

(c) **Segment Disclosures**

	Amount (Rs. In lacs )	
	2014-15	2013-14
<b>Segment Revenue</b>		
Sponge Iron	74,223.68	73,722.82
Power	6,198.32	5,778.49
Less: Inter segment sales	(1,448.79)	(1,279.08)
	<b>78,973.21</b>	<b>78,222.23</b>
<b>Segment Results</b>		
Sponge Iron	6,535.19	10,526.62
Power	4,220.03	3,039.97
Unallocated income/(expenditure)	3,427.17	2,737.41
<b>Segment results before finance costs and tax</b>	<b>14,182.39</b>	<b>16,304.00</b>
<b>Less: Finance cost</b>	<b>530.50</b>	<b>1,322.29</b>
<b>Profit before tax</b>	<b>13,651.89</b>	<b>14,981.71</b>
<b>Less: Tax expenses</b>	<b>4,458.10</b>	<b>4,861.95</b>
<b>Profit after tax</b>	<b>9,193.79</b>	<b>10,119.76</b>
<b>Segment Assets</b>		
Sponge Iron	26,144.14	21,200.62
Power	4,522.34	4,943.03
Unallocated	66,624.19	66,784.19
	<b>97,290.67</b>	<b>92,927.84</b>
<b>Segment Liabilities</b>		
Sponge Iron	9,247.80	12,221.13
Power	14.18	1,865.45
Unallocated	8,511.50	6,583.72
	<b>17,773.48</b>	<b>20,670.30</b>
<b>Capital Expenditure (including capital work in progress and capital advances)</b>		
Sponge Iron	1,662.20	155.98
Power	-	-
Unallocated	-	677.48
	<b>1,662.20</b>	<b>833.46</b>
<b>Depreciation and Amortisation</b>		
Sponge Iron	984.60	1,092.52
Power	253.29	667.59
Unallocated	56.23	15.22
	<b>1,294.12</b>	<b>1,775.33</b>
<b>Non cash expenditure other than depreciation</b>		
Sponge Iron	62.67	63.86
Power	5.44	4.68
Unallocated	-	-
	<b>68.11</b>	<b>68.54</b>

### 37 OPERATING LEASES

The Company has cancellable operating lease agreements for office spaces and residential accommodations. Tenure of leases generally vary from less than a year to 3 years. Terms of such lease include option for renewal on mutually agreed terms. Operating lease rental expenses aggregating Rs. 77.90 lacs (March 31, 2014: Rs. 73.04 lacs) have been debited to the Statement of Profit and Loss.

### 38 Disclosure as required under AS 29

Provisions for interest on income tax and others have been recognised in the financial statements considering the following:

- The company has a present obligation as a result of past event
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation

Rs. In lacs

Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Carrying amount as at beginning of the year	2,507.50	696.79	-	-	1,039.99	741.26
Provision made during the year	226.81	1,810.71	601.00	-	296.51	298.73
Amount paid during the year	-	-	-	-	-	-
Unused amount reversed during the year	224.92	-	-	-	73.20	-
Carrying amount as at the end of the year	2,509.39	2,507.50	601.00	-	1,263.30	1,039.99
Nature of obligation	VAT, Entry tax and sales tax including interest thereon		Cross subsidy surcharge payable to power distribution companies		Interest on income tax	
Expected timing of resultant outflow	On decision by competent authority		On decision by competent authority		On decision by competent authority	
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 higher authorities for adjudication. On the grounds of prudence, provision is made.		The matter is higher authorities for adjudication. On the grounds of prudence, provision is made.		The matter is 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	Nil	Nil	Nil

### 39 Additional information

Name of the entity	Net Assets i.e total assets minus total liabilities		Share in Profit or loss	
	As % of consolidated net assets	Amount Rs. In lacs	As % of consolidated profit or loss	Amount Rs. In lacs
1	2	3	4	5
1. Tata Sponge Iron Limited (Parents)	99.87	79411.18	99.95	9,188.84
2. TSIL Energy Limited (Subsidiaries)	0.13	106.01	0.05	4.95

40 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  
**D P Deshpande** – Managing Director  
**S K Mishra** – Chief Financial Officer  
**S S Dhanjal** – Company Secretary  
 Jamshedpur, 20 April 2015

### Financial Information of Subsidiary Company (TSIL Energy Limited) as on 31.03.2015

(Rupees in lakh)

Name of the Company	Reporting currency	Exchange rate	Capital	Reserve	Total Assets	Total Liabilities	Investments (excluding Investment in Subsidiaries)	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of share holding
TSIL Energy Limited	INR	1.00	106.01	0	106.85	0.84	102.35	0	4.95	0	4.95	0	100

Note : The Company has not yet commenced commercial operations.

Country : India

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2014-15**

(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, 2015

Sl. No	Name of the Director	Director. Identification No	Status/ Category	Attendance at Board Meetings	Attendance at the last AGM held on 15th July, 2014	No of Directorship in other public companies.		No of committee positions held in other public companies@	
						Chair-man	Member	Chair-man	Member
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Mr. A.M. Misra	01477289	Chairman/ Promoter's (Tata Steel) nominee, Non-executive & Not Independent	8	P	1	-	-	-
2	Mr.D.K. Banerjee	00028123	Non-executive & Independent	8	P	1	8	5	4
3	Mr. P. C. Parakh	01305775	Non-executive & Independent	7	P	-	-	-	-
4	Mr.Manoj T. Thomas	03614981	Non-executive & Independent	8	P	-	-	-	-
5	Dr.Omkar Nath Mohanty <sup>1</sup>	03058576	Non-executive & Independent	6	NA	-	-	-	-
6	Mr.Krishnava Satyaki Dutt <sup>2</sup>	02792753	Non-executive & Independent	4	NA	-	8	2	1
7	Mr.R. Ranganath	06725337	Non-executive & Not Independent	7	P	-	2	-	-
8	Mrs Meena Lall <sup>3</sup>	05133322	Non-executive & Not Independent	3	NA	-	-	-	-
9	Mr.D.P. Deshpande	02526471	Executive & Not Independent	8	P	-	1	-	-
10	Mr.Sanjay Kumar Pattnaik <sup>4</sup>	00256832	Executive & Not Independent	6	NA	-	2	-	-
	Mr. D. B. Sundararamam <sup>*</sup>	06437027	Non-executive & Not Independent	3	P	-	-	-	-
	Mr.Manikanta Naik <sup>**</sup>	06634999	Non-executive & Not Independent	NA	NA	-	1	-	1

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

@ Represents Chairmanships/Memberships of Audit Committee and Stakeholders' Relationship Committee.

1 Appointed by the Board as Additional Director w.e.f. 16th July, 2014

2 Appointed by the Board as Additional Director w.e.f. 16th August, 2014

3 Appointed by the Board as Additional Director/woman director w.e.f. 16th August, 2014

4 Appointed by the Board as Additional Director and also Executive Director w.e.f. 16th August, 2014

\* Resigned from the Board w.e.f. 16th August, 2014

\*\* Resigned from the Board w.e.f. 25th April, 2014

No of Board Meetings held during the year	= 8
Dates on which held	= 28-04-2014, 14-07-2014, 12-08-2014, 15-10-2014, 19-01-2015, 28-01-2015, 11-02-2015 & 25-03-2015



- 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 Thirty-second 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 the Managing Director and the Executive 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, 2015. Both the Codes are posted on the website of the Company i.e. [www.tatasponge.com](http://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(III)(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 the amended Clause 49 (III) (C). The Audit Committee has all the powers as required under the amended Clause 49(III)(C), (D) and (E) and its terms of reference include those specified in section 177(4) of the Companies Act, 2013.

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

The chairman of the Audit Committee, Mr.P.C. Parakh, was present at the Thirty-first Annual General Meeting held on 15th July, 2015.

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, 2015

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

\* Mr.O.N. Mohanty was nominated to the Committee by the Board at its meeting held on 15th October, 2014.

No. of Audit Committee meetings held during the year	= 4
Dates on which held	= 28-04-2014, 14-07-2014, 14-10-2014 & 19-01-2015

Audit Committee meetings are attended by the Chief Financial Officer 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", was incorporated on 20th November, 2012, with an authorised share capital of Rs.10 crore. The subscribed/paid up capital of this subsidiary was Rs.1,06,00,600 as on 31st March, 2015. Four Board meetings of this company were held during the year ended 31st March, 2015.

The Company has laid down a policy for determining material subsidiaries. This policy is displayed on the website of the Company, viz, [www.tatasponge.com](http://www.tatasponge.com)

### 5. NOMINATION AND 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 Board at its meeting held on 28th April, 2014, reconstituted the Remuneration Committee as 'Nomination and Remuneration Committee' with the scope as prescribed under the provisions of Section 178 of the Companies Act, 2013.

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

**Table - 3** As on 31st March, 2015

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. Manoj T. Thomas	Chairman	Non-executive & Independent	3
2	Mr. D.K. Banerjee	Member	Non-executive & Independent	3
3	Mr. A.M. Misra	Member	Non-executive & Not Independent	3
No. of Nomination and Remuneration Committee meetings held during the year =				3
Date on which held				= 28-04-2014, 14-07-2014 & 12-08-2014

## 6. BOARD EVALUATION :

### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Key Managerial Personnel . The Directors expressed their satisfaction with the evaluation process.

### Appointment and remuneration policy for Directors, Key Managerial Personnel and Senior Management Personnel

The Nomination and Remuneration (N&R) Committee has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors, Managing Director/Executive Director, other Key Managerial Personnel and their remuneration.

#### 1. Criteria of selection of Non Executive Directors

- a. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management
- b. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively.
- c. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
  - i. Qualification, expertise and experience of the Directors in their respective fields;
  - ii. Personal, Professional or business standing;
  - iii. Diversity of the Board.
- e. In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

#### Remuneration to Non Executive Directors

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- i. A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii. A Non Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the N&R Committee;
- iii. The N&R Committee may recommend a higher commission for the Chairman of the Board of Directors, taking into consideration their overall responsibility;
- iv. In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- v. The N&R Committee may recommend to the Board, for the payment of additional commission to those Directors who are Chairman of the Audit Committee and the N & R Committee of the Board subject to a ceiling on the total commission payable as may be decided;

- vi. The total commission payable to the Directors shall not exceed 1% of the net profit of the Company;
- vii. The commission shall be payable on prorata basis to those Directors who occupy office for part of the year.
- viii. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

**2. Criteria for selection and appointment of the Managing Director (MD) / the Executive Director (ED)**

For the purpose of selection of the MD/ED, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws

**Remuneration policy for the Managing Director/Executive Director**

- i. At the time of appointment or re-appointment, the MD/ED shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the MD/ED within the overall limits prescribed under the Companies Act, 2013.

**Corporate Governance**

- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. The remuneration of the MD/ED is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises commission.
- iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:
  - a. the relationship of remuneration and performance benchmarks is clear;
  - b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - c. responsibility required to be shouldered by the MD/ED, the industry benchmarks and the current trends;
  - d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

**Remuneration Policy for the Key Managerial Personnel / Senior Management Employees**

- i. In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the N&R Committee shall ensure / consider the following:
  - i. the relationship of remuneration and performance benchmark is clear;
  - ii. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
  - iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.
- ii. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

**Familiarisation programmes for independent Directors**

The Company has laid down a detailed policy/programme for familiarisation of Independent Directors after their appointment which is displayed on the website of the Company, viz, [www.tatasponge.com](http://www.tatasponge.com).

**Details of remuneration to all the directors**

**Table - 4**

NON-WHOLETIME DIRECTORS

Remuneration paid during 2014-2015  
(Rs. lac)

Sl. No.	Name of the Director	Sitting fees (Gross)	Perquisites & Allowances	Commission (Gross) *	Total (Gross)
1	Mr.A.M. Misra	1.80	Nil	5.22	7.02
2	Mr.D.K. Banerjee	2.40	Nil	4.12	6.52
3	Mr.P.C. Parakh	1.65	Nil	4.12	5.77
4	Mr.Manoj T. Thomas	1.97	Nil	3.85	5.82
5	Mr.R. Ranganath	2.12	Nil	3.02	5.14
6	Dr.O.N. Mohanty*	1.20	Nil	1.93	3.13
7	Mr.Krishnava S. Dutt*	0.68	Nil	1.10	1.78
8	Mrs Meena Lall*	0.53	Nil	0.82	1.35
9	Mr.D.B. Sundaramam*	0.45	Nil	0.82	1.27
10	Mr.Manikanta Naik*	0.08	Nil	-	0.08
	Total	12.80	-	25.00	37.88

\* for part of the year

WHOLE-TIME DIRECTOR(S)				2014-15	
		Salary	Perquisites & Allowances	Commission (Gross)*	Total (Gross)
1	Mr. D.P. Deshpande	36.96	41.08	55.50	133.54
2	Mr. Sanjay Kumar Pattnaik	20.14	32.31	27.00	79.45

\* Payable after shareholders' approval at the 32nd Annual General Meeting during 2015-16

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

Non Executive Directors have no pecuniary relationship or transactions with the Company other than receiving sitting fee, commission and reimbursement of reasonable expenses for attending the Board/Committee meetings.

**SERVICE CONTRACT/NOTICE PERIOD/SEVERANCE FEES:**

Mr. D.P. Deshpande : Initial appointment from 1st April, 2013 to 31st March, 2016.  
Managing Director

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.

Mr. Sanjay Kumar Pattnaik : Initial appointment from 16th August, 2014 to 15th August, 2017  
Executive Director

The agreement may be terminated by either party giving the other party three months' notice or the Company paying three months' salary in lieu thereof.

There is no separate provision for payment of severance fees.

**Shareholding of the Directors in the Company as on 31st March, 2015**

**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. D. K. Banerjee	Nil
3	Mr. P. C. Parakh	Nil
4	Mr. Manoj T. Thomas	Nil
5	Mr. R. Ranganath	Nil
6	Dr. O.N. Mohanty	Nil
7	Mr. Krishnava S. Dutt	Nil
8	Mrs Meena Lall	Nil
9	Mr. D.P. Deshpande	Nil
10	Mr. Sanjay Kumar Pattnaik	Nil
11	Mr. D.B. Sundararamam*	Nil
	Total	Nil

\* Resigned from the Board w.e.f. 16th August, 2014

**7. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Board at its meeting held on 15th October, 2014, reconstituted the Shareholders' Grievance Committee as "Stakeholders' Relationship Committee" in compliance with the provisions of Section 178 of the Companies Act, 2013, for redressal of Shareholders' grievances like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

The composition of the Stakeholders' Relationship Committee and the details of meetings attended by the Directors are given below in Table - 6.

**Table - 6** As on 31st March, 2015

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

No. of Stakeholders' Relationship Committee meeting held during the year	= Nil
Date on which held	= -

Name, designation and address of Compliance officer : Mr. S.S. Dhanjal  
Company Secretary  
P.O. - Joda, Dist. - Keonjhar, Orissa - 758 034  
**Phone- (06767) - 284236**  
**Fax- (06767) - 278159**  
- 278129  
**E-mail: ssdhanjal@tatasponge.com**

No. of complaints pending as on 1st April,2014	0
No. of complaints identified and reported under Clause 41of the Listing Agreement during the year 2014-15	11
No. of Complaints disposed of during the year ended 31st March, 2015	11
Not solved to the satisfaction of shareholders as on 31st March, 2015	0
No. of pending complaints as on 31st March, 2015	0

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.

#### 8. 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, 2015

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mrs Meena Lall	Chairperson	Non-executive & Not Independent	1
2	Mr. Krishnav S. Dutt	Member	Non-executive & Independent	1

No. of Ethics and Compliance Committee meetings held during the year	= 1
Date on which held	= 25-03-2015

#### 9. 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, 2015

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. A.M. Misra	Chairman	Non-executive & not independent	1
2	Mr. D.K. Banerjee	Member	Non-executive & Independent	1
3	Dr. O.N. Mohanty	Member	Non-executive & Independent	-
4	Mr. R. Ranganath	Member	Non-executive & not independent	-
5	Mr. D.P. Deshpande	Member	Executive & not independent	1
6	Mr. Sanjay Kumar Pattnaik	Member	Executive & not Independent	1

No. of Committee of Board meetings held during the year	= 1
Date on which held	= 27-11-2014

#### 10. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board in view of the commencement of provisions of Section 135 read with Schedule VII of the Companies Act, 2013 and also Companies (Corporate Social Responsibility Policy) Rules, 2014, has constituted a Corporate Social Responsibility Committee in its meeting held on 9th March, 2014. The terms of reference, scope of work, powers, duties, responsibilities and authority of the CSR Committee shall be in accordance with the guidelines prescribed in relevant Section of the Act and the Rules thereof.

The composition of the Committee is as given below in Table – 9

**Table – 9**

As on 31st March, 2015

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr.R. Ranganath	Chairman	Non-executive & not independent	3
2	Mr. Manoj T. Thomas	Member	Non-executive & Independent	4
3	Mr. D.P. Deshpande*	Member	Executive & not Independent	2
4	Mr. Sanjay Kumar Pattnaik	Member	Executive & not Independent	2
	Mr. Manikanta Naik**	Member	Non-executive & not Independent	1

\* Nominated by the Board w.e.f. 25th April, 2014

\*\* Resigned w.e.f. 25th April, 2014.

No. of Committee of Board meetings held during the year	= 4
Date on which held	= 23-04-2014, 26-06-2014, 30-12-2014 & 19-01-2015

#### 11. RISK MANAGEMENT COMMITTEE

In compliance with the requirement of the amended Clause 49 of the Listing Agreement, the Board at its meeting held on 15th October, 2014, has constituted a Risk Management Committee, with the scope as per Clause 49 (VI) of the Listing Agreement, i.e. (i) to inform the Board members at least once a year about the risk assessment and minimization procedures; (ii) to monitor and review the risk management plan; and (iii) to perform other relevant functions in this connection.

The composition of the Committee is as given below in Table – 10

**Table – 10**

As on 31st March, 2015

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. D.P. Deshpande	Chairman	Executive & not independent	2
2	Mr. Sanjay Kumar Pattnaik	Member	Executive & not Independent	2

No. of Committee of Board meetings held during the year	= 2
Date on which held	= 06-11-2014 & 31-12-2014

#### 12. GENERAL BODY MEETINGS

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

**Table - 10**

Year	Location	Date	Time
2013-2014	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	15-07-2014	10-30 a.m.
2012-2013	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	24-07-2013	10-30 a.m.
2011-2012	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	20-07-2012	10-30 a.m.

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

c) Postal Ballot seeking approval of shareholders for 'Material Related Party Transactions' by way of Special Resolution was conducted during the year as per Notice dated 15th October, 2014, and the same was passed with requisite majority.

Details of voting pattern of postal ballot are as under :

No. of members voted in favour	No. of members voted against	Percentage of postal ballot voted in favour
739	26	96.60

d) Mr. Promod Kumar Singh, Practising Company Secretary (FCS No.5878, CP No.60sd19) conducted the postal ballot exercise.

e) None of the resolutions proposed for the ensuing Annual General meeting need to be passed by Postal Ballot. However, postal ballot will be used for voting.

f) Procedure for postal ballot: Wherever necessary postal ballot is conducted according to the provisions of the Companies Act, 2013 and the Rules made hereunder.

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

- At the Annual General Meeting held on 15th July, 2014, no Special Resolution was passed.
- At the Annual General Meeting held on 24th July, 2013, no Special Resolution was passed.
- 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.

### 13. DISCLOSURES

(a) Materially significant related party transactions that may have potential conflict with the interests of the company at large: None.

(b) **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 were 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. 34 of the notes on Balance Sheet and Statement of Profit and Loss for the year ended 31st March, 2015.

The Company has laid down a policy for dealing with Related Party Transactions. This policy is displayed on the website of the Company, viz, [www.tatasponge.com](http://www.tatasponge.com)

(c) **Disclosure of Accounting Treatment**

The applicable Accounting Standards as issued by the Institute of Chartered Accountants of India and notified by the Central Government under Companies (Accounting Standards) Rules, 2006 as amended from time to time, have been followed in preparation of the financial statements of the company.

(d) **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.

(e) **Proceeds from public issues, rights issues, preferential issues etc.**

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

(f) **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.

(g) **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. The Whistle Blower Policy is displayed on the website of the Company, viz, [www.tatasponge.com](http://www.tatasponge.com)

(h) **Management Discussion & Analysis Report**

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

(i) **Compliance with Non-mandatory Requirements**

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

(a) The Company already has a regime of unqualified financial statements. Auditors have raised no qualification on the financial statements for the year 2014-15.

(b) The Company has separate posts of the Chairman and the Managing Director.

(c) The Internal Auditor of the Company directly reports to the Chairman of the Audit Committee.

### 14. CEO/CFO CERTIFICATION

The Managing Director and the Chief Financial Officer 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, 2015.

### 15. SHARE CAPITAL RECONCILIATION AUDIT

A qualified practicing Company Secretary carried out Share Capital Reconciliation 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.

### 16. 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](http://www.tatasponge.com)). The website also displays official news releases.



**(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 2014-15, 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.

**17. GENERAL SHAREHOLDER INFORMATION**

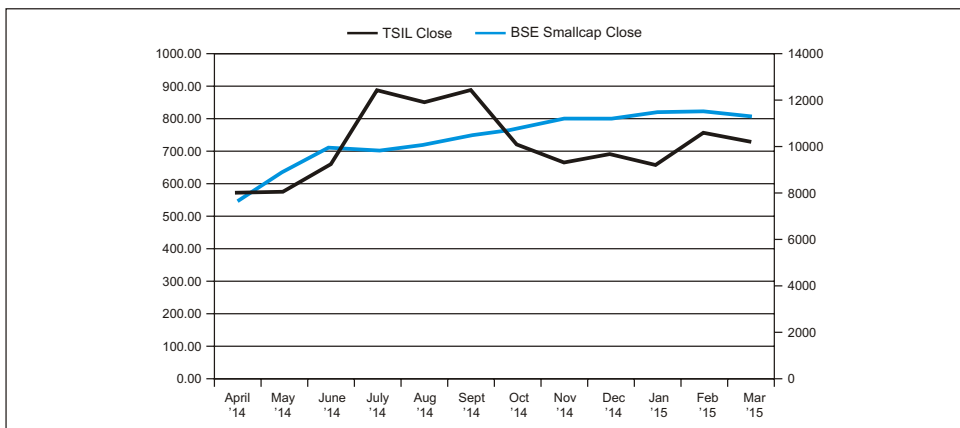
- 17.1 32nd Annual General Meeting  
 Day/Date : Friday, the 21st August, 2015  
 Time : 10.00 a.m  
 Venue : Lake View (Officers' Recreation Centre), TSIL Township, Joda, Dist – Keonjhar Orissa, Pin code – 758 034.
- 17.2 Financial year 2014-15 (April to March)
- 17.3 Financial calendar Approval of quarterly results: April, July, October and January. Annual General Meeting in July /August.
- 17.4 Date of book closure From 4th August, 2015 to 6th August, 2015, both days inclusive.
- 17.5 Dividend payment date The dividend warrants will be posted on or after 26th August, 2015.
- 17.6 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.
- 17.7 Stock Code- Equity Share  
 ISIN CODE INE 674A01014 (Electronic form)  
 BSE CODE 13010 (Physical form)  
 513010 (Demat form)  
 NSE SCRIP CODE TATASPONGE
- 17.8 Correspondence Address  
 P.O. Joda - 758 034  
 Dist – Keonjhar, Orissa  
 Phone : 06767 284236  
 Fax : 06767 278159/278129  
 E-mail : info@tatasponge.com
- 17.9 Exclusive e-mail address for redressal of investor complaints investorcell@tatasponge.com
- 17.10 **Market price data: Monthly High/Low prices per share during 2014-15 :**

**Table - 11**

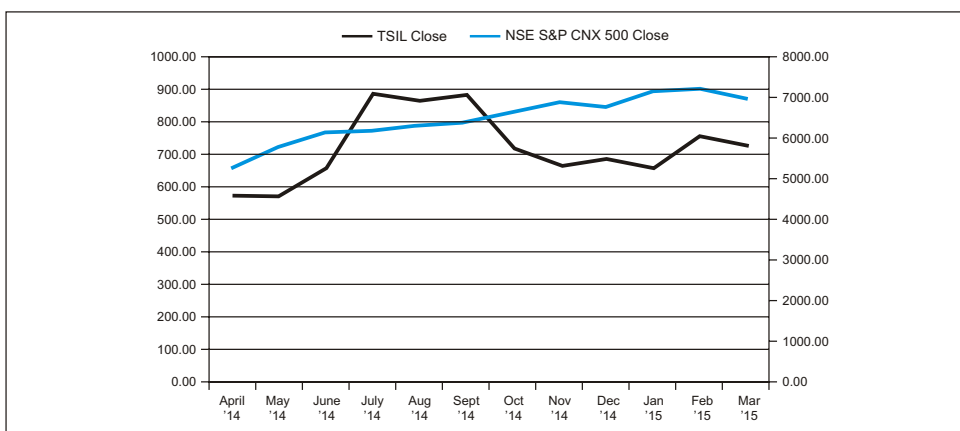
Months	BSE Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
M o n t h l y				
April, 2014	640.15	471.25	641.00	470.00
May, 2014	619.00	525.00	618.00	501.00
June, 2014	675.00	563.35	675.00	565.50
July, 2014	1203.55	595.30	1205.00	594.05
August, 2014	924.00	821.90	924.95	822.30
September, 2014	1010.50	746.00	1014.00	741.55
October, 2014	929.00	700.00	928.85	691.25
November, 2014	729.60	655.80	730.00	654.00
December, 2014	714.95	555.00	714.90	581.00
January, 2015	717.55	625.90	717.50	626.00
February, 2015	785.00	645.05	786.50	644.00
March, 2015	942.00	664.00	941.70	660.00



17.11 **Stock performance**  
**TSIL vs. BSE Sensex.**  
**Table – 12**



**TSIL vs. NSE**  
**Table – 13**



17.12 **Share Registrars & Transfer Agents :**

**REGISTERED OFFICE :**

M/s. TSR Darashaw 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 Limited :

1) **Bangalore**

M/s. TSR Darashaw 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 : tsrbang@tsrdarashaw.com

**2) Jamshedpur**

M/s. TSR Darashaw 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 : tsrjsr@tsrdarashaw.com

**3) Kolkata**

M/s. TSR Darashaw 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 : tsrkal@tsrdarashaw.com

**4) New Delhi**

M/s. TSR Darashaw 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 : tsridel@tsrdarashaw.com

**5) Ahmedabad**

M/s. Shah Consultancy Services . Ltd.  
Agents : TSR Darashaw Pvt. Limited  
Sumatinath Complex  
Pritamnagar, Akhada Road, Ellisbridge  
Ahmedabad –380 006.

Phone : 079 – 26576038  
Fax : 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, from TSR Darashaw Limited to TSR Darashaw Private Limited w.e.f. 6-11-2012, and subsequently from TSR Darashaw Private Limited to TSR Darashaw Limited w.e.f. 10th November, 2014.

**17.13 Share Transfer System:**

The Company has retained M/s. TSR Darashaw 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.

**17.14 Distribution of shareholding as on 31-03-2015**
**Table - 14**

Shareholding of nominal value of			Shareholders		Share Amount	
Rs.	Rs.		Number	% to total	In Rs.	% to total
(1)			(2)	(3)	(4)	(5)
1	–	100	4,801	15.03	298,510	0.19
101	–	500	12,088	37.84	4627,160	3.00
501	–	1,000	7,089	22.19	665,8280	4.32
1,001	–	5,000	6,803	21.29	15,908,530	10.33
5,001	–	10,000	631	1.98	4,905,170	3.19
10,001	–	20,000	265	0.83	3,983,830	2.59
20,001	–	30,000	96	0.30	2,441,800	1.59
30,001	–	40,000	34	0.11	1,200,430	0.78
40,001	–	50,000	39	0.12	1,803,180	1.17
50,001	–	1,00,000	47	0.15	3,303,020	2.14
1,00,001	and	above	56	0.18	108,870,090	70.69
<b>Total</b>			<b>31,949</b>	<b>100.00</b>	<b>154,000,000</b>	<b>100.00</b>

**17.15 Categories of shareholders as on 31-03-2015**
**Table - 15**

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.)	7,854,000	51.00
	(ii) Tata Steel Limited (formerly known as The Tata Iron & Steel Company Ltd.)	539,554	3.50
	Total	8,393,554	54.50
2	Mutual Funds and UTI	12,293	0.08
3	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	140,129	0.91
4	Private Corporate Bodies	702,081	4.56
5	Indian Public	4,445,396	28.87
6	NRIs/OCBs/FIIs	1,702,647	11.06
7	Directors & Relatives	0	0
8	Trusts	3,900	0.03
	<b>TOTAL</b>	<b>1,54,00,000</b>	<b>100.00</b>

**17.16 TOP TEN SHAREHOLDERS ACROSS ALL CATEGORIES AS ON 31ST MARCH, 2015 :**
**Table - 16**

Sl.No.	Name of the Shareholder	No. of shares held	% of holding
1	Tata Steel Limited	7,854,000	51.00
2	Tata Steel Limited	539,554	3.50
3	Merill Lynch Capital Markets Espana S.A. S.V.	345,106	2.24
4	Goldman Sachs (Singapore) PTE	214,264	1.39
5	Russell Investment Company PLC-Russell Emerging Markets Equity Fund	180,007	1.17
6	Morgan Stanley Asia (Singapore)PTE	178,421	1.16
7	Stichting Pensioenfond ABP	101,975	0.66
8	General Insurance Corporation of India	100,000	0.65
9	Russell Investment Company Emerging Markets Fund Managed by Arrowstreet Capital Limited Partnership	90,920	0.59
10	Ajai Hari Dalmia	75,983	0.49

**17.17 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, 2015, 14,476,618 shares were held in dematerialised form which constitute approx. 94% of total number of subscribed shares.

**17.18 LIQUIDITY**

Since Company's shares are listed (as on 31-3-2015) 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.

**17.19 Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Not applicable**
**17.20 PLANT AND REGISTERED OFFICE**

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 : , 20th April, 2015

**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, 2015 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 : 20th April,2015

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

**TATA SPONGE IRON LIMITED**

Post – Joda, Dist – Keonjhar, Orissa 758 034  
 Tel No : (06767) 284236, Fax No : (06767) 278159  
 E-mail : info@tatasponge.com, Website : www.tatasponge.com  
 CIN : L27102OR1982PLC001091

**ATTENDANCE SLIP**

I hereby record my presence at THE THIRTY-SECOND ANNUAL GENERAL MEETING of TATA SPONGE IRON LIMITED at 'Lake View', (Officers' Recreation Centre), TSIL Township, Joda, Dist – Keonjhar, Orissa – 758 034, on Friday, the 21st August, 2015, at 10 AM :

Full name of the Shareholder \_\_\_\_\_ Signature \_\_\_\_\_

Folio No. : ...../DP ID No.\* ..... & Client ID No.\* .....

\*Applicable for members holding shares in electronic form.

Full name of the Proxy \_\_\_\_\_ Signature \_\_\_\_\_

**TATA SPONGE IRON LIMITED**

Post – Joda, Dist – Keonjhar, Orissa 758 034  
 Tel No : (06767) 284236, Fax No : (06767) 278159  
 E-mail : info@tatasponge.com, Website : www.tatasponge.com  
 CIN : L27102OR1982PLC001091

**PROXY FORM**

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: .....

Address: .....

E-mail Id: .....

Signature: .....or failing him

2. Name: .....

Address: .....

E-mail Id: .....

Signature: .....or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at THE THIRTY-SECOND ANNUAL GENERAL MEETING of TATA SPONGE IRON LIMITED at 'Lake View', (Officers' Recreation Centre), TSIL Township, Joda, Dist – Keonjhar, Orissa – 758 034, on Friday, the 21st August, 2015, at 10 AM and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:	
1	Adoption of audited financial statements for the financial year ended 31st March, 2015 and reports of the Board of Directors and Auditors thereon
2	Declaration of dividend for the financial year 2014-15
3	Re-appointment of Mr D P Deshpande as a Director who retires by rotation
4	Appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, as Auditors
Special Business:	
5	Ratification of remuneration of Cost Auditors
6	Appointment of Mr O N Mohanty as an Independent Director
7	Appointment of Mr Krishnava Dutt as an Independent Director
8	Appointment of Mr P C Parakh as an Independent Director
9	Appointment of Mrs Meena Lall as a Director
10	Appointment of Mr Sanjay Kumar Pattnaik as a Director
11	Appointment of Mr Sanjay Kumar Pattnaik as the Executive Director
12	Approval of Material Related Party Transactions
13	Authorisation to the Board of Directors to continue charges on the movable and immovable properties of the Company under Section 180(1)(a) of the Companies Act, 2013
14	Authorisation for payment of Remuneration/ Commission to Non Executive Directors under Section 197/198 of the Companies Act, 2013

Signed this ..... day of ..... 20 .....

Signature of shareholder .....

Signature of Proxy holder(s) .....

Affix  
 Revenue  
 Stamp of  
 Re 1

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

## FINANCIAL STATISTICS

<b>CAPITAL ACCOUNT</b>								(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	13166.72	14708.72	7066.99	21775.71	23095.83	9825.67	
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	12021.86	35924.90	15359.13	
2010-11	1540.00	49168.73	50708.73	-	50708.73	35984.46	17111.31	
2011-12	1540.00	55304.89	55304.89	-	56844.89	35590.58	18247.99	
2012-13	1540.00	62406.64	63946.64	-	63946.64	36092.48	19941.09	
2013-14	1540.00	70722.49	72262.49	-	72262.49	36440.24	21416.41	
2014-15	1540.00	77977.19	79517.19	-	79517.19	35970.07	21436.50	

<b>CAPITAL ACCOUNT (Contd.)</b>									(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	80.00	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	
2013-14	15023.83	1624.95	186.01	58279.89	18022.02	40257.87	100.00	0.00	
2014-15	14033.57	2003.88	186.01	60769.96	14940.68	45829.28	100.00	0.00	

<b>REVENUE ACCOUNT</b>											(Rupees in Lac)	
Year	Production in MT	Sales	Income from Other Source	Expenses	Depre- ciation	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	640.00	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
2013-14	376432	78222.23	3541.97	65009.35	1775.33	14979.52	4861.95	10117.57	1540.00	12.93	14.00	65.69
2014-15	365324	78973.21	5548.45	69580.60	1294.12	13646.94	4458.10	9188.84	1540.00	11.64	11.56	59.67

**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, 1965 w.e.f financial year 2011-12

**TATA SPONGE IRON LIMITED**

P.O. JODA, Dist. Keonjhar, Orissa 758034, CIN No : L27102OR1982PLC001091  
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