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

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TATA

CARE FOR COMMUNITY

TATA SPONGE IRON LIMITED

31st Annual Report, 2013-14

Contents

Highlights

	Standalone Rs. Lacs		Consolidated Rs. Lacs	
	2013-14	2012-13	2013-14	2012-13
Gross revenue from operations	85,656	87,695	85656	87,695
Profit Before Tax	14,980	12,590	14982	12,583
Profit After Tax	10,118	8,543	10120	8,536
Dividend	1540	1,232	1540	1,232
Retained Earnings(For the Period)	8316	7,102	8318	7,095
Capital Employed	74910	67,473	74905	67,466
Net Worth	72262	63,947	72258	63,940
	In Rs		In Rs	
Net worth per Share as at year end	469	415	469	415
Earning Per Share				
Basic	66	55	66	55
Diluted	66	55	66	55
Dividend per share	10	8	10	8

The Thirty First 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 Tuesday, the 15th July, 2014 at 10-30 a.m.

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

TATA

TATA SPONGE IRON LIMITED

Thirty First Annual Report 2013-14

BOARD OF DIRECTORS

[As on 28th April, 2014]

Mr. A. M. Misra (Chairman)
Mr. D. K. Banerjee
Mr. P. C. Parakh
Mr. Manoj T Thomas
Mr. R. Ranganath
Mr. D. B. Sundararamam
Mr. D. P. Deshpande (Managing Director)

MANAGEMENT TEAM

[As on 28th April, 2014]

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

Bankers	State Bank of India Canara Bank
Auditors	M/s. Deloitte Haskins & Sells Chartered Accountants
Cost Auditors	M/s.Shome & Banerjee Cost Accountants
Registered Office & Works	Post - Joda Dist - Keonjhar Orissa 758 034 Tel No : (06767) 284236 Fax No : (06767) 278159 E-mail : info@tatasponge.com Website : www.tatasponge.com CIN : L27102OR1982PLC001091
Share Registrars	M/s. TSR Darashaw Pvt. Ltd. 6-10 Haji Moosa Patrawala Industrial House 20, Dr. E. Moses Road Near Famous Studio Mahalaxmi Mumbai - 400 011. Tel No : (022) 66568484 Fax No : (022) 66568494 E-mail : csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

I have the pleasure in presenting to you the performance of your company for the year 2013-14.

During the year the Company produced 3,76,432 MT of Sponge Iron compared to 3,60,697 MT in the previous year, registering an increase of 15,736 MT in production. As a result, the sales also increased to 3,74,782 MT from 3,59,912 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 195.71 million units as compared to 179 million units in the previous year, and sold 140.90 million units as compared to 124 million units in the previous year.

During the year, as the pace of the national economy continued to remain sluggish, the price of sponge iron dropped significantly which affected the top line, in spite of production being higher. The net revenue from operations was Rs. 782.22 crore compared to Rs. 795.75 crore in 2012-13. However, the margins were better due to lower prices of key raw materials and also due to reduction in their specific consumption. As a result, the company achieved a better Profit Before Tax at Rs. 149.79 crore (Rs. 125.90 crore in the previous year) and Profit After Tax at Rs. 101.17 crore (Rs. 85.43 crore in the previous year). The Earnings Per Share has increased to Rs. 65.69 per share (Rs. 55.47 per share). In view of improved operational and financial results, the Board has recommended a dividend of Rs 10 per share (previous year : Rs 8 per share) which is highest so far.

Despite our best efforts, the development of coal block was bogged down for want of statutory clearances. The Company has taken legal recourse for early issuance of statutory permits. As your company is debt free, the entire funding for the Coal Block has so far been made out of internal generation.

The company has adopted the Tata Business Excellence Model in all business processes complying with high standards of business ethics. The company has won several awards in the fields of Safety, Health, and Environment. 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.

A. M. Misra
Chairman

Jamshedpur
28th April, 2014

NOTICE

THE THIRTY-FIRST 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 Tuesday, the 15th July, 2014, at 10-30 a.m. to transact the following business :

ORDINARY BUSINESS

1. **To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2014 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 28th April, 2014, Statement of Profit and Loss for the year ended 31st March, 2014, and the Balance Sheet as at that date, the Cash Flow Statement for the year ended 31st March, 2014, 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 2013-14 available for appropriation, be and is hereby approved and declared for the year ended 31st March, 2014."

3. **To appoint a Director in place of Mr. Sundararamam Dwaraka Bhamidipati (holding DIN 06437027), 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. Sundararamam Dwaraka Bhamidipati, 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 of Section 139 of the Companies Act, 2013 and the Rules made there under, 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, 2015, 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."

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 2014-15 as approved by the Board in its meeting held on 28th April, 2014, be and is hereby ratified."

SPECIAL BUSINESS

6. **To appoint Mr. Dipak Kumar Banerjee 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.Dipak Kumar Banerjee, DIN 00028123, 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 15th July, 2014, up to 14th July, 2019."

7. **To appoint Mr. Manoj Thankachan Thomas 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.Manoj Tankachan Thomas, DIN 03614981, 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 15th July, 2014, up to 14th July, 2019."

8. **To appoint Mr. Ranganath Raghupathy Rao as Director and to pass with or without modification, the following Resolution as Ordinary Resolution :**

"RESOLVED that Mr.Ranganath Raghupathy Rao (holding DIN 06725337) who was appointed as an Additional Director of the company by the Board of Directors with effect from 30th October, 2013, in terms of Section 260 of the Companies Act, 1956 [corresponding to 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."

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 26th June, 2014 (Thursday) to 2nd July, 2014 (Wednesday), both days inclusive.

3) Dividend, if declared, will be paid to those shareholders, whose names appear on the Company's Register of Members/Register of Beneficial Owners as on 25th June, 2014. The payment will be made on or after 19th July, 2014.

Your dividend warrant is valid for payment by the Company's Bankers for three months from the date of issue. Thereafter, please contact our Share Registrars, **M/s. TSR Darashaw Private Ltd.,** (formerly Tata Share Registry Ltd.) **6-10 Haji Moosa Patrawala Industrial 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 2005-06 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 2006-07 to 2012-13 are requested to immediately forward the same for revalidation to our Share Registrars at their address given under (3) above, and get the encashment at the earliest.

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

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

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

9) Section 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 Private 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**

I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to provide members facility to exercise their right to vote at the 31st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The instructions for e-voting are as under :

A. In case a Member receives an email from NSDL (for members whose email IDs are registered with the Company/Depository Participant(s) :

(i) Open email and open PDF file viz; "Tata Sponge 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) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.

(vii) Select "EVEN" 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 or evoting@tatasponge.com with a copy marked to 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 Attendance Slip for the AGM:

EVEN (e Voting Event Number)	USER ID	PASSWORD/PIN

(ii) Please follow all steps from Sl.No.A(ii) to Sl.No.A(xii) above, to cast vote.

II. 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

III. If you are already registed with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

IV. 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).

V. The e-voting period commences on 9th July, 2014 (9-00 a.m.) and ends on 11th July, 2014 (6-00 p.m.). During this period shareholders' of the company holding shares either in physical form or in dematerialised form, as on the cut-off date of 6th June, 2014, may cast their vote electronically. The 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.

VI. 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 of 6th June, 2014.

VII. 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 e-voting process in a fair and transparent manner.

VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IX. The results shall be declared on or after the AGM of the company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.tatasponge.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the company and communicated to the Stock Exchanges where the company's shares are listed.

12) 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

S. S. Dhanjal
Company Secretary

Jamshedpur
28th April, 2014

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. **6 to 8** of the accompanying Notice dated 28th April, 2014.

Item No. 6

Mr. Dipak Kumar Banerjee, a Chartered Accountant by profession, 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.Banerjee is having vast professional experience in Finance & Accounts in reputed companies. 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. Banerjee 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. Banerjee as Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as an Independent Director up to 14th July, 2019.

In the opinion of the Board, Mr. Banerjee 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. Banerjee 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. Dipak Kumar Banerjee is interested and concerned in the Resolution mentioned at Item No.6 of the Notice. Other than Mr. Banerjee 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. Manoj Thankachan Thomas, a Strategic Management expert, was appointed on the Board of your company on 12th September, 2011, as additional director and his appointment as Director was approved by the Shareholders at their 29th Annual General Meeting held on 20th July, 2012. Mr. Thomas is BE (Civil) from NIT, Raipur, M.Phil Economics, PGDRM (IRMA) and Fellow (IRMA). 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. Thomas 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. Thomas as Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as an Independent Director up to 14th July, 2019.

In the opinion of the Board, Mr. Thomas 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. Thomas 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. Manoj Thankachan Thomas is interested and concerned in the Resolution mentioned at Item No.7 of the Notice. Other than Mr. Thomas 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

The Board of Directors of the company appointed Mr. Ranganath Raghupathy Rao, a Chartered Accountant, as Additional Director of the company w.e.f. 30th October, 2013, pursuant to Article 109 of the Articles of Association of the company. Mr. Ranganath will hold office as Director up to the date of the Thirty-first Annual General Meeting and is eligible for appointment. He has worked in senior positions with Bharat Petroleum Corporation Ltd. and Cairn Energy India Ltd. He is presently Vice President - Finance 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. Ranganath 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.8 of the convening Notice.

Mr. Ranganath is interested and concerned in the Resolution mentioned at Item No.8 of the Notice. Other than Mr. Ranganath 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.

By Order of the Board of Directors

S. S. Dhanjal
Company Secretary

Jamshedpur
28th April, 2014

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE THIRTY-FIRST ANNUAL GENERAL MEETING

(In pursuance of Clause 49 of Listing Agreement)

Name of the Director(s)	Mr. Sundararamam Dwaraka Bhamidipati	Mr. Dipak Kumar Banerjee	Mr. Manoj Thankachan Thomas	Mr. Ranganath Raghupathy Rao
Date of birth	31-08-1969	19-02-1946	26-01-1969	26-05-1959
Qualifications	B. Sc. Engineering (Mining). PGDGM, XLRI, Jamshedpur.	B. Com (Hons.) Chartered Accountant	BE (Civil), PGDRM M. Phil (Economics) Fellow (IRMA),	Chartered Accountant
Date of appointment	01-12-2012	09-05-2003	12-09-2011	30-10-2013
Expertise in specific functional areas	Mining Engineering	Accounts and Finance	Strategic Management, Resource based strategy, Contemporary Management Practices	Accounts and Finance
List of other Companies in which Directorship held (excluding in foreign companies)	Nil	1] DIC India Ltd. 2] Tata Metaliks Ltd. 3] TM International Logistics Ltd. 4] Mjunction Services Ltd. 5] The Tinplate Co. of India Ltd. 6] Shristi Infrastructure Development Corporation Ltd. 7] Tayo Rolls Ltd. 8] Tata Metaliks Kubota Pipes Ltd. 9] Rupa & Company Ltd.	Nil	TSIL Energy Limited
Chairman/Member of the Committees of the Board of Directors of other Companies in which he is a Director (excluding in foreign companies).	Nil	1] Chairman of Audit Committee and Remuneration Committee of DIC India Ltd. 2] Member of Audit Committee, Remuneration Committee and Committee of Board of Tata Metaliks Ltd. 3] Chairman of Audit Committee of TM International Logistics Ltd. 4] Chairman of Audit Committee of Mjunction Services Ltd. 5] Member of Audit Committee and Chairman of Remuneration Committee of The Tinplate Co. of India Ltd. 6] Chairman of Audit Committee and Member of Shareholders' Grievance Committee of Shristi Infrastructure Development Corporation Ltd. 7] Member of Audit Committee of Tayo Rolls Ltd. 8] Chairman of Audit Committee of Tata Metaliks Kubota Pipes Ltd	Nil	Nil
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	Nil	Nil	Nil	Nil

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR Committee of Board: As prescribed by the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee on 9th March, 2014 comprising of three directors which also includes an independent director. Though not mandatory, it is considered prudent to inform the shareholders about the CSR work done by the company during 2013-14 as follows:

As a mark of Company's value towards social equity and welfare for the surrounding community that forms an integral part of its business, the company has a process of identifying community needs to capture the expectations and aspirations of the people living around the plant's vicinity at Bileipada and also in the allocated coal block at Angul. The Company's intervention in the areas of Education,Health & Sanitation, Drinking Water, Promotion of Sports & Culture, and other need based rural infrastructural projects covers 38 villages and 15 hamlets in five Gram Panchayats in Joda Block and nine villages and 14 hamlets in Angul. Although the operation of coal block is awaiting statutory clearances and is expected to go on stream in near future, periphery development work in the affected villages has already started. While many of these projects are implemented through company's own resources, a few outreach program, viz. Mother & Child care, and other health related inference, education, employment generation are organised by a registered charitable trust Vidya Shakti Niyas (VSN) formed mainly by employees' spouses. VSN acts as an extended arm and complements Company's endeavour in reaching out to more than 32000 villagers in these five Gram Panchayats in Joda block.

Affirmative Action : In an effort to improve the social status of the marginalised section of society and bring them into the mainstream, especially the SC/ST community, the company under the Affirmative Action 4E's program has taken initiatives according to CII and Tata Group guidelines concentrating on 4 E's,i e Education, Employability, Entrepreneurship and Employment as described below:

1) **Education :** While under CSR the target beneficiaries are the community at large, that includes repair/ construction of Anganwadi centres, additional class rooms, school boundary walls, kitchen cum dinning units, steel duel bench-desks etc. and under the Affirmative Action (AA) as it is individual centric, various scholarships are being provided to poor SC/ST students at several levels from primary schools to technical institutes, including annual contribution for one SC student at Foundation of Academic Excellence & Access (FAEA) New Delhi as a Tata Group initiative. There are a total number of 46 poor student beneficiaries under this program, out of which 9 are supported by the company and the rest are by VSN. In order to improve the standard of students in higher educational institute, financial assistance is given to one + 2 Arts College with predominant SC/ST students, for teachers to coach and mentor students by taking extra coaching classes beyond the college hours. This initiative has brought in a huge difference in the annual pass out results from below 50 % to over 90% during past few years. Apart from this, regular refresher training sessions for primary school teachers are conducted through VSN.

   Anudaan (A Tata Sponge Scholarship) scheme was introduce during the year to encourage ST/SC students for technical / higher study, for those students who have qualified through the Joint Entrance Examination Test. 2 students out of several applicants became eligible under the selection procedure and were provided financial grant of Rs. 25,000/- each to pursue their Degree Engineering courses.

2) **Employability:** With an objective to create more job opportunity for unskilled local youths and ITI trade apprentices, various training facilities have been instituted, such as Driving Training school for the under matriculation boys and girls from the surrounding villages, a Sewing centre for village ladies and a BPO training centre for unemployed + 2 students in its township premises. To upgrade the skills of ITI Trade apprentices the company runs an in-house "one year on the job training" for 10 ST/SC candidates which number is in addition to the minimum statutory requirements.

   - **Driving Training:** The Company has provided necessary facilities for running of the training institute by VSN. The training is provided by a satisfied trainer that includes theoretical and practical courses. During the year 14 batches with a total No. of 252 candidates including girls have undergone training and driving certificates/licence were issued to the candidates who have successfully passed the examination and test.
   - **Sewing Training:** This initiative known as 'DIKSHYA' was started as a women empowerment venture by VSN which provides training on cutting, stitching, dress making and basic maintenance of sewing machines. The faculty members are ladies from company's colony. The sewing centre has conducted training for 60 ladies in four batches with a course duration of 3 month each. At the end of each program certificates were given to the successful pass outs.
   - **BPO Training Centre:** This has been operational since 2011 (by VSN) by using the infrastructure provided by the company. During the year 52 candidates (+2 pass students) from the surrounding areas enrolled in the training programs in batches. After getting 4 weeks training programme the students were sent to Tata Business Support Services in Jamshedpur for another one month of process training and secure employment through client interviews.

3) Entrepreneurship: In order to generate sustainable livelihood, two women Self Help Groups (SHGs) formed by VSN are producing phenyl. The entire produce of this group is bought back by the company and their venture generates a reasonable margin every month . The second group is engaged in making rice flake powder which is again bought back by VSN for distribution in Anganwadi Centres under its nutrient supplement programme.

4) Employment: Under this positive discrimination programme, the Company gives preference to local candidates specially from the ST/SC community while keeping the eligibility criteria equal.

Other Activities under CSR:

- Education: For strengthening the infrastructure of various schools, the Company has provided boundary wall for 2 schools, taken up repair and renovation of 4 schools building, provided 100 sets of duel bench and desks to 5 primary schools. For motivation of school children various other programs were conducted in schools by VSN:
  - Celebration of Childrens' Day/Teachers' Day/ Independence and Republic Days.
  - Sports and quiz competition on acedamics
  - Parents and teachers meet
  - Inter school completion for drawing/speech/dance/song completion etc.
- Drinking Water: To ease the drinking water problem in villages 10 more drinking water units(Tube wells/Bore wells/Ring wells) have been provided in addition to the existing 143 units. As a preventive measure maintenance of 32 tube wells was under taken to tide over water problem during summer.
- Health& Hygiene: To improve the overall health condition in the villages with focused attention on malnutrition amongst women and children and support Govt. of India Total Sanitation programme (in addition to company's support for 'Rural Individual Household Toilet Programme' in which 16 families availed the benefit). VSN has initiated the following intervention.
  - Child and mother care
    - Family planning
    - Shishu Kalyan Pratiyogita
  - Health check-up camps (Total no. of 43 medical camps were held and 3833 patients benefited under this service).
  - Awareness programmes (AIDS/Malaria/First Aid etc.)
  - Nutritional supplements for expecting mothers and post-delivery mother and child.

Note:

The Company would be aligning the CSR activities and programmes during 2014-15 in line with requirements of Section 135 of the Companies Act, 2013 and will report in the format prescribed thereunder.

DIRECTORS' REPORT

The Directors take pleasure in presenting the Thirty-first Annual Report on the business and operations of the company and its financial results for the year ended 31st March, 2014.

FINANCIAL RESULTS

			Stand alone		Consolidated	
			Current year *(Rs. Lac)*	Previous year *(Rs. Lac)*	Current year *(Rs. Lac)*	Previous year *(Rs. Lac)*
2	(i)	Sales (Net of Excise Duty) and other income	81764	82732	81767	82732
	(ii)	Profit before depreciation	16754	14378	16757	14371
	(iii)	Depreciation and amortisation expenses	1775	1788	1775	1788
	(iv)	Profit before taxes	14979	12590	14982	12583
	(v)	Current Tax	5661	4342	5661	4342
	(vi)	Deferred Tax	(799)	(295)	(799)	(295)
	(vii)	Profit after tax	10117	8543	10120	8537
	(viii)	Profit brought forward from previous year	1472	1470	1465	1470
	(ix)	Profit available for appropriation	11589	10013	11585	10007
	(x)	Dividend : 100% (2012-2013 : 80%)	1540	1232	1540	1232
	(xi)	Tax on Dividend	262	209	262	209
	(xii)	Transfer to General Reserve	7980	7100	7980	7100
	(xiii)	Surplus carried to Balance Sheet	1807	1472	1803	1465

DIVIDEND

3. The Board has recommended the highest ever 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, 2014, 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, which is higher than previous year (Rs 1232 lac).

OPERATIONS

4. During the year, all the three kilns produced 3,76,432 MT of sponge iron compared to 3,60,697 MT in the previous year. The capacity utilisation was higher at 96.52% as compared to 92.49% 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 3,74,782 MT as compared to 3,59,912 MT in the previous year. Increase in the despatch was consequent to higher production.

POWER

5. During the year, the total generation of power from the two power plants (of 7.5MW and 18.5 MW capacity) was 196 million kwh out of which 141 million kwh of surplus power was exported, compared with generation of 179 million kwh and export of 124million kwh in the previous year. The increase in the generation and sale of power was consequential to (i) higher availability of waste gas from the kilns due to higher production of sponge iron and (ii) internal improvements causing decrease in steam consumption.

MARKET

6. The market for sponge iron and steel has remained subdued. Sale price of sponge iron fell down continuously during first four months of the financial year and then recovered towards the end of the financial year. Average net realisation has declined as a result, compared to previous year by about 4%.

FINANCE

7. In spite of average net realisation from sale of sponge iron declining by about 4%, earning per share has improved to Rs.65.69 as compared to previous year (Rs.55.47) due to higher sales volume. The company continued to be debt free during the year. Sale of waste materials and earning from financial activities augmented the income.

DEVELOPMENT 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 and the land lease agreement is pending only for the final signature. So far the company has spent an amount of Rs.181.50 crore till March, 2014, by way of funding from internal accruals.

   During the previous year the Ministry of Coal ordered for forfeiture of the Bank Guarantee worth Rs.32.50 crore alleging delay in operationalizing the coal block. However, the company 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 matter is still subjudice. Further, the Ministry of Coal vide its letter dated 17th February, 2014, informed the company that the Inter Ministerial Group has recommended de-allocation of the coal block. However, further action has been put on hold through the interim order of the Hon'ble High Court of Delhi.

SUBSIDIARY COMPANY

9. A wholly owned subsidiary namely, "TSIL Energy Limited" was incorporated on 20th November, 2012, with an authorised share capital of Rs.10 crore and an initial subscribed and paid up capital of Rs.6,00,600 (60,060 equity shares of Rs.10 each). During the year the company has further invested Rs. 1 crore by subscribing to equity shares of the subsidiary. The consolidated accounts also include figures of this subsidiary from 1st April, 2013 to 31st March, 2014.

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 notified under Section 211 (3C) of the Companies Act, 1956 read with Companies (Accounting Standards) Rules, 2006, as applicable.

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

INTERNAL SYSTEM AND PROCESS

11. Efforts are going on to improve the business processes across all functions. During the year the company participated in JRD QV Quality Award competition and maintained the score band of 551 - 650. It won a stature of a "Gold" category manufacturing excellence company in the Froast & Sullivan and ET assessment.

    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 the Pollution Control Excellence Award for 2013 from the State Pollution Control Board, Odisha, award for the Best Performance in Safety, Health & Environment Management (2009), 1st prize for Lowest Weighted Frequency Rate of Accident (2010), 1st prize for Energy Conservation from CII (Eastern Region) for 2013-14.

LISTING FEES

13. The Annual Listing Fee for the year 2013-14 had been paid to those Stock Exchanges where the company's shares are listed.

DIRECTORS

14. Mr. D. B. Sundararamam retires by rotation and, being eligible, offers himself for re-appointment.

15. 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. D. K. Banerjee and Mr. Manoj T. Thomas, who are currently non-executive independent directors of the company and who meet the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, as independent directors for a period of 5 years from the date of the ensuing Annual General Meeting.

16. Mr. R. Ranganath, who was appointed Additional Director w.e.f. 30th October, 2013, and who holds office up to the date of the forthcoming Annual General Meeting of the company, has been proposed in writing by a shareholder for the office of Director.

    The Board commends reappointment of Mr. D. B. Sundararamam; and appointment of Mr. D. K. Banerjee, Mr. Manoj Thomas and Mr. R. Ranganath.

17. Mr. N. P. Sinha ceased to be the Director of the company on and from 21st January, 2014 on attaining the age of retirement. He had served the company for more than 20 years and the Board appreciates his contribution towards all round development of the company.

18. Mr. K. K. Varughese, Mr. Rajesh Chintak and Mr. S. Srikanth resigned from the Board during the year.

19. Mr. Manikanta Naik, who was appointed Additional Director w.e.f. 24th October, 2013, upto the date of the forthcoming Annual General Meeting of the company, has resigned w.e.f. 25th April, 2014.

    The Board of Directors placed on record its sincere thanks and gratitude for their contribution to the company.

CORPORATE SUSTAINABILITY

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

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

    - The UN Global Compact by addressing its ten principles
    - Guidelines of Tata Council for Community Initiatives (TCCI)

CORPORATE SOCIAL RESPONSIBILITY

21. During the year the Board constituted a Corporate Social Responsibility Committee comprising of three non-executive directors which stood as follows as on 31st March, 2014 :

    Mr. R. Ranganath (Non-executive director) - Chairman

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

    Mr. Manikanta Naik (Non-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.

NOMINATION AND REMUNERATION COMMITTEE

22. The Remuneration Committee of the Board was reconstituted and renamed as Nomination and Remuneration Committee complying with the requirements of the provisions of the Companies Act, 2013 and the Rues framed thereunder.

MEASURES FOR PREVENTION OF SEXUAL HARASSMENT AT WORKPLACES

23. The Company has constituted Internal Complaint Committees for various locations of the Company in compliance with The Sexual Harassment of Women at Workplace(Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year , the number of cases filed was nil and hence there was no case of disposing of. Various workshops were organised by the Company to give awareness to employees on this subject.

INCLUSIVE GROWTH

24. 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. A detailed report on AA is given elsewhere in the Annual Report.

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

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

    (ii) they have, in the selection of accounting policies, consulted the statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2013-14 and of the profit of the company for that period;

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

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

REPORT ON CORPORATE GOVERNANCE

28. 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.

AUDITORS

29 (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 2014-15 in its meeting held on 28th April, 2014. Their remuneration is subject to ratification by shareholders at the ensuing Annual General Meeting.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

(A.M. Misra)
Chairman

Jamshedpur
28th April, 2014

ANNEXURE TO THE DIRECTORS' REPORT

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

CONSERVATION OF ENERGY :

	2013 - 2014		2012 - 2013	
A) Power and Fuel Consumption				
1) ELECTIRCITY	Unit KWH	Amount Rupees	Unit KWH	Amount Rupees
a) Purchased				
Unit / Amount	13,800	1,12,184	60,000	4,87,171
Rate per unit	–	8.13	–	8.12
b) Own Generation				
i) Through Diesel Generator				
Units per litre of Diesel (Kwh/Ltr.)	–	–	–	–
Cost per unit	–	–	–	–
ii) Through Steam Turbine Generator				
Unit / Amount (Consumption) #	5,24,46,212	7,70,95,932	5,26,34,570	5,63,18,990
Cost per unit	–	1.47	–	1.07

#Consumption includes 16669770 KWH consumed in generating power plant
Consumption excludes 140909900 KWH sold and 2355688 KWH consumed in the township.

	2013 - 2014		2012 - 2013	
2) COAL	Unit (MT)	Amount Rupees	Unit (MT)	Amount Rupees
Consumption Coal is used in the manufacturing process as reductant.	4,18,606	2,63,31,16,049	4,35,636	2,89,58,22,011
3) DIESEL OIL	Unit (Ltr.)	Amount Rupees	Unit (Ltr.)	Amount Rupees
a) High Speed Diesel				
Quantity / Value	1,14,830	72,97,206	–	–
Rate / Unit	–	63.55	–	–
B) Consumption per unit of production				
Electricity (KWH)	95.04	–	99.52	–
Coal (MT)	1.11	–	1.21	–
Diesel Oil (Ltr.)	0.31	–	0.01	–

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

TECHNOLOGY ABSORPTION :

A) Research and Development

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

B) Technology absorption, adaptation and innovation :

1) Efforts in brief, made towards technology absorption, adaptation and innovation :
   The plant has adopted Tisco Direct Reduction Process, which has been absorbed in full.
2) Benefit derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
   The Company achieves the metallisation acceptable to the user industry.
   The Company is constantly endeavouring to bring about further development in the product. Sponge Iron produced by the Company has helped the country in saving the outgo of scarce foreign exchange resources by way of import substitution.
3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished :
   a) Technology imported : Nil
   b) Year of import : Not applicable.
   c) Has technology been fully absorbed : Not applicable.
   d) If not fully absorbed, areas where this has not taken place, reasons therefor and the plan of action : Not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings : Nil
Outgo : Rs.1,27,08,68,778/-

On behalf of the Board of Directors
(A.M. Misra)
Chairman

Jamshedpur
28th April, 2014

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

Sl. No.	Name of the Employee	Designation/ Nature of duties	Age	Gross Remuneration received (Rs.Lac)	Qualification	Experience in No. of years	Last employment held	Commencement of Employment
1	Despande D.P.	Managing Director	58	122	B.Tech (Chemical Engg.), IIT, Mumbai, PGDBM, XLRI, Jamshedpur	35	Tata Metaliks Ltd. as Executive Director	1-4-2013

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

On behalf of the Board of Directors
(A. M. Misra)
Chairman

Jamshedpur
28th April, 2014

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

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

I confirm that the Company has in respect of the financial year ended March 31, 2014, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For TATA SPONGE IRON LIMITED

D P Deshpande
Managing Director

Jamshedpur
28th April, 2014

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

1) Sponge iron is an intermediate product; a source of metalics for the secondary steel making through EAF or IF route. Other sources of metalics 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 about three producers in gas based segment and their product is known as Hot Briquetted Iron (HBI). In coal based segment, there are roughly about 400 units across the country and the product is known as Sponge Iron. Tata Sponge is a coal based 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 two third 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. 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.

Tata Sponge is investing in a coal block allocated to it. The coal block on becoming operational will ensure reduction in the manufacturing cost of the sponge iron.

(**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 is under development will reduce the cost of input material. The delay in starting the mining operations is due to external factors beyond the control of the management. The company does not have any iron ore mine and sources all of it from Tata Steel Ltd. The road transportation cost, both for iron ore and coal, is steadily going up over the time.

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

SEGMENT-WISE/PRODUCT-WISE PERFORMANCE

3) During the year, company identified power business as a separate business segment in addition to manufacture of sponge iron 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 3,76,432 MT as compared to 3,60,697 MT in the previous year. The sales during the year was 3,74,782 MT compared to 3,59,912 MT in the previous year. Production and sales quantity was higher by 4.36% and 4.13% respectively compared to previous year.

Two power plants generated 196 million KWH of power and exported 141 million KWH (net) of power as against 179 million KWH and 124 million KWH respectively in the previous year. The higher generation and sale were due to higher availability of kilns and supplying higher 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 separate power plant at pit head of coal block, diversification/expansion. 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) The process of Risk Management in the company identifies inherent risks in its operations and records residual risk after taking specific risk mitigation steps. The company has identified and categorised risks in the areas of Operations, Finance, Marketing, Regulatory Compliances and Corporate matter. Internal Auditor expresses his opinion on the level of risk identified during the audit of particular area which is reported to the Audit Committee through the Internal Audit Reports. Societal issues pose critical problems in connection with land acquisition for coal mining 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.30 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.

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

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

7) **(a)** Financial performance of the Company (Stand alone) has been summarised in the table below followed by explanatory remarks for significant changes in 2013-14 compared to previous year.

(Rs in lacs)

	2013-14	2012-13	Change*	% change	Remarks
Total income	81,764	82,732	(968)	(1.17)	
Consumption of raw material	54,706	59,578	4,872	8.18	
Employee cost	2,684	2,893	209	6.74	
Other expenses	6,298	5,092	(1,206)	(23.32)	a
Depreciation and amortisation expenses	1,775	1,788	(13)	(0.73)	
Finance cost	1,322	791	(531)	(67.13)	b
Profit after tax	10,117	8,543	1,754	18.42	
Earnings per share (Rs.)	65.69	55.47	10.22	18.42	
Reserves & Surplus	70,722	62,407	8,315	13.32	
Current Liabilities	18,022	14,010	(4,012)	(28.64)	c
Fixed Assets	16,655	17,729	(1,074)	(6.06)	
Current Assets	58,279	46,585	11,694	25.10	

** Figures within bracket denote adverse change.*

Notes : (a) Other expenses are higher mainly on account of Entry Tax demand by Rs. 496 lac, power transmission charges by Rs. 190 lac, Duty on consumption of electricity by Rs. 212 lac, selling expenses by Rs. 105 lac, maintenance and other administrative expenses by Rs. 168 lac.

(b) Interest expenses are higher mainly on account of provision for interest demand on Entry Tax and Income tax

(c) The increase in Current Liabilities are mainly on account of incremental liability towards raw materials and services by Rs. 334 lac, advance from customers by Rs. 1039 lac, liability for entry tax and interest on entry tax demand by Rs. 1669 lac, provision for income tax by Rs. 572 lac, provision for dividend payable by Rs 308 lac etc.

7) (b) During the year the company further invested in equity share capital to the tune of Rupees one crore in its wholly owned subsidiary, i.e. TSIL Energy Limited, which has not yet started commercial operations.

7) (c) Operational performance of the Company has been summarised in the table below followed by explanatory remarks for significant changes in 2013-14 compared to previous year.

	2013-14	2012-13	Change	% change	Remarks
Sponge iron	**Tonnes**	**Tonnes**	**Tonnes**		
Production	3,76,432	360,697	15,735	4.36	A
Despatches	3,74,782	359,912	14,870	4.13	
Capacity utilisation (kilns)	97%	92%		5.00	
Power	Million KWH	Million KWH	Million KWH	change	
Generation (gross)	196	179	17	9.50	B
Export	141	124	17	13.71	

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

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

8) The company had 443 employees as on 31st March, 2014 as compared to 452 as on 31st March, 2013. 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 AUDITORS' REPORT
TO THE MEMBERS OF TATA SPONGE IRON LIMITED

Report on The Financial Statements

We have audited the accompanying financial statements of TATA SPONGE IRON LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for The Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31 , 2014;

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

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

Emphasis of Matter

We draw attention to Note no 31 to the financial statements on the notices served by the Ministry of Coal relating to invocation and encashment of the bank guarantee amounting to Rs. 3,250 lac and deallocation of the Radhikapur East coal block showing reasons of delay in mining of the coal block by the company . The company has filed separate appeals before the Hon'ble High Court of Delhi. Pending outcome of the appeals, the Company has not made any adjustments in the financial statements for the year.

Our opinion is not qualified in respect of the above.

Report on other Legal and Regulatory Requirements

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

2. As required by Section 227(3) of the Act, we report that:

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

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

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

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).

   (e) On the basis of the written representations received from the directors as on March, 31 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Abhijit Bandyopadhyay
Partner
(Membership No. 054785)

Jamshedpur, April 28, 2014

ANNEXURE TO THE AUDITORS' REPORT

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

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

(ii) In respect of its fixed assets:

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

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

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

(iii) In respect of its inventories:

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

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

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

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

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

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

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

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

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

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

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

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

(b) there were no undisputed amounts payable in respect of Income tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess and other material statutory dues in arrears as at March 31, 2014 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.

(c) details of dues of Income tax, Sales tax, Service tax, Customs duty, Wealth tax, Excise duty and Cess which have not been deposited as at March 31, 2014 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
		1182.13	2006-07, 2007-08	Commissioner of Commercial Tax
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	4414.14	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
Central Excise Act, 1944	Excise Duty	1980.08	2008-09	Commissioner of Central Excise
Income tax Act, 1961	Income tax	1079.42	2008-09	Commissioner of Income tax (Appeals)
		1054.75	2010-11	Commissioner of Income tax (Appeals)
		4448.65	2011-12	Commissioner of Income tax (Appeals)

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

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

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

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

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

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

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

Abhijit Bandyopadhyay
Partner
Membership No. 054785

Jamshedpur, 28 April, 2014

BALANCE SHEET
AS AT 31ST MARCH 2014

Rs. In lacs

		Notes	As at March 31, 2014	As at March 31, 2013
(I)	**EQUITY AND LIABILITIES**			
(1)	**SHAREHOLDERS FUND**			
	(a) Share capital	3	1,540.00	1,540.00
	(b) Reserves and surplus	4	70,722.49	62,406.64
			72,262.49	63,946.64
(2)	**NON-CURRENT LIABILITIES**			
	(a) Deferred tax liabilities (net)	5	2,181.37	2,980.42
	(b) Other Long-term liabilities	6	-	1.49
	(c) Long-term provisions	7	466.07	544.90
			2,647.44	3,526.81
(3)	**CURRENT LIABILITIES**			
	(a) Trade payables	8	5,404.49	5,070.66
	(b) Other current liabilities	9	6,688.32	3,681.80
	(c) Short-term provisions	7	5,929.21	5,257.69
			18,022.02	14,010.15
	TOTAL EQUITY AND LIABILITIES		92,931.95	81,483.60
(II)	**ASSETS**			
(1)	**NON-CURRENT ASSETS**			
	(a) Fixed assets			
	(i) Tangible assets	10	15,023.83	16,151.39
	(ii) Intangible assets	11	6.07	12.70
	(iii) Capital work-in-progress		1,624.95	1,564.59
			16,654.85	17,728.68
	(b) Non-current investments	12	186.01	86.01
	(c) Long-term loans and advances	13	17,808.75	17,082.09
	(d) Other non-current assets	14	2.45	1.55
			34,652.06	34,898.33
(2)	**CURRENT ASSETS**			
	(a) Current investments	15	20,269.95	12,683.04
	(b) Inventories	16	6,185.42	5,863.76
	(c) Trade receivables	17	2,607.45	2,035.84
	(d) Cash and bank balances	18	26,929.98	23,448.21
	(e) Short-term loans and advances	13	1,661.47	2,098.43
	(f) Other current assets	19	625.62	455.99
			58,279.89	46,585.27
	TOTAL ASSETS		92,931.95	81,483.60

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, 28th April 2014

For and on behalf of the Board of Directors
A. M. Misra - *Chairman*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 28th April 2014

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2014

Rs. In lacs

		Notes	Year Ended March 31, 2014	Year Ended March 31, 2013
I	**REVENUE FROM OPERATIONS (GROSS)**	20	85,656.17	87,695.08
	Less:Excise Duty		7,433.94	8,119.12
II	**REVENUE FROM OPERATIONS (NET)**		78,222.23	79,575.96
III	**OTHER INCOME**	21	3,541.97	3,156.35
IV	**TOTAL REVENUE (II + III)**		81,764.20	82,732.31
V	**EXPENSES**			
	(a) Cost of materials consumed	22	54,705.94	59,578.28
	(b) Changes in inventories of finished goods	23	(169.09)	(217.33)
	(c) Employee benefits expense	24	2,683.56	2,893.00
	(d) Finance costs	25	1,322.29	790.98
	(e) Depreciation and amortisation expense	26	1,775.33	1,787.97
	(f) Other expenses	27	6,466.65	5,308.96
	TOTAL EXPENSES		66,784.68	70,141.86
VI	**PROFIT BEFORE TAX (IV-V)**		14,979.52	12,590.45
VII	**TAX EXPENSES**			
	(1) Current tax			
	(i) Current tax		5,661.00	4,432.00
	(ii) Current tax relating to previous years		-	(89.27)
	(2) Deferred tax	5	(799.05)	(295.41)
	TOTAL TAX EXPENSE		4,861.95	4,047.32
VIII	**PROFIT AFTER TAX FOR THE YEAR (VI - VII)**		10,117.57	8,543.13
IX	**EARNING PER EQUITY SHARE (Rupees)**			
	Basic and Diluted Earning Per Share [Face value Rs. 10 each]	29	65.69	55.47

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, 28th April 2014

For and on behalf of the Board of Directors
A. M. Misra - *Chairman*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 28th April 2014

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2014

Rs. In lacs

		Year ended March 31, 2014	Year ended March 31, 2013
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before taxes	**14,979.52**	12,590.45
	Adjustments for:		
	Depreciation and amortisation expense	**1,775.33**	1,787.97
	Dividends from investments	**(991.16)**	(825.01)
	Net (gain) / loss on sale of investments	**(3.45)**	-
	Loss on sale of assets (net of discarded assets written off)	**0.96**	1.41
	Interest income	**(2,329.55)**	(2,156.14)
	Finance costs	**1,322.29**	790.98
	Liabilities / provisions no longer required written back	**(39.19)**	(8.35)
	Amortisation of forward premium	**-**	106.62
	Provisions for obsolescence of stores inventory	**68.54**	62.00
	Provision for wealth tax	**2.15**	3.02
	Operating profit before working capital changes	**14,785.44**	12,352.95
	Changes in Working Capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	**(390.20)**	2,948.23
	Trade receivables	**(571.61)**	715.81
	Short term loans and advances	**436.96**	(1,125.66)
	Long term loans and advances	**(100.76)**	34.75
	Other non current assets	**(0.90)**	0.20
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	**333.83**	434.80
	Other current liabilities	**1,966.00**	718.82
	Other long-term liabilities	**(1.49)**	1.49
	Short-term provisions	**(520.54)**	98.99
	Long-term provisions	**(78.83)**	297.55
	Cash generated from operations	**15,857.90**	16,477.93
	Direct taxes paid	**(5,798.52)**	(5,283.80)
	Net cash from operating activities	**10,059.38**	11,194.13
B.	**CASH FLOW FROM INVESTNG ACTIVITIES**		
	Capital Expenditure on fixed assets including capital advances	**(829.02)**	(1,262.93)
	Proceeds from sale of fixed assets	**3.27**	0.46
	Purchase of current investments	**(39,124.98)**	(54,050.01)
	Proceeds from sale of current investments	**32,456.68**	44,511.02
	Purchase of long-term investments in subsidiary	**(100.00)**	(6.01)
	Bank balances not considered as cash and cash equivalents	**(3,581.76)**	(464.99)
	Interest received from banks and others	**2,159.92**	2,198.48
	Dividend received from investments	**76.00**	118.40
	Net cash utilised in investing activities	**(8,939.89)**	(8,955.58)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from short term borrowings	**-**	3,314.19
	Repayment of borrowings	**-**	(3,314.19)
	Finance cost paid	**(3.49)**	(100.10)
	Dividend paid	**(1,215.99)**	(1,220.78)
	Net cash utilised in financing activities	**(1,219.48)**	(1,320.88)
Net increase or decrease in cash and cash equivalents		**(99.99)**	917.67
Cash and cash equivalents as at April 1 [1]		**2,118.21**	1,200.54
Cash and cash equivalents as at March 31 [1]		**2,018.22**	2,118.21

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.154.35 lacs** (March 31, 2013 : Rs. 138.34 lacs).
2. Excludes purchases made out of re investment of dividends **Rs.918.33 lacs** (March 31, 2013: Rs. 706.61 lacs).
3. Figures in brackets represent outflows.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Abhijit Bandyopadhyay
Partner
Jamshedpur, 28th April 2014

For and on behalf of the Board of Directors
A. M. Misra - *Chairman*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 28th April 2014

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 notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 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 ended March 31, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of 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.

(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

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

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

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

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

(g) 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.

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

(l) 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 provideds 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

Rs. In lacs

	As at March 31, 2014	As at March 31, 2013
(a) Authorised:		
- **25,000,000** Equity Shares of Rs. 10 each	**2,500.00**	2,500.00
(As at March 31, 2013: 25,000,000 Equity Shares of Rs. 10 each)		
	2,500.00	2,500.00
(b) Issued, Subscribed and Fully Paid up :-		
- **15,400,000** Equity Shares of Rs. 10 each	**1,540.00**	1,540.00
(As at March 31, 2013: 15,400,000 Equity Shares of Rs. 10 each)		
	1,540.00	1,540.00

(c) Reconciliation of Number of shares

	For the year ended March 31, 2014		For the year ended March 31, 2013	
Issued, subscribed and fully paid	**No. of equity shares**	**Amount Rs. In lacs**	No. of equity shares	Amount Rs. In lacs
At the beginning of the year	**15,400,000**	**1,540.00**	15,400,000	1,540.00
Issued during the year	**-**	**-**	-	-
At the end of the year	**15,400,000**	**1,540.00**	15,400,000	1,540.00

(d) Shares held by holding company or its subsidiaries

	As at March 31, 2014		As at March 31, 2013	
Shareholder	**No. of equity shares**	**%**	No. of equity shares	%
(1) Tata Steel Limited (Holding Company)	**7,854,000**	**51.00%**	7,854,000	51.00%
(2) Kalimati Investment Company Limited (Subsidiary of Holding Company)	**539,554**	**3.50%**	539,554	3.50%
	8,393,554	**54.50%**	8,393,554	54.50%

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

	As at March 31, 2014		As at March 31, 2013	
Shareholder	**No. of equity shares**	**%**	No. of equity shares	%
(1) Tata Steel Limited	**7,854,000**	**51.00**	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

	Capital Reserve	General Reserve	Surplus in Statement of Profit and Loss	Total
As at March 31, 2014				
Balance at the beginning of the year	**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)**	**-**
Balance at the end of the year	**35.00**	**68,880.00**	**1,807.49**	**70,722.49**
As at March 31, 2013				
Balance at the beginning of the year	35.00	53,800.00	1,469.89	55,304.89
Profit for the year	-	-	8,543.13	8,543.13
Dividends proposed to be distributed to equity shareholders (Rs. 8/- per share)	-	-	(1,232.00)	(1,232.00)
Tax on Dividend	-	-	(209.38)	(209.38)
Transfer to General Reserve	-	7,100.00	(7,100.00)	-
Balance at the end of the year	35.00	60,900.00	1,471.64	62,406.64

The Board of Directors has recommended a dividend of Rs. 10 per Equity Share (2012-13 Rs. 8 per Equity Share) for the year ended March 31, 2014. 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. 1,801.72 lacs (2012-13: Rs. 1,441.38 lacs) for the Company.

05 DEFERRED TAX LIABILITY (NET)

Rs. In lacs

	Deferred tax liability/ (Asset) as at April 01, 2013	Current Year Charge/ (Credit) in the Statement of Profit and Loss	Deferred tax liability/ (Asset) as at March 31, 2014
Deferred tax liabilities			
(i) Difference between book and tax depreciation	4,069.49	**(376.21)**	**3,693.28**
	4,069.49	**(376.21)**	**3,693.28**
Deferred tax assets			
(i) Provision for Compensated absences	(108.54)	**19.18**	**(89.36)**
(ii) Others	(980.53)	**(442.02)**	**(1,422.55)**
	(1,089.07)	**(422.84)**	**(1,511.91)**
Deferred tax liabilities (net)	2,980.42	**(799.05)**	**2,181.37**

06 LONG TERM LIABILITIES

Rs. In lacs

	As at March 31, 2014	As at March 31, 2013
Creditors for supplies / services	-	1.49
	-	1.49

07 PROVISIONS

	As at March 31, 2014		As at March 31, 2013	
	Long-term	**Short-term**	Long-term	Short-term
(a) Provision for employee benefits				
(1) Post-employment defined benefits				
(i) Pension obligations [Refer note 38(b)(ii)]	**420.96**	**41.84**	458.13	40.11
(ii) Post retirement medical benefits [Refer note 38(b)(ii)]	**45.11**	**5.75**	49.71	5.89
(2) Other employee benefits				
Provident fund liability	**-**	**-**	37.06	-
(b) Provision for tax (net of advance tax of **Rs. 23548.10 lacs** [As at *March 31, 2013 Rs. 22749.27 lacs*]	**-**	**3,039.91**	-	2,467.73
(c) Proposed dividends	**-**	**1,540.00**	-	1,232.00
(d) Provision for tax on dividend		**261.72**		209.38
(e) Other provisions				
Entry tax and interest on income tax	**-**	**1,039.99**	-	1,302.58
Total Provisions	**466.07**	**5,929.21**	544.90	5,257.69

08 TRADE PAYABLES

Rs. In lacs

	As at March 31, 2014	As at March 31, 2013
(a) Creditors for supplies / services	**4,675.26**	4,501.70
(b) Creditors for accrued wages and salaries	**729.23**	568.96
Total Trade payables	**5,404.49**	5,070.66

09 OTHER CURRENT LIABILITIES

(a) Unpaid dividends	**154.35**	138.34
(b) Advances received from customers	**1,730.08**	691.39
(c) Creditors for capital supplies / services	**163.99**	159.55
(d) Other payables		
(1) Employee recoveries and employer contributions	**49.67**	39.90
(2) Statutory Dues (Excise duty, service tax, sales tax, TDS, etc.)	**4,550.11**	2,618.64
(3) Other credit balances	**40.12**	33.98
Total Other current liabilities	**6,688.32**	3,681.80

10 TANGIBLE ASSETS

Rs. in Lacs

Description	Freehold Land	Leasehold Land	Land Develop-ment	Freehold Buildings	Plant and Machinery Owned Assets	Plant and machinery leased assets #	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets #	Railway Sidings	Total Tangible Assets
Gross Block as at April 1,2013	122.32	3.02	39.86	3,824.24	30,523.91	626.26	267.95	42.72	266.60	11.74	363.86	36,092.48
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
Gross Block as at March 31,2014	229.42	3.02	39.86	4,210.43	30,619.86	-	267.51	44.01	276.13	0.00	363.86	36,054.10
Accumulated Depreciation as at April 1, 2013	-	0.96	12.77	1,029.26	17,469.55	626.26	239.28	15.27	172.14	11.74	363.86	19,941.09
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 off/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	0.00	363.86	21,030.27
Net book value as at April 1,2013	122.32	2.06	27.09	2,794.98	13,054.36	-	28.67	27.45	94.46	-	-	16,151.39
Net book value as at March 31,2014	229.42	2.03	26.65	3,090.01	11,526.59	-	23.16	27.79	98.18	-	-	15,023.83

Description	Freehold Land	Leasehold Land	Land Develop-ment	Freehold Buildings	Plant and Machinery Owned Assets	Plant and machinery leased assets #	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets #	Railway Sidings	Total Tangible Assets
Gross Block as at April 1,2012	122.32	3.02	39.86	3,650.70	30,220.98	661.79	256.67	34.42	219.02	17.94	363.86	35,590.58
Additions during the year	-	-	-	173.54	339.84	-	11.28	8.37	47.81	-	-	580.84
Assets disposed / written off during the year	-	-	-	-	36.91	35.53	-	0.07	0.23	6.20	-	78.94
Gross Block as at March 31,2013	122.32	3.02	39.86	3,824.24	30,523.91	626.26	267.95	42.72	266.60	11.74	363.86	36,092.48
Accumulated Depreciation as at April 1, 2012	-	0.92	12.33	943.34	15,867.65	661.79	225.95	12.68	141.53	17.94	363.86	18,247.99
Charge for the year	-	0.04	0.44	85.92	1,637.01	-	13.33	2.61	30.82	-	-	1,770.17
Depreciation on assets disposed off/written off during the year	-	-	-	-	35.11	35.53	-	0.02	0.21	6.20	-	77.07
Accumulated Depreciation as at March 31, 2013	-	0.96	12.77	1,029.26	17,469.55	626.26	239.28	15.27	172.14	11.74	363.86	19,941.09
Net book value as at April 1,2012	122.32	2.10	27.53	2,707.36	14,353.33	-	30.72	21.74	77.49	-	-	17,342.59
Net book value as at March 31,2013	122.32	2.06	27.09	2,794.98	13,054.36	-	28.67	27.45	94.46	-	-	16,151.39

 # Represent assets given to Tata Steel Limited on operating lease.

11 INTANGIBLE ASSETS (ACQUIRED)

Rs. In Lacs

Description	Mining Geological report	Software Costs	Total Intangible Assets
Gross Block as at April 1, 2013	**468.90**	**185.59**	**654.49**
Additions during the year	-	-	-
Assets disposed / written off during the year	-	-	-
Gross Block as at March 31, 2014	**468.90**	**185.59**	**654.49**
Accumulated Amortisation as at April 1, 2013	**468.90**	**172.89**	**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**	**648.42**
Net book value as at April 1, 2013	-	**12.70**	**12.70**
Net book value as at March 31, 2014	-	**6.07**	**6.07**
Gross Block as at April 1, 2012	468.90	181.86	650.76
Additions during the year	-	3.73	3.73
Assets disposed / written off during the year	-	-	-
Gross Block as at March 31, 2013	468.90	185.59	654.49
Accumulated Amortisation as at April 1, 2012	457.11	166.88	623.99
Charge for the year	11.79	6.01	17.80
Amortisation of assets disposed/ written off during the year	-	-	-
Accumulated amortisation as at March 31, 2013	468.90	172.89	641.79
Net book value as at April 1, 2012	11.79	14.98	26.77
Net book value as at March 31, 2013	-	12.70	12.70

12 NON-CURRENT INVESTMENTS

Rs. In lacs

	As at March 31, 2014	As at March 31, 2013
Long Term Investments at cost		
Trade investments		
Investment in Equity Instruments		
Subsidiaries (Unquoted)		
1060,060 (As at March 31, 2013 : 60060) Equity shares of Rs. 10 each in TSIL Energy Limited, fully paid up	**106.01**	6.01
Others (Unquoted)		
800,000 Equity shares of Rs. 10 each in Jamipol Limited, fully paid up	**80.00**	80.00
Total non-current Ivestments	**186.01**	86.01
Additional Details:		
Aggregate value of Unquoted Investments	**186.01**	86.01

13 LOANS AND ADVANCES

Rs. in Lacs

		As at March 31, 2014		As at March 31, 2013	
		Long-term	**Short-term**	Long-term	Short-term
	(Unsecured, considered good unless otherwise stated)				
(a)	Capital advances	**16,789.97**	**-**	16,662.24	-
(b)	Security deposits				
	(1) Considered good	**6.32**	**215.06**	6.67	144.45
	(2) Considered doubtful	**-**	**22.57**	-	22.57
	Less: Provision for doubtful deposits	**-**	**(22.57)**	-	(22.57)
(c)	Loans and advances to related parties	**-**	**13.08**	-	6.39

(d) Other loans and advances				
(1) Loans to employees	**12.42**	**6.01**	8.92	5.32
(2) Advance with public bodies	**-**	**832.75**	-	740.24
(3) Other advances and prepayments	**8.39**	**594.57**	7.28	1,202.03
(4) Advance payment of taxes [net of provision of **Rs. 7419.03 lacs** (As at March 31, 2013 Rs. 3129.03 lacs)]	**829.16**	**-**	330.99	-
(5) Employee benefit assets				
(i) Retiring gratuities [Refer 38(b)(i)]	**40.07**	**-**	-	-
(ii) Compensated absences [Refer 38(b)(i)]	**122.42**	**-**	65.99	-
Total Loans and advances	**17,808.75**	**1,661.47**	17,082.09	2,098.43

Rs. in Lacs

14 OTHER NON-CURRENT ASSETS	As at March 31, 2014	As at March 31, 2013
Deposit with banks and others with maturity period more than 12 months *(Above Deposits are pledged with government authorities)*	**2.45**	1.55
Total Other non-current assets	**2.45**	1.55
15 CURRENT INVESTMENT		
(Lower of cost and fair value)		
Investment in Liquid Mutual Funds (Unquoted)		
Liquid Funds	**20,269.95**	12,683.04
Total Current Investments	**20,269.95**	12,683.04
Additional Details:		
Aggregate value of Unquoted Investments	**20,269.95**	12,683.04
16 INVENTORIES		
(At lower of cost and net realisable value)		
(a) Raw materials	**3,687.76**	3,569.21
(b) Finished goods	**1,275.25**	1,106.16
(c) Stores and spares	**1,222.41**	1,188.39
Total Inventories	**6,185.42**	5,863.76
17 TRADE RECEIVABLES		
(Unsecured, considered good)		
Trade receivable outstanding for a period exceeding six months from the date they were due for payment	**1.21**	-
Others	**2,606.24**	2,035.84
Total Trade Receivables	**2,607.45**	2,035.84
18 CASH AND BANK BALANCES		
(A) Cash and cash equivalent		
(a) Cash on hand	**0.90**	1.77
(b) Balances with banks		
(1) In current accounts[1]	**202.32**	616.44
(2) In deposit accounts[2]	**1,815.00**	1,500.00
Total Cash and cash equivalent	**2,018.22**	2,118.21
(B) Other bank balances		
Fixed deposit with banks[3]	**24,911.76**	21,330.00
Total Cash and bank balances	**26,929.98**	23,448.21
1 Includes earmarked balances in unpaid dividend accounts	**154.35**	138.34
2 Represents deposits having original maturity of three months or less		

3 Represents deposits having original maturity of more than three months but maturing within twelve months from the Balance Sheet date

Rs. In lacs

19 OTHER CURRENT ASSETS	As at March 31, 2014	As at March 31, 2013
(Unsecured, considered good)		
Interest accrued on deposits, loans and advances	**625.62**	455.99
Total Other current assets	**625.62**	455.99

20 REVENUE FROM OPERATIONS	Year ended March 31, 2014	Year ended March 31, 2013
(a) Sale of sponge iron	**79,206.74**	82,886.46
(b) Sale of power	**4,499.41**	2,927.57
(c) Other operating income	**1,950.02**	1,881.05
Gross Revenue from Operations	**85,656.17**	87,695.08
Other operating income comprises		
(a) Sale of iron ore fines, coal fines and char etc.	**1,950.02**	1,881.05
Total other operating income	**1,950.02**	1,881.05
21 OTHER INCOME		
(a) Interest income		
Interest received on term deposits, customers' balances etc.	**2,329.55**	2,156.14
(b) Dividend income		
(1) From non-current investments	**76.00**	118.40
(2) From current investments	**915.16**	706.61
(c) Net gain on sale of current investment	**3.45**	-
(d) Other non operating Income	**217.81**	175.20
Total Other Income	**3,541.97**	3,156.35
22 COST OF MATERIALS CONSUMED		
Opening stock	**3,569.21**	6,786.71
Add: Purchases	**54,824.49**	56,360.78
	58,393.70	63,147.49
Less: Closing stock	**3,687.76**	3,569.21
Total Cost of materials consumed	**54,705.94**	59,578.28
Cost of materials consumed comprises		
(a) Iron Ore	**28,058.05**	30,389.21
(b) Coal	**26,331.16**	28,958.22
(c) Dolomite	**316.73**	230.85
Total Cost of materials consumed	**54,705.94**	59,578.28
23 CHANGES IN INVENTORIES OF FINISHED GOODS		
Stock at the beginning of the year		
Finished goods	**1,106.16**	888.83
	1,106.16	888.83
Stock at the end of the year		
Finished goods	**1,275.25**	1,106.16
	1,275.25	1,106.16
Net (increase) / decrease in finished goods	**(169.09)**	(217.33)

24 EMPLOYEE BENEFITS EXPENSE

		Year ended March 31, 2014	Rs. In lacs Year ended March 31, 2013
(a)	Salaries and wages, including bonus	**2,260.58**	2,373.96
(b)	Contribution to provident and other funds [Refer 38(a)]	**220.44**	205.94
(c)	Gratuity [Refer note 38(b)(i)]	**(3.05)**	121.60
(d)	Staff welfare expenses	**205.59**	191.50
	Total Employee benefits expense	**2,683.56**	2,893.00

25 FINANCE COST

(a)	Interest expense		
	(i) Interest on Others	**1,322.29**	790.98
	Total Finance costs	**1,322.29**	790.98

26 DEPRECIATION AND AMORTISATION EXPENSE

(a)	Depreciation on tangible assets [Refer Note 10]	**1,768.70**	1,770.17
(b)	Amortisation of intangible assets [Refer Note 11]	**6.63**	17.80
	Total Depreciation and amortisation expense	**1,775.33**	1,787.97

27 OTHER EXPENSES

(a)	Consumption of stores and spare parts	**248.60**	223.98
(b)	Fuel oil consumed	**72.97**	84.07
(c)	Purchase of power	**11.15**	9.71
(d)	Rent	**73.04**	105.93
(e)	Repairs to buildings	**301.15**	328.08
(f)	Repairs to machinery	**1,705.69**	1,592.73
(g)	Insurance	**39.48**	30.52
(h)	Rates and taxes	**326.55**	115.70
(i)	Freight and handling charges	**507.93**	469.10
(j)	Commission, discounts and rebates	**49.44**	56.59
(k)	Provision for wealth tax	**2.15**	3.02
(l)	Packing and forwarding	**586.29**	520.13
(m)	Excise duty on change in finished goods [Refer note 28]	**46.50**	(10.63)
(n)	Other expenses		
	(1) Net loss / (gain) on foreign currency transactions	**(150.45)**	19.60
	(2) VAT, Entry Tax and Excise Duty Demand	**497.58**	1.68
	(3) Premium on Foreign currency forwards	**-**	106.62
	(4) Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors - statutory audit	**18.50**	18.25
	(ii) For other services	**1.25**	1.25
	(iii) Auditors out-of-pocket expenses	**0.25**	0.39
	(5) Cost audit fees	**1.00**	1.00
	(6) Legal and other professional costs	**333.69**	276.98
	(7) Advertisement, promotion and selling expenses	**33.72**	23.21
	(8) Travelling expenses	**83.13**	64.76
	(9) Loss on sale of assets	**0.96**	1.41
	(10) Other general expenses	**1,676.08**	1,264.88
	Total Other expenses	**6,466.65**	5,308.96

28 EXCISE DUTY ON CHANGE IN FINISHED GOODS

	Year ended March 31, 2014	Rs. In lacs Year ended March 31, 2013
Excise duty on opening stock of finished goods	**135.06**	145.69
Excise duty on closing stock of finished goods	**181.56**	135.06
Total Excise duty on change in finished goods	**46.50**	(10.63)

29 EARNINGS PER SHARE

Net Profit for the year (Rs. In lacs)	**10,117.57**	8,543.13
Weighted average number of equity shares (Nos)	**15,400,000**	15,400,000
Face value per equity share (Rs.)	**10**	10
Basic and diluted earnings per share (Rs.)	**65.69**	55.47

30 CONTINGENT LIABILITIES

	Contingent liabilities not provided for		
(a)	Income tax	**507.05**	230.44
(b)	Sales Tax/Odisha Value Added Tax	**1,001.96**	1,001.96
(c)	Central excise duty	**684.40**	703.17
(d)	Odisha Entry tax	**2,579.93**	-
(e)	Demand from SECL	**152.13**	162.61
(f)	Demand from Ministry of Coal against Radhikapur coal block	**3,250.00**	3,250.00

31 (a) The Company has received a notice dated November 23, 2012 from the Ministry of Coal ("MoC") for encashment of bank guarantee ("BG") of Rs. 3,250 lacs on the ground that there was a delay in mining at the Radhikapur East coal block allotted to the Company along with two other companies. The Company contends that the delay is mainly attributable to both Central and State Government in granting permissions/ approvals for various critical milestones. The Company has moved to the Hon'ble High Court of Delhi against invocation and encashmentof Bank Guarantee by the MoC and the hearing is in process. Pending disposal by the Hon'ble High Court of Delhi and based on legal opinion obtained by the Company, the amount has been disclosed as contingent liability in the financial statements for the year ended March 31, 2014.

(b) The Company earlier applied to the MoC for revision of the zero/normative date of production vide its application dated April 30, 2012. The MoC has rejected the application vide its letter dated February 11, 2014. The Company will initiate legal proceedings against the MoC's decision.

(c) The Company has received another notice dated February 17, 2014 citing deallocation of the Coal Block on the ground that the Company could not obtain environmental clearance , stage I forest clearance and there has been delay in coal mining. However MoC has further stated that action is put on hold in view of the interim order of the Hon'ble Delhi High Court dated February 12, 2014. The Company contends that the grounds for de-allocation stated by the MoC are also part of notice dated November 23, 2012 which is challenged by the Company and the matter is pending disposal by the Hon'ble High Court. The Company has again moved to the Hon'ble High Court of Delhi against de-allocation of the block and obtained a status quo order from the Court. Pending disposal of the Company's case before the Hon'ble High Court of Delhi and based on legal opinion obtained by the Company, no provisions have been considered necessary for its exposure in the Coal Block.

The Company's carrying value in the Radhikapur East coal block as at March 31, 2014, is Rs. 18,150 lacs.

32 Estimated amounts of contracts remaining to be executed on capital account and not provided for : **Rs. 894.85 lacs** (As at March 31, 2013: Rs. 752.32 lacs) [Net of advances **Rs. 7.26 lacs** (As at March 31, 2013 Rs.1.07 lacs)].

33 SALES TAX

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

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

(b) As per Industrial Policy Resolution 1992 of Government of Orissa, the Company has to pay a minimum sales tax of Rs. 252.56 lacs before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The

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

34 RELATED PARTY TRANSACTION

(a) List of Related Parties and relationship

Name of the Related Party	Relationship
(i) Tata Steel Limited	Holding Company w.e.f. August 28, 2012
(ii) TSIL Energy Limited	Wholly owned Subsidiary w.e.f November 20, 2012
(iii) TM International Logistics Limited	Fellow Subsidiary w.e.f August 28, 2012
(iv) Tata Metaliks Limited	Fellow Subsidiary w.e.f August 28, 2012
(v) Kalimati Investments Company Limited	Fellow Subsidiary w.e.f August 28, 2012
(vi) Jamshedpur Utilities & Services Company Limited	Fellow Subsidiary w.e.f August 28, 2012
(vii) Tayo Rolls Limited	Fellow Subsidiary w.e.f August 28, 2012
(viii) The Tinplate Company of India Limited	Fellow Subsidiary w.e.f August 28, 2012
(ix) Mr. D P Deshpande, Managing Director#	Key Management Personnel
(x) Mr. Suresh Thawani, Managing Director#	Key Management Personnel

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

(b) Related party transactions

Name of the related party	Nature of transactions	Year ended March 31, 2014 Amount (Rs. In lacs)	Year ended March 31, 2013 Amount (Rs. In lacs)
Tata Steel Limited [1]	Purchase of goods	**24,963.67**	27,501.37
	Services received	**31.54**	28.84
	Sale of power	**4,183.96**	-
	Dividend Paid	**628.32**	489.60
	Services rendered	**0.68**	18.58
Kalimati Investments Company Limited	Dividend Paid	**43.16**	NA
TM International Logistics Limited [2]	Services received	**2,326.09**	1,091.94
Tata Metaliks Limited	Sale of goods	**386.42**	NA
	Purchase of fixed assets	**23.40**	NA
	Services received	**2.72**	NA
Jamshedpur Utilities & Services Company Limited	Services received	**1.24**	NA
Tayo Rolls Limited	Sale of goods	**20.55**	NA
The Tinplate Company of India Limited [2]	Services received	**0.51**	0.14
TSIL Energy Limited	Investment in equity shares	**100.00**	6.01
Mr. D P Deshpande	Remuneration	**121.70**	NA
Mr. Suresh Thawani	Remuneration	NA	111.31
Name of the related party	**Nature of Balances**	**As at March 31, 2014 Amount (Rs. In lacs)**	As at March 31, 2013 Amount (Rs. In lacs)
Tata Steel Limited	Amounts payable	**2,451.54**	2,429.63
	Amounts receivable	**512.87**	1.21
Tayo Rolls Limited	Amounts receivable	**12.59**	NA
The Tinplate Company of India Limited	Amounts payable	**-**	0.01
TM International Logistics Limited	Amounts receivable	**13.08**	0.59
TSIL Energy Limited	Amounts receivable	**-**	6.39

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

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

Note 2: Transactions reported above are from the date the Company became subsidiary of Tata Steel Limited i.e., August 28, 2012

35 CIF VALUE OF IMPORTS

Rs. In lacs

	Year ended March 31, 2014	Year ended March 31, 2013
(a) Raw Materials	**12,685.88**	10,574.46
(b) Components, Stores and Spares	**17.91**	20.46

36 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

	Year ended March 31, 2014	Year ended March 31, 2013
(a) Others	**4.91**	-

37 CONSUMPTION OF IMPORTED AND INDEGENOUS MATERIALS

	Year ended March 31, 2014 %	Year ended March 31, 2014 Amount (Rs. In lacs)	Year ended March 31, 2013 %	Year ended March 31, 2013 Amount (Rs. In lacs)
(a) Raw Materials consumed				
- Indigenous	**71.20%**	**38,952.52**	72.27%	43,055.72
- Imported	**28.80%**	**15,753.42**	27.73%	16,522.56
	100.00%	**54,705.94**	100.00%	59,578.28
(b) Stores and Spare parts				
- Indigenous	**99.25%**	**912.21**	97.80%	805.34
- Imported	**0.75%**	**6.87**	2.20%	18.09
	100.00%	**919.08**	100.00%	823.43
Less: Charged to repairs to building and plant and machinery		**738.32**		599.45
		180.76		223.98

38 EMPLOYEE BENEFITS

(a) Defined Contribution Plans

The Company has recognised, in the Statement of Profit and Loss for the year ended March 31, 2014, an amount of **Rs. 220.44 lacs** (March 31, 2013: Rs. 205.95 lacs) as expenses under the following defined contribution plans.

Rs. In lacs

Benefits (Contributions to)	Year ended March 31, 2014	Year ended March 31, 2013
(i) Contribution to Provident fund	**144.69**	134.79
(ii) Contribution to Superannuation fund	**75.75**	71.16
	220.44	205.95

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

The Company operates post retirement defined benefit plans and other long term employee benefits as follows:

A. 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]

B. Other long term employee benefits

Compensated absences [Funded]

(i) **Details of the Funded Gratuity and Compensated absences are as follows**

Description	2013-14 Gratuity Amount (Rs. In lacs)	2013-14 Compensated absences Amount (Rs. In lacs)	2012-13 Gratuity Amount (Rs. In lacs)	2012-13 Compensated absences Amount (Rs. In lacs)
1. Reconciliation of opening and closing balances of obligation				
a. Obligation at the beginning of the year	**1,019.49**	**378.90**	854.54	320.27
b. Current service cost	**59.31**	**47.92**	50.60	46.78
c. Interest cost	**79.17**	**28.46**	70.17	25.77
d. Acquisition adjustment	**-**	**-**	-	-
e. Actuarial (gain)/loss	**(44.20)**	**(39.25)**	82.52	13.17
f. Benefits paid	**(59.86)**	**(46.26)**	(38.34)	(27.09)
g. Obligation at the end of the year	**1,053.91**	**369.77**	1,019.49	378.90
2. Change in fair value of plan assets				
a. Fair value of plan assets at the beginning of the year	**1,019.49**	**444.89**	888.25	402.92
b. Acquisition adjustment	**-**	**-**	-	-
c. Expected return on plan assets	**94.76**	**41.82**	81.69	37.88
d. Actuarial gain/(loss)	**2.57**	**5.48**	-	4.09
e. Contributions made by the company	**37.02**	**46.26**	87.89	27.09
f. Benefits paid	**(59.86)**	**(46.26)**	(38.34)	(27.09)
g. Fair value of plan assets at the end of the year	**1,093.98**	**492.19**	1,019.49	444.89
3. Reconciliation of fair value of plan assets and obligations				
a. Present value of obligation at the end of the year	**1,053.91**	**369.77**	1,019.49	378.90
b. Fair value of plan assets at the end of the year	**(1,093.98)**	**(492.19)**	(1,019.49)	(444.89)
c. Amount recognised in the balance sheet (Assets)/ Liability	**(40.07)**	**(122.42)**	-	(65.99)
4. Expenses recognised during the year				
a. Current service cost	**59.31**	**47.92**	50.60	46.78
b. Interest cost	**79.17**	**28.46**	70.17	25.77
c. Expected return on plan assets	**(94.76)**	**(41.82)**	(81.69)	(37.88)
d. Actuarial (gains)/loss	**(46.77)**	**(44.73)**	82.52	9.08
e. Expenses recognised during the year	**(3.05)**	**(10.17)**	121.60	43.75
5. Investment details				
a. Others (Funds with Life Insurance Corporation of India)	**1,093.98**	**492.19**	1,019.49	444.89
6. Assumptions				
a. Discount rate (per annum)	**9.00%**	**9.00%**	8.00%	8.00%
b. Estimated rate of return on plan assets (per annum)	**9.40%**	**9.40%**	9.40%	9.40%
c. Rate of escalation in salary*	**8.00%**	**8.00%**	8.00%	8.00%

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

7. Experience adjustments

	2013-14	**2012-13**	**2011-12**	**2010-11**	**2009-10**
Gratuity					
a. Present value of obligation as at the end of the year	**1,053.91**	1,019.49	854.54	814.14	738.12
b. Fair value of plan assets as at the end of the year	**(1,093.98)**	(1,019.49)	(888.25)	(853.71)	(731.05)
c. (Surplus)/Deficit in the plan	**(40.07)**	-	(33.71)	(39.57)	7.07
d. Experience adjustments on plan liabilities (loss/(gains))	**29.12**	53.42	4.40	25.94	95.33
e. Experience adjustments on plan assets ((loss)/gain)	**2.57**	-	-	4.59	16.29
Compensated absences					
a. Present value of obligation as at the end of the year	**369.77**	378.90	320.27	279.25	235.89
b. Fair value of plan assets as at the end of the year	**(492.19)**	(444.89)	(402.92)	(209.41)	(193.71)
c. (Surplus)/Deficit in the plan	**(122.42)**	(65.99)	(82.65)	69.84	42.18
d. Experience adjustments on plan liabilities [loss/(gains)]	**(8.90)**	1.43	20.81	29.84	(1.27)
e. Experience adjustments on plan assets [(loss)/gain]	**(5.49)**	4.09	-	(2.51)	0.84

(ii) **Details of the Unfunded Post Retirement Pension and Post Retirement Medical Benefit (PRMB) are as follows**

Description	2013-14 Pension Amount (Rs. In lacs)	2013-14 PRMB Amount (Rs. In lacs)	2012-13 Pension Amount (Rs. In lacs)	2012-13 PRMB Amount (Rs. In lacs)
1. Reconciliation of opening and closing balances of obligation				
a. Obligation at the beginning of the year	**498.24**	**55.60**	202.33	32.47
b. Current service cost	**-**	**-**	-	-
c. Interest cost	**38.22**	**4.41**	16.13	2.70
d. Actuarial (gain)/loss	**(32.79)**	**(8.03)**	300.46	21.00
e. Benefits paid	**(40.87)**	**(1.12)**	(20.68)	(0.57)
f. Obligation at the end of the year	**462.80**	**50.86**	498.24	55.60
2. Change in fair value of plan assets				
a. Fair value of plan assets at the beginning of the year	**-**	**-**	-	-
b. Expected return on plan assets	**-**	**-**	-	-
c. Actuarial gain/(loss)	**-**	**-**	-	-
d. Contributions by the company	**40.87**	**1.12**	20.68	0.57
e. Benefits paid	**(40.87)**	**(1.12)**	(20.68)	(0.57)
f. Fair value of plan assets at the end of the year	**-**	**-**	-	-
3. Reconciliation of fair value of plan assets and obligations				
a. Present value of obligation at the end of the year	**462.80**	**50.86**	498.24	55.60
b. Fair value of plan assets at end of the year	**-**	**-**	-	-
c. Amount recognised in the balance sheet	**462.80**	**50.86**	498.24	55.60
4. Expenses recognised during the year				
a Current service cost	**-**	**-**	-	-
b Interest cost	**38.22**	**4.41**	16.13	2.70
c Expected return on plan assets	**-**	**-**	-	-
d Actuarial (gains)/loss	**(32.79)**	**(8.03)**	300.46	21.00
e Expenses recognised during the year	**5.43**	**(3.62)**	316.59	23.70

Description	2013-14		2012-13	
	Pension	**PRMB**	Pension	PRMB
	Amount (Rs. In lacs)	**Amount (Rs. In lacs)**	Amount (Rs. In lacs)	Amount (Rs. In lacs)
5. Assumptions				
a. Discount rate (per annum)	**9.00%**	**9.00%**	8.00%	8.00%
b. Estimated rate of return on plan assets (per annum)	**NA**	**NA**	NA	NA
c. Rate of escalation in pension	**4.00%**	**NA**	4.00%	NA
d. Medical cost - % of annual entitlement utilised	**NA**	**20.00%**	NA	20.00%

6. Experience adjustments

	2013-14	2012-13	2011-12	2010-11	2009-10
Pension					
a. Present value of obligation as at the end of the year	**462.80**	498.24	202.33	215.68	244.30
b. Fair value of plan assets as at the end of the year	**-**	-	-	-	-
c. (Surplus)/Deficit in the plan	**462.80**	498.24	202.33	215.68	244.30
d. Experience adjustments on plan liabilities (loss/(gains))	**8.16**	283.10	(3.74)	(27.48)	55.98
e. Experience adjustments on plan assets ((loss)/gain)	**-**	-	-	-	-
Post Retirement Medical Benefit					
a. Present value of obligation as at the end of the year	**50.86**	55.60	32.47	34.09	40.80
b. Fair value of plan assets as at the end of the year	**-**	-	-	-	-
c. (Surplus)/Deficit in the plan	**50.86**	55.60	32.47	34.09	40.80
d. Experience adjustments on plan liabilities (loss/(gains))	**(4.25)**	19.38	(2.38)	(6.92)	(1.84)
e. Experience adjustments on plan assets ((loss)/gain)	**-**	-	-	-	-

39 Segment Reporting

(a) The Company has identified sale of power as separate business segment other than sale of sponge iron from the current year considering the requirements under Accounting Standard - 17 on "Segment Reporting" as notified under Companies (Accounting Standards) Rules, 2006 and accordingly the disclosures have been made. Further, as the Company's products are sold primarily in India there is no reportable secondary segment i.e. Geographical Segment. As sale of power has become reportable from the current year comparatives are not applicable.

(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)**

Particulars	Sponge Iron	Power	Unallocable	Eliminations	Total
Segment Revenue					
External Sales	73,722.82	4,499.41	-	-	**78,222.23**
Inter Segment Sales	-	1,279.08	-	(1,279.08)	**-**
	73,722.82	**79,501.31**	**-**	**(1,279.08)**	78,222.23
Segment results before finance cost and tax expense	10,526.62	3,039.97	2,735.22	-	**16,301.81**
Less: Finance Cost					**1,322.29**
Profit before tax					**14,979.52**
Less: Tax expense					**4,861.95**
Profit after tax					**10,117.57**
Segment Assets	21,200.62	4,943.03	66,788.30	-	**92,931.95**
Segment Liabilities	12,221.13	1,865.45	6,582.88	-	**20,669.46**
Capital Expenditure (including capital work in progress and capital advances)	155.98	-	677.48	-	**833.46**
Depreciation and Amortisation	1,092.52	667.59	15.22	-	**1,775.33**
Non cash expenditure other than depreciation	63.86	4.68		-	**68.54**

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 Disclosure as required under AS 29

Provision for interest on Income tax has been recognised in the financial statements considering the following:

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

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

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

(Rs. in lacs)

Particulars	**As at March 31, 2014**	As at March 31, 2013
Carrying amount as at beginning of the year	741.26	173.56
Provision made during the year	298.73	567.70
Amount paid during the year	Nil	Nil
Unused amount reversed during the year	Nil	Nil
Carrying amount as at the end of the year	1039.99	741.26
Nature of obligation	Interest on Income Tax	
Expected timing of resultant outflow	On decision by competent authority	
Indication of uncertainty about those outflows	The above matters are under dispute with authorities	
Major assumptions concerning future events	The matter is with higher authorities for adjudication. On the grounds of prudence provision is made.	
Amount of any expected reimbursement, i.e.., amount of any asset that has been recognised for that expected reimbursement	Nil	Nil

42 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 S Dhanjal - Company Secretary

Jamshedpur, 28th April 2014

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF TATA SPONGE IRON LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TATA SPONGE IRON LIMITED** (the "Company") and its subsidiary (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;

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

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

Emphasis of Matter

We draw attention to Note no 31 to the financial statements on the notices served by the Ministry of Coal relating to invocation and encashment of the bank guarantee amounting to Rs. 3,250 lac and deallocation of the Radhikapur East coal block showing reasons of delay in mining of the coal block by the company . The company has filed separate appeals before the Hon'ble High Court of Delhi. Pending outcome of the appeals, the Company has not made any adjustments in the financial statements for the year.

Our opinion is not qualified in respect of the above.

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

Abhijit Bandyopadhyay
Partner
(Membership No.054785)

JAMSHEDPUR, April 28, 2014

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH 2014

	Notes	As at March 31, 2014	As at March 31, 2013
			Rs. In lacs
(I) EQUITY AND LIABILITIES			
(1) SHAREHOLDERS FUND			
(a) Share capital	3	**1,540.00**	1,540.00
(b) Reserves and surplus	4	**70,717.54**	62,399.50
		72,257.54	63,939.50
(2) NON-CURRENT LIABILITIES			
(a) Deferred tax liabilities (net)	5	**2,181.37**	2,980.42
(b) Other Long-term liabilities	6	**-**	1.49
(c) Long-term provisions	7	**466.07**	544.90
		2,647.44	3,526.81
(3) CURRENT LIABILITIES			
(a) Trade payables	8	**5,405.33**	5,071.41
(b) Other current liabilities	9	**6,688.32**	3,681.80
(c) Short-term provisions	7	**5,929.21**	5,257.69
		18,022.86	14,010.90
TOTAL EQUITY AND LIABILITIES		**92,927.84**	81,477.21
(II) ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	10	**15,023.83**	16,151.39
(ii) Intangible assets	11	**6.07**	12.70
(iii) Capital work-in-progress		**1,624.95**	1,564.59
		16,654.85	17,728.68
(b) Non-current investments	12	**80.00**	80.00
(c) Long-term loans and advances	13	**17,808.75**	17,082.09
(d) Other non-current assets	14	**2.45**	1.55
		34,546.05	34,892.32
(2) CURRENT ASSETS			
(a) Current investments	15	**20,369.12**	12,683.04
(b) Inventories	16	**6,185.42**	5,863.76
(c) Trade receivables	17	**2,607.45**	2,035.84
(d) Cash and bank balances	18	**26,932.71**	23,454.22
(e) Short-term loans and advances	13	**1,661.47**	2,092.04
(f) Other current assets	19	**625.62**	455.99
		58,381.79	46,584.89
TOTAL ASSETS		**92,927.84**	81,477.21

See accompanying notes forming an integral part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Abhijit Bandyopadhyay
Partner
Jamshedpur, 28th April 2014

For and on behalf of the Board of Directors
A. M. Misra - *Chairman*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 28th April 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2014

Rs. In lacs

		Notes	Year Ended March 31, 2014	Year Ended March 31, 2013
I	**REVENUE FROM OPERATIONS (GROSS)**	20	**85,656.17**	87,695.08
	Less:Excise Duty		**7,433.94**	8,119.12
II	**REVENUE FROM OPERATIONS (NET)**		**78,222.23**	79,575.96
III	**OTHER INCOME**	21	**3,545.14**	3,156.35
IV	**TOTAL REVENUE (II + III)**		**81,767.37**	82,732.31
V	**EXPENSES**			
	(a) Cost of materials consumed	22	**54,705.94**	59,578.28
	(b) Changes in inventories of finished goods	23	**(169.09)**	(217.33)
	(c) Employee benefits expense	24	**2,683.56**	2,893.00
	(d) Finance costs	25	**1,322.29**	790.98
	(e) Depreciation and amortisation expense	26	**1,775.33**	1,787.97
	(f) Other expenses	27	**6,467.63**	5,316.10
	TOTAL EXPENSES		**66,785.66**	70,149.00
VI	**PROFIT BEFORE TAX (IV-V)**		**14,981.71**	12,583.31
VII	**TAX EXPENSES**			
	(1) Current tax			
	(i) Current tax		**5,661.00**	4,432.00
	(ii) Current tax relating to previous years		**-**	(89.27)
	(2) Deferred tax	5	**(799.05)**	(295.41)
	TOTAL TAX EXPENSE		**4,861.95**	4,047.32
VIII	**PROFIT AFTER TAX FOR THE YEAR (VI - VII)**		**10,119.76**	8,535.99
IX	**EARNING PER EQUITY SHARE (Rupees)**			
	Basic and Diluted Earning Per Share [Face value Rs. 10 each]	29	**65.71**	55.43

See accompanying notes forming an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Abhijit Bandyopadhyay
Partner
Jamshedpur, 28th April 2014

For and on behalf of the Board of Directors

A. M. Misra - *Chairman*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 28th April 2014

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2014

Rs. In lacs

		Year ended March 31, 2014	Year ended March 31, 2013
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before taxes	**14,981.71**	12,583.31
	Adjustments for:		
	Depreciation and amortisation expense	**1,775.33**	1,787.97
	Dividends from investments	**(994.33)**	(825.01)
	Net (gain) / loss on sale of investments	**(3.45)**	-
	Loss on sale of assets (net of discarded assets written off)	**0.96**	1.41
	Interest income	**(2,329.55)**	(2,156.14)
	Finance costs	**1,322.29**	790.98
	Liabilities / provisions no longer required written back	**(39.19)**	(8.35)
	Amortisation of forward premium	**-**	106.62
	Provisions for obsolescence of stores inventory	**68.54**	62.00
	Provision for wealth tax	**2.15**	3.02
	Operating profit before working capital changes	**14,784.46**	12,345.81
	Changes in Working Capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	**(390.20)**	2,948.23
	Trade receivables	**(571.61)**	715.81
	Short term loans and advances	**430.57**	(1,119.27)
	Long term loans and advances	**(100.76)**	34.75
	Other non current assets	**(0.90)**	0.20
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	**333.92**	435.55
	Other current liabilities	**1,966.00**	718.82
	Other long-term liabilities	**(1.49)**	1.49
	Short-term provisions	**(520.54)**	98.99
	Long-term provisions	**(78.83)**	297.55
	Cash generated from operations	**15,850.62**	16,477.93
	Direct taxes paid	**(5,798.52)**	(5,283.80)
	Net cash from operating activities	**10,052.10**	11,194.13
B.	**CASH FLOW FROM INVESTNG ACTIVITIES**		
	Capital Expenditure on fixed assets including capital advances	**(829.02)**	(1,262.93)
	Proceeds from sale of fixed assets	**3.27**	0.46
	Purchase of current investments	**(39,220.98)**	(54,050.01)
	Proceeds from sale of current investments	**32,456.68**	44,511.02
	Bank balances not considered as cash and cash equivalents	**(3,581.76)**	(464.99)
	Interest received from banks and others	**2,159.92**	2,198.48
	Dividend received from investments	**76.00**	118.40
	Net cash utilised in investing activities	**(8,935.89)**	(8,949.57)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from short term borrowings	**-**	3,314.19
	Repayment of borrowings	**-**	(3,314.19)
	Finance cost paid	**(3.49)**	(100.10)
	Dividend paid	**(1,215.99)**	(1,220.78)
	Net cash utilised in financing activities	**(1,219.48)**	(1,320.88)
	Net increase or decrease in cash and cash equivalents	**(103.27)**	923.68
	Cash and cash equivalents as at April 1 [1]	**2,124.22**	1,200.54
	Cash and cash equivalents as at March 31 [1]	**2,020.95**	2,124.22

Notes:
1. Includes cash and drafts on hand, balance in current and deposit accounts with banks having original maturity of three months or less, out of which restricted balance is **Rs.154.35 lacs** (March 31, 2013 : Rs. 138.34 lacs).
2. Excludes purchases made out of re investment of dividends **Rs.918.33 lacs** (March 31, 2013: Rs. 706.61 lacs).
3. Figures in brackets represent outflows.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Abhijit Bandyopadhyay
Partner
Jamshedpur, 28th April 2014

For and on behalf of the Board of Directors
A. M. Misra - *Chairman*
D. P. Deshpande - *Managing Director*
S. S. Dhanjal - *Company Secretary*
Jamshedpur, 28th April 2014

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

01 PRINCIPLES OF CONSOLIDATION

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 company have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits and losses as per Accounting Standards 21 (AS 21) Consolidated Financial Statements as under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).

(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, 2014.

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

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

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

Name of the Subsidiary	:	**TSIL Energy Limited**
Country of incorporation	:	**India**
Percentage of ownership interest as at March 31, 2014	:	**100.00%**

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 notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 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 ended March 31, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of 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.

(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

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

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

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

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

(g) Revenue Recognition

(i) **Sale of goods**

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

(ii) **Sale of power**

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

(iii) **Dividend and Interest income**

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

(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.

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

(l) 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**

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

Rs. In lacs

	As at March 31, 2014	As at March 31, 2013
Authorised:		
- **25,000,000** Equity Shares of Rs. 10 each *(As at March 31, 2013: 25,000,000 Equity Shares of Rs. 10 each)*	**2,500.00**	2,500.00
	2,500.00	2,500.00
Issued, Subscribed and Fully Paid up :		
- **15,400,000** Equity Shares of Rs. 10 each *(As at March 31, 2013: 15,400,000 Equity Shares of Rs. 10 each)*	**1,540.00**	1,540.00
	1,540.00	1,540.00

04 RESERVES AND SURPLUS

Rs. In lacs

	Capital Reserve	General Reserve	Surplus in Statement of Profit and Loss	Total
As at March 31, 2014				
Balance at the beginning of the year	**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)**	**-**
Balance at the end of the year	**35.00**	**68,880.00**	**1,802.54**	**70,717.54**
As at March 31, 2013				
Balance at the beginning of the year	35.00	53,800.00	1,469.89	55,304.89
Profit for the year	-	-	8,535.99	8,535.99
Dividends proposed to be distributed to equity shareholders (Rs. 8/- per share)	-	-	(1,232.00)	(1,232.00)
Tax on Dividend	-	-	(209.38)	(209.38)
Transfer to General Reserve	-	7,100.00	(7,100.00)	-
Balance at the end of the year	35.00	60,900.00	1,464.50	62,399.50

The Board of Directors has recommended a dividend of Rs. 10 per Equity Share (2012-13 Rs. 8 per Equity Share) for the year ended March 31, 2014. 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. 1,801.72 lacs (2012-13: Rs. 1,441.38 lacs) for the Company.

05 DEFERRED TAX LIABILITIES (NET)

Rs. In lacs

	Deferred tax liability/ (Asset) as at April 01, 2013	Current Year Charge/ (Credit) in the Statement of Profit and Loss	Deferred tax liability/ (Asset) as at March 31, 2014
Deferred tax liabilities			
(i) Difference between book and tax depreciation	4,069.49	**(376.21)**	**3,693.28**
	4,069.49	**(376.21)**	**3,693.28**
Deferred tax assets			
(i) Provision for Leave salary	(108.54)	**19.18**	**(89.36)**
(ii) Others	(980.53)	**(442.02)**	**(1,422.55)**
	(1,089.07)	**(422.84)**	**(1,511.91)**
Deferred tax liabilities (net)	2,980.42	**(799.05)**	**2,181.37**

06 OTHER LONG TERM LIABILITIES

Rs. In lacs

	As at March 31, 2014	As at March 31, 2013
Creditors for supplies / services	**-**	1.49
Total Other long term liabilities	**-**	1.49

07 PROVISIONS

Rs. In lacs

	As at March 31, 2014		As at March 31, 2013	
	Long-term	Short-term	Long-term	Short-term
(a) Provision for employee benefits				
(1) Post-employment defined benefits				
(i) Pension obligations [Refer note 35(b)(ii)]	**420.96**	**41.84**	458.13	40.11
(ii) Post retirement medical benefits [Refer note 35(b)(ii)]	**45.11**	**5.75**	49.71	5.89
(2) Other employee benefits				
Provident fund liability	**-**	**-**	37.06	-
(b) Provision for tax (net of advance tax of Rs. **lacs** [As at *March 31, 2013 Rs. 22749.27 lacs*]	**-**	**3,039.91**	-	2,467.73
(c) Proposed dividends	**-**	**1,540.00**	-	1,232.00
(d) Provision for tax on dividend		**261.72**		209.38
(e) Other provisions				
Entry tax and interest on income tax	**-**	**1,039.99**	-	1,302.58
Total Provisions	**466.07**	**5,929.21**	544.90	5,257.69

08 TRADE PAYABLES

	As at March 31, 2014	As at March 31, 2013
(a) Creditors for supplies / services	**4,676.10**	4,502.45
(b) Creditors for accrued wages and salaries	**729.23**	568.96
Total Trade payables	**5,405.33**	5,071.41

09 OTHER CURRENT LIABILITIES

(a) Unpaid dividends	**154.35**	138.34
(b) Advances received from customers	**1,730.08**	691.39
(c) Creditors for capital supplies / services	**163.99**	159.55
(d) Other payables		
(1) Employee recoveries and employer contributions	**49.67**	39.90
(2) Statutory Dues (Excise duty, service tax, sales tax, TDS, etc.)	**4,550.11**	2,618.64
(3) Other credit balances	**40.12**	33.98
Total Other current liabilities	**6,688.32**	3,681.80

10 TANGIBLE ASSETS

Rs. in Lacs

Description	Freehold Land	Leasehold Land	Land Develop-ment	Freehold Buildings	Plant and Machinery Owned Assets	Plant and machinery leased assets #	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets #	Railway Sidings	Total Tangible Assets
Gross Block as at April 1,2013	122.32	3.02	39.86	3,824.24	30,523.91	626.26	267.95	42.72	266.60	11.74	363.86	36,092.48
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
Gross Block as at March 31,2014	229.42	3.02	39.86	4,210.43	30,619.86	-	267.51	44.01	276.13	0.00	363.86	36,054.10
Accumulated Depreciation as at April 1, 2013	-	0.96	12.77	1,029.26	17,469.55	626.26	239.28	15.27	172.14	11.74	363.86	19,941.09
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 off/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	0.00	363.86	21,030.27
Net book value as at April 1,2013	122.32	2.06	27.09	2,794.98	13,054.36	-	28.67	27.45	94.46	-	-	16,151.39
Net book value as at March 31,2014	229.42	2.03	26.65	3,090.01	11,526.59	-	23.16	27.79	98.18	-	-	15,023.83

Description	Freehold Land	Leasehold Land	Land Develop-ment	Freehold Buildings	Plant and Machinery Owned Assets	Plant and machinery leased assets #	Furniture and fixtures	Office Equip-ments	Vehicles owned assets	Vehicles leased assets #	Railway Sidings	Total Tangible Assets
Gross Block as at April 1,2012	122.32	3.02	39.86	3,650.70	30,220.98	661.79	256.67	34.42	219.02	17.94	363.86	35,590.58
Additions during the year	-	-	-	173.54	339.84	-	11.28	8.37	47.81	-	-	580.84
Assets disposed / written off during the year	-	-	-	-	36.91	35.53	-	0.07	0.23	6.20	-	78.94
Gross Block as at March 31,2013	122.32	3.02	39.86	3,824.24	30,523.91	626.26	267.95	42.72	266.60	11.74	363.86	36,092.48
Accumulated Depreciation as at April 1, 2012	-	0.92	12.33	943.34	15,867.65	661.79	225.95	12.68	141.53	17.94	363.86	18,247.99
Charge for the year	-	0.04	0.44	85.92	1,637.01	-	13.33	2.61	30.82	-	-	1,770.17
Depreciation on assets disposed off/written off during the year	-	-	-	-	35.11	35.53	-	0.02	0.21	6.20	-	77.07
Accumulated Depreciation as at March 31, 2013	-	0.96	12.77	1,029.26	17,469.55	626.26	239.28	15.27	172.14	11.74	363.86	19,941.09
Net book value as at April 1,2012	122.32	2.10	27.53	2,707.36	14,353.33	-	30.72	21.74	77.49	-	-	17,342.59
Net book value as at March 31,2013	122.32	2.06	27.09	2,794.98	13,054.36	-	28.67	27.45	94.46	-	-	16,151.39

Represent assets given to Tata Steel Limited on lease.

11 INTANGIBLE ASSETS (ACQUIRED)

Rs. In Lacs

Description	Mining Geological report	Software Costs	Total Intangible Assets
Gross Block as at April 1, 2013	**468.90**	**185.59**	**654.49**
Additions during the year	**-**	**-**	**-**
Assets disposed / written off during the year	**-**	**-**	**-**
Gross Block as at March 31, 2014	**468.90**	**185.59**	**654.49**
Accumulated Amortisation as at April 1, 2013	**468.90**	**172.89**	**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**	**648.42**
Net book value as at April 1, 2013	**-**	**12.70**	**12.70**
Net book value as at March 31, 2014	**-**	**6.07**	**6.07**
Gross Block as at April 1, 2012	468.90	181.86	650.76
Additions during the year	-	3.73	3.73
Assets disposed / written off during the year	-	-	-
Gross Block as at March 31, 2013	468.90	185.59	654.49
Accumulated Amortisation as at April 1, 2012	457.11	166.88	623.99
Charge for the year	11.79	6.01	17.80
Amortisation of assets disposed/ written off during the year	-	-	-
Accumulated amortisation as at March 31, 2013	468.90	172.89	641.79
Net book value as at April 1, 2012	11.79	14.98	26.77
Net book value as at March 31, 2013	-	12.70	12.70

12 NON-CURRENT INVESTMENTS

Rs. In lacs

	As at 31.03.2014	As at 31.03.2013
Long Term Investments at cost		
Trade investments		
Investment in Equity Instruments		
Others (Unquoted)		
800,000 Equity shares of Rs. 10 each in Jamipol Limited, fully paid up	**80.00**	80.00
Total Non-current Investments	**80.00**	80.00
Additional Details:		
Aggregate value of Unquoted Investments	**80.00**	80.00

13 LOANS AND ADVANCES

Rs. in Lacs

	As at March 31, 2014		As at March 31, 2013	
	Long-term	Short-term	Long-term	Short-term
(Unsecured, considered good unless otherwise stated)				
(a) Capital advances	**16,789.97**	**-**	16,662.24	-
(b) Security deposits				
(1) Considered good	**6.32**	**215.06**	6.67	144.45
(2) Considered doubtful	**-**	**22.57**	-	22.57
Less: Provision for doubtful deposits	**-**	**(22.57)**	-	(22.57)
(c) Loans and advances to related parties	**-**	**13.08**	-	-
(c) Other loans and advances				
(1) Loans to employees	**12.42**	**6.01**	8.92	5.32
(2) Advance with public bodies	**-**	**832.75**	-	740.24
(3) Other advances and prepayments	**8.39**	**594.57**	7.28	1,202.03
(4) Advance payment of taxes [net of provision of **Rs. 7419.03 lacs** (*As at March 31, 2013 Rs. 3129.03 lacs*)]	**829.16**	**-**	330.99	-
(5) Employee benefit assets				
(i) Retiring gratuities [Refer 38(b)(i)]	**40.07**	**-**	-	-
(ii) Compensated absences [Refer 38(b)(i)]	**122.42**	**-**	65.99	-
Total Loans and advances	**17,808.75**	**1,661.47**	17,082.09	2,092.04

Rs. in Lacs

	As at March 31, 2014	As at March 31, 2013
14 OTHER NON-CURRENT ASSETS		
Deposit with banks and others with maturity period more than 12 months	**2.45**	1.55
(Above Deposits are pledged with government authorities)		
Total Other non-current assets	**2.45**	1.55
15 CURRENT INVESTMENT		
(Lower of cost and fair value)		
Investment in Mutual Funds (Unquoted)		
Liquid Funds	**20,369.12**	12,683.04
Total Current Investments	**20,369.12**	12,683.04
Additional Details:		
Aggregate value of Unquoted Investments	**20,369.12**	12,683.04
16 INVENTORIES		
(At lower of cost and net realisable value)		
(a) Raw materials	**3,687.76**	3,569.21
(b) Finished goods	**1,275.25**	1,106.16
(c) Stores and spares	**1,222.41**	1,188.39
Total Inventories	**6,185.42**	5,863.76
17 TRADE RECEIVABLES		
(Unsecured, considered good)		
Trade receivable outstanding for a period exceeding six months from the date they were due for payment	**1.21**	-
Others	**2,606.24**	2,035.84
Total Trade Receivables	**2,607.45**	2,035.84
18 CASH AND BANK BALANCES		
(A) Cash and cash equivalent		
(a) Cash on hand	**0.90**	1.77
(b) Balances with banks		
(1) In current accounts[1]	**205.05**	622.45
(2) In deposit accounts[2]	**1,815.00**	1,500.00
Total Cash and cash equivalent	**2,020.95**	2,124.22
(B) Other bank balances		
Fixed deposit with banks[3]	**24,911.76**	21,330.00
Total Cash and bank balances	**26,932.71**	23,454.22
1 Includes earmarked balances in unpaid dividend accounts	**154.35**	138.34
2 Represents deposits having original maturity of three months or less		

3	Represents deposits having original maturity of more than three months but maturing within twelve months from the Balance Sheet date		

19 OTHER CURRENT ASSETS

	As at March 31, 2014	Rs. In lacs At at March 31, 2013
(Unsecured, considered good)		
Interest accrued on deposits, loans and advances	**625.62**	455.99
Total Other current assets	**625.62**	455.99

20 REVENUE FROM OPERATIONS

	Year ended March 31, 2014	Year ended March 31, 2013
(a) Sale of sponge iron	**79,206.74**	82,886.46
(b) Sale of power	**4,499.41**	2,927.57
(c) Other operating income	**1,950.02**	1,881.05
Gross Revenue from Operations	**85,656.17**	87,695.08
Other operating income comprises		
(a) Sale of iron ore fines, coal fines and char etc.	1,950.02	1,881.05
Total other operating income	**1,950.02**	1,881.05

21 OTHER INCOME

(a) Interest income		
Interest received on term deposits, customers' balances etc.	**2,329.55**	2,156.14
(b) Dividend income		
(1) From other non-current investments	**76.00**	118.40
(2) From current investments	**918.33**	706.61
(c) Profit on sale of current investment	**3.45**	-
(d) Other non operating Income	**217.81**	175.20
Total Other Income	**3,545.14**	3,156.35

22 COST OF MATERIALS CONSUMED

Opening stock	**3,569.21**	6,786.71
Add: Purchases	**54,824.49**	56,360.78
	58,393.70	63,147.49
Less: Closing stock	**3,687.76**	3,569.21
Total Cost of materials consumed	**54,705.94**	59,578.28
Cost of materials consumed comprises		
(a) Iron Ore	**28,058.05**	30,389.21
(b) Coal	**26,331.16**	28,958.22
(c) Dolomite	**316.73**	230.85
Total Cost of materials consumed	**54,705.94**	59,578.28

23 CHANGES IN INVENTORIES OF FINISHED GOODS

Stock at the beginning of the year		
Finished goods	**1,106.16**	888.83
	1,106.16	888.83
Stock at the end of the year		
Finished goods	**1,275.25**	1,106.16
	1,275.25	1,106.16
Net (increase) / decrease in finished goods	**(169.09)**	(217.33)

24 EMPLOYEE BENEFITS EXPENSE

	Year ended March 31, 2014	Rs. In lacs Year ended March 31, 2013
(a) Salaries and wages, including bonus	**2,260.58**	2,373.96
(b) Contribution to provident and other funds [Refer 35(a)]	**220.44**	205.94
(c) Gratuity [Refer note 35(b)(i)]	**(3.05)**	121.60
(d) Staff welfare expenses	**205.59**	191.50
Total Employee benefits expense	**2,683.56**	2,893.00

25 FINANCE COST

(a) Interest expense		
(i) Interest on Others	**1,322.29**	790.98
Total Finance costs	**1,322.29**	790.98

26 DEPRECIATION AND AMORTISATION EXPENSE

(a) Depreciation on tangible assets [Refer Note 10]	**1,768.70**	1,770.17
(b) Amortisation of intangible assets [Refer Note 11]	**6.63**	17.80
Total Depreciation and amortisation expense	**1,775.33**	1,787.97

27 OTHER EXPENSES

(a) Consumption of stores and spare parts	**248.60**	223.98
(b) Fuel oil consumed	**72.97**	84.07
(c) Purchase of power	**11.15**	9.71
(d) Rent	**73.04**	105.93
(e) Repairs to buildings	**301.15**	328.08
(f) Repairs to machinery	**1,705.69**	1,592.73
(g) Insurance	**39.48**	30.52
(h) Rates and taxes	**326.64**	115.70
(i) Freight and handling charges	**507.93**	469.10
(j) Commission, discounts and rebates	**49.44**	56.59
(k) Provision for wealth tax	**2.15**	3.02
(l) Packing and forwarding	**586.29**	520.13
(m) Excise duty on change in finished goods [Refer note 28]	**46.50**	(10.63)
(n) Preliminary expenses written off	**-**	6.39
(n) Other expenses		
(1) Net loss / (gain) on foreign currency transactions	**(150.45)**	19.60
(2) VAT, Entry Tax and Excise Duty Demand	**497.58**	1.68
(3) Premium on Foreign currency forwards	**-**	106.62
(4) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors - statutory audit	**19.34**	19.00
(ii) For other services	**1.25**	1.25
(iii) Auditors out-of-pocket expenses	**0.25**	0.39
(5) Cost audit fees	**1.00**	1.00
(6) Legal and other professional costs	**333.69**	276.98
(7) Advertisement, promotion and selling expenses	**33.72**	23.21
(8) Travelling expenses	**83.13**	64.76
(9) Loss on sale of assets	**0.96**	1.41
(10) Other general expenses	**1,676.13**	1,264.88
Total Other expenses	**6,467.63**	5,316.10

28 EXCISE DUTY ON CHANGE IN FINISHED GOODS

Rs. In lacs

	Year ended March 31, 2014	Year ended March 31, 2013
Excise duty on opening stock of finished goods	**135.06**	145.69
Excise duty on closing stock of finished goods	**181.56**	135.06
Total Excise duty on change in finished goods	**46.50**	(10.63)

29 EARNINGS PER SHARE

Net Profit for the year (Rs. In lacs)	**10,119.76**	8,535.99
Weighted average number of equity shares (Nos)	**15,400,000**	15,400,000
Face value per equity share (Rs.)	**10**	10
Basic and diluted earnings per share (Rs.)	**65.71**	55.43

30 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities not provided for

(a) Income tax	**169.00**	230.44
(b) Sales Tax/Orissa Value Added Tax	**1,001.96**	1,001.96
(c) Central excise duty	**684.40**	703.17
(d) Odisha Entry tax	**2,579.93**	-
(d) Demand from SECL	**152.13**	162.61
(e) Demand from Ministry of Coal against Radhikapur coal block	**3,250.00**	3,250.00

31 (a) The Company has received a notice dated November 23, 2012 from the Ministry of Coal ("MoC") for encashment of bank guarantee ("BG") of Rs. 3,250 lacs on the ground that there was a delay in mining at the Radhikapur East coal block allotted to the Company along with two other companies. The Company contends that the delay is mainly attributable to both Central and State Government in granting permissions/ approvals for various critical milestones The Company has moved to the Hon'ble High Court of Delhi against invocation and encashmentof Bank Guarantee by the MoC and the hearing is in process. Pending disposal by the Hon'ble High Court of Delhi and based on legal opinion obtained by the Company, the amount has been disclosed as contingent liability in the financial statements for the year ended March 31, 2014.

(b) The Company earlier applied to the MoC for revision of the zero/normative date of production vide its application dated April 30, 2012. The MoC has rejected the application vide its letter dated February 11, 2014. The Company will initiate legal proceedings against the MoC's decision.

(c) The Company has received another notice dated February 17, 2014 citing deallocation of the Coal Block on the ground that the Company could not obtain environmental clearance , stage I forest clearance and there has been delay in coal mining. However MoC has further stated that action is put on hold in view of the interim order of the Hon'ble Delhi High Court dated February 12, 2014. The Company contends that the grounds for de-allocation stated by the MoC are also part of notice dated November 23, 2012 which is challenged by the Company and the matter is pending disposal by the Hon'ble High Court. The Company has again moved to the Hon'ble High Court of Delhi against de-allocation of the block and obtained a status quo order from the Court. Pending disposal of the Company's case before the Hon'ble High Court of Delhi and based on legal opinion obtained by the Company, no provisions have been considered necessary for its exposure in the Coal Block.

The Company's carrying value in the Radhikapur East coal block as at March 31, 2014, is Rs. 18,150 lacs.

32 Estimated amounts of contracts remaining to be executed on capital account and not provided for : **Rs. 894.85 lacs** (As at March 31, 2013: Rs. 752.32 lacs) [Net of advances **Rs. 7.26 lacs** (As at March 31, 2013 Rs.1.07 lacs)].

33 SALES TAX

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

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

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

34 RELATED PARTY TRANSACTION

(a) List of Related Parties and relationship

Name of the Related Party	Relationship
(i) Tata Steel Limited	Holding Company w.e.f. August 28, 2012
(ii) TSIL Energy Limited	Wholly owned Subsidiary w.e.f November 20, 2012
(iii) TM International Logistics Limited	Fellow Subsidiary w.e.f August 28, 2012
(iv) Kalimati Investments Company Limited	Fellow Subsidiary w.e.f August 28, 2012
(v) Tata Metaliks Limited	Fellow Subsidiary w.e.f August 28, 2012
(vi) Tayo Rolls Limited	Fellow Subsidiary w.e.f August 28, 2012
(vii) The Tinplate Company of India Limited	Fellow Subsidiary w.e.f August 28, 2012
(viii) Mr. D P Deshpande, Managing Director#	Key Management Personnel
(viii) Mr. Suresh Thawani, Managing Director#	Key Management Personnel

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

(b) Related party transactions

Name of the related party	Nature of transactions	Year ended March 31, 2014 Amount (Rs. In lacs)	Year ended March 31, 2013 Amount (Rs. In lacs)
Tata Steel Limited [1]	Purchase of goods	**24,963.67**	27,501.37
	Services received	**31.54**	28.84
	Sale of power	**4,183.96**	-
	Dividend Paid	**628.32**	489.60
	Services rendered	**0.68**	18.58
Kalimati Investments Company Limited	Dividend Paid	**43.16**	NA
TM International Logistics Limited [2]	Services received	**2,326.09**	1,091.94
Tata Metaliks Limited	Sale of goods	**386.42**	NA
	Purchase of fixed assets	**23.40**	NA
	Services received	**2.72**	NA
Tayo Rolls Limited	Sale of goods	**20.55**	NA
The Tinplate Company of India Limited [2]	Services received	**0.51**	0.14
Mr. D P Deshpande	Remuneration	**121.70**	NA
Mr. Suresh Thawani	Remuneration	NA	111.31
Name of the related party	**Nature of Balances**	**As at March 31, 2014 Amount (Rs. In lacs)**	As at March 31, 2013 Amount (Rs. In lacs)
Tata Steel Limited	Amounts payable	**2,451.54**	2,429.63
	Amounts receivable	**512.87**	1.21
Tayo Rolls Limited		**12.59**	NA
The Tinplate Company of India Limited	Amounts payable	**-**	0.01
TM International Logistics Limited	Amounts receivable	**13.08**	0.59

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

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

Note 2: Transactions reported above are from the date the Company became subsidiary of Tata Steel Limited i.e., August 28, 2012

35 EMPLOYEE BENEFITS

(a) Defined Contribution Plans

The Company has recognised, in the Statement of Profit and Loss for the year ended March 31, 2014, an amount of **Rs. 220.44 lacs** (March 31, 2013: Rs. 205.95 lacs) as expenses under the following defined contribution plans.

Rs. In lacs

Benefits (Contributions to)	Year ended March 31, 2014	Year ended March 31, 2013
(i) Contribution to Provident fund	144.69	134.79
(ii) Contribution to Superannuation fund	75.75	71.16
	220.44	205.95

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

The Company operates post retirement defined benefit plans and other long term employee benefits as follows:

A. Post retirement defined benefit plans

(i) Post Retirement Gratuity [Funded]

(ii) Post Retirement Medical Benefits of Past Managing Directors [Unfunded]

(iii) Pension to Past Managing Directors [Unfunded]

B. Other long term employee benefits

Compensated absences [Funded]

(i) Details of the Funded Gratuity and Compensated absences are as follows

Description	2013-14 Gratuity Amount (Rs. In lacs)	2013-14 Compensated absences Amount (Rs. In lacs)	2012-13 Gratuity Amount (Rs. In lacs)	2012-13 Compensated absences Amount (Rs. In lacs)
1. Reconciliation of opening and closing balances of obligation				
a. Obligation at the beginning of the year	1,019.49	378.90	854.54	320.27
b. Current service cost	59.31	47.92	50.60	46.78
c. Interest cost	79.17	28.46	70.17	25.77
d. Acquisition adjustment	-	-	-	-
e. Actuarial (gain)/loss	(44.20)	(39.25)	82.52	13.17
f. Benefits paid	(59.86)	(46.26)	(38.34)	(27.09)
g. Obligation at the end of the year	1,053.91	369.77	1,019.49	378.90
2. Change in fair value of plan assets				
a. Fair value of plan assets at the beginning of the year	1,019.49	444.89	888.25	402.92
b. Acquisition adjustment	-	-	-	-
c. Expected return on plan assets	94.76	41.82	81.69	37.88
d. Actuarial gain/(loss)	2.57	5.48	-	4.09
e. Contributions made by the company	37.02	46.26	87.89	27.09
f. Benefits paid	(59.86)	(46.26)	(38.34)	(27.09)
g. Fair value of plan assets at the end of the year	1,093.98	492.19	1,019.49	444.89

Description	2013-14 Gratuity Amount (Rs. In lacs)	2013-14 Compensated absences Amount (Rs. In lacs)	2012-13 Gratuity Amount (Rs. In lacs)	2012-13 Compensated absences Amount (Rs. In lacs)
3. Reconciliation of fair value of plan assets and obligations				
a. Present value of obligation at the end of the year	1,053.91	369.77	1,019.49	378.90
b. Fair value of plan assets at the end of the year	(1,093.98)	(492.19)	(1,019.49)	(444.89)
c. Amount recognised in the balance sheet (Assets)/ Liability	(40.07)	(122.42)	-	(65.99)
4. Expenses recognised during the year				
a. Current service cost	59.31	47.92	50.60	46.78
b. Interest cost	79.17	28.46	70.17	25.77
c. Expected return on plan assets	(94.76)	(41.82)	(81.69)	(37.88)
d. Actuarial (gains)/loss	(46.77)	(44.73)	82.52	9.08
e. Expenses recognised during the year	(3.05)	(10.17)	121.60	43.75
5. Investment details				
a. Others (Funds with Life Insurance Corporation of India)	1,093.98	492.19	1,019.49	444.89
6. Assumptions				
a. Discount rate (per annum)	9.00%	9.00%	8.00%	8.00%
b. Estimated rate of return on plan assets (per annum)	9.40%	9.40%	9.40%	9.40%
c. Rate of escalation in salary*	8.00%	8.00%	8.00%	8.00%

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

7. Experience adjustments	Gratuity 2013-14	Gratuity 2012-13	Compensated Absences 2013-14	Compensated Absences 2012-13
Gratuity				
a. Present value of obligation as at the end of the year	1,053.91	1,019.49	369.77	378.90
b. Fair value of plan assets as at the end of the year	(1,093.98)	(1,019.49)	(492.19)	(444.89)
c. (Surplus)/Deficit in the plan	(40.07)	-	(122.42)	(65.99)
d. Experience adjustments on plan liabilities (loss/(gains))	29.12	53.42	(8.90)	29.84
e. Experience adjustments on plan assets ((loss)/gain)	2.57	-	(5.49)	(2.51)

(ii) Details of the Defined Pension and Post RetirementMedical Benefit (PRMB) are as follows

Description	2013-14 Pension Amount (Rs. In lacs)	2013-14 PRMB Amount (Rs. In lacs)	2012-13 Pension Amount (Rs. In lacs)	2012-13 PRMB Amount (Rs. In lacs)
1. Reconciliation of opening and closing balances of obligation				
a. Obligation at the beginning of the year	498.24	55.60	202.33	32.47
b. Current service cost	-	-	-	-
c. Interest cost	38.22	4.40	16.13	2.70
d. Actuarial (gain)/loss	(32.79)	(8.03)	300.46	21.00
e. Benefits paid	(40.87)	(1.12)	(20.68)	(0.57)
f. Obligation at the end of the year	462.80	50.85	498.24	55.60

	Description	2013-14		2012-13	
		Pension	**PRMB**	Pension	PRMB
		Amount (Rs. In lacs)	**Amount (Rs. In lacs)**	Amount (Rs. In lacs)	Amount (Rs. In lacs)
2.	**Change in fair value of plan assets**				
a.	Fair value of plan assets at the beginning of the year	**-**	**-**	-	-
b.	Expected return on plan assets	**-**	**-**	-	-
c.	Actuarial gain/(loss)	**-**	**-**	-	-
d.	Contributions made by the company	**40.87**	**1.12**	20.68	0.57
e.	Benefits paid	**(40.87)**	**(1.12)**	(20.68)	(0.57)
f.	Fair value of plan assets at the end of the year	**-**	**-**	-	-
3.	**Reconciliation of fair value of plan assets and obligations**				
a.	Present value of obligation at the end of the year	**462.80**	**50.85**	498.24	55.60
b.	Fair value of plan assets at end of the year	**-**	**-**	-	-
c.	Amount recognised in the balance sheet	**462.80**	**50.85**	498.24	55.60
4.	**Expenses recognised during the year**				
a	Current service cost	**-**	**-**	-	-
b	Interest cost	**38.22**	**4.40**	16.13	2.70
c	Expected return on plan assets	**-**	**-**	-	-
d	Actuarial (gains)/loss	**(32.79)**	**(8.03)**	300.46	21.00
e	Expenses recognised during the year	**5.43**	**(3.63)**	316.59	23.70
5.	**Assumptions**				
a.	Discount rate (per annum)	**9.00%**	**9.00%**	8.00%	8.00%
b.	Estimated rate of return on plan assets (per annum)	**NA**	**NA**	NA	NA
c.	Rate of escalation in pension	**4.00%**	**NA**	4.00%	NA
d.	Medical cost - % of annual entitlement utilised	**NA**	**20.00%**	NA	20.00%

		Pension		Post Retirement Medical Benefit	
6.	**Experience adjustments**	**2013-14**	**2012-13**	**2013-14**	**2012-13**
a.	Present value of obligation as at the end of the year	**462.80**	498.24	**50.85**	55.60
b.	Fair value of plan assets as at the end of the year	**-**	-	**-**	-
c.	(Surplus)/Deficit in the plan	**462.80**	498.24	**50.85**	55.60
d.	Experience adjustments on plan liabilities (loss/(gains))	**8.16**	283.10	**(4.25)**	19.38
e.	Experience adjustments on plan assets ((loss)/gain)	**-**	-	-	-

36 Segment Reporting

(a) The Company has identified sale of power as separate business segment other than sale of sponge iron from the current year considering the requirements under Accounting Standard - 17 on "Segment Reporting" as notified under Companies (Accounting Standards) Rules, 2006 and accordingly the disclosures have been made. Further, as the Company's products are sold primarily in India there is no reportable secondary segment i.e. Geographical Segment. As sale of power has become reportable from the current year comparatives are not applicable.

(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)**

Particulars	Sponge Iron	Power	Unallocable	Eliminations	Total
Segment Revenue					
External Sales	73,722.82	4,499.41	-	-	**78,222.23**
Inter Segment Sales		1,279.08	-	(1,279.08)	**-**
	73,722.82	**5,778.49**	**-**	**(1,279.08)**	**78,222.23**
Segment results before finance cost and tax expense	10,526.62	3,039.97	2,737.41	-	**16,304.00**
Less: Finance Cost					**1,322.29**
Profit before tax					**14,981.71**
Less: Tax expense					**4,861.95**
Profit after tax					**10,119.76**
Segment Assets	21,200.62	4,943.03	66,784.19	-	**92,927.84**
Segment Liabilities	12,221.13	1,865.45	6,583.72	-	**20,670.30**
Capital Expenditure (including capital work in progress and capital advance)	155.98	-	677.48	-	**833.46**
Depreciation and Amortisation	1,092.52	667.59	15.22	-	**1,775.33**
Non cash expenditure other than depreciation	63.86	4.68	-	-	**68.54**

37 Disclosure as required under AS 29

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

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

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

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

Rs. In lacs

Particulars	**As at March 31, 2014**	As at March 31, 2013
Carrying amount as at beginning of the year	741.26	173.56
Provision made during the year	298.73	567.70
Amount paid during the year	Nil	Nil
Unused amount reversed during the year	Nil	Nil
Carrying amount as at the end of the year	1039.99	741.26
Nature of obligation	Interest on Income Tax	
Expected timing of resultant outflow	On decision by competent authority	
Indication of uncertainty about those outflows	The above matters are under dispute with authorities	
Major assumptions concerning future events	The matter is with higher authorities for adjudication. On the grounds of prudence provision is made.	
Amount of any expected reimbursement, i.e.., amount of any asset that has been recognised for that expected reimbursement	Nil	Nil

38 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. S. Dhanjal - *Company Secretary*

Jamshedpur, 28th April 2014

Financial Information of Subsidiary Company (TSIL Energy Limited) as on 31.03.2014 *Rupees in lakh*

Name of the company	Reporting currency	Exchange rate	Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding Investment in Subsidiaries)	Turn-over	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
TSIL Energy Limited	INR	1.00	106.01	(4.95)	101.9	0.84	99.17	0	2.20	0	2.20	0	India

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2013-14

(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, 2014

Sl. No	Name of the Director	Director Identification No.	Status/ Category	Attendance at Board Meetings	Attendance at the last AGM held on 24th July, 2013	No of Directorship in other public companies		No of committee positions held in other public companies[@]	
						Chairman	Member	Chairman	Member
1	2	3	4	5	6	7	8	9	10
1	Mr. A.M. Misra	01477289	Chairman/ Promoter's (Tata Steel) nominee, Non-executive & Not Independent	6	P	1	-	-	-
2	Mr.D.K. Banerjee	00028123	Non-executive & Independent	6	P	1	9	5	4
3	Mr. P. C. Parakh	01305775	Non-executive & Independent	6	P	-	-	-	-
4	Mr.Manoj T. Thomas	03614981	Non-executive & Independent	5	P	-	-	-	-
5	Mr.D.B. Sundararamam	06437027	Non-executive & Not Independent	6	P	-	-	-	-
6	Mr.Manikanta Naik[$]	06634999	Non-executive & Not Independent	3	NA	-	1	-	1
7	Mr.R. Ranganath[$$]	06725337	Non-executive & Not Independent	3	NA	-	1	-	-
8	Mr.D.P. Deshpande	02526471	Managing Director/ Executive & Not Independent	6	P	-	2	-	-
	Mr.S. Srikanth*	05326035	Non-executive & Independent	4	P	-	-	-	-
	Mr. N. P. Sinha**	00093431	Non-executive & Independent	4	P	-	3	1	1
	Mr. K. K. Varughese***	00325398	Non-executive & Not Independent	-	NP	-	1	-	-
	Mr. Rajesh Chintak****	02384452	Non-executive & Not Independent	1	P	-	4	-	1

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

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

$ Appointed by the Board as Additional Director w.e.f. 24th October, 2013

$$ Appointed by the Board as Additional Director w.e.f. 30th October, 2013

* Resigned from the Board w.e.f. 18th March, 2014

** Retired from the Board w.e.f. 21st January, 2014

*** Resigned from the Board w.e.f. 23rd October, 2013

**** Resigned from the Board w.e.f. 23rd October, 2013

No of Board Meetings held during the year	= 6
Dates on which held	= 22-04-2013, 23-07-2013, 24-10-2013, 17-01-2014, 27-01-2014 & 9-03-2014

- 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-first Annual General Meeting are given with the Notice to the Annual General Meeting.
- Directors of the company do not have any inter-se relationship.

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

The company has adopted the Tata Code of Conduct for Executive Directors, Senior Management Personnel and other executives of the company. The company has received confirmation from Executive Director (i.e. the Managing Director) as well as the senior management personnel regarding compliance of the Code during the year under review. The company has also adopted the Code of Conduct for the Non-Executive Directors of the company. The company has received confirmations from the Non-Executive Directors regarding compliance of the Code for the period ended 31st March, 2014. Both the Codes are posted on the website of the Company i.e. *www.tatasponge.com.*

3. AUDIT COMMITTEE

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

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

The chairman of the Audit Committee, Mr.N.P. Sinha , was present at the Thirtieth Annual General Meeting held on 24th July, 2013.

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, 2014

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. N. P. Sinha*	Chairman	Non-executive & Independent	4
2	Mr.D.K. Banerjee	Member	Non-executive & Independent	4
3	Mr.P.C. Parakh	Member	Non-executive & Independent	4
4	Mr. R. Ranganath**	Member	Non-executive & Not Independent	1
	Mr. K.K. Varughese**	Member	Non-executive & Not Independent	0

* Retired from the Board and consequently from the Committee w.e.f. 21st January, 2014

** Consequent to the resignation of Mr.K.K. Varughese, the Board Reconstituted the Audit Committee by nominating Mr.R. Ranganath as Member of the Committee w.e.f. 30th October, 2013.

No. of Audit Committee meetings held during the year	=	4
Dates on which held	=	22-04-2013, 23-07-2013, 24-10-2013 & 17-01-2014

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

The necessary quorum was present at the meetings.

4. SUBSIDIARY COMPANIES

A wholly owned subsidiary namely, "TSIL Energy Limited", was incorporated on 20th November, 2012, with an authorised share capital of Rs.10 crore and subscribed/paid up capital of Rs.6,00,600 (60,060 equity shares of Rs.10 each). During the year the company further invested in the subsidiary by contributing to equity share capital of Rs.1 crore. Four Board meetings of this company were held during the year ended 31st March, 2014.

This Company became subsidiary of Tata Steel Limited w.e.f. 28th August, 2012 and has the following fellow subsidiaries :

1. TM International Logistics Limited, 2. Kalimati Investments Company Limited, 3. Tata Metaliks Limited, 4. Tayo Rolls Limited and 5. The Tinplate Company of India Limited

5. REMUNERATION COMMITTEE

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

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

Table – 3 As on 31st March, 2014

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

*Retired from the Board and consequently from the Committee w.e.f. 21st January, 2014

No.of Remuneration Committee meetings held during the year	=	1
Date on which held	=	22-04-2013

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

Remuneration policy

(a) For Non-Executive Directors

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

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

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

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

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

Details of remuneration to all the directors

Table – 4

NON-WHOLE-TIME DIRECTORS — Remuneration paid during 2013-2014 (Rs. lac)

Sl. No.	Name of the Director	Sitting fees (Gross)	Perquisites & Allowances	Commission (Gross)*	Total (Gross)
1	Mr.A.M. Misra	1.35	Nil	4.65	6.0
2	Mr.N.P. Sinha*	1.81	Nil	5.00	6.81
3	Mr.D.K. Banerjee	1.65	Nil	3.57	5.22
4	Mr.K.K. Varughese*	-	Nil	-	-
5	Mr.P.C. Parakh	1.58	Nil	3.57	5.15
6	Mr.Rajesh Chintak*	0.15	Nil	0.36	0.51
7	Mr.Manoj T. Thomas	0.98	Nil	2.14	3.12
8	Mr.S. Srikanth	0.45	Nil	1.07	1.52
9	Mr.D.B. Sundararamam	0.90	Nil	2.14	3.04
10	Mr.Manikanta Naik*	0.45	Nil	1.07	1.52
11	Mr.R. Ranganath*	0.60	Nil	1.43	2.03
	Total	9.92	-	25.00	34.92

* For part of the year.

WHOLE-TIME DIRECTOR(S) — 2013-14 (Rs. in lacs)

		Salary	Perquisites & Allowances	Commission (Gross)*	Total (Gross)
1	Mr. D.P. Deshpande	33.00	30.95	57.75	121.70

* Payable after shareholders' approval at the 31st Annual General Meeting during 2014-15

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

SERVICE CONTRACT/NOTICE PERIOD/SEVERANCE FEES:

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

Shareholding of the Directors in the Company as on 31st March, 2014

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.D.B. Sundararamam	Nil
6	Mr.Manikanta Naik	Nil
7	Mr.R. Ranganath	Nil
8	Mr. D.P. Deshpande	Nil
	Total	Nil
	Mr.S. Srikanth*	Nil
	Mr. N.P. Sinha**	1000
	Mr.Rajesh Chintak***	Nil
	Mr. K. K. Varughese****	Nil

* Resigned from the Board w.e.f. 18-3-2014

** Retired from the Board w.e.f. 21st January, 2014

*** Resigned from the Board w.e.f. 23rd October, 2013

**** Resigned from the Board w.e.f. 23rd October, 2013

6. SHAREHOLDERS' GRIEVANCE COMMITTEE

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

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

Table – 6 As on 31st March, 2014

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

* Retired from the Board and consequently from the Committee w.e.f. 21st January, 2014

No. of Shareholders' Grievance Committee meeting held during the year	=	1
Date on which held	=	23-07-2013

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

No. of complaints pending as on 1st April,2013	1
No. of complaints identified and reported under Clause 41of the Listing Agreement during the year 2013-14	4
No. of Complaints disposed of during the year ended 31st March, 2014	5
Not solved to the satisfaction of shareholders as on 31-3-2014	0
No. of pending complaints as on 31-3-2014	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.

7. ETHICS AND COMPLIANCE COMMITTEE

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

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

Table – 7 As on 31st March, 2014

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

* Retired from the Board and consequently from the Committee w.e.f. 21st January, 2014

** Resigned from the Board w.e.f. 23rd October, 2013 and consequently ceased to be the member of the Committee.

No. of Ethics and Compliance Committee meetings held during the year	=	1
Date on which held	=	23-09-2013

8. COMMITTEE OF BOARD

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

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

Table – 8 As on 31st March, 2014

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

* Nominated w.e.f. 30th October, 2013, in place of Mr.K.K. Varughese, who resigned from the Board w.e.f. 23rd October, 2013.

** Retired from the Board w.e.f. 21st January, 2014 and ceased to be a member of the Committee

*** Resigned from the Board w.e.f. 23rd October, 2013 and ceased to be a member of the Committee

No. of Committee of Board meetings held during the year	=	2
Date on which held	=	8-07-2013 & 23-10-2013

9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board in view of the commencement of provisions of Section 135 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, 2014

Sl.No.	Name of the Director	Status	Category
1	Mr. R. Ranganath	Chairman	Non-executive & not independent
2	Mr. Manoj T. Thomas	Member	Non-executive & Independent
3	Mr. Manikanta Naik	Member	Non-executive & not Independent

10. GENERAL BODY MEETINGS

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

Table - 10

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

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

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

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

- At the Annual General Meeting held on 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.
- At the Annual General Meeting held on 15th July, 2011, no Special Resolution was passed.

11. DISCLOSURES

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

The Board has received disclosures from key managerial personnel relating to financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interest of the company at large. The related party transactions have been disclosed in point no. 34 of the notes on Balance Sheet and Statement of Profit and Loss for the year ended 31st March, 2014.

(B) 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, have been followed in preparation of the financial statements of the company.

(C) Board Disclosures – Risk Management

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

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

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

(E) Matters related to Capital Markets

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

(F) Whistle Blower Policy

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

(G) Management Discussion & Analysis Report

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

(H) Compliance with Non-mandatory Requirements

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

(a) The Company has a Remuneration Committee (Please refer to Para 5 above for details).
(b) The Company has adopted a Whistle Blower Policy (Please refer to Para 11 (F) above for details).
(c) The Company already has a regime of unqualified financial statements. Auditors have raised no qualification on the financial statements for the year 2013-14.

12. CEO/CFO CERTIFICATION

The Managing Director and the General Manager (Finance & Accounts) of the Company have given a certificate to the Board of Directors as prescribed under Clause 49(V) of the Listing Agreement(s) for the year ending 31st March, 2014.

13. RECONCILIATION OF SHARE CAPITAL AUDIT

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

14. MEANS OF COMMUNICATION

(i) Quarterly Results –

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

(ii) Presentation to Institutional Investors or to Analysts –

Official news releases and presentations made to the Institutional Investors and Analysts are posted on the Company’s website. During the financial year 2013-14, 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.

15. GENERAL SHAREHOLDER INFORMATION

15.1 31st Annual General Meeting
- Day/Date : Tuesday, the 15th July, 2014
- Time : 10-30 a.m
- Venue : Lake View (Officers’ Recreation Centre), TSIL Township, Joda, Dist – Keonjhar, Orissa, Pin code – 758 034.

15.2 Financial calendar for 2014-15

a] Board Meetings for consideration of financial results
- i] July, 2014 for consideration of audited financial results for 3 months ending 30th June, 2014.
- ii] October, 2014 for consideration of audited financial results for 3 months/half year ending 30th September,2014.
- iii] January, 2015 for consideration of audited financial results for 3 months / 9 months ending 31st December, 2014.
- iv] April/May,2015 for consideration of audited financial results for 2014-15.

b] 32nd Annual General Meeting (for the year ending 31-3-2015) — Between June – September, 2015

15.3 Date of Book closure — From 26th June, 2014 to 2nd July, 2014, both days inclusive.

15.4 Dividend payment date — The dividend warrants will be posted on or after 19th July, 2014.

15.5 Listing on Stock Exchanges
- 1] BSE Ltd.
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
- 2] National Stock Exchange of India Ltd.
Exchange Plaza (5th Floor), Plot No. C/1, G. Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.

15.6 Stock Code- Equity Share
- ISIN CODE — INE 674A01014 (Electronic form)
- BSE CODE — 13010 (Physical form), 513010 (Demat form)
- NSE SCRIP CODE — TATASPONGE

15.7 Correspondence Address — P.O. Joda – 758 034
Dist – Keonjhar, Orissa.
Phone – 06767-284236, Fax - 06767-278159/278129
E-Mail : info@tatasponge.com

15.8 Exclusive e-mail ID for redressal of investors' complaints. — investorcell@tatasponge.com

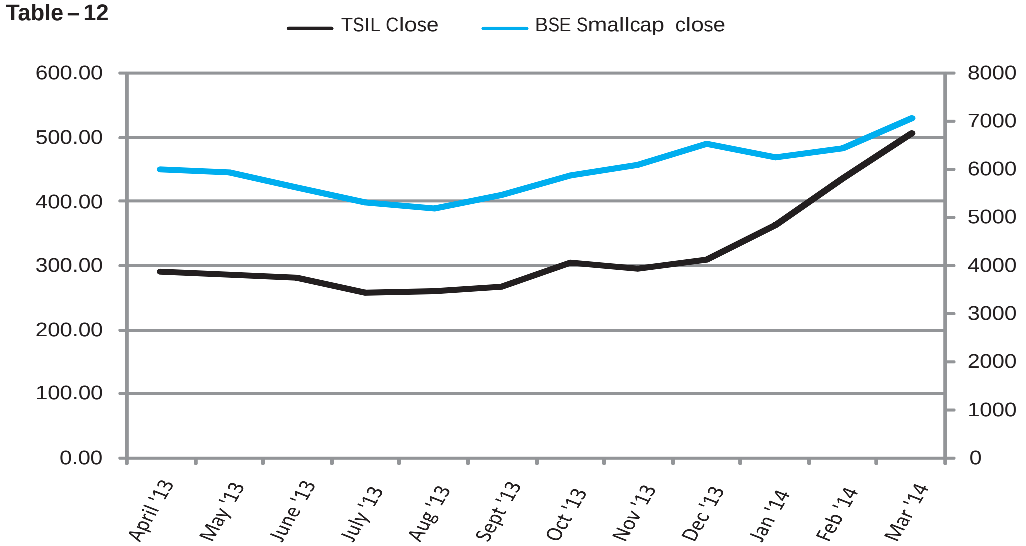
15.9 **Market price data: Monthly High/Low prices per share during 2013-14 :**

Table - 11

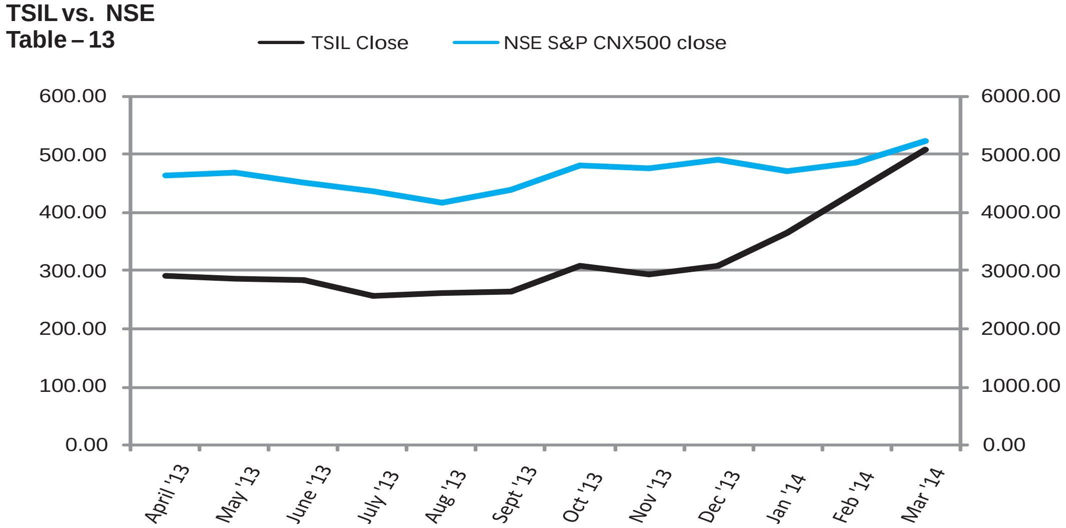
Months	BSE Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2013	304.00	280.20	305.00	280.50
May, 2013	304.00	280.40	304.65	280.35
June, 2013	290.00	271.30	289.85	274.00
July, 2013	287.00	232.65	289.80	228.70
August, 2013	269.85	235.00	269.65	233.45
September, 2013	277.80	217.90	278.55	256.60
October, 2013	328.95	260.75	329.40	260.00
November, 2013	309.80	286.10	308.45	284.00
December, 2013	338.80	292.60	339.00	292.40
January, 2014	420.40	290.35	420.00	293.00
February, 2014	444.00	346.00	444..00	346.00
March, 2014	524.20	436.00	523.90	436.00

15.10 Stock performance

TSIL vs. BSE
Table – 12



TSIL vs. NSE
Table – 13



15.11 **Share Registrars & Transfer Agents :**

REGISTERED OFFICE :

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

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

BRANCH OFFICES :

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

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

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

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

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

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

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

15.12 **Share Transfer System:**

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

15.13 **Distribution of shareholding as on 31-03-2014**

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	2,813	10.55	1,68,720	0.11
101	–	500	9,769	36.65	39,80,880	2.58
501	–	1,000	6,582	24.69	62,86,600	4.08
1,001	–	5,000	6,395	23.99	1,52,35,080	9.89
5,001	–	10,000	570	2.14	44,60,800	2.90
10,001	–	20,000	249	0.93	38,22,500	2.48
20,001	–	30,000	103	0.39	26,07,890	1.69
30,001	–	40,000	32	0.12	11,33,370	0.74
40,001	–	50,000	31	0.12	14,46,780	0.94
50,001	–	1,00,000	55	0.21	40,21,660	2.61
1,00,001	and	above	59	0.22	11,08,35,720	71.97
		Total	**26,658**	**100.00**	**15,40,00,000**	**100.00**

15.14 **Categories of shareholders as on 31-03-2014**

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.)	78,54,000	51.00
	(ii) Kalimati Investment Company Limited	5,39,554	3.50
2	Mutual Funds and UTI	2,63,265	1.71
3	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	1,93,846	1.26
4	Private Corporate Bodies	5,80,900	3.77
5	Indian Public	45,42,587	29.50
6	NRIs/OCBs/FIIs	14,24,648	9.25
7	Directors & Relatives	0	0
8	Trusts	1,200	0.01
	TOTAL	**1,54,00,000**	**100.00**

15.15 **TOP TEN SHAREHOLDERS ACROSS ALL CATEGORIES AS ON 31ST MARCH, 2014** :

Table - 16

Sl.No.	Name of the Shareholder	No. of shares held	% of holding
1	Tata Steel Limited	7854000	51.00
2	Kalimati Investment Company Limited	539554	3.50
3	Acacia Partners, LP	342000	2.22
4	Acacia Institutional Partners, LP	216000	1.40
5	Dws Invest – DWS Invest Asian Small/mid Cap	185000	1.20
6	Acacia Conservation Fund LP	180000	1.17
7	Acacia Banyan Partners	161200	1.05
8	General Insurance Corporation of India	140267	0.91
9	Reliance Capital Trustee Co. Ltd - A/c Reliance Small Cap Fund	128779	0.84
10	IDFC Equity Opportunity – Series 1	125000	0.81

15.16 **DEMATERIALISATION OF SHARES:**

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

As on 31st March, 2014, 1,44,36,508 shares were held in dematerialised form which constitute approx. 93.74% of total number of subscribed shares.

15.17 **LIQUIDITY**

Since Company's shares are listed (as on 31-3-2014) 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.

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

15.19 **Plant Location :**

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

For and on behalf of the Board of Directors

(D. P. Deshpande)
Managing Director

Place : Jamshedpur
Dated : 28th April, 2014

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, 2014 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 : 28th April,2014

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

FINANCIAL STATISTICS

CAPITAL ACCOUNT

(Rupees in Lac)

Year	Share Capital	Reserves and Surplus	Shareholders' Funds	Borrowings	Total Funds	Gross Block	Depreciation
2001-02	1540.00	2911.82	4451.82	4902.82	9354.64	15900.48	5643.14
2002-03	1540.00	4229.77	5769.77	2044.01	7813.78	15962.03	6436.76
2003-04	1540.00	6796.92	8336.92	81.27	8418.19	15986.54	7068.19
2004-05	1540.00	11657.15	13197.15	68.82	13265.97	16241.14	7774.24
2005-06	1540.00	13168.72	14708.72	7066.99	21775.71	23095.83	8526.57
2006-07	1540.00	14297.38	15837.38	14684.14	30521.52	35031.33	9825.67
2007-08	1540.00	22806.20	24346.20	8439.80	32786.00	36892.00	11783.59
2008-09	1540.00	33431.43	34971.43	11.11	34982.54	35914.99	13571.92
2009-10	1540.00	40467.05	42007.05	14.81	42021.86	35924.90	15359.13
2010-11	1540.00	49168.73	50708.73	—	50708.73	35984.46	17111.31
2011-12	1540.00	55304.89	56844.89	—	56844.89	35590.58	18247.99
2012-13	1540.00	62406.64	63946.64	—	63946.64	36092.48	19941.09
2013-14	1540.00	70722.49	72262.49	—	72262.49	36440.24	21416.41

CAPITAL ACCOUNT (Contd.)

(Rupees in Lac)

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

REVENUE ACCOUNT

(Rupees in Lac)

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

Notes :

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

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, 2014
3.	Type of Audit observation	Matter of Emphasis
4.	Frequency of observation	First time

5.

(D.P. Deshpande)
Managing Director

(S.K. Mishra)
General Manager (Finance & Accounts)/Chief Financial Officer

(P.C. Parakh)
Audit Committee Chairman

Auditor of the Company
Refer our Audit Report dated April 28, 2014 on the Stand alone Financial Statements of the Company
For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.302009E)

(Abhijit Bandyopadhyay)
Partner
(Membership No.054785)