



July 28, 2016

General Manager
BSE Limited
Corporate Relationship Department
New Trading Ring (1st Floor)
Rotunda Building
P J Towers
Dalal Street
Mumbai – 400 001

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza (5th Floor)
Plot No. C/1, G. Block
Bandra-Kurla Complex
Bandra (E)
Mumbai – 400 051

Dear Sirs,

Sub : 33rd Annual Report 2015-16

In compliance with Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, We are enclosing the Annual Report for the financial year 2015-16 containing the Notice convening the Annual General Meeting, Audited Financial Statements for the financial year 2015-16, together with the Reports of the Board of Directors and Auditors thereon which has been approved and adopted by the members as per the provisions of the Companies Act 2013, at the 33rd Annual General Meeting of the Company held on Tuesday , 26th July, 2016 at "Lake View Officers Recreation Centre", TSIL Township, Joda, Dist. Keonjhar, Odisha - 758034.

Kindly take the above information on record.

Thanking you,

Yours faithfully,
for **Tata Sponge Iron Limited**

Sanjay Kasture
Company Secretary

Encl : As above

In Harmony with Environment



TATA SPONGE IRON LIMITED
33rd Annual Report, 2015-16

Board of Directors



Chairman - Mr. A. M. Misra



Mr. D. K. Banerjee
Independent Director



Mr. P. C. Parakh
Independent Director



Mr. Manoj T. Thomas
Independent Director



Dr. O. N. Mohanty
Independent Director



Mr. Krishna Dutt
Independent Director



Mr. R. Ranganath
Non-Executive Director



Mr. D. P. Deshpande
Managing Director



Mr. Sanjay Kumar Pattnaik
Executive Director



Mrs. Meena Lall
Non-Executive Director



COMMITTEES OF BOARD

[As on 25th April, 2016]

AUDIT COMMITTEE

Mr. P.C. Parakh	Chairman
Mr. D.K. Banerjee	Member
Dr. O.N. Mohanty	Member
Mr. R. Ranganath	Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. Manoj T. Thomas	Chairman
Mr. D.K. Banerjee	Member
Mr. A.M. Misra	Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Krishnava Dutt	Chairman
Mr. P.C. Parakh	Member
Mr. D.P. Deshpande	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. R. Ranganath	Chairman
Mr. Manoj T. Thomas	Member
Mr. D.P. Deshpande	Member
Mr. S.K. Pattnaik	Member

ETHICS & COMPLIANCE COMMITTEE

Mrs. Meena Lall	Chairman
Mr. Krishnava Dutt	Member

RISK MANAGEMENT COMMITTEE

Mr. D.P. Deshpande	Chairman
Mr. S.K. Pattnaik	Member

COMMITTEE OF BOARD

Mr. A.M. Misra	Chairman
Mr. D.K. Banerjee	Member
Dr. O.N. Mohanty	Member
Mr. R. Ranganath	Member
Mr. D.P. Deshpande	Member
Mr. S.K. Pattnaik	Member

MANAGEMENT TEAM

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

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The Thirty-third Annual General Meeting of Tata Sponge Iron Limited will be held at "Lake View Officers' Recreation Centre", TSIL Township, Joda, Dist - Keonjhar, Odisha - 758 034, on Tuesday, the 26th July, 2016 at 10:00 a.m.

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



CORPORATE INFORMATION

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

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholder,

You may recall that we had sent you a letter dated March 01, 2016, informing you about the "Green Initiative" taken by Ministry of Corporate Affairs ("MCA"), Government of India and to support that, the intention of the Company to effect electronic delivery of documents including the annual reports, notices etc. to the members at the email address registered for the said purpose. Pursuant to the aforesaid letter, we received favorable response from the shareholders.

For supporting and furthering this initiative, we once again appeal to you that if you hold shares in :-

- electronic form**, please intimate your current email address to your Depository Participant (DP). The same will be deemed to be your registered email address for serving notices/ documents.
- physical form**, please send a letter intimating your email address, duly signed by the first/sole holder as per the specimen signature recorded with the Company to our Registrar & Transfer Agent quoting your full name and folio number to their following address :

TSR Darashaw Limited

Unit: Tata Sponge Iron Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, (Nr. Famous Studio),
Mahalaxmi, Mumbai – 400 011

Please note that all such documents shall be made available on the Company's website (www.tatasponge.com) and the same shall also be kept open for inspection at the Registered Office of the Company during the business hours.

Please note that, as a member of the Company, you will be entitled to be furnished, free of cost with a copy of such communication / document upon receipt of a requisition from you.

We are sure that you would appreciate your Company's desire to participate in the "Green Initiative" taken by MCA and in support for this noble initiative, you will opt for electronic mode of communication.

Thanking you,

For **Tata Sponge Iron Limited**

Sanjay Kasture
Company Secretary

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am happy to present before you the performance of your Company for the financial year 2015-16.

It was a difficult year as your company faced major challenges on two fronts.

The first challenge was the renovation of kiln 1, which has been in operation since 1986. The kiln had outlived its useful life after 29 years of service. During the shutdown of 115 days, the old shell was dismantled and a new shell in its place was installed. I compliment the project and the operating teams that soon after the commissioning; the kiln started operating at its rated capacity. In order that our customers do not suffer shortage of Sponge Iron during the shutdown period, the company undertook the manufacture of Sponge Iron, about 22000Tons, in nearby plants under its supervision to supplement production at its own unit. As a result, the company sold 3,87,793 Tons in FY 2015-16 which was 6.8% higher than the previous year's sale of 3,62,912 Tons. However, due to shutdown of kiln 1, the power generation was lower at 163 MU compared to 173 MU generated in the previous year.

The second challenge was on the market front. The demand in the Steel sector continued to remain sluggish, and also due to cheaper imports, the price of Sponge Iron plunged, seriously affecting the margin. Even though, we sold higher volumes this year, the net revenue from operations was lower at Rs.574 crs compared to Rs.790 crs. the previous year. Consequently, the Profit After Tax was lower at Rs. 30.83 crs. compared to Rs. 91.89 crs. In the previous year. Notwithstanding the drop in profit, the Board is happy to recommend a Dividend of Rs.10 per share (100%), as in the previous year.

The Board has also evaluated growth projects to leverage the healthy financial reserve that your company has, however a final decision will be taken when improvement is visible in the Steel Market. The company is following up with the Government for an early refund of expenses incurred in the development of Radhikapur coal block which was de-allocated last year.

The company has continued to progress in its journey towards excellence following the guidelines of the Tata Business Excellence Model. The company has won the Safety Award and also an Award for Environmental Performance from the State Government. Your company reinforces its commitment to Society by improving the quality of life of people living in surrounding villages. Accordingly, drinking water through pipes have been provided to more than 1000 families, five villages have been provided with toilets, and also educational facilities have been provided in 50 Schools.

I would like to thank all the employees along with their Union representatives for an overall good performance in the year in the face of major challenges, and you shareholders for reposing your faith in the Management team.

Kolkata
25th April, 2016

(A M Misra)
Chairman

NOTICE

THE THIRTY-THIRD ANNUAL GENERAL MEETING OF TATA SPONGE IRON LIMITED will be held on Tuesday, the 26th July, 2016 at "Lake View Officers' Recreation Centre", TSIL Township, Joda, Dist Keonjhar, Odisha 758 034, at 10:00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the :-
 - a) Audited Standalone Financial Statements of the Company for the Financial Year ended 31 March, 2016 and the Reports of the Board of Directors and the Auditors thereon; and
 - b) Audited Consolidated Financial Statements of the Company for the Financial Year ended 31 March, 2016 and the Report of the Auditors thereon.
2. To declare dividend of Rs. 10/- per Equity share of Rs. 10/- each for Financial Year 2015-16.
3. To appoint a Director in place of Mr. Ranganath Raghupathy Rao (DIN 06725337), who retires by rotation and is eligible for re-appointment.
4. Appointment of Auditors
To pass the following resolution as an Ordinary Resolution:-

"RESOLVED that subject to the provisions Section 139, 142 and other applicable provisions, if any of the Companies Act, 2013 and the Rules made thereunder, M/s. 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 Annual General Meeting (AGM) till the conclusion of the Thirty Fourth (34) Annual General Meeting of the Company to be held in the year 2017 to audit the financial statements of the company for the Financial Year 2016-17 at such remuneration plus applicable taxes, out of pocket expenses etc., as may be mutually agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

5. Ratification of Cost Auditors' remuneration
To pass the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed thereunder, as amended from time to time, the Company does hereby ratify the remuneration of Rs. 1.80 lakh (Rupees one lakh and eighty thousand only) (excluding taxes, cess etc.), plus out of pocket expenses, payable to Messrs Shome & Banerjee, Cost Accountants, (Registration No.000001), who have been appointed by the Board of Directors as Cost Auditors of the Company, to conduct the audit of cost records of the Company as may be ordered by the Central Government under the Act and Rules framed thereunder, for the financial year ending 31st March, 2017."
6. Approval of Material Related Party Transactions:
To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution::

"RESOLVED THAT pursuant to the provisions of Regulation 23 (4) of Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015 ["SEBI Listing Regulations, 2015"] and other relevant provisions of the Companies Act, 2013 read with related Rules thereto, consent of the members be and is hereby accorded to the transactions to be entered with Tata Steel Limited and Tata International Singapore PTE Limited (as detailed in the Explanatory Statement annexed to the Notice), under a contract or an arrangement, for a sum not exceeding Rs. 250 cr per annum, for each such related party as defined under Regulation 2(zb) of SEBI Listing Regulations, 2015, during financial year 2016-17 and each subsequent financial year, till the termination of said contract or arrangement.

RESOLVED FURTHER THAT the Board of Directors ("Board") be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary and to delegate all or any of the powers herein conferred, to any Director(s) or Chief Financial Officer, Company Secretary or any other officer of the Company to give effect to the aforesaid resolution(s).

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved ratified and confirmed in all respects."
7. Re-appointment of Mr. Digambar Pandurang Deshpande as Managing Director:
To consider and if thought fit to pass, with or without modification, the following resolution as Ordinary Resolution :

"RESOLVED THAT pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013 (the "Act"), and Rules made there under, as amended from time to time, read with Schedule V to the Act, and Article 112 of the Articles of

Association of the Company, the Company hereby approves of the re-appointment and terms of remuneration of Mr. Digambar Pandurang Deshpande (DIN 02526471) as the Managing Director of the Company with effect from 1st April, 2016 to 31st October, 2016 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mr. Digambar Pandurang Deshpande."

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

Notes :

- 1) Explanatory statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item No. 5 to 7 above is annexed hereto. The relevant details of Directors seeking appointment/reappointment under item No 3 and 7 above pursuant to Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also annexed.
- 2) **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, ODISHA, PIN 758 034, NOT LESS THAN 48 HOURS BEFORE THIS ANNUAL GENERAL MEETING.**
- 3) The Register of Members and Share Transfer Books will remain closed from 6th July, 2016, (Wednesday) to 8th July, 2016 (Friday), both days inclusive.
- 4) 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 5th July, 2016 (Tuesday). The payment will be made on or after 31st July, 2016.

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 Limited (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.

- 5) 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 2007-08 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 Ministry of Corporate Affairs (MCA), Odisha, Corporate Bhawan, 3rd Floor, Plot No. 9(P), Sector 1, CDA, Cuttack - 753 014.
- 6) Members, who have not encashed their dividend warrants issued for the years 2008-09 to 2014-15 are requested to immediately forward the same for revalidation to our Share Registrars at their address given under (4) above, and get the encashment at the earliest.
- 7) Shareholders are requested to notify their bank particulars giving the name of the bank and the branch and the nature of account and also any change of address to the Company's Registrar and Share Transfer Agent, M/s. TSR Darashaw Ltd. Shareholders are hereby intimated that under instructions from the Securities and Exchange Board of India, furnishing of bank particulars by the shareholders has become mandatory.
- 8) 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.
- 9) 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.
- 10) 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.
- 11) Members, who have multiple accounts in identical names or joint names in same order are requested to intimate M/s. TSR Darashaw Ltd., the Ledger Folios of such accounts to enable the Company to consolidate all such share holdings into one account.

12) 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) Amendments Rules, 2015, and regulation 44 of Listing Regulations the Members are provided with the facility to cast their vote electronically, through e-voting services provided by NSDL.
- II. The Company has appointed Ms. Manjari Sinha (ACS-26617, & CP No. -9724), Practising Company Secretary, 27, Tulsi Bhawan, Bistupur, Jamshedpur 831 001, as the Scrutinizer for conducting the entire process including e-voting in a fair and transparent manner.
- III. The facility for voting, either through electronic voting or polling paper shall also be made available at the Annual General Meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
- IV. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- V. Members can opt for only one mode of voting, i.e. either by e-voting or voting at Annual General Meeting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast at Annual General Meeting shall be treated as invalid.
- VI. The instructions for e-voting are as under:
 - A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depository Participant(s)):
 - (i) Open email and also open PDF file, namely "Tata Sponge 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.nsd.com/>
 - (iii) Click on Shareholder - Login.
 - (iv) If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
 - (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password. The password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
 - (vi) Once the e-voting home page opens, click on e-Voting > Active Voting Cycles.
 - (vii) Select "EVEN" (E-voting Event Number - 104062) 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 investorcell@tatasponge.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 and PASSWORD/PIN
 - (ii) Please follow all steps from Sl.No.A(ii) to Sl.No.A(xii) above, to cast vote.
- VII. 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.nsd.com or call on toll free no. 1800-222-990.
- VIII. 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).

- IX. The e-voting period commences on 23rd July, 2016 (Saturday) 9-00 a.m. IST and ends on 25th July, 2016 (Monday) 5-00 p.m. IST. During this period shareholders' of the company holding shares either in physical form or in dematerialised form, as on 19th July, 2016, i.e. the cut-off date, 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 or cast vote again.
- X. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting, voting through ballot form, as well as voting at the meeting through ballot.
- XI. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forget User Details/Password" option available on www.evoting.nsdl.com.
- XII. The Scrutinizer shall immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and declare the result of the voting forthwith.
- XIII. 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 www.evoting.nsdl.com immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.
- XIV. 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, including the date of the Annual General Meeting of the company.

By Order of the Board of Directors

Kolkata
25th April, 2016

Sanjay Kasture
Company Secretary

Registered Office:
Post Joda
Dist. - Keonjhar
Odisha - 758 034
CIN-L27102OR1982PLC001091
Website: www.tatasponge.com

EXPLANATORY STATEMENT

[Pursuant to Section 102 of the Companies Act, 2013 (“Act”)]

As required by the provisions of Section 102 of the Companies Act, 2013, (hereinafter referred to as “the Act”) the following Explanatory Statement set out all material facts relating to the business mentioned under item Nos. 5 to 7 of the accompanying Notice dated 25th April, 2016.

Item No 5

Based on the recommendation of the Audit Committee, the Board in its meeting held on 25th April, 2016, appointed M/s Shome & Banerjee, Cost Accountants, (FRN NO. 000001) to conduct the cost audit for the financial year 2016-17 at fee of Rs. 1,80,000/- (excluding taxes, cess etc.), plus out of pocket expenses.

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

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested in the said Resolution. The Board recommends the resolution set forth in item no. 5 for approval of the Members.

Item No. 6

As per Regulation 23 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 all material related party transactions shall require the approval of shareholders. Further, explanation provided to Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 states that a transaction with a related party shall be considered material if the transaction/transaction to be entered into individually or taken together with previous transactions during the financial year (i.e. during 2015-16), exceeds 10 % of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. According to this definition the relevant turnover was approx. Rs. 573.53 crore for 2015-16 and 10% of which is equal to Rs. 57.35 crore. Hence, it is proposed to secure shareholders' approval on Resolution No. 6 in the forthcoming Annual General meeting including through ballot/e voting for approving following related party contracts / arrangements to be entered during financial year 2016-17 and each subsequent financial year, till the termination of said contract or arrangement.

SI No	Description	Details	
a	Name of the related party	Tata Steel Limited	Tata International Singapore PTE Ltd
b	Name of the director or key managerial person who is related, if any	None	None
c	Nature of relationship	Tata Steel Ltd is a holding Company having 54.5% shares in the paid up capital of the Company.	Group Company
d	Nature, material terms, monetary value and particulars of the contract or arrangement.	<p>The Company intends to purchase iron ore from Tata Steel Limited. The Company also intends to sale power to Tata Steel Limited.</p> <p>The pricing mechanism is purely market based. Latest auction price of OMC for Barbil sector has been considered as base/indicative price. In the absence of auction price of Barbil sector, Gandhmardan sector auction price is considered as base /indicative.</p> <p>Maximum value of transactions in a financial year: Rs. 250 cr. for purchase of Iron Ore and sale of Power</p>	<p>The Company intends to import coal from Tata International Singapore PTE Limited.</p> <p>API4 index is the basis for Coal (FOB) procurement and freight & insurance at comparable / actual prices.</p> <p>Maximum value of transactions in a financial year: Rs. 250 cr for import of Coal.</p>
e	Any other information relevant or important for the members to take a decision on the proposed resolution	This contract is at arms length basis and in the ordinary course of business.	This contract is at arms length basis and in the ordinary course of business.

According to provisions of Section 188 and Regulation 23 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the related party shall abstain from voting on Resolution mentioned at Item No. 6 of the Notice.

The Board recommends the Resolution mentioned at Item No. 6 of the Notice for approval of the shareholders by a Ordinary Resolution.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the Resolution at Item No. 6 of the Notice.

Item No. 7

Mr. Digambar Pandurang Deshpande during his first term of appointment as Managing Director of the company from 1st April, 2013 to 31st March, 2016, had done his best for all round development and growth of the company. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the company at its meeting held on 11th March, 2016, re-appointed Mr. Deshpande as Managing Director of the company for a further period 7 (seven) months from 1st April, 2016 to 31st October, 2016, on the following terms and conditions, subject to the approval of the shareholders.

The main terms and conditions relating to the re-appointment of Mr. Digambar Pandurang Deshpande as Managing Director are as follows :

1) Period of re-appointment : from 1st April, 2016 to 31st October, 2016

2) Nature of Duties

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

3) Remuneration

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

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

b] The aggregate of the remuneration, perquisites, benefits, allowance, etc. shall be within the maximum limits as laid down in the Companies Act, 2013, read with Schedule V of the said Act as amended from time to time.

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

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

(ii) The terms and conditions of the appointment of the Managing Director may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V to the Companies Act 2013 or any amendments made hereinafter in this regard in such manner as may be agreed to between the Board and the Managing Director, subject to such approvals as may be required.

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

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

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

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

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

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

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

- (b) the Managing Director shall not without the consent of the company at any time thereafter represent himself as connected with the company or any of its subsidiaries or associated companies.
- (vi) The Managing Director is being appointed by virtue of his employment in the company and his appointment is subject to the provisions of Section 283(1)(i) of the Act, while at the same time, the Managing Director is liable to retire by rotation.
- (vii) The terms and conditions of appointment of the Managing Director also include clauses pertaining to adherence with the Tata Code of Conduct, no conflict of interest with the company and maintenance of confidentiality.
- (viii) If and when the agreement expires or is terminated for any reason whatsoever, he will cease to be the Managing Director and also cease to be a Director. If at any time the Managing Director ceases to be a Director of the company for any reason whatsoever, he shall cease to be the Managing Director and the agreement shall forthwith terminate. If at any time, the Managing Director ceases to be in the employment of the company for any reason whatsoever, he shall cease to be a Director and the Managing Director of the company.

The draft agreement of re-appointment of Mr. Digambar Pandurang Deshpande is available for inspection at the Registered Office of the Company between 11-00 a.m. to 1-00 p.m. on all working days of the Company.

None of the Directors other than Mr. Digambar Pandurang Deshpande is concerned or interested in the Resolution at Item No.7 of the Notice.

By Order of the Board of Directors

Kolkata
25th April, 2016

Sanjay Kasture
Company Secretary

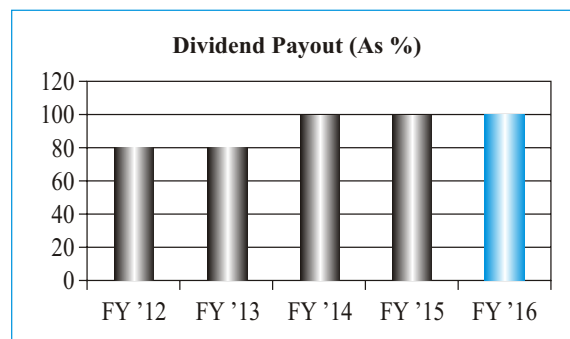
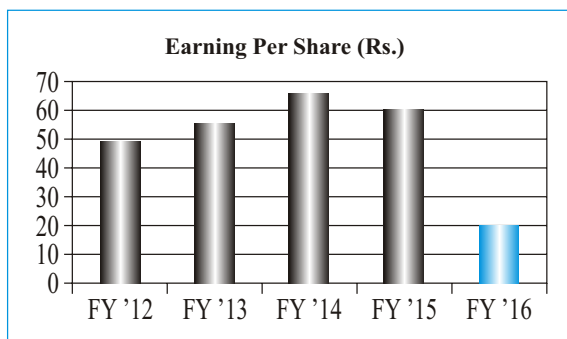
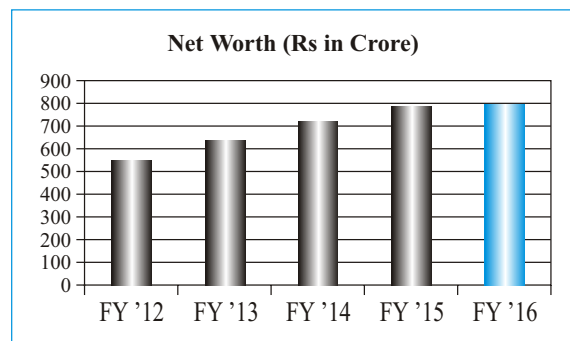
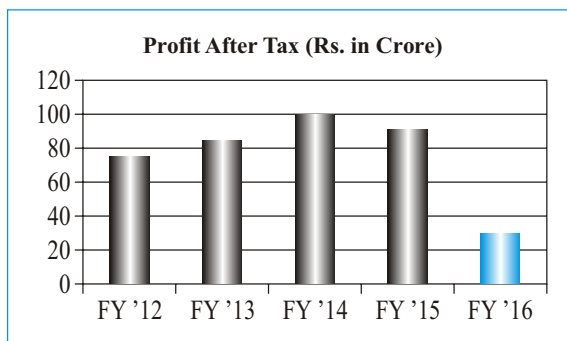
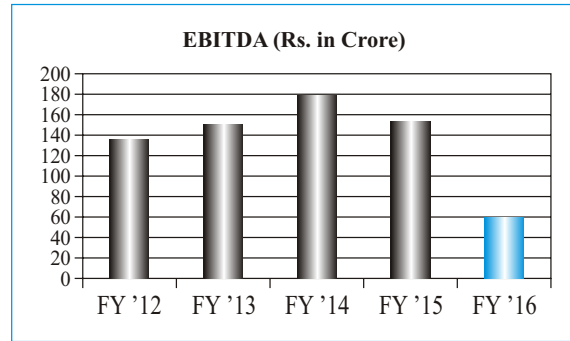
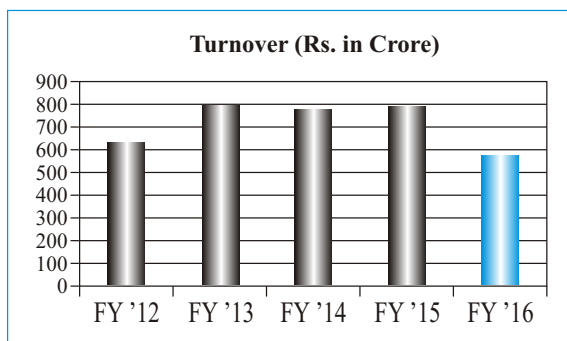
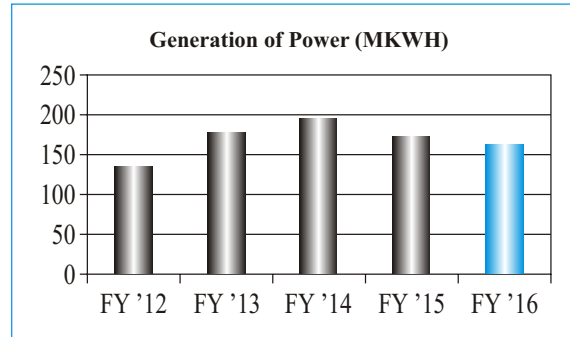
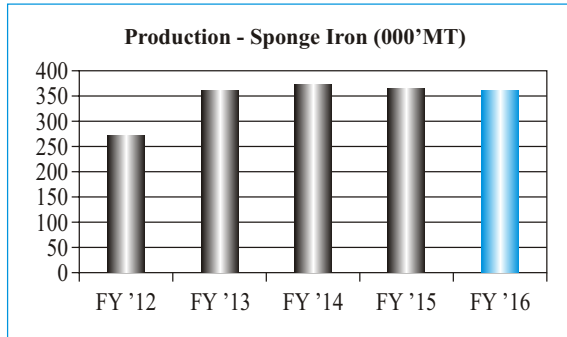
Registered Office:
Post Joda
Dist. - Keonjhar
Odisha - 758 034
CIN-L27102OR1982PLC001091
Website:www.tatasponge.com

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN
THE THIRTY-THIRD ANNUAL GENERAL MEETING**Pursuance to Regulation 36(3) of the SEBI (Listing Obligations &
Disclosure Requirements) Regulations, 2015

Name of the Director(s)	Mr. Digambar Pandurang Deshpande	Mr. Ranganath Raghupathy Rao
DIN	02526471	06725337
Date of birth	04-10-1956	26-05-1959
Qualifications	B.Tech (Chemical Engg.), IIT, Mumbai. PGDBM, XLRI, Jamshedpur.	B.Com, FCA
Expertise in specific functional areas	Chemical Engineering	Corporate Finance
Directorship in other public companies (excluding foreign companies)	TSIL Energy Limited	1) TSIL Energy Limited 2) Jamshedpur Utilities and Services Company 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	Nil
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	Nil	Nil

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

Highlights at a Glance 2015-16



DEBOTTLENECKING OF CAPACITY

During the year Kiln-1, operating since 1986, was completely renovated. During the 115 days shutdown, customers requirement was supported by contract manufacturing of about 22,000 MT of sponge iron in nearby plants.



Kiln 1 in Dismantled Condition



Kiln1 after renovation

Kiln 1 was running at less than its designed capacity. This was due to short cooler length and warpage in its shell. The kiln was completely renovated its cooler length enhanced to remove the bottlenecks at a cost of Rs.30 cr approx.

This resulted increase in the productivity by 13.5%. The quality of sponge iron improved because of longer cooler. It also resulted in reduction of coal consumption by 1.75%

CORPORATE SUSTAINABILITY

As a member of Tata Group and as a responsible corporate citizen the company continues to run and implement Corporate Social Responsibility programs. The sustainability initiatives are aimed at the betterment of the society, community and environment.

During the year, the Company has taken quite a few initiatives for periphery community development and environment protection.

Plantation Drive

Tata Sponge employees wholeheartedly participated in a plantation drive organised during year. Volunteers comprising Company employees, their family members and friends joined hands with local community and planted more than 1100 high breed mango saplings, in the nearby village. The plantation is expected to bring much required economic benefit to the local community in the region.



Mr. D.P. Deshpande, MD, Tata Sponge & Mr. B. K. Mahanta, Forester, Joda planting a sapling



Energy Saving Certificates

In response to the global warming and climate change requirements, the company has taken steps to reduce the energy consumption and the Green House Gas emissions. The Company is entitled for “Energy Saving Certificates” under PAT scheme of Bureau of Energy Efficiency (“BEE”), Ministry of Power, Government of India.

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)

Tata Sponge Science Exhibition

In order to encourage quality science education, the annual science exhibition was started by Tata Sponge in 2014. The 2nd Tata Sponge Science Exhibition was held during 2-3 November, 2015 in the Company township at Joda. The event has been highly appreciated by the community and the academia. During the year 265 school children of 64 schools from the entire Keonjhar district, Odisha participated.



Nurturing the talents for the Future. Student participating in Tata Sponge Science Exhibition - 2015

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of its initiatives under “Corporate Social Responsibility” (CSR) the Company has continued to undertake projects in the areas of Education, Livelihood, Health, Water and Sanitation, Environment, Rural development etc. Among various projects, few of the high impact sustainable projects are as follows:

1. **“Guru Dikshya”**: With an objective to improve the quality of education in the schools by improving the standard of teaching & learning initiated “Guru Dikshya” project, which is reaching out to 5175 students reading in standard VI & VII in fifty schools across seven blocks of Keonjhar district in Odisha. Out of fifty schools, thirty six schools are govt. supported CAL (Computer Aided Learning) schools, whereas in remaining fourteen schools the teaching aid i.e. Laptop and Projector were provided by Tata Sponge.



“Gurudikshya” – Reaching out over five thousand students in fifty schools to promote quality education through computer aided learning

2. **“Prarambh”**: Tata Sponge has constructed seven model Anganwadi centers with children friendly features and organized training in coordination with ICDS dept. for 67 Anganwadi centers to promote joyful preschool education in five surrounding gram panchayats. Smokeless chullas have also been provided in these centres to cook mid-day meals.



“Prarambh” – A joyful preschool initiative reaching out over 2000 children in 69 Anganwadi centres by building capacity of Anganwadi workers and construction of seven model centres

3. **“Swabhiman”**: Tata Sponge, in partnership with Govt. of Odisha and Gram Vikas as an implementing agency, has undertaken to construct around one thousand two hundred household toilets including water supply provisions over a period of five years. Emphasis is also being given on behavioural changes of the community to use the facilities and make the village free from open defecation.



“Project Swabhiman” – Provision of individual toilet, bathroom and water facility to 1200+ families in neighbouring five villages of the Company

4. **“Jal Dhara”**: Tata Sponge is constructing water supply project at Bileipada, in Joda Block which would permanently serve the need of piped and safe drinking water for more than one thousand population, who perennially face water scarcity during summer.



“Jala dhara” – Drinking water project under construction in Bileipada village

THE SPIRIT OF VOLUNTEERING

The spirit of volunteering at Tata Sponge has become imbibed into employee’s subconscious, over the years. This may be credited to the management’s constant efforts to involve every individual in the process of sustainability and nation building. During the year, “5th Tata Volunteering Week” (“TVW-5”) was announced, wherein more than 188 volunteers went on to make a difference in the lives of the community. Some of the activities undertaken during TVW-5 are as follows :

- Women groups and Anganwadi workers were sensitized towards complete immunization of children, child birth in hospitals etc.
- Truckers were made aware on HIV/AIDS and encouraged to lead a responsible life.
- Road safety awareness and sensitization programs were organised for bikers, truckers and pedestrians.
- Awareness program on school drop outs, absenteeism, discrimination, safety, health & hygiene issues etc. at nearby schools.



Awareness programme at school



Road safety awareness

INCLUSIVE GROWTH

The concept of inclusive growth through Affirmative Action (AA) has been adopted by the company. Further initiatives are being taken by the company during the year to strengthen the actions.

AWARDS & RECOGNITION

During the year the Company received the prestigious Kalinga Safety award, CII award for Quality conferred by Confederation of Indian Industries (Eastern Region) and IIM Sustainability award conferred by Indian Institute of Metals.



Mr. Sanjay Kumar Pattnaik, Executive Director, Tata Sponge, along with other officials of the Company receiving the Kalinga Safety Award



CII Award for quality

DIRECTORS' REPORT

Dear Members,

The Directors take pleasure in presenting the Thirty-third Annual Report on the business and operations of the company and its financial results for the year ended 31st March, 2016.

FINANCIAL RESULTS

Particulars		Standalone		Consolidated	
		FY 2015-16 (Rs. Lakh)	FY 2014-15 (Rs. Lakh)	FY 2015-16 (Rs. Lakh)	FY 2014-15 (Rs. Lakh)
(i)	Sales (Net of Excise Duty) and other income	61,119	84,522	61,125	84,528
(ii)	Profit before interest, depreciation and taxes	6,001	15,472	6,005	15,476
	Less: Interest	538	530	538	530
	Profit /(loss) before depreciation and taxes	5,462	14,941	5,467	14,946
(iii)	Less: Depreciation and amortisation expenses	1,290	1,294	1,290	1,294
(iv)	Profit Before Taxes	4,173	13,647	4,177	13,652
(v)	Tax Expense	1,090	4,458	1,090	4,458
(vi)	Profit after tax	3,083	9,189	3,088	9,194
(vii)	Profit brought forward from previous year	2,062	1,807	2,062	1,802
(viii)	Profit available for appropriation	5,145	10,996	5,150	10,996
(ix)	Dividend: 100% (2014-2015 : 100%)	1,540	1,540	1,540	1,540
(x)	Tax on Dividend	314	314	314	314
(xi)	Transfer to General Reserve	1,120	7,000	1,120	7,000
(xii)	Surplus carried to Balance Sheet	2,172	2,062	2,172	2,062

DIVIDEND

The Board has recommended the 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, 2016, subject to approval of the shareholders at the ensuing Annual General Meeting. The total outgo on account of dividend (ex-taxes) will be Rs. 1,540 lakhs.

TRANSFER TO RESERVE

We propose to transfer Rs. 1,120 lakhs to the General Reserve.

OPERATIONS

Sponge Iron

During the year Kiln-1, which was in operating since 1986, was completely renovated within a shutdown period of 115 days. During this period, customers requirement was supported by contract manufacturing of about 22,000 MT of sponge iron in nearby plants. During the year, all the three kilns produced 3,60,446 MT of sponge iron compared to 3,65,324 MT in the previous year. The daily production rate at its kilns stood at 1248 TPD as against 1175 TPD in the previous year.

The company sourced almost two-third of its iron ore requirement from Tata Steel. It sourced nearly 95% of its coal requirement through imports.

The sale of sponge iron during the year was 3,87,793 MT as compared to 3,62,912 MT in the previous year, an increase of 6.8%.

Power

During the year, the total generation of power was 163 million kwh and surplus power of 113 million kwh was exported, compared with generation of 173 million kwh and export of 121 million kwh in the previous year. The decrease in the generation and sale of power was consequential to Kiln-1 renovation outage.

MARKET

The market for sponge iron remained subdued during the year due to the poor demand of steel and the increase in steel imports. The improved supply of iron ore and restarting of shut down sponge iron plants caused an increased supply of sponge iron in the market resulting into 32% drop in price of sponge iron. The sluggish growth of real estate and infrastructure sector reduced the growth rate of demand of long product steel to 2-3%.

The drop in raw material cost could not offset the drop in Net Realisation of sponge iron thereby severally impacting the profit.

FINANCE

Even though, higher volumes of sponge iron were sold this year, the net revenue from operations was lower at Rs. 574 crs compared to Rs. 790 crs. in the previous year primarily due to a substantial drop in price of sponge iron. Consequently, the Profit After Tax was lower at Rs 30.83 crs., compared to Rs. 91.89 crs. in the previous year. The Company continued to be debt free during the year.

UPDATE ON RADHIKAPUR COAL BLOCK

The Radhikapur (East) Coal Block stands de-allocated and re-allotment has not happened yet. The Ministry of Coal ("MoC") vide its letter dated December 28, 2015, has reiterated its decision for encashment of the Bank Guarantee of 32.50 cr. The Bank Guarantee has since expired. The Company has filed a writ petition before Hon'ble High Court of Delhi challenging the decision of the "MoC". Pending finalisation of the matter the Bank Guarantee amount continues to be disclosed as Contingent Liability as at the end of the year.

The investments made by the Company on the coal block developments amounting to Rs. 180 cr has been shown as receivable in the Financial Statements for the year ended 31st March, 2016, pending re-allotment and receipt of the amount from the subsequent allottee.

SUBSIDIARY COMPANY

Your Company has one wholly owned subsidiary i.e. "TSIL Energy Limited". There is no associate or joint venture company as defined under the Companies Act, 2013.

Pursuant to provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of TSIL Energy Limited in **Form AOC-1** is annexed as (**Annexure "A"**).

Pursuant to provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, Consolidated financial statements along with relevant documents and separate audited accounts of TSIL Energy Limited are available on the website of the Company.

INTERNAL PROCESS & FINANCIAL CONTROL

Improvement in the business processes and systems across all functions is a continuous process, in line with the Tata Business Excellence Model that the Company has adopted. The company continues to maintain Integrated Management System (IMS) comprising of Quality Management System (ISO: 9001), Environment Management System (ISO: 14001) and Occupational Health, Safety & Accountability Management System (ISO: 18001).

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The scope of authority of the Internal Audit function is defined in the Internal Audit Charter. The Company's internal controls are tested for adequacy and effectiveness by the Internal Auditor and Statutory Auditors on a regular basis.

LISTING FEES

The Annual Listing Fee for the year 2015-16 had been paid to those Stock Exchanges where the company's shares are listed.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year the Company has spent Rs. 277.49 Lakh (previous year Rs. 259.03 Lakhs) on CSR activities. An Annual Report on CSR activities is annexed herewith as **Annexure "B"** in the prescribed format.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has a vigil mechanism by way of internal reviews and a third party helpline, escalating system of ethical concerns etc. The Company also has a "Whistle Blower Policy", the copy of which is available on the website of the Company, namely www.tatasponge.com.

PREVENTION OF SEXUAL HARASSMENT AT WORK PLACES

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

Further, the Company has Internal Complaint Committees for various locations of the Company in compliance with the above mentioned Act and Rules. For the financial year 2015-16, no case of sexual harassment was pending at the beginning, no case was received during the year nor any case remained pending at the close of the year.

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

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

SAFETY & ENVIRONMENT

The Company is committed to providing a safe and healthy working environment and achieving an injury and illness free work place. In recognition of Company's best practices in Safety, Health and Environment, the Company received the prestigious "Kalinga Safety" award during the year.

Over the years, the Company has been setting benchmarks in its industry vertical in reducing its carbon footprint through the 3R's, producing power from waste heat in its twin captive power plants, keeping emissions well under prescribed norms and becoming a Zero-effluent Discharge Company.

PARTICULARS OF EMPLOYEES

The particulars of employees are given in **Annexure "D"** to this Report as required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

DIRECTOR(S)

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr. R. Ranganath, Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible offers himself for re-appointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, there is no change in the Board of Directors of the Company.

The Board at its meeting held on 11th March, 2016, has reappointed Mr. Digambar Pandurang Deshpande as Managing Director of the Company for the period from 1st April, 2016 to 31st October, 2016. Necessary resolutions together with the explanatory statement have been included in the Notice of Thirty-third Annual General Meeting as the above reappointment is subject to the approval of the shareholders.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial auditors and external consultant(s) including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by the management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2015-16.

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

- (i) in the preparation of annual financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2015-16 and of the profit of the company for that period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis;
- (v) The directors had laid down proper internal financial controls and such internal financial controls are adequate and were operating effectively
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

BOARD EVALUATION

The Board has carried out an annual performance evaluation of its own performance and that of its Committees and individual directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

INDEPENDENT DIRECTORS' MEETING:

During the year under review, the Independent Directors met on 20th January, 2016, inter alia, to:

- a) Review the performance of Non Independent Directors, and the Board of Directors as a whole;
- b) Review the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- c) Assess the quality, content and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this meeting.

The observations made by the Independent Directors have been adopted and put into force.

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

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

KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company:

1. Mr. D.P. Deshpande - Managing Director
2. Mr. Sanjay Kumar Pattnaik – Executive Director
3. Mr. S.K. Mishra – Chief Financial Officer
4. Mr. Sanjay Kasture – Company Secretary

During the year, Mr. S.S. Dhanjal, superannuated as Company Secretary of the Company w.e.f December 31, 2015.

The Board at its meeting held on 22nd December, 2015 has appointed Mr. Sanjay Kasture as Company Secretary with effect from January 01, 2016.

BOARD MEETINGS/BOARD COMMITTEE MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors. During the year seven (7) Board meetings and five (5) Audit Committee meetings were held details of which are given in the Corporate Governance Report. The gap between the meetings was within the period prescribed under the Companies Act, 2013 / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All recommendations made by the Audit Committee were accepted by the Board during FY 2015-16. All other Committees also have met during the year and have helped the Board to provide direction to the management.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF COMPANIES ACT, 2013

During the year under review, purchase of Iron ore from Tata Steel Limited, promoter of the Company, constitutes majority of the transactions entered with related parties. The transactions, being material, were approved by the shareholders during the year. All the transactions with related parties were on an arm’s length basis and were in the ordinary course of business.

All related party transactions are placed before the Audit Committee as also the Board for approval.

The particulars of material contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, is given in prescribed **Form AOC - 2** as **Annexure “E”**.

The policy on Related Party Transactions as approved by the Board is displayed on the website of the Company, viz, www.tatasponge.com. Members’ attention is also drawn on Notes to Financial Statements which sets out details of Related Party transactions.

MANAGEMENT DISCUSSION & ANALYSIS

The Management’s Discussion and Analysis Report for the year under review, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, form part of this Annual Report.

CORPORATE GOVERNANCE REPORT

As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance, together with a certificate from the Company’s Secretarial Auditors confirming compliance forms part of this Report.

AUDITORS

(a) STATUTORY AUDITORS

Messrs Deloitte Haskins & Sells, Chartered Accountants, (Registration Number : 302009E) who are Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment for conducting audit of financial statements of the Company for financial year 2016-17. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from Messrs Deloitte Haskins & Sells that their appointment, if made, would be in conformity with the limits specified in the said Section.

There is no Audit qualification for the year under review.

(b) COST AUDITOR

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out cost audit every year. The Board of Directors, on the recommendation of Audit Committee, has appointed Messrs Shome & Banerjee, Cost Accountants, (Firm Registration Number 00001) as Cost Auditor to audit the cost statements of the Company for the financial year 2016-17. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

(c) SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, the Company has appointed M/s S. M. Gupta & Company, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the financial year 2016-17.

The Secretarial Audit Report for FY 2015-16, is annexed herewith as **Annexure "F"**.

COMMENTS ON AUDITORS' / SECRETARIAL AUDIT REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by Deloitte Haskins & Sells, Statutory Auditors, in their report. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

The Company paid a fine of Rs. 65,265/- to BSE Limited on account of delayed filing of Corporate Governance Report for the quarter ended 30th September, 2015, which is reported in the Secretarial Audit report for FY 2015-16.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013 in the prescribed Form MGT - 9 is annexed herewith as **Annexure "G"**.

DISCLOSURES WITH RESPECT TO EMPLOYEES STOCK OPTION SCHEME

The Company does not have any Employees Stock Option Scheme.

RISK MANAGEMENT

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

A Risk Management Committee of the Board reviews the process of risk management. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORY BODIES / COURTS:

During the financial year under review, no significant or material orders passed by the Regulatory / Statutory Authorities / Courts or the Courts which would impact the going concern status of the Company and its future operations.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

Details of Loans, Guarantees and Investments are given in the notes to Financial Statements.

DEPOSITS

During the year, the Company has not accepted any "Deposits", as defined under Companies Act, 2013.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Kolkata
25th April, 2016

(A.M. Misra)
Chairman

ANNEXURE - A**Form AOC-1**

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures**Part "A": Subsidiaries***(Rs. In Lakhs)*

Sl. No.	Particulars	Details
1.	Name of the subsidiary	TSIL Energy Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR (Indian Rupees)
4.	Share capital	106
5.	Reserves & surplus	4.76
6.	Total assets	111.62
7.	Total Liabilities	5.61
8.	Investments	107.97
9.	Turnover	5.62
10.	Profit before taxation	4.76
11.	Provision for taxation	0.00
12.	Profit after taxation	4.76
13.	Proposed Dividend	NA
14.	% of shareholding	100%

Part – B - Associate and Joint Ventures**Statement Pursuant to Section 129(3) of the Companies Act,2013 related to Associate Companies and Joint Venture**

The Company has no associate and joint venture, as at 31st March, 2016.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

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

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

Tata Sponge's CSR thrust areas are; promotion of education, healthcare, sanitation & providing drinking water, enhancement of livelihood, gender equality, environmental sustainability and rural development. Besides, the Company also undertakes programs to promote rural sports and regional culture, to conserve natural resources, develop skill, build entrepreneurship, undertake disaster relief interventions and meet other community needs.

(The details CSR policy and programme can be accessed in the Company's website i.e. www.tatasponge.com, in the *investor > corporate governance* section.)

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

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

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

The average net profit for the past 3 financial years is Rs. **13,718** lakh.

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

As per the prescribed CSR expenditure, the 2% of the above works out to be Rs. **274** lakh

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

(a) Total amount to be spent for the financial year: Rs. **274** lakh

(b) Amount unspent, if any: NA

(c) Manner in which the amount spent during the financial year is detailed below.

Sl. No.	Sub No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs. in Lakh)	Amount spent on the Programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs. in Lakh)	Cumulative expenditure upto the reporting period (Rs. in Lakh)	Amount Spent: Direct or through implementing agency
1	Project:	"Swabhiman":						
		In partnership with Govt. of Odisha, construction of about 1200 rural individual household toilets and bathrooms including water facilities in 5 villages of Birikla Panchayat over 5 years i.e. FY'15 to FY' 19.	Preventive health care & sanitation	Local area : Five villages in Birikala Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	634.00	22.00	22.00	Implementing Agency: Gram Vikas, Bhubaneswar
2	Project:	"Jal Dhara"						
	2.1	Drinking water supply to Bileipada.	Safe Drinking water	Local area: Bileipada village in Birikala GP of Joda Block, Dist-Keonjhar, Odisha	140.00	47.68	47.68	Direct
	2.2	Boring of Tube-wells, their Maintenance and Supply of Drinking Water	Safe Drinking water	Local Area: Birikala, Anseikala, Deojhar, Chamkpur Anseikala, Deojhar, Chamkpur and Kandara Gram Panchayat of Joda Block, Dist-Keonjhar, Odisha	44.02	4.43	14.70	Direct

Sl. No.	Sub No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs. in Lakh)	Amount spent on the Programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs. in Lakh)	Cumulative expenditure upto the reporting period (Rs. in Lakh)	Amount Spent: Direct or through implementing agency
3	Project:	"Prarambh"						
		Build education capability of all 67 Anganwadi centers, covering 5 Gram Panchayats over a period of five years and Construction of 10 Model Anganwadi Centers	Promoting Education	Local Area: Birikala, Anseikala, Deojhar, Chamakpur and Kandara Gram Panchayat of Joda Block, Dist-Keonjhar, Odisha	175.00	77.31	130.24	Direct
4	Project:	"Guru Dikashya"						
		Bringing technology to schools-Digitised Equalizer Computer education	Promoting Education	Local Area: Seven Blocks of Keonjhar District, Odisha	60.00	20.33	34.44	Implementing Agency: American India Foundation Trust
5	Project:	"Vidyarthi"						
	5.1	Support for construction of hostel & boundary wall of a residential girls school for Juang Tribe	Promoting Education	Local Area: Harichandanpur Block of Keonjhar District, Odisha	8.98	4.28	8.98	Implementing Agency: "Prakalpa", Keonjhar, Odisha
	5.2	Promoting science education amongst the school children through science exhibition, talks, books, etc.	Promoting Education	Local Area: Keonjhar district in Odisha	45.00	8.81	14.10	Direct
	5.3	Construction of Kitchen-cum-Dining in Pradhansahi Primary School	Promoting Education	Local Area: Pradhansahi, Anseikala GP, Joda Block of Keonjhar District.	27.29	3.52	27.29	Direct
	5.4	Training of teachers on interactive learning and Discovering Science	Promoting Education	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar District, Odisha.	5.00	1.14	1.14	Direct
	5.5	Construction, Repair, renovation of school buildings and Infrastructure support	Promoting Education	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar District, Odisha.	40.00	3.74	29.43	Direct
	5.6	Construction of six toilet blocks in Schools	Preventive health care & sanitation	Local area: Four Schools in Birikala, Anseikala and Deojhar Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	8.98	6.95	8.46	Direct
	5.7	Installation of tube wells with base platforms and drainage facilities in five schools and Anganwadi centers	Safe Drinking water	Local Area: Birikala, Anseikala, Deojhar, Chamakpur and Kandara Gram Panchayat of Joda Block, Dist-Keonjhar, Odisha	11.62	3.60	11.58	Direct
6	Project:	"Prochhahan"						
		Promoting higher studies - Scholarship for poor & meritorious students	Promoting Education	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar District, Odisha. One sponsorship in Foundation of Academic Excellence & Access (FAEA), New Delhi	12.50	2.38	3.91	Direct

Sl. No.	Sub No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs. in Lakh)	Amount spent on the Programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs. in Lakh)	Cumulative expenditure upto the reporting period (Rs. in Lakh)	Amount Spent: Direct or through implementing agency
7	Project:	"Krida":						
		Coaching of both outdoor & indoor sports like; Football, Cricket, carom, etc. and support of spots materials, prizes, coach fee and other support items.	Promote Rural Sports	Local Area: Anseikala, Birkala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar District, Odisha.	6.50	1.37	1.37	Direct
8	Project:	"Ama Sanskriti":						
		Promotion of Tribal Culture, Renovation of Cultural centers etc.	Protection of Culture	Local Area: Anseikala, Birkala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar District, Odisha.	11.50	4.45	4.45	Direct
9	Project:	"Sakshyam":						
		Provide on the job training with stipend to 10 ST/SC ITI Trade Apprentices and SHG Entrepreneurship development	Livelihood Enhancement	Local Area: Anseikala, Birkala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar District, Odisha	21.00	3.27	11.26	Direct
10	Project:	"Surakshya"						
		Livelihood enhancement training	Livelihood Enhancement	Local Area: Bileipada, Joda Block of Keonjhar District, Odisha	18.00	8.57	8.57	Direct
11	Project:	"Prakriti":						
	11.1	Plantation and afforestation.	Environmental Sustainability	Local Area: Anseikala, Birkala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar District and Chendipada of Angul district of Odisha	50.00	4.12	23.34	Direct
	11.2	Reclamation of land	Environmental Sustainability	Local Area: Joda Block, Keonjhar District	35.00	15.01	15.01	Direct
	11.3	Renovation of water ponds	Environmental Sustainability	Local Area: Chamakpur and Birkala GPs in Joda Block, Dist-Keonjhar, Odisha.	12.71	12.41	12.41	Direct
12		Repairing of Roads	Rural Development Project	Local Area: Joda Block, Keonjhar District	39.75	10.00	39.57	Direct
13	Project:	"Touching the lives"						
	13.1	"Jagruiti":						
		Swachh Bharat Abhiyan, School enrollment & Child labour eradication Campaign, Environment protection, HIV/AIDS prevention, Road safety, TVW, Tata Sustainability Month Prog; Immunization drive, etc.	Multi-sectors	Local area: Birkala Deojhar, Anseikala, Kandara & Chamakpur Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	17.60	1.45	11.59	Direct
	13.2	Infrastructure facilities for patient and attendants	Preventive healthcare & sanitation	CHC at Bausebpur in Kandara GP of Joda Block, Keonjhar Dist, Odisha.	31.99	0.00	31.99	Direct
				Total Prog. Exp.	1,456.44	266.82	513.51	
				Admin. Exp	72.82	10.67	23.00	
				Total CSR Exp.	1,529.26	277.49	536.51	

*Note: The Projects/ Programmes/ Schemes outlays are tentative and based on five to seven years requirement i.e. from 2014-15 onwards.

***Give details of implementing agency:**

- i. **America India Foundation Trust (AIFT) an International non-government organization**, with Head Office at New Delhi for bringing technology to education in Science, Mathematics and Geography for improving quality education in 36 CAL and 14 Non Cal Schools in Keonjhar District of Odisha.
- ii. **Gram Vikas**, a national level non-government organization, with the administrative office at Bhubaneswar, is a NGO works very closely with Govt, Corporate and communities on the issue of water and sanitation. Gram Vikas is engaged by TSIL for implementing project Swabhiman that comprise of toilet, bathroom and water connectivity to 1200 families living in 5 surrounding villages of the company.
- iii. **Prakalpa**, a state level organization, having its office at Keonjhar is a NGO working on promoting education of schedule tribe students in interior pockets of Keonjhar district and other parts in Odisha. It also, works on Maternal-Child Health, Livelihood, Human Rights, etc.
6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board.**

NA

7. The responsibility statement of the CSR Committee of the Board:

"The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and Policy of the Company."

(D.P. Deshpande)
Managing Director

(R. Ranganath)
Chairman - CSR Committee

ANNEXURE TO THE DIRECTORS' REPORT

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

A) Conservation of Energy :

Tata Sponge has been declared as designated Consumer under Energy Conservation Act 2001 and was assigned Specific Energy Consumption (SEC) reduction target from 0.581ToE/MT(baseline) to 0.551ToE/MT(target) during PAT cycle-1 under "Perform, Trade and Achieve" scheme of Bureau of Energy Efficiency (BEE), Ministry of Power, Govt. of India. Tata Sponge had taken this target as an opportunity not only to improve its energy efficiency but also to earn Energy Saving Certificates for over achieving the SEC reduction target, as notified by BEE, through making energy management as a part of its business purpose. The company has achieved SEC of 0.497ToE/MT as against the target of 0.551 ToE/MT which was verified by BEE Accredited Energy Auditor during Measuring and Verification audit.

Followings important projects were taken on conservation of energy:

- Reduction of Specific coal consumption of DRI through process optimization, controlling Carbon to Iron Ratio and controlled use of Char.
- Replaced the inefficient impeller of Kiln#2 ESP ID Fan with an Energy efficient impeller.
- Tata Sponge has recently commissioned 235KW Solar Power facilities on the available rooftop inside its township as part of its obligation to use renewable energy.

B) Technology absorption :

- i) Efforts in brief, made towards technology absorption – Nil
- ii) Benefit derived like product improvement, cost reduction, product development, import substitution etc. The Company achieves the metallization acceptable to the user industry. The Company is constantly endeavouring to bring about further development in the product.
- iii) In case of imported technology (imported during the last three 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 therefore and the plan of action : Not applicable.
- iv) Expenditure incurred on Research and Development : Nil

C) Foreign exchange earning and outgo :

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

Earnings	:	Nil
Outgo	:	Rs. 12,588.12 lakh

**PARTICULARS UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND
THE RULES MADE THEREUNDER**
**Statement pursuant to Rule 5(1) of Companies (Appointment and
Remuneration of Managerial Personnel) Rules, 2014**

Description	Financial Year	Financial Year	Remarks	
(I) Ratio of each director's remuneration to Median Remuneration of Employees.	2014-15	2015-16		
MD	32.56	32.99		
ED	19.37	30.08		
(II) Percentage Increase in Remuneration	2014-15	2015-16	Differential	% increase/ (decrease)
MD	13,354,353.00	13,925,203.23	570,850.23	4.27
ED	7,944,562.92	12,697,723.96	4,753,161.04	59.83
CFO	3,604,473.98	4,113,420.23	508,946.25	14.12
CS (Mr. S S Dhanjal) **	2,562,536.32	2,218,459.99	NA	NA
CS (Mr. Sanjay Kasture) ***	-	450,505.55	NA	NA
** Retired on 31st December, 2015				
*** w.e.f. 1st January, 2016				
(III) Percentage Increase in Median Remuneration of employees	2014-15	2015-16	Differential	% increase/ (decrease)
Median Remuneration	410,162.98	422,138.77	11,975.80	2.92
(IV) No of Employees	2014-15	2015-16		
As on 31st March	439.00	424.00	-	-
(V) Explanation on relationship between average increase in Remuneration and Company Performance	2014-15	2015-16	Differential	% increase/ (decrease)
Total Remuneration	302,550,836.86	327,433,594.21	24,882,757.35	8.22
Company Performance-PBT in Lakh	13,646.94	4,172.50	(9,474.44)	(69.43)
Explanation - increase in remuneration is in line with the terms of appointment, inflation and individual performance.				
(VI) Comparision of remuneration of KMP against Company Performance	2014-15	2015-16	Differential	% increase/ (decrease)
Company Performance-PBT in Lakh	13,646.94	4,172.50	(9,474.44)	(69.43)
KMP Remuneration	27,465,926.22	33,405,312.95	5,939,386.73	21.62
*KMP includes Managing Director, Executive Director, CFO, CS				
(VII) Variation in the market capitalisation of the company, price earning ratio as at the closing date of current FY and previous FY and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer	2014-15	2015-16	Differential	% increase/ (decrease)
Market Capitalisation in Lakh	111,680.80	72,233.70	(39,447.10)	(35.32)
PE Ratio	12.15	23.43	11.28	92.84
Market Price as on 31st March-Per Share	725.20	469.05	-	-
Market quotes on last public offer (June-1984)	10.00	10.00	-	-
Increase or decrease	715.20	459.05	-	-
Rate of Increase or Decrease	7,152.00	4,590.50	-	-

Description	Financial Year	Financial Year	Remarks	
(VIII) Average Percentile increase of employees other than managerial personnel in last FY and its comparison with percentile increase/decrease in managerial remuneration	2014-15	2015-16	Differential	% increase/ (decrease)
Remuneration other than managerial remuneration	281,251,920.94	300,810,667.02	19,558,746.08	6.95
Managerial Remuneration	21,298,915.92	26,622,927.19	5,324,011.27	25.00
Justification Note for substantial increase The increase in managerial remuneration mainly on account of remuneration of Executive Director for the year FY 2015-16.				
(IX) Comparison of remuneration of each KMP against Company Performance			2015-16	Remuneration as a % of PBT (FY-2015-16)
Company Performance-PBT in Lakh			4,172.50	-
MD			13,925,203.23	3.33
ED			12,697,723.96	3.02
CFO			4,113,420.23	0.98
CS (Mr. S S Dhanjal) **			2,218,459.99	NA
CS (Mr. Sanjay Kasture) ***			450,505.55	NA
*KMP includes Managing Director, Executive Director, CFO, CS ** Retired on 31st December, 2015 *** w.e.f. 1st January, 2016				
(X) The Key parameters for any variable component of remuneration availed by the directors	The performance of the company and individual performance is taken into consideration by Nomination and Remuneration Committee			
(XI) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess during the year of the highest paid director	No such case.			
(XII) Affirmation that the remuneration is as per the remuneration policy of the Company.	It is affirmed that the remuneration is as per the remuneration policy of the Company			

Particulars of employees drawing remuneration in excess of the limits set out in Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name of the Employee	Designation	Age	Gross Remuneration FY 2015-16 (In Lakhs)	Qualification	Experience in No. of years	Last Employment held	Commencement of Employment
1.	Mr. D.P. Deshpande	Managing Director	59	139.25	B.Tech (Chemical Engg.), IIT, Mumbai, PGDBM, XLRI, Jamshedpur	37	Tata Metaliks Limited as Executive Director	01-04-2013
2.	Mr. Sanjay Kumar Pattnaik	Executive Director	56	126.98	B.E (Mining), Advanced Management Programme (CEDEP / INSEAD), France	33	Tata Steel Limited as General Manager, Raw Material Strategy Group	16-08-2014

Note: The nature of employment of the above managerial personnel is contractual.

Other than above, no employee of the Company was in receipt of remuneration in excess of Rs. 60 Lakhs during the financial year 2015-16.

Form No. AOC -2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in section 188 (1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:-

1. Details of contracts or arrangements or transactions not at arm's length basis.

Tata Sponge has not entered into any contract / arrangement or transaction with its related parties which is not at arm's length during the financial year 2015-16.

2. Details of material contracts or arrangements or transactions at arm's length basis:

SI. No.	Particulars	
1.	Name of the related party and nature of the relationship	Tata Steel Limited, Holding Company
2.	Nature of contract / arrangement / transactions	Purchase of Iron Ore
3.	Duration of contract / arrangement / transactions	Long term arrangements
4.	Salient terms of the Contract / arrangement / transactions including the value, if any :	Tata Sponge shall purchase the iron ore on the latest auction price of Odisha Mining Corporation (OMC) for Barbil sector. In the absence of auction price of Barbil sector, Gandhmardhan sector auction price is considered as base/ indicative price.
5.	Date(s) of approval by Board, if any	Not applicable, since all contracts were entered into in the ordinary course of business and at arm's length basis
6.	Amount paid as advances, if any	Nil



ANNEXURE - F

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED – 31.03.2016

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

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

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

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers; agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our information, knowledge and belief and according to the explanations given to us, the company has, during the audit period covering the financial year ended on 31.03.2016 generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **TATA SPONGE IRON LIMITED** for the financial year ended on 31.03.2016 according to the applicable provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act; 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB) to the extent applicable to the company:- **As reported to us, there were no FDI, ODI and ECB transactions in the company during the year under review.**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act) to the extent applicable to the company:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **No instances were reported during the year.**
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; As replaced by the SEBI(Share Based Employee Benefits) Regulations, 2014; **Not Applicable During the year.**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable during the year.**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **The Company has duly appointed a SEBI authorized Category I Registrar and Share Transfer Agent as required under Law.**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable during the year.**

- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **No buy – back was done during the year**
6. The following other laws specifically applicable to the Company to the extent applicable to it—
- The Factories Act, 1948.
 - Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
 - The Water (Prevention and Control of Pollution) Act, 1974.
 - The Air (Prevention and Control of Pollution) Act, 1981.
 - The Mines and Minerals (Development and Regulation) Act, 1957.
 - The Industrial Disputes Act, 1947.

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

- Secretarial Standards issued by the Institute of Company Secretaries of India which came into effect from 01.07.2015;
The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited which were applicable upto 30.11.2015 and thereafter SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 01.12.2015- except the following: **There was a delay in filing the Corporate Governance Report for the quarter ended 30th September, 2015 with BSE Limited, for which the BSE Limited imposed a fine of Rs.65,265/- and the same was paid on 30th March, 2016 by the Company.**

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

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

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

We further report that, as informed to us, the company has had the following specific events during the year under review:

On the matter of de-allocated Radhikapur (East) Coal Block, the Ministry of Coal ("MoC") vide its letter dated December 28, 2015, has reiterated its decision for encashment of the Bank Guarantee of 32.50 cr. The Bank Guarantee has since expired. The Company has filed a writ petition before Hon'ble High Court of Delhi challenging the decision of the Ministry of Coal ("MoC"). Pending finalisation of the matter the Bank Guarantee amount continues to be disclosed as Contingent Liability as at the end of the year.

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

Place: Kolkata

Date: 25.04.2016

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

(S.M.Gupta)

Partner

S.M.Gupta & Co.

Company Secretaries

Firm Registration No:P1993WB046600

Membership No. FCS No.: 896

C P No.:2053



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

“Annexure - 1”

Our Report of even date is to be read alongwith this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on such secretarial records based on our audit.
2. We have followed the audit practices and processes as we considered appropriate to obtain reasonable assurance on the correctness and completeness of the secretarial records. Our verification was conducted on a test basis to ensure that all entries have been made as per statutory requirements. We believe that the processes and practices we followed for this purpose provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management representation with respect to compliance of laws, rules and regulations and of significant events during the year.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations is the responsibility of the management. Our examination was limited to the verification of secretarial records on test basis to the extent applicable to the Company.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place:Kolkata
Date:25.04.2016

(S.M.Gupta)
Partner
S.M.Gupta & Co.
Company Secretaries
Firm Registration No:P1993WB046600
Membership No. FCS No.: 896
C P No.:2053

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN

As on the financial year ended 31st March, 2016

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

I. REGISTRATION AND OTHER DETAILS

i	CIN	L27102OR1982PLC001091
ii	Registration Date	31st July, 1982
iii	Name of the Company	TATA SPONGE IRON LIMITED
iv	Category / Sub-Category of the Company	Public Limited Company
v	Address of the Registered office and contact details	Joda, Post - Joda, Dist - Keonjhar, Odisha - 758 034 Tel No. 06767 - 278122 Fax No. 06767 - 278159 E-mail : investorcell@tatasponge.com Website : www.tatasponge.com
vi	Whether listed company Yes / No	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s.TSR Darashaw Limited 6-10 Haji Moosa Patrawala Industrial House 20, Dr.E. Moses Road Near Famous Studio Mahalaxmi Mumbai - 400 011 Tel No. 022 66568484 Fax No. 022 66568494 E-mail : csg-unit@tsrdarashaw.com Website : www.tsrdarashaw.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Sponge Iron	72031000	89.56
2	Power generated from waste heat	27160000	10.44

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
1	Tata Steel Limited	L27100MH1907PLC000260	Holding	54.50%	2(46)
2	TSIL Energy Limited	U40109OR2012PLC016232	Subsidiary	100%	2(87)

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

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2015)				No. of Shares held at the end of the year (as on 31st March, 2016)				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoter									
1. Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	8393554	0	8393554	54.50	8393554	0	8393554	54.50	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other...	0	0	0	0	0	0	0	0	0
Sub-Total (A)(1)	8393554	0	8393554	54.50	8393554	0	8393554	54.50	0
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	8393554	0	8393554	54.50	8393554	0	8393554	54.50	0
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/UTI	8793	3500	12293	0.08	181140	3500	184640	1.20	1.12
b) Banks / FI	34379	5750	40129	0.26	50669	5750	56419	0.37	0.11
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	100000	0	100000	0.65	100000	0	100000	0.65	0
g) FIs	1562043	0	1562043	10.14	122181	0	122181	0.79	(-) 9.35
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)									
Foreign Portfolio Investors (Corp.)	36010	0	36010	0.23	132366	0	132366	0.86	0.63
Sub-Total (B)(1)	1741225	9250	1750475	11.37	586356	9250	595606	3.87	(-) 7.50
(2) Non-Institutions									
a) Bodies Corporate	692591	9490	702081	4.56	730857	9450	740307	4.81	0.25
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual Shareholders holding nominal share capital up to Rs.1 lakh	3095370	904642	4000012	25.97	4119581	879057	4998638	32.46	6.48
ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	549978	0	549978	3.57	665495	0	665495	4.32	0.75
c) Others (specify)									
Trust	3900	0	3900	0.03	6400	0	6400	0.04	0.02
Sub-Total (B)(2)	4341839	914132	5255971	34.13	5522333	888507	6410840	41.63	7.50
Total Public Shareholding (B) = (B)(1)+(B)(2)	6083064	923382	7006444	45.50	6108689	897757	7006446	45.50	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	14476618	923382	15400000	100.00	14502243	897757	15400000	100.00	0

(ii) Shareholding of Promoters

Sl. No	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of shares of the Company	% of Shares Pledged/encumbered to total shares	No. of shares	% of shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Tata Steel Limited	8393554	54.50	0	8393554	54.50	0	0
	Total	8393554	54.50	0	8393554	54.50	0	0

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	83,93,554	54.50	83,93,554	54.50
Date-wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change during the year			
At the end of the year	83,93,554	54.50	83,93,554	54.50

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sanjeev Vinodchandra Parekh	197456	1.28	197456	1.28
2	ICICI Prudential Business Cycle Fund Series 1	-	-	177358	1.15
3	Ajay Hari Dalmia	131483	0.85	131483	0.85
4	General Insurance Corporation of India	100000	0.65	100000	0.65
5	Edelweiss Securities Limited	45003	0.29	83943	0.55
6	Jigar Lalchand Shah	20000	0.13	59454	0.39
7	Karvy Stock Broking Ltd (BSE)	40952	0.27	45051	0.29
8	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group Inc. (DFAIDG)	40502	0.26	40502	0.26
9	Gurvinder Kaur Minhas	37161	0.24	37661	0.24
10	Goldman Sachs (Singapore) PTE	214264	1.39	36601	0.24
11	Merrill Lynch Capital Markets Espana S.A. S.V.	345,106	2	12,760	0.08
12	Swiss Finance Corporation (Mauritius) Limited	71,891	0.47	9,321	0.06
13	Russell Investment Company Plc-Russell Emerging Markets Equity Fund	180,007	1.17	-	-
14	Russell Investment Company Emerging Markets Fund Managed By Arrowstreet Capital Limited Partnership	90,920	0.59	-	-
15	Stichting Pensioenfonds Abp	101,975	0.66	-	-
16	Morgan Stanley Asia (Singapore) Pte.	178,421	1.16	-	-
17	Acadian Emerging Markets Equity Ii Fund Llc	62,557	0.41	-	-

(v) Shareholding of Directors and Key Managerial Personnel

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

Sl. No.	Shareholding of Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. S. K. Mishra, Chief Financial Officer				
	At the beginning of the year	50	Refer note below	50	Refer note below
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	None		None	
	At the end of the year	50		50	
2	Mr. Sanjay Kasture, Company Secretary*				
	At the beginning of the year	NA	NA	Nil	NA
	Date-wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	NA	Nil	NA
	At the end of the year	Nil	NA	Nil	NA

Note: For Sl. No. 1 - This is less than 0.01% of the total shares of the Company.
* Appointed as Company Secretary w.e.f. 1st January, 2016.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in Lakh)

Particulars	Secured Loans, excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

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

(Rs. in Lakh)

Sl. No.	Particulars of Remuneration	Mr.D.P. Deshpande Managing Director	Mr.S.K. Pattnaik Executive Director	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	57.32	81.92	139.24
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9.45	0	9.45
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	-	-	-
3	Sweat Equity	NA	NA	NA
4	Commission			
	• As % of profit	-	-	-
	• Others, specify	61.50	35.50	97.00
5	Others, please specify	-	-	-
	i) (Retirals)	10.98	9.56	20.54
	Total (A)	139.25	126.98	266.23

B. Remuneration to other Directors:
1. Independent Directors

(Rs. in Lakh)

Sl. No.	Particulars of Remuneration	Name of Director					Total amount
		Mr. D. K. Banerjee	Mr. P. C. Parakh	Mr. Manoj T. Thomas	Dr. O N Mohanty	Mr. Krishnava S. Dutt	
1	Fee for attending Board/ Committee meetings	3.75	3.00	3.28	2.45	1.85	14.33
2	Commission	4.12	4.38	3.87	2.32	1.29	15.98
3	Others, please specify	-	-	-	-	-	-
	Total (B)(1)	7.87	7.38	7.15	4.77	3.14	30.31

2. Non-executive Directors

(Rs. in Lakh)

Sl. No.	Particulars of Remuneration	Name of Director			Total amount
		Mr. A. M. Misra	Mr. R. Ranganath	Mrs Meena Lall	
1	Fee for attending Board/ Committee meetings	2.60	3.28	1.35	7.23
2	Commission	4.64	3.09	1.29	9.02
3	Others, please specify	-	-	-	-
	Total (B)(2)	7.24	6.37	2.64	16.25
	Total (B) = (B)(1) + (B)(2)				46.56

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

(Rs. in Lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (Rs.Lakhs)
		Mr.S.K. Mishra Chief Financial Officer	Mr.S.S. Dhanjal* Company Secretary (Upto 31st December, 2015)	Mr. Sanjay Kasture** Company Secretary (w.e.f 1st January, 2016)	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	18.54	13.54	2.84	34.92
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	5.27	1.16	0.54	6.97
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Options	NA	NA	NA	NA
3	Sweat Equity	NA	NA	NA	NA
4	Commission				
	As % of profit	-	-	-	-
	Others, specify	13.50	5.50	0.95	19.95
5	Others, please specify - Retirals	3.82	1.98	0.17	5.98
	Total (C)	41.13	22.18	4.51	67.82

*For the period 1st April, 2015 - 31st December, 2015

** For the period 1st January 2016 - 31st March, 2016

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

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

This is to confirm that the Company has adopted Tata Code of Conduct for its employees including the Managing Director. 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, 2016, 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.

Kolkata
25th April, 2016

For **TATA SPONGE IRON LIMITED**

D P Deshpande
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Sponge iron is a metallic source for secondary steel making through induction and electric arc furnace route. It is used as a lower cost substitute of scrap in steel making. This route of steel making has led to multiple manufacturing units of steel in small capacities across the country, as against the conventional integrated steel plants of large capacities.

About 500 coal based sponge iron plants have been installed throughout India and the capacity is ranging from 30,000 tpa to 1.3 million tonnes per annum. Few coal based sponge iron plants have also integrated in forward and backward direction and are operating as "Mini steel mills"; the rest are merchant sponge iron plants. Tata Sponge iron is a coal based plant and sells its product in the open market as a merchant sponge iron plant.

The sponge iron plants or the mini steel mills are relatively easy to close and easy to restart, depending on market requirement and margin attractiveness. Sponge iron plants' capacity utilization levels has been low this year due to poor demand for steel. As sponge iron is easily tradable, the mini steel mills also often revert to selling of sponge iron and power, by stopping their steel making plant when demand for steel is sluggish or margins on steel have narrowed.

During the year iron ore availability of sponge iron increased considerably, as quite a few iron ore mines restarted. This also helped in keeping iron ore prices low.

Tata Sponge operates three rotary kilns together with an installed capacity of 3, 90,000 tonnes per annum of sponge iron. The company has established a stable customer base in Eastern India and also a stable export market. The business practices of the company have established a small product premium on all its sales. 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 generator for producing power. Two power plants, based on waste heat from kilns with a combined generation capacity of 26 MW are also operated by us. Entire surplus power, which is about 70 % of total generation, was sold.

Iron ore and coal are two important raw materials in production of sponge iron. Iron ore was procured from Tata Steel except for a short period during the year. Coal was sourced mostly from overseas markets.

OPPORTUNITIES AND THREATS

2. a) Opportunities :

The secondary steel industry consisting of IF & EAF constitute almost 57% of the steel produced during 2015-16. As steel demand in the country grows, it is expected that the share of secondary steel industry will stay above 50% due to issues related to land acquisition and long gestation period in putting up big steel plants. As per Joint Parliamentary Committee ("JPC") the projected sponge iron requirement during 2019-20 is expected at 32.0 Million tonnes. It is also expected that more merchant sponge iron plants will plan for forward integration and move up the value chain.

b) Threats:

Iron ore and coal constitute more than 75% 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. To substantially reduce the cost of iron ore and coal, ownership of these raw materials sources is important. The Company has been exploring the possibility of participating in e-auction of re-notified coal blocks. The company does not have ownership of any iron ore mine.

The subdued growth rate of steel consumption coupled with increase in imports of steel and capacity addition of integrated steel plants, have resulted in pressure on margins.

SEGMENT-WISE / PRODUCT-WISE PERFORMANCE

The Company has two separate business segments; namely, manufacture of sponge iron and generation of power. The production of sponge iron during the year was 3,60,446 MT as compared to 3,65,324 MT in the previous year. During the year Kiln-1, operating since 1986, was completely renovated. During the 115 days shutdown, customers requirement was supported by contract manufacturing of about 21,978 MT of sponge iron in nearby plants. The daily production rate at its kilns stood at 1248 TPD as against 1175 TPD in the previous year.

Together, the production was higher as reported. Accordingly, also the sales during the year was 3,87,793 MT which includes contracted manufacture of 21978 MT of Sponge Iron, as compared to 3,62,912 MT in the previous year. Production and sales quantity was increased by 4.7 % and 6.8% respectively compared to previous year.

Two power plants generated 163 million KWH of power and sold 113 million KWH (net) of power as against 173 million KWH and 121 million KWH respectively in the previous year. The lower generation and sale were due to shut-down of Kiln-1 for a long period.

OUTLOOK

Customers' industry appears to be in a state of stress for financial reasons as well as for demand slowdown. Slowdown in growth rate of steel and addition of capacities by integrated steel plant will keep the demand of sponge iron subdued. The Government of India has announced measures to encourage infrastructure development and housing. These measures and resultant investments is expected to impact favourably the sponge iron and steel industry together.

The Company is currently engaged in sustenance and improvement of current operations by enhancing operating efficiencies and is also evaluating the various options in the value chain along with market outlook for taking coal / iron ore mines expansion/diversification etc.

RISKS AND CONCERNS

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.

The volatility in price of sponge iron, excess supply of sponge iron in the market will have an effect of squeezing margins and poses risk to the profitability. New customers, new market and cost reduction have been identified as the mitigation measures.

Also, the enforcement of recent Tariff policy guidelines on power by Government of India that requires the State Electricity Regulatory Commission to ascertain sale price of power based on cost of generation will have an impact on the revenue from export of power. Representation have been made by the industry to understand the applicability to our kind of waste heat based generation systems.

Fluctuation of import coal price, increase in USD-INR exchange rate, may lead to increase in cost of production. This is mitigated by continuous evaluation of international coal price vis-à-vis Indian coal price and accordingly the action plan for procurement has been formulated.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Audit Committee of the Board has 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 to review the audit issues and to follow up implementation of corrective actions.

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly, applicable statutes, the Tata Code of Conduct and corporate policies are duly complied with. Apart from this, the Company has laid down a list of all internal financial controls which were evaluated by the Auditors of the Company.

The Audit Committee also reviews the opinion of statutory auditors on the adequacy of the internal control systems in the Company. The adequacy and effectiveness of internal financial controls is also reported in the Auditors' Report.

OPERATIONAL & FINANCIAL PERFORMANCE

a) The Operational and Financial performance of the Company (stand-alone) during FY 2015-16, has been summarised in the table below followed by explanatory remarks for significant changes in FY 2015-16, compared to previous year.

Operational Performance

Particulars	FY 2015-16 MT	Capacity utilisation	FY 2014-15 MT	Capacity utilisation	Change* MT	Change
Manufacture of Sponge Iron						
Production	3,60,446	92%	3,65,324	94%	(4,878)	2%
Sale	3,65,815		3,62,912		2902	1%
Conversion, trading of Sponge Iron						
Production	21978	-	-	-	21978	100%
Sale	21978	-	-	-	21978	100%
Electrical energy	FY 2015-16 Million KWH	Capacity utilisation	FY 2014-15 Million KWH	Capacity utilisation	Change* Million KWH	Change %
Generation	163	71%	173	76%	(10)	6%
Sale	113		121		(8)	7%

Financial Performance

(Rs in lakh)

Particulars	FY 2015-16	FY 2014-15	Change*	Change %	Reason
Total Income	61,119	84,522	(23,402)	(28)	1
Consumption of raw material	40,613	58,621	18,007	31	2
Employee cost	3,560	3,515	(45)	(1.3)	
Other expenses	10945	6914	(4,031)	(58)	3
Depreciation and amortisation expenses	1,290	1,294	(4)	0.34	
Finance cost	538	531	8	(1.48)	
Profit before tax	4,173	13,647	(9,474)	(69)	4
Profit after tax	3,082	9,189	(6,106)	(66)	
Earnings per share (Rs.)	20.02	59.67	(39.65)	(66)	
Reserves & Surplus	79,207	77,977	1,229	1.58	
Current Liabilities	15,133	14,941	(192)	1.29	
Net Fixed Assets	17,323	16,764	558	3.33	
Current Assets	60,876	60,770	106	0.17	

Figures within bracket denote adverse change.

1. Lower Total income is primarily due to fall in net realisation of sponge iron by 33% from the previous year level.
2. Consumption of raw material is lower during the year mainly due to fall in landed cost of raw material.
3. Other expenses in the current year includes expenses relating to trading and conversion of Rs. 2,154 lakh, and other one-time expenditure provisioning of Rs. 1,005 lakh .
4. Lower profit before tax during FY'16 is mainly due to lower income from sale of wastes and impact of writeback of tax provision during FY'16 total amounting to Rs. 3,725 lakh and drop in margin of sponge business.

During the year the Company's wholly owned subsidiary, i.e. TSIL Energy Limited, which has not yet started commercial operations.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

- 8) The company had 424 employees as on 31st March, 2016 as compared to 439 as on 31st March, 2015. The efforts of the human resources department of the Company are directed towards individual well-being, organisational effectiveness and positive societal impact. This is achieved by recognising the Human Resources as an integral component of the strategic planning process. The human resources policy cohere with those for other functions, and finance which helps in the integration of human resource management with other functions of the Company. The various employee engagement programmes conducted throughout the year resulted in better performance, self worth, dignity, involvement and identity for individual employees.

The Company is committed to provide a safe and healthy working environment and therefore recognise safety and health as a key part of our operations.

There was industrial harmony during the year, resulting in a peaceful and positive work environment. The Union-Management relationship is cordial and has positive impact in the direction of sustainability.

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.

REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2015-16

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

At Tata Sponge Iron Limited (TSIL), Corporate Governance framework and regulations are very critical since they are the basis for business conduct and business relations.

The essence of good corporate governance is ensuring trustworthy relations between the Company and its stakeholders and therefore, the Company follows the principles of consistency, responsibility, accountability, fairness, transparency, and effectiveness with a view to enhance the stakeholders value.

The Company believes in 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

Size and composition of the Board

The Board of Directors of the Company comprises of ten (10) members, of which eight (8) are Non-executive directors and five are Independent directors. The Chairman of the Board is a non-executive director.

None of the Directors on the Board holds directorships in more than ten public companies. Further, none of them is a Member of more than ten committees or Chairman of more than five Committees across all public companies in which he/she is a director. The necessary disclosures regarding Committee positions have been made by the Directors.

None of the Directors are related to each other.

Memberships of other Boards / Board Committees

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

Sl. No	Name of the Director	Director. Identification No (DIN)	Status/ Category	Attendance at Board Meetings	Attendance at the last AGM held on 21st August, 2015	No of Directorship in other public companies.		No of committee positions held in other public companies@	
						Chairman	Member	Chairman	Member
1	Mr. A.M. Misra	01477289	Chairman/ Promoter's (Tata Steel) nominee, Non-executive & Non-independent	7	Yes	-	-	-	-
2	Mr. D.K. Banerjee	00028123	Non-executive & Independent	7	Yes	-	5	2	3
3	Mr. P. C. Parakh	01305775	Non-executive & Independent	7	Yes	-	-	-	-
4	Mr. Manoj T. Thomas	03614981	Non-executive & Independent	7	Yes	-	-	-	-
5	Dr. O. N. Mohanty	03058576	Non-executive & Independent	5	No	-	-	-	-
6	Mr. Krishnavia Dutt	02792753	Non-executive & Independent	5	No	-	3	1	2
7	Mr. R. Ranganath	06725337	Non-executive & Not Independent	7	Yes	-	-	-	-
8	Mrs Meena Lall	05133322	Non-executive & Not Independent	5	Yes	-	-	-	-
9	Mr. D.P. Deshpande	02526471	Executive & Not Independent	7	Yes	-	-	-	-
10	Mr.Sanjay Kumar Pattnaik	00256832	Executive & Not Independent	7	Yes	-	-	-	-

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

No of Board Meetings held during the year	= 7
Dates on which held	= 20-04-2015, 21-07-2015, 20-08-2015, 16-10-2015, 22-12-2015, 20-01-2016 & 11-03-2016

None of the Directors hold any shares in the Company as on March 31, 2016.

The information as required under Regulation 17(7) of I SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being made available periodically to the Board. The Board periodically reviews the compliance status of the Company.

Details of Directors seeking appointment/re-appointment in Thirty-third Annual General Meeting are given with the Notice to the Annual General Meeting.

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 Directors (i.e. the Managing Director and the Executive

Director) as well as the senior management personnel regarding compliance of the Code during the year under review. The company has also adopted the Code of Conduct for the Non-Executive Directors of the company. The company has received confirmations from the Non-Executive Directors regarding compliance of the Code for the period ended 31st March, 2016. Both the Codes are posted on the website of the Company i.e. www.tatasponge.com.

Familiarisation programme for Independent Directors

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

The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company. The Company shall through its MD/EDs/KMPs conduct programs/presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company.

Such programs / presentations provide an opportunity to the Independent Directors to interact with the Senior Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time;

3. BOARD COMMITTEES

As on March 31, 2016, the Company had the following committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee
4. Corporate Social Responsibility Committee
5. Ethics and Compliance Committee
6. Risk Management Committee
7. Committee of Board

Minutes of proceedings of Committee meetings are circulated to the Directors and placed before the Board Meeting for noting thereat.

3.1. AUDIT COMMITTEE

The Company had constituted an Audit Committee in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The broad terms of reference of the Audit Committee were :

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters.

The scope of the Audit Committee has been in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The chairman of the Audit Committee, Mr. P.C. Parakh, was present at the Thirty-second Annual General Meeting held on 21st August, 2015.

The composition of the Audit Committee and the details of meetings attended by the Directors during FY 2015-16, are given below in Table - 2.

Table - 2

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. P.C. Parakh	Chairman	Non-executive & Independent	5
2	Mr. D.K. Banerjee	Member	Non-executive & Independent	5
3	Dr. O.N. Mohanty	Member	Non-executive & Independent	4
4	Mr. R. Ranganath	Member	Non-executive & Not Independent	5

No. of Audit Committee meetings held during the year	= 5
Dates on which held	= 20-04-2015, 21-07-2015, 16-10-2015, 20-01-2016 & 11-03-2016

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

The necessary quorum was present at the meetings.

3.2. NOMINATION AND REMUNERATION COMMITTEE

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

The broad terms of reference of the Remuneration Committee are inter-alia to periodically reviewing the size and composition of the Board, formulating the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, establishing and reviewing Board and senior executive succession plans, evaluation of Board Performance, reviewing and making recommendations to the Board on the remuneration of the Managing Director, Executive Director and KMPs, the total level of remuneration of Non-Executive Directors and for individual remuneration of the Non-Executive Directors and the Chairman. The Committee also undertakes the functions as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Table - 3

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. Manoj T. Thomas	Chairman	Non-executive & Independent	4
2	Mr. D.K. Banerjee	Member	Non-executive & Independent	4
3	Mr. A.M. Misra	Member	Non-executive & Non-independent	4
No. of Nomination and Remuneration Committee meetings held during the year = 4				
Dates on which held = 20-04-2015, 21-07-2015 & 16-10-2015 & 11-03-2016				

Remuneration to Directors

The details of remuneration paid to all the directors and the other disclosures required to be made under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been disclosed in annexure to "Directors' Report".

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and in compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

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

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

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

1. Criteria of selection of Non-Executive Directors

- a) The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management
- b) In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively.
- c) The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

- d) The NRC shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
 - (i) Qualification, expertise and experience of the Directors in their respective fields;
 - (ii) Personal, Professional or business standing;
 - (iii) Diversity of the Board.
- e) In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration to Non-Executive Directors

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

- i) A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii) A Non-Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the NRC Committee;
- iii) The NRC may recommend a higher commission for the Chairman of the Board of Directors, taking into consideration their overall responsibility;
- iv) In determining the quantum of commission payable to the Directors, the NRC shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- v) The NRC may recommend to the Board, for the payment of additional commission to those Directors who are Chairman of the Audit Committee and the NRC of the Board subject to a ceiling on the total commission payable as may be decided;
- vi) The total commission payable to the Directors shall not exceed 1% of the net profit of the Company;
- vii) The commission shall be payable on pro-rata basis to those Directors who occupy office for part of the year.
- viii) The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

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

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

Remuneration policy for the Managing Director/Executive Director

- i) At the time of appointment or re-appointment, the MD/ED shall be paid such remuneration as may be mutually agreed between the Company (which includes the NRC and the Board of Directors) and the MD/ED within the overall limits prescribed under the Companies Act, 2013.
- ii) The remuneration shall be subject to the approval of the Members of the Company in the Annual General Meeting.
- iii) The remuneration of the MD/ED is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises commission.
- iv) In determining the remuneration (including the annual increment and performance bonus) the NRC shall ensure / consider the following:
 - (a) the relationship of remuneration and performance benchmarks is clear;
 - (b) balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - (c) responsibility required to be shouldered by the MD/ED, the industry benchmarks and the current trends;
 - (d) the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

Remuneration Policy for the Key Managerial Personnel / Senior Management Employees

- I. In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the NRC shall ensure / consider the following:
 - i. the relationship of remuneration and performance benchmark is clear;

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

3.3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board at its meeting held on 15th October, 2014, reconstituted the "Shareholders' Grievance Committee" as "Stakeholders' Relationship Committee" in compliance with the provisions of Section 178 of the Companies Act, 2013, for redressal of Shareholders' grievances like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc. The Committee meets the requirements as specified in the The composition of the Stakeholders' Relationship Committee and the details of meetings attended by the Directors during FY 2015-16, are given below in Table - 4.

Table - 4

Sl. No.	Name of the Director	Status	Category	No. of meeting(s) attended
1	Mr. Krishnava S Dutt	Chairman	Non-executive & Independent	1
2	Mr. P.C. Parakh	Member	Non-executive & Independent	1
3	Mr. D. P. Deshpande	Member	Executive & Non-independent	1

No. of Stakeholders' Relationship Committee meetings held during the year	= 1
Date on which held	= 20-01-2016

Name, designation and address of Compliance officer : Mr. Sanjay Kasture
Company Secretary
P.O. - Joda, Dist. - Keonjhar, Odisha - 758 034
Phone- (06767) - 278122
Fax- (06767) - 2781
E-mail: skasture@tatasponge.com

Report on number of shareholder complaints received and resolved by the Company during the year ended March 31, 2016

No. of complaints pending as on 1st April,2015	0
No. of complaints identified and reported during FY 2015-16	6
No. of Complaints disposed of during the year ended 31st March, 2016	5
No. of pending complaints as on 31st March, 2016	1#

#The complaint has since been resolved.

Nature of Shareholder Complaints

Sl. No.	Nature of Complaints	Number of Complaints
1.	Non- receipt of Dividend	3
2.	Rectification of Shareholders` name	1
3.	Non- receipt of Duplicate Share Certificates & Annual Report for FY 2015-16	1
4.	Dematerisation of Shares	1
	Total	6

3.4 CORPORATE SOCIAL RESPONSIBILITY (“CSR”) COMMITTEE

The Board at its meeting held on 9th March, 2014, had constituted a Corporate Social Responsibility Committee in line with Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014,. The terms of reference of the CSR Committee are in accordance with the provisions of Companies Act, 2013.

The composition of the Committee and meetings attended during FY 2015-16 are as given below in Table - 5

Table - 5

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. R. Ranganath	Chairman	Non-executive & Non-independent	4
2	Mr. Manoj T. Thomas	Member	Non-executive & Independent	4
3	Mr. D.P. Deshpande	Member	Executive & Non-independent	3
4	Mr. Sanjay Kumar Pattnaik	Member	Executive & Non-independent	4
No. of Corporate Social Responsibility Committee meetings held during the year =				4
Dates on which held				= 18-06-2015, 18-09-2015, 26-11-2015 & 22-3-2016

3.5. ETHICS AND COMPLIANCE COMMITTEE

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, 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 -6.

Table - 6

Sl. No.	Name of the Director	Status	Category	No. of meeting(s) attended
1	Mrs Meena Lall	Chairperson	Non-executive & Not Independent	1
2	Mr. Krishnava S. Dutt	Member	Non-executive & Independent	1
No. of Ethics and Compliance Committee meetings held during the year =				1
Date on which held				= 30-03-2016

3.6. 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 - 7.

Table - 7

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. A.M. Misra	Chairman	Non-executive & Non-independent	1
2	Mr. D.K. Banerjee	Member	Non-executive & Independent	1
3	Dr. O.N. Mohanty	Member	Non-executive & Independent	1
4	Mr. R. Ranganath	Member	Non-executive & Non-independent	-
5	Mr. D.P. Deshpande	Member	Executive & Non-independent	1
6	Mr. Sanjay Kumar Pattnaik	Member	Executive & Non-independent	1
No. of Committee of Board meetings held during the year =				1
Date on which held				= 13-08-2015

3.7. RISK MANAGEMENT COMMITTEE

In compliance with the requirement of the amended Clause 49 of the Listing Agreement, the Board at its meeting held on 15th October, 2014, has constituted a Risk Management Committee (i) to inform the Board members at least once a year about the risk assessment and minimization procedures; (ii) to monitor and review the risk management plan; and (iii) to perform other relevant functions in this connection. The Committee also functions as required under the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the Committee and meetings attended during FY 2015-16 are as given below in Table - 8

Table – 8

Sl. No.	Name of the Director	Status	Category	No. of meeting(s) attended
1	Mr. D.P. Deshpande	Chairman	Executive & Non-independent	1
2	Mr. Sanjay Kumar Pattnaik	Member	Executive & Non-independent	1

No. of Risk Management Committee meetings held during the year	=	1
Date on which held	=	19-02-2016

4. SUBSIDIARY COMPANY

A wholly owned subsidiary namely, "TSIL Energy Limited", was incorporated on 20th November, 2012, with an authorised share capital of Rs.10 crore. The subscribed/paid up capital of this subsidiary was Rs.1,06,00,600 as on 31st March, 2016. Four Board meetings of this company were held during the year ended 31st March, 2016.

TSIL Energy Limited is not a "Material Subsidiary" as defined under Company Act, 2013. However, the Company has laid down a policy for determining material subsidiaries. This policy is displayed on the website of the Company, viz. www.tatasponge.com.

5. GENERAL BODY MEETINGS

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

Table - 9

Year	Location	Date	Time
2014-2015	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	21-08-2015	10:00 a.m.
2013-2014	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	15-07-2014	10 : 30 a.m.
2012-2013	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	24-07-2013	10 : 30 a.m.

- b) No Extra-Ordinary General Meeting of the shareholders was held during the year.
- c) None of the resolutions proposed for the ensuing Annual General meeting need to be passed by Postal Ballot.
- d) Procedure for postal ballot: Wherever necessary postal ballot is conducted according to the provisions of the Companies Act, 2013 and the Rules made hereunder.
- e) Special Resolutions passed in previous three Annual General Meetings :
- At the Annual General Meeting held on 21st August, 2015, Special Resolutions were passed for approval of (i) Material Related Party Transactions and (ii) Creation of Charge on the movable and immovable properties of the Company, both present and future, in respect of borrowings and (iii) Remuneration or Commission to Non Executive Directors.
 - At the Annual General Meeting held on 15th July, 2014, no Special Resolution was passed.
 - At the Annual General Meeting held on 24th July, 2013, no Special Resolution was passed.
- f) Facilities for Ballot, E-voting and Physical vote was extended to the shareholders to exercise their voting rights on all resolutions proposed at the last Annual General Meeting held on 21st August, 2015. Mr. Pramod Kumar Singh, Practicing Company Secretary (FCS No.5878, CP No.6019) of Jamshedpur was appointed as Scrutinizer.
- g) The Company proposes to extend the facility for E-voting and Physical vote to the shareholders to exercise their voting rights on all resolutions that would come for consideration of the shareholders in the Annual General Meeting to be held in the current year (2016). The procedure for E-Voting and Physical Vote with respect to the ensuing Annual General Meeting will be the same as followed in the past.

6. 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). The website also displays official news releases.

(ii) Presentation to Institutional Investors or to Analysts –

The presentations made to the analysts/ investors during the financial year 2015-16, are available on the website (www.tatasponge.com) 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. The website also displays other official releases of the Company.

7. GENERAL SHAREHOLDER INFORMATION

7.1	33rd Annual General Meeting	Day/Date : Tuesday, the 26th July, 2016 Time : 10.00 a.m Venue : Lake View - Officers' Recreation Centre, TSIL Township, Joda, Dist – Keonjhar Odisha, Pin code – 758 034.
7.2	Financial year	2015-16 (April to March)
7.3	Financial calendar	Approval of quarterly results: April, July, October and January. Annual General Meeting in July/August.
7.4	Date of book closure	From 6th July, 2016 to 8th July, 2016, both days inclusive.
	Record date of payment of dividend	5th July, 2016
7.5	Dividend payment date	The dividend warrants will be posted on or after 31st July, 2016.
7.6	Listing on Stock Exchanges	1] BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001. 2] National Stock Exchange of India Ltd. Exchange Plaza (5th Floor) Plot No. C/1, G. Block Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051.
7.7	Stock Code- Equity Share ISIN CODE BSE CODE NSE SCRIP CODE	INE 674A01014 (Electronic form) 13010 (Physical form) 513010 (Demat form) TATASPONGE
7.8	Correspondence Address	P.O. Joda - 758 034 Dist – Keonjhar, Odisha Phone : 06767 284236 Fax : 06767 278159/278129 E-mail : investorcell@tatasponge.com
7.9	Exclusive e-mail address for redressal of investor complaints	investorcell@tatasponge.com

This is to confirm that the Company has made the payment of Listing Fee till the year 2016-2017 to both the Stock Exchanges namely, BSE Limited and National Stock Exchange of India Limited.

7.10 Market price data: Monthly High/Low prices per share during 2015-16 :

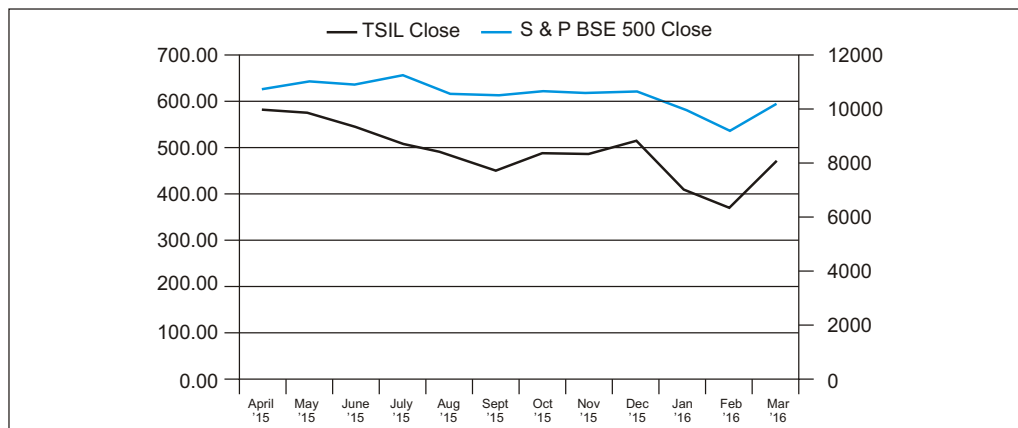
Table - 10

Months	BSE Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
	M o n t h l y			
April, 2015	890.50	566.00	889.00	561.10
May, 2015	640.00	569.80	639.70	568.40
June, 2015	617.70	490.50	617.70	489.95
July, 2015	578.65	503.10	577.90	500.20
August, 2015	590.00	388.95	592.00	390.00
September, 2015	490.05	424.05	490.50	424.75
October, 2015	530.00	440.00	530.95	444.75
November, 2015	494.80	435.45	494.00	435.40
December, 2015	524.50	443.50	524.80	442.90
January, 2016	508.85	394.50	509.40	393.20
February, 2016	422.50	340.00	422.00	337.90
March, 2016	489.00	372.60	488.30	372.05

7.11 **Stock performance**

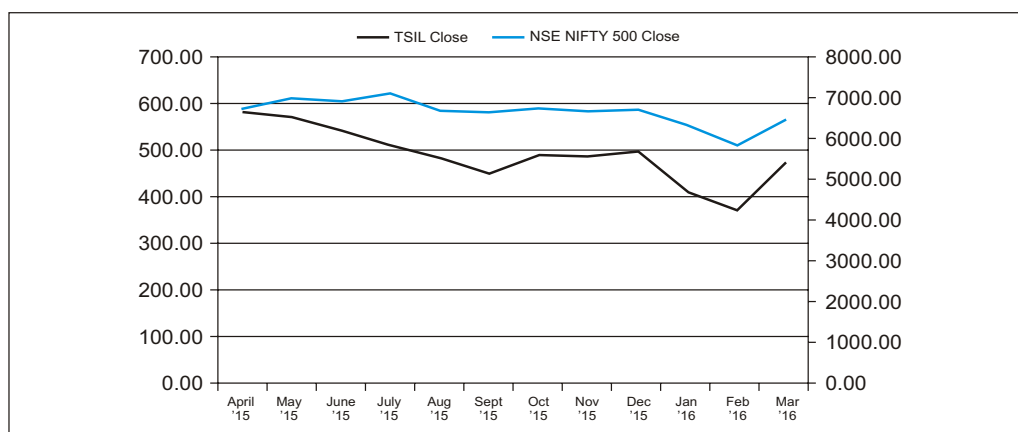
TSIL vs. BSE 500

Table – 11



TSIL vs. NSE Nifty 500

Table – 12



7.12 **Registrars & Share Transfer Agents :**

REGISTERED OFFICE :

M/s. TSR Darashaw Limited (formerly Tata Share Registry Limited) 6-10, Haji Moosa Patrawala Industrial House 20, Dr. E. Moses Road, Near Famous Studio Mahalaxmi, Mumbai - 400 011	Phone : 022 - 66568484 Fax : 022 - 66568494 / 66568496 Website : www.tsrdarashaw.com e-mail : csg-unit@tsrdarashaw.com
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BRANCH OFFICES :

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

1) Bangalore M/s. TSR Darashaw Limited (formerly Tata Share Registry Limited) 503, Barton Centre (5th Floor) 84, Mahatma Gandhi Road Bangalore – 560 001.	Phone : 080 - 25320321 Fax : 080 - 25580019 e-mail : tsrlbang@tsrdarashaw.com
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2) Jamshedpur M/s. TSR Darashaw Limited (formerly Tata Share Registry Limited) Bungalow No.1, 'E' Road Northern Town, Bistupur Jamshedpur – 831 001.	Phone : 0657 – 2426616 Fax : 0657 – 2426937 e-mail : tsrjsr@tsrdarashaw.com
3) Kolkata M/s. TSR Darashaw Limited (formerly Tata Share Registry Limited) Tata Centre, 1st Floor 43, Jawaharlal Nehru Road Kolkata – 700 071.	Phone : 033 - 22883087 Fax : 033 – 22883062 e-mail : tsrkal@tsrdarashaw.com
4) New Delhi M/s. TSR Darashaw Limited (formerly Tata Share Registry Limited) Plot No. 2/42, Sant Vihar Ansari Road, Daryaganj New Delhi – 110 002.	Phone : 011 - 23271805 Fax : 011 - 23271802 e-mail : tsridel@tsrdarashaw.com
5) Ahmedabad M/s. Shah Consultancy Services . Ltd. Agents : TSR Darashaw Pvt. Limited Sumatinath Complex Pritamnagar, Akhada Road, Ellisbridge Ahmedabad –380 006.	Phone : 079 – 26576038 Fax : 079 - 26576038 e-mail : shahconsultancy8154@gmail.com

Note : Name of the Registrars & Share Transfer Agents has been changed from Tata Share Registry Limited to TSR Darashaw Limited w.e.f. 12-01-2006, from TSR Darashaw Limited to TSR Darashaw Private Limited w.e.f. 6-11-2012, and subsequently from TSR Darashaw Private Limited to TSR Darashaw Limited w.e.f. 10th November, 2014.

7.13 Share Transfer System:

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

7.14 Distribution of shareholding as on 31-03-2016

Table - 13

Shareholding of nominal value of			Shareholders		Share Amount	
Rs.	Rs.		Number	% to total	In Rs.	% to total
(1)			(2)	(3)	(4)	(5)
1	–	100	6,028	15.10	386,030	0.25
101	–	500	15,331	38.40	5,693,300	3.70
501	–	1,000	8,692	21.77	8,079,000	5.25
1,001	–	5,000	8,387	21.01	19,693,000	12.79
5,001	–	10,000	854	2.14	6,663,630	4.33
10,001	–	20,000	341	0.85	5,008,700	3.25
20,001	–	30,000	112	0.28	2,849,760	1.85
30,001	–	40,000	35	0.09	1,253,670	0.81
40,001	–	50,000	50	0.13	2,315,420	1.50
50,001	–	1,00,000	49	0.12	3,446,000	2.24
1,00,001	and	above	49	0.12	98,611,490	64.03
Total			39,928	100.00	154,000,000	100.00

7.15 Categories of shareholders as on 31-03-2016
Table - 14

Sl. No.	Category	No. of shares held	Percentage of shareholding
1	Promoters		
	(i) Tata Steel Limited (formerly known as The Tata Iron & Steel Company Ltd.)	7,854,000	51.00
	(ii) Tata Steel Limited (formerly known as The Tata Iron & Steel Company Ltd.)	539,554	3.50
	Total	8,393,554	54.50
2	Mutual Funds and UTI	184,640	1.20
3	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	156,419	1.02
4	Private Corporate Bodies	740,307	4.81
5	Indian Public	5,464,942	35.49
6	NRI/OCBs/FIIs	453,738	2.95
7	Directors & Relatives	0	0
8	Trusts	6,400	0.04
	TOTAL	1,54,00,000	100.00

7.16 Top Ten Shareholders across all categories as on 31st March, 2016 :
Table - 15

Sl.No.	Name of the Shareholder	No. of shares held	% of holding
1	Tata Steel Limited	8,393,554	54.50
2	Sanjeev Vinodchandra Parekh	197,456	1.28
3	ICICI Prudential Business Cycle Fund Series - 1	177,358	1.15
4	Ajaj Hari Dalmia	131,483	0.85
5	General Insurance Corporation of India	100,000	0.65
6	Edelweiss Securities Limited	83,943	0.55
7	Jigar Lalchand Shah	59,454	0.39
8	Karvy Stock Broking Limited (BSE)	45,051	0.29
9	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group Inc. (DFAIDG)	40,502	0.26
10	Gurwinder Kaur Minhas	37,661	0.24

7.17 Dematerialisation of Shares

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

As on 31st March, 2016, 14502243 shares were held in dematerialised form which constitute approx. 94.17% of total number of subscribed shares.

7.18 Liquidity

Since Company's shares are listed (as on 31-3-2016) 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.

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

7.20 Plant and Registered Office

P.O. Joda, Dist – Keonjhar, Odisha – 758 034.

Phone – 06767-284236, Fax - 06767-278159/278129

E-Mail : investorcell@tatasponge.com, Website: www.tatasponge.com

8. OTHER DISCLOSURES

(a) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the Audit Committee.

The Company has adequate vigil mechanism in place.

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

(b) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all applicable mandatory requirements as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(c) Web link where policy for determining 'material' subsidiaries is disclosed

The web link is provided under "Corporate Governance" in "Investors" Section of the Company's website "www.tatasponge.com"

(d) Web link where policy on dealing with Related Party transactions

The web link is provided under "Corporate Governance" in "Investors" Section of the Company's website "www.tatasponge.com"

(e) Disclosure on commodity price risks and commodity hedging activities – Not applicable

9. Non-compliance of any requirement of corporate governance report of sub-paras mentioned above with reasons thereof shall be disclosed

There was no non-compliance of any of the provisions applicable to the Company.

10. The Corporate Governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted

Following discretionary requirements as specified in Part E of Schedule II has been adopted by the Company:

- *The Company has moved towards a regime of financial statements with unmodified audit opinion.*
- *The Company has separate posts of chairperson and Managing Director*
- *The internal auditor is free to report directly to the audit committee.*

11. The disclosures of the compliance with corporate governance requirements specified in regulations 17 to 27 and clause (b) to clause (i) of sub-regulation (2) of regulation 46 shall be made in the section of corporate governance of the annual report

Complied wherever applicable.

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

13. Disclosure by key managerial personnel about related party transactions

The Board has received disclosures from key managerial personnel relating to financial and commercial transactions where they and/or their relatives have personal interest. There were no materially significant related party transactions, which have potential conflict with the interest of the company at large. The related party transactions have been disclosed in the notes on Balance Sheet and Statement of Profit and Loss for the year ended 31st March, 2016.

The Company has laid down a policy for dealing with Related Party Transactions. This policy is displayed on the website of the Company, viz, www.tatasponge.com

14. Disclosure of Accounting Treatment

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

15. Board Disclosures – Risk Management

The procedures for risk assessment and minimisation have been disclosed elsewhere in the annexure to the Directors' Report.

16. Proceeds from public issues, rights issues, preferential issues etc.

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

17. 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 except as follows:

There was a delay in filing the Corporate Governance Report for the quarter ended 30th September, 2015 with BSE Limited, for which the BSE Limited imposed a fine of Rs.65,265/- and the same was paid on 30th March, 2016 by the Company.

18. Management Discussion & Analysis Report

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

19. CEO/CFO Certification

The Managing Director and the Chief Financial Officer of the Company have given a certificate to the Board of Directors as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulation, for the year ended 31st March, 2016.

20. Share Capital Reconciliation Audit

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

For and on behalf of the Board of Directors

Place : Kolkata
Dated : 25th April, 2016

(D.P. Deshpande)
Managing Director

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, 2016 as stipulated in clause 49 of the Listing agreement(s) of the said Company with Stock Exchange(s) and Regulation 17 to 27 and 34(3) read with Schedule - V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as applicable).
- (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)/ Listing Regulations to the extent applicable to it.
- (4) We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata
Date : 25th April, 2016

S. M. GUPTA
Partner
S. M. GUPTA & CO.
COMPANY SECRETARIES
Firm Registration No. : P1993WB046600
Membership No.: FCS - 896
C.P. Number : 2053

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

We have audited the accompanying standalone financial statements of **TATA SPONGE IRON LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act, as applicable.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements; (Refer Note 29, 30, 32, 33 and 40)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. (Refer Note 43)
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except a sum of Rs. 7.99 lacs, which is held in abeyance due to pending legal cases. (Refer Note 44)
2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order' / 'CARO 2016') issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Alka Chadha
Partner
(Membership No. 93474)

Kolkata, 25 April, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **TATA SPONGE IRON LIMITED** (“the Company”) as of 31 March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Alka Chadha
Partner
(Membership No. 93474)

Kolkata, 25 April, 2016

ANNEXURE “B” TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under “Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (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 programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firm, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of making investments. However, the Company has not granted any loans or provided any guarantees and securities.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March, 2016 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 [see note 33(b)].
 - (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31 March, 2016 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (Rs./ lacs)	Amount paid under protest (Rs./ lacs)
Central Sales Tax Act, 1957	Central Sales Tax	High Court of Orissa	2005-06	66.71	84.80
		Deputy Commissioner of Commercial Taxes	1987-88 1992-93 1993-94 1994-95	6.02	274.77

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (Rs./ lacs)	Amount paid under protest (Rs./ lacs)
Odisha Sales Tax Act, 1947	Sales Tax	Sales Tax Tribunal	1992-93 2000-01	2.45	7.05
		Deputy Commissioner of Commercial Taxes	1987-88 1989-90 1990-91 1998-99	6.10	58.23
Odisha Value Added Tax Act, 2004	Value Added Tax	Commissioner of Commercial Tax	2005-06	7.14	17.93
		Additional Commissioner of Sales Tax	2006-07	129.89	25.97
Income-Tax Act, 1961	Income-tax	Commissioner of Income-tax (Appeals)	2014-15	220.41	1,261.51

Note:

The above does not include demand received from Commissioner Customs (Preventive) subsequent to the year- end aggregating to Rs. 4,381.05 lacs pertaining to the financial year 2012-13 on account of levy of additional customs duty on account of classification of the imported coal as bituminous coal as against Company's classification as steam coal, against which the Company proposes to file an appeal before the appropriate authorities [see note 29(a)(iii)].

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government nor has it issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company as applicable or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Alka Chadha
Partner
(Membership No. 93474)

Kolkata, 25 April, 2016

BALANCE SHEET

AS AT MARCH 31, 2016

	Notes	As at March 31, 2016	Rs. in lakh As at March 31, 2015
(I) EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	03	1,540.00	1,540.00
(b) Reserves and surplus	04	79,206.61	77,977.19
		80,746.61	79,517.19
(2) Non-current liabilities			
(a) Deferred tax liabilities (net)	05	2,173.53	2,303.96
(b) Long-term provisions	06	686.59	528.00
		2,860.12	2,831.96
(3) Current liabilities			
(a) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	07	-	-
(ii) Total outstanding dues of creditor other than micro enterprises and small enterprises	07	4,069.32	4,689.87
(b) Other current liabilities	08	1,848.49	1,756.25
(c) Short-term provisions	06	9,215.18	8,494.56
		15,132.99	14,940.68
TOTAL EQUITY AND LIABILITIES		98,739.72	97,289.83
(II) ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	09	15,841.06	14,033.57
(ii) Intangible assets	10	558.43	726.52
(iii) Capital work-in-progress		923.26	2,003.88
		17,322.75	16,763.97
(b) Non-current investments	11	186.01	186.01
(c) Long-term loans and advances	12	20,353.13	19,567.84
(d) Other non-current assets	13	2.05	2.05
		37,863.94	36,519.87
(2) Current assets			
(a) Current investments	14	28,350.07	20,613.98
(b) Inventories	15	3,236.22	10,844.88
(c) Trade receivables	16	2,943.05	888.11
(d) Cash and bank balances	17	25,204.74	25,151.13
(e) Short-term loans and advances	12	639.27	2,233.11
(f) Other current assets	18	502.43	1,038.75
		60,875.78	60,769.96
TOTAL ASSETS		98,739.72	97,289.83

See accompanying notes 1 - 45 forming an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
 Chartered Accountants

Alka Chadha
 Partner

Kolkata, 25 April, 2016

For and on behalf of the Board of Directors

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

Kolkata, 25 April, 2016



STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

		Year Ended March 31, 2016	Year Ended March 31, 2015
			Rs. in lakh
			Year Ended March 31, 2015
I	REVENUE FROM OPERATIONS (GROSS)	63,304.18	86,754.55
	Less: Excise duty	5,951.28	7,781.34
	REVENUE FROM OPERATIONS (NET)	57,352.90	78,973.21
II	OTHER INCOME	3,766.48	5,548.45
III	TOTAL REVENUE (I + II)	61,119.38	84,521.66
IV	EXPENSES		
	(a) Cost of materials consumed	40,613.17	58,620.55
	(b) Purchase of traded sponge iron	780.12	-
	(c) Changes in inventories of finished goods and stock in trade	1,300.21	(567.98)
	(d) Employee benefits expenses	3,560.34	3,515.07
	(e) Finance costs	538.36	530.50
	(f) Depreciation and amortisation expenses	1,289.77	1,294.12
	(g) Other expenses	8,864.91	7,482.46
	TOTAL EXPENSES	56,946.88	70,874.72
V	PROFIT BEFORE TAX (III-IV)	4,172.50	13,646.94
VI	TAX EXPENSES		
	(1) Current tax	1,220.00	4,294.00
	(2) Deferred tax charge / (credit)	(130.43)	164.10
	TOTAL TAX EXPENSE	1,089.57	4,458.10
VII	PROFIT AFTER TAX (V - VI)	3,082.93	9,188.84
VIII	EARNINGS PER EQUITY SHARE (Rupees)		
	Basic and Diluted Earning Per Share [Face value Rs. 10 each]	20.02	59.67

See accompanying notes 1 - 45 forming an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Alka Chadha
Partner

Kolkata, 25 April, 2016

For and on behalf of the Board of Directors

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

Kolkata, 25 April, 2016

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

	Year Ended March 31, 2016	Rs. In lakh Year Ended March 31, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	4,172.50	13,646.94
<i>Adjustments for:</i>		
Depreciation and amortisation expense	1,289.77	1,294.12
Dividend from long-term investments	(80.00)	(72.00)
Dividend from current investments	(1,456.17)	(1,554.80)
Net gain on sale of current investments	(0.21)	(2.32)
Net (gain) / loss on sale of assets	35.83	(0.41)
Interest income	(2,073.97)	(2,216.13)
Finance costs	538.36	530.50
Liabilities / provisions no longer required written back	(14.93)	(1,608.85)
Operating profit before working capital changes	2,411.18	10,017.05
<i>Changes in Working Capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	7,608.66	(4,659.46)
Trade receivables	(2,054.94)	1,719.34
Short term loans and advances	1,593.84	(571.64)
Long term loans and advances	(686.10)	144.90
Other non current assets	-	0.40
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(620.55)	(714.62)
Other current liabilities	22.78	(1,108.27)
Short-term provisions	8.42	374.72
Long-term provisions	158.59	61.93
Cash generated from operations	8,441.88	5,264.35
Direct taxes paid	(1,250.61)	(6,884.57)
Net cash from / (utilised in) operating activities	7,191.27	(1,620.22)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets including capital advances	(1,722.23)	(1,464.18)
Proceeds from sale of fixed assets	6.86	2.13
Purchase of current investments	(102,765.17)	(124,541.80)
Proceeds from sale of current investments	95,029.29	124,200.09
Interest received from banks and others	2,610.29	1,803.00
Dividend received from long-term investments	80.00	72.00
Dividend received from current investments	1,456.17	1,554.80
Net cash from / (utilised in) investing activities	(5,304.79)	1,626.04
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Finance cost paid	(0.07)	(7.12)
Dividend paid	(1,540.00)	(1,540.00)
Tax on dividend paid	(313.51)	(261.72)
Net cash utilised in financing activities	(1,853.58)	(1,808.84)
Net increase or (decrease) in cash or cash equivalents	32.90	(1,803.02)
Cash and cash equivalents as at 1 April ¹	24,972.61	26,775.63
Cash and cash equivalents as at 31 March ¹	25,005.51	24,972.61

Notes: 1 Includes cash and drafts on hand, balance in current and demand deposit accounts with banks as disclosed in Note 17.

2 The Company has paid Rs. 243.92 lacs (March 31, 2015: Rs. 210.92 lacs) on account of corporate social responsibility expenses.

3 Figures in brackets represent outflows.

See accompanying notes 1 - 45 forming an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
 Chartered Accountants

Alka Chadha
 Partner

Kolkata, 25 April, 2016

For and on behalf of the Board of Directors

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

Kolkata, 25 April, 2016

NOTES TO THE FINANCIAL STATEMENTS

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 prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

(b) Use of estimates

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

(c) Inventories

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

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

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

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

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

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

(e) Cash flow statement

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

(f) Depreciation and Amortisation

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

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

Category of assets	Useful Life
Furniture and Fixtures	: 5 Years
Vehicles	: 5 Years
Railway Sidings	: 5 Years

Premium paid on leasehold land and land development expenses are amortised over the primary leased period.

Intangible assets are amortised over a period of three to five years.

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

(g) Revenue Recognition

(i) Sale of goods

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

- (ii) Sale of power**
Revenue from the transfer of power is recognised based on contracts / arrangements with the power consumers.
- (iii) Dividend and Interest income**
Dividend income is recognised when the Company's right to receive dividend is established. Interest income is recognised on a time proportion basis based on the amount outstanding and the rate applicable.
- (h) Tangible Assets**
All tangible assets are valued at cost less depreciation and impairment losses, if any. The cost of an asset includes the purchase cost of materials, including import duties and non refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalised as part of the cost of the asset until such time that the asset is ready for its intended use.
- (i) Capital work-in-progress:**
Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.
- (j) Intangible assets**
Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and non refundable taxes, and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.
- (k) Foreign Currency Transactions**
Foreign Currency transactions are recorded on initial recognition in the reporting currency i.e. Indian rupees, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in currencies other than the reporting currency and foreign exchange contracts remaining unsettled are remeasured at the rates of exchange prevailing at the balance sheet date. Exchange difference arising on the settlement of monetary items, and on the remeasurement of monetary items, are included in Statement of Profit and Loss.
- (l) Government Grants**
Government grants which are given with reference to the total investments in an undertaking and no repayment is ordinarily expected in respect thereof, the grants are treated as capital reserve which can be neither distributed as dividend nor considered as deferred income.
- (m) Investments**
Long term investments are carried individually at cost less provision for diminution, other than temporary (if any) in the value of such investments. Current investments are carried at lower of cost and fair value.
Cost of investments include acquisition charges such as brokerage, fees and duties.
- (n) Employee Benefits**

 - (i) Short term benefits**
Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
 - (ii) Post employment benefits**

 - (a) Defined Contribution plans**
Defined contribution plans are those plans where the Company pays fixed contributions to a separate entity. Contributions are paid in return for services rendered by the employees during the year. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employee benefits. The Company provides provident fund facility to all employees and Superannuation benefits to selected employees. The contributions are expensed as they are incurred in line with the treatment of wages and salaries.
 - (b) Defined Benefit Plans**
The Company provides Gratuity benefits to its employees and pension and post retirement medical benefits to its past managing directors. Gratuity liabilities are funded through a separate trust with its funds managed by Life Insurance Corporation of India, whereas pension and post retirement medical benefits are unfunded. The present value of these defined benefit obligations are ascertained by an independent actuarial valuation as per the requirement of Accounting Standards 15 - Employee Benefits. The liability recognised in the balance sheet is the present value of the defined benefit obligations on the balance sheet date less the fair value of the plan assets (for funded plans), together with adjustments for unrecognised past service costs. All actuarial gains and losses are wholly recognised in the Statement of Profit and Loss in the year in which they occur.
- (iii) Other long term employee benefits**
The Company provides benefits in the nature of Compensated absences to its employees. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the

related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Liabilities for Compensated absences are funded through a separate trust with its funds managed by Life Insurance Corporation of India. The present value of these obligations are ascertained by an independent actuarial valuation. The liability recognised in the balance sheet is the present value of the defined benefit obligations on the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised past service costs. All actuarial gains and losses are wholly recognised in the Statement of Profit and Loss in the year in which they occur.

(o) Borrowing Costs

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

(p) Segment Reporting

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

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

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

Revenue, expenses, assets and liabilities which are not directly allocable to business segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

(q) Leases

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

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

(r) Earnings Per Share

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

(s) Taxes on Income

Current Taxes

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

Deferred Taxes

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

(t) Impairment

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

(u) Provision, Contingent Liabilities and Contingent Assets

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

03 SHARE CAPITAL

	As at March 31, 2016		Rs. In lakh As at March 31, 2015	
(a) Authorised: 25,000,000 Equity Shares of Rs. 10 each (As at 31.03.2015: 25,000,000 Equity Shares of Rs. 10 each)	2,500.00		2,500.00	
	2,500.00		2,500.00	
(b) Issued, subscribed and fully paid up : 15,400,000 Equity Shares of Rs. 10 each (As at 31.03.2015: 15,400,000 Equity Shares of Rs. 10 each)	1,540.00		1,540.00	
	1,540.00		1,540.00	
(c) Reconciliation of Number of shares	For the year ended March 31, 2016		For the year ended March 31, 2015	
	No. of Equity shares	Amount Rs. in lakh	No. of Equity shares	Amount Rs. in lakh
Issued, subscribed and fully paid				
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, 2016		As at March 31, 2015	
Shareholder	No. of Equity shares	%	No. of Equity shares	%
Tata Steel Limited (Holding Company)	8,393,554	54.50%	8,393,554	54.50%
	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, 2016		As at March 31, 2015	
Shareholder	No. of Equity shares	%	No. of Equity shares	%
Tata Steel Limited	8,393,554	54.50%	8,393,554	54.50%
(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 lakh			
	Capital Reserve	General Reserve	Surplus in Statement of Profit and Loss	Total
As at March 31, 2016				
Balance at the beginning of the year	35.00	75,880.00	2,062.19	77,977.19
Profit for the year	-	-	3,082.93	3,082.93
Proposed dividend	-	-	(1,540.00)	(1,540.00)
Tax on proposed dividend	-	-	(313.51)	(313.51)
Transfer to General Reserve	-	1,120.00	(1,120.00)	-
Balance at the end of the year	35.00	77,000.00	2,171.61	79,206.61
As at March 31, 2015				
Balance at the beginning of the year	35.00	68,880.00	1,807.49	70,722.49
Adjustments for change in useful life of assets (net of deferred tax amounting to Rs. 41.51 lacs) [Refer Note 9]	-	-	(80.63)	(80.63)
Profit for the year	-	-	9,188.84	9,188.84
Proposed dividend	-	-	(1,540.00)	(1,540.00)
Tax on proposed dividend	-	-	(313.51)	(313.51)
Transfer to General Reserve	-	7,000.00	(7,000.00)	-
Balance at the end of the year	35.00	75,880.00	2,062.19	77,977.19

The Board of Directors has recommended a dividend of Rs. 10/- per Equity Share (2014-15 Rs. 10 per Equity Share) for the year ended March 31, 2016. The dividend payment is subject to the approval of the shareholders at the Annual General Meeting. The total dividend payout (including tax on dividend) works out to Rs. 1,853.51 lacs (2014-15: Rs. 1,853.51 lacs) for the Company.

05 DEFERRED TAX LIABILITIES (NET)

	Rs. In lakh		
	Deferred tax liability/ (Asset) as at April 01, 2015	Current year Charge/ (Credit) in the Statement of Profit and Loss	Deferred tax liability/ (Asset) as at March 31, 2016
Deferred tax liabilities			
(i) Difference between book and tax depreciation	3,430.16	(40.14)	3,390.02
	3,430.16	(40.14)	3,390.02
Deferred tax assets			
(i) Provision for compensated absences	(127.30)	(11.75)	(139.05)
(ii) Others	(998.90)	(78.54)	(1,077.44)
	(1,126.20)	(90.29)	(1,216.49)
Deferred tax liabilities (net)	2,303.96	(130.43)	2,173.53

06 PROVISIONS

	As at March 31, 2016		As at March 31, 2015	
	Long-term	Short-term	Long-term	Short-term
(a) Provision for employee benefits				
(1) Post-employment defined benefits				
(i) Pension obligations [Refer Note 38(c)]	638.77	49.21	479.14	40.79
(ii) Post retirement medical benefits [Refer Note 38(c)]	47.82	5.77	48.86	5.78
(b) Provision for tax [net of advance tax of Rs.19,537.30 lakh (As at March 31, 2015 Rs.18,491.20 lakh)]	-	2,394.70	-	2,220.79
(c) Proposed dividends	-	1,540.00	-	1,540.00
(d) Provision for tax on dividend	-	313.51	-	313.51
(e) Provision for contingencies				
i) Provision for VAT, entry tax and sales tax	-	2,723.99	-	2,509.39
ii) Provision for cross subsidy surcharge payable	-	601.00	-	601.00
iii) Provision for interest on income tax	-	1,587.00	-	1,263.30
Total Provisions	686.59	9,215.18	528.00	8,494.56

07 TRADE PAYABLES

	Rs. In lakh	
	As at March 31, 2016	As at March 31, 2015
(i) Total outstanding dues of micro enterprises and small enterprises (See note below)		
(ii) Total outstanding dues of creditor other than micro enterprises and small enterprises		
(a) Creditors for supplies and services	3,280.44	3,855.93
(b) Creditors for accrued wages and salaries	788.88	833.94
Total Trade Payables	4,069.32	4,689.87

Note:

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.

08 OTHER CURRENT LIABILITIES

	Rs. In lakh	
	As at March 31, 2016	As at March 31, 2015
(a) Unpaid dividends	199.23	178.52
(b) Advances received from customers	528.20	551.89
(c) Creditors for capital supplies and services	430.21	362.01
(d) Other payables		
(1) Employee recoveries and employer contributions	56.88	55.31
(2) Statutory dues (Excise duty, service tax, sales tax, TDS, etc.)	551.64	577.93
(3) Other credit balances	82.33	30.59
Total Other current liabilities	1,848.49	1,756.25

09 TANGIBLE ASSETS

Rs. In lakh

As at March 31, 2016	Freehold Land	Leasehold Land	Land Development	Freehold Buildings	Plant and Machinery	Furniture and fixtures	Office Equipment	Vehicles	Total Tangible Assets
Gross Block as at April 1, 2015	229.42	3.02	39.86	4,258.39	30,788.65	278.57	80.39	291.77	35,970.07
Additions during the year	-	-	-	2.16	2,886.86	3.27	55.53	24.04	2,971.86
Assets disposed / written off during the year	-	-	-	-	820.55	-	-	24.21	844.76
Gross Block as at March 31, 2016	229.42	3.02	39.86	4,260.55	32,854.96	281.84	135.92	291.60	38,097.17
Accumulated Depreciation as at April 1, 2015	-	1.02	13.65	1,494.42	19,913.98	263.48	48.55	201.40	21,936.50
Charge for the year [Refer Note 3]	-	0.03	0.44	280.47	792.70	4.49	13.33	30.22	1,121.68
Depreciation on assets disposed / written off during the year	-	-	-	-	778.97	-	-	23.10	802.07
Accumulated Depreciation as at March 31, 2016	-	1.05	14.09	1,774.89	19,927.71	267.97	61.88	208.52	22,256.11
Net book value as at April 1, 2015	229.42	2.00	26.21	2,763.97	10,874.67	15.09	31.84	90.37	14,033.57
Net book value as at March 31, 2016	229.42	1.97	25.77	2,485.66	12,927.25	13.87	74.04	83.08	15,841.06
As at March 31, 2015	Freehold Land	Leasehold Land	Land Development	Freehold Buildings	Plant and Machinery	Furniture and fixtures	Office Equipment	Vehicles	Total Tangible Assets
Gross Block as at April 1, 2014	229.42	3.02	39.86	4,210.43	30,619.86	267.51	44.01	276.13	35,690.24
Additions during the year	-	-	-	47.96	193.15	11.06	36.38	22.21	310.76
Assets disposed / written off during the year	-	-	-	-	24.36	-	-	6.57	30.93
Gross Block as at March 31, 2015	229.42	3.02	39.86	4,258.39	30,788.65	278.57	80.39	291.77	35,970.07
Accumulated Depreciation as at April 1, 2014	-	0.99	13.21	1,120.42	19,093.27	244.35	16.22	177.95	20,666.41
Charge for the year	-	0.03	0.44	288.50	818.37	19.10	21.08	29.64	1,177.16
Depreciation on assets adjusted against retained earning during the year [Refer Note 2]	-	-	-	85.50	25.36	0.03	11.25	-	122.14
Depreciation on assets disposed / written off during the year	-	-	-	-	23.02	-	-	6.19	29.21
Accumulated Depreciation as at March 31, 2015	-	1.02	13.65	1,494.42	19,913.98	263.48	48.55	201.40	21,936.50
Net book value as at April 1, 2014	229.42	2.03	26.65	3,090.01	11,526.59	23.16	27.79	98.18	15,023.83
Net book value as at March 31, 2015	229.42	2.00	26.21	2,763.97	10,874.67	15.09	31.84	90.37	14,033.57

Notes

- All the above assets are owned by the Company, except for those identified as leased assets.
- Pursuant to transitional provisions prescribed in Schedule II of the Companies Act, 2013, the Company had fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2015 and had adjusted an amount of Rs. 80.63 lacs (net of deferred tax of Rs. 41.51 lacs) against the opening surplus balance in the Statement of Profit and Loss under Reserve and Surplus.
- During the year the Company has completed componentisation of fixed assets by way of a technical evaluation. Pursuant to this, certain components which had a useful life shorter than the main assets had been assigned a shorter useful life and accordingly depreciation for the year has increased by Rs. 51.95 lacs on account of such componentisation.

10 INTANGIBLE ASSETS (ACQUIRED)

Rs. In lakh

As at March 31, 2016	Mining Geological report	Software Costs	Railway Sidings	Total Intangible Assets
Gross Block as at April 1, 2015	468.90	185.59	1,201.27	1,855.76
Additions during the year	-	-	-	-
Assets disposed / written off during the year	-	-	-	-
Gross Block as at March 31, 2016	468.90	185.59	1,201.27	1,855.76
Accumulated Amortisation as at April 1, 2015	468.90	184.98	475.36	1,129.24
Charge for the year	-	0.61	167.48	168.09
Amortisation of assets disposed / written off during the year	-	-	-	-
Accumulated amortisation as at March 31, 2016	468.90	185.59	642.84	1,297.33
Net book value as at April 1, 2015	-	0.61	725.91	726.52
Net book value as at March 31, 2016	-	-	558.43	558.43
As at March 31, 2015				
Gross Block as at April 1, 2014	468.90	185.59	363.86	1,018.35
Additions during the year	-	-	837.41	837.41
Assets disposed / written off during the year	-	-	-	-
Gross Block as at March 31, 2015	468.90	185.59	1,201.27	1,855.76
Accumulated Amortisation as at April 1, 2014	468.90	179.52	363.86	1,012.28
Charge for the year	-	5.46	111.50	116.96
Amortisation of assets disposed / written off during the year	-	-	-	-
Accumulated amortisation as at March 31, 2015	468.90	184.98	475.36	1,129.24
Net book value as at April 1, 2014	-	6.07	-	6.07
Net book value as at March 31, 2015	-	0.61	725.91	726.52

11 NON-CURRENT INVESTMENTS

	As at March 31, 2016	As at March 31, 2015
Long-term investments at cost		
Trade investments		
Investment in Equity Instruments		
Subsidiaries (Unquoted)		
1060,060 Equity shares of Rs. 10 each in TSIL Energy Limited, fully paid up	106.01	106.01
Others (Unquoted)		
800,000 Equity shares of Rs. 10 each in Jamipol Limited, fully paid up	80.00	80.00
	186.01	186.01
Additional Details:		
Aggregate value of Unquoted Investments	186.01	186.01

12 LOANS AND ADVANCES

	As at March 31, 2016		As at March 31, 2015	
	Long-term	Short-term	Long-term	Short-term
(Unsecured, considered good unless otherwise stated)				
(a) Capital advances	16,824.26	-	16,925.07	-
(b) Security deposits				
(1) Considered good	4.46	240.39	8.51	220.16
(2) Considered doubtful	-	22.57	-	22.57
Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
(c) Loans and advances to related parties	-	1.86	-	71.86

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		Rs. In lakh			
(d)	Other loans and advances				
(1)	Loans to employees	17.60	8.91	15.53	6.97
(2)	Advances with public bodies	608.71	92.73	-	1,050.49
(3)	Other advances and prepayments	5.07	295.38	9.60	883.63
(4)	Advance payment of taxes [net of provision of Rs. 17,589.03 lakh (As at March 31, 2015 Rs. 17,589.03 lakh)]	2,798.05	-	2,598.05	-
(5)	Employee benefits assets				
(i)	Retiring gratuities [Refer note 38(c)]	44.73	-	-	-
(ii)	Compensated absences	50.25	-	11.08	-
	Total Loans and advances	20,353.13	639.27	19,567.84	2,233.11
		Rs. In lakh			
13	OTHER NON-CURRENT ASSETS		As at March 31, 2016		As at March 31, 2015
	Deposit with banks and others with maturity period more than 12 months (Above deposits are pledged with government authorities)		2.05		2.05
	Total Other non-current assets		2.05		2.05
14	CURRENT INVESTMENT (Lower of cost and fair value)				
	Investment in Liquid Mutual Funds (Unquoted)				
	L&T Liquid Fund - Daily Dividend Reinvestment Plan		-		2,030.15
	TATA Money Market Fund-Plan A- Daily Dividend Reinvestment		4,452.27		2,640.57
	JM High Liquidity Fund - Daily Dividend Option (39)		-		1,822.86
	Religare Invesco Liquid Fund - Daily Dividend		-		1,961.99
	HDFC Liquid Fund- Regular Plan - Daily Dividend		3,943.07		2,193.98
	IDFC Cash Fund-Regular Plan-Daily Dividend		-		2,522.85
	Reliance Liquid Fund - Treasury Plan - Daily Dividend Option		4,472.33		3,286.90
	Franklin India TMA - Super IP - Growth- Daily Dividend Reinvestment		-		2,939.59
	Kotak Floater Short Term - Daily Dividend		-		1,215.01
	SBI Premier liquid Fund- Regular Plan - Daily Dividend		2,256.42		0.08
	Axis Liquid - Regular Daily Dividend		4,441.75		0.00
	ICICI Prudential Liquid - Regular Daily Dividend		4,322.28		-
	UTI -Money Market Fund -Institutional Plan - Daily Dividend Reinvestment		4,461.95		-
	Total Current investments		28,350.07		20,613.98
	Additional Details:				
	Aggregate value of Unquoted Investments		28,350.07		20,613.98
15	INVENTORIES (At lower of cost or net realisable value)				
(a)	Raw materials		1,835.48		7,955.32
(b)	Finished goods		543.02		1,843.23
(c)	Stores and spares		857.72		1,046.33
	Total Inventories		3,236.22		10,844.88
16	TRADE RECEIVABLES (Unsecured, considered good)				
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment		-		6.18
	Others		2,943.05		881.93
	Total Trade Receivables		2,943.05		888.11
17	CASH AND BANK BALANCES				
(A)	Cash and cash equivalent				
(a)	Cash on hand		1.17		1.44
(b)	Balances with banks				
(1)	In current accounts		341.08		30.06
(2)	In demand deposit accounts		24,663.26		24,941.11
	Total Cash and cash equivalent		25,005.51		24,972.61
(B)	Other bank balances				
	In current accounts ¹		199.23		178.52
	Total Cash and bank balances		25,204.74		25,151.13
1	Includes earmarked balances in unpaid dividend accounts		199.23		178.52

	As at March 31, 2016	Rs. In lakh As at March 31, 2015
18 OTHER CURRENT ASSETS (Unsecured, considered good)		
Interest accrued on deposits, loans and advances	502.43	1,038.75
Total Other current assets	502.43	1,038.75
	Year Ended March 31, 2016	Year Ended March 31, 2015
19 REVENUE FROM OPERATIONS		
(a) Sale of sponge iron	57,553.92	79,654.88
(b) Sale of traded sponge iron	793.16	-
(c) Sale of power	4,783.02	4,749.53
(d) Other operating income	174.08	2,350.14
Gross Revenue from Operations	63,304.18	86,754.55
Other operating income comprises		
(a) Sale of iron ore fines, coal fines and char etc.	174.08	2,350.14
Total Other operating income	174.08	2,350.14
20 OTHER INCOME		
(a) Interest Income		
(i) Interest on term deposits, customers' balances etc.	1,944.98	2,168.23
(ii) Interest on Income tax refunds	128.99	47.90
(b) Dividend Income		
(1) From long-term investments	80.00	72.00
(2) From current investments	1,456.17	1,554.80
(c) Liabilities / Provisions no longer required written back	14.93	1,608.85
(d) Net gain on sale of current investments	0.21	2.32
(e) Net profit on sale of assets	-	0.41
(f) Other non operating income	141.20	93.94
Total Other Income	3,766.48	5,548.45
21 COST OF MATERIALS CONSUMED		
Opening Stock	7,955.32	3,687.76
Add: Purchases	34,493.33	62,888.11
	42,448.65	66,575.87
Less: Closing Stock	1,835.48	7,955.32
Total Cost of materials consumed	40,613.17	58,620.55
Cost of materials consumed comprises		
(a) Iron ore	20,851.71	28,894.79
(b) Iron ore pellet	114.95	6,705.18
(c) Coal	19,353.54	22,657.22
(d) Dolomite	292.97	363.36
Total Cost of materials consumed	40,613.17	58,620.55
22 CHANGES IN INVENTORIES OF FINISHED GOODS		
Stock at the beginning of the year		
Finished goods	1,843.23	1,275.25
	1,843.23	1,275.25
Stock at the end of the year		
Finished goods	543.02	1,843.23
	543.02	1,843.23
Net (increase) / decrease in finished goods	1,300.21	(567.98)

	Year Ended March 31, 2016	Rs. In lakh Year Ended March 31, 2015
23 EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages, including bonus	2,939.32	2,803.73
(b) Contribution to provident and other funds [Refer Note 38]	355.27	463.81
(c) Staff welfare expenses	265.75	247.53
Total Employee benefits expense	3,560.34	3,515.07
24 FINANCE COSTS		
(a) Interest expense		
Interest on others	538.36	530.50
Total Finance costs	538.36	530.50
25 DEPRECIATION AND AMORTISATION EXPENSE		
(a) Depreciation on tangible assets [Refer Note 09]	1,121.68	1,299.30
(b) Amortisation of intangible assets [Refer Note 10]	168.09	116.96
	1,289.77	1,416.26
Less: Adjusted against opening retained earnings	-	122.14
Total Depreciation and amortisation expenses	1,289.77	1,294.12
26 OTHER EXPENSES		
(a) Consumption of stores and spare parts	395.16	312.96
(b) Fuel oil consumed	90.14	79.28
(c) Purchase of power	16.31	20.57
(d) Rent	80.85	77.90
(e) Repairs to buildings	281.78	309.34
(f) Repairs to machinery	1,676.61	1,913.13
(g) Insurance	43.60	37.55
(h) Rates and taxes	357.39	335.03
(i) Freight and handling charges	613.79	560.62
(j) Conversion charges	1,374.15	-
(k) Commission, discounts and rebates	44.74	42.29
(l) Packing and forwarding	529.71	586.77
(m) Excise duty on change in finished goods [Refer note 27]	(148.80)	32.29
(n) Other expenses		
(1) Net loss / (gain) on foreign currency transactions	89.42	116.53
(2) VAT, Entry Tax and Excise Duty demand	1.95	16.89
(3) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors - statutory audit	12.05	7.50
(ii) As Auditors - quarterly audits	10.80	9.00
(iii) As Auditors - Tax Audit	2.01	2.00
(iv) For other services	5.00	2.50
(v) Auditors out-of-pocket expenses	1.64	0.21
(4) Cost audit fees	1.50	1.50
(5) Legal and other professional costs	351.23	217.33
(6) Advertisement, promotion and selling expenses	31.89	29.35
(7) Travelling expenses	107.34	119.59
(8) Loss on sale of assets	35.83	-
(9) Corporate Social Responsibility expenses [Refer Note 42]	277.49	259.03
(10) Other general expenses*	2,581.33	2,393.30
Total Other expenses	8,864.91	7,482.46

* Other expenses includes Rs. 1,005 lacs on account of demand by Government of Odisha towards Water Conservation Fund.

	Year Ended March 31, 2016	Rs. In lakh Year Ended March 31, 2015
27	EXCISE DUTY ON CHANGES IN FINISHED GOODS	
	Excise duty on opening stock of finished goods	181.56
	Excise duty on closing stock of finished goods	213.85
	(148.80)	32.29
28	EARNINGS PER SHARE	
	Net Profit for the year (Rs. In lakh)	9,188.84
	Weighted average number of equity shares (Nos)	15,400,000
	Nominal Value per Equity Share (Rs.)	10
	Basic and diluted earnings per share (Rs.)	20.02
29	CONTINGENT LIABILITIES	
	As at March 31, 2016	As at March 31, 2015
(a)	Claims against the Company not acknowledged as debts;	
	(a) Income tax	346.15
	(b) Odisha Entry tax	2,579.93
	(c) Customs duty (see note below)	3,818.44
	(d) Demand from Ministry of Coal against Radhikapur coal block [Refer Note 30]	3,250.00
	(e) Demand from suppliers	152.13
	10,037.64	6,328.21
	Note:	
	The above includes demand received from Commissioner Customs (Preventive) subsequent to the year-end aggregating to Rs. 4,381.05 lacs pertaining to the financial year 2012-13 on account of levy of additional customs duty on account of classification of the imported coal as bituminous coal as against Company's classification as steam coal, against which the Company proposes to file an appeal before the appropriate authorities. The Company had paid an amount of Rs. 1,069.86 lakh and recognised the non-cenvatable portion of duty and applicable interest as expense whereas cenvatable portion had been recognised as an advance in the year 2012-13.	
(b)	Other money for which the Company is contingently liable	
	(i) Renewable energy purchase obligation	549.26
	(ii) Others	-
	2,859.35	549.26
30	(a) In the month of November 2012, Ministry of Coal ("MoC") issued notices to the Company for invocation of bank guarantee of Rs. 3,250 lakh submitted towards performance of conditions for allocation of coal block against which the Company had filed a writ petition in the Hon'ble High Court of Delhi, which directed the Company to keep the bank guarantee valid till 30 November, 2015 by which date the MoC was directed to take decision. Meanwhile, the bank guarantee expired and had not been renewed, since no communication had been received from MoC. Subsequently, MoC issued a notice dated 28 December, 2015, stating that the bank guarantee be invoked and the aforesaid amount be deposited. Consequent to MoC's notice, the Company has moved to the Hon'ble High Court of Delhi, where the matter is pending adjudication. The Company has been advised and has obtained a legal opinion that as the original allocation has been declared illegal and cancelled by the Hon'ble Supreme Court, the bank guarantee pertaining to such allocation (which is non-est and void ab initio) shall consequently be deemed to be invalid and void ab initio. Pending finalisation of the matter, the amount continues to be disclosed as a contingent liability.	
	(b) (i) During pendency of the aforesaid matters in Hon'ble High Court of Delhi, the Hon'ble Supreme Court of India vide its order dated 24 September, 2014 has cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Company on 7 February, 2006. The carrying value of investments made in Radhikapur (East) Coal Block as on 31 March, 2016 aggregates to Rs. 18,040.96 lakh (March 31, 2015: 18,074.18 lakh).	
	(ii) Pursuant to the judgment of Hon'ble Supreme Court of India, the Government of India has promulgated Coal Mines (Special Provision) Rules, 2014 ("Rules") for allocation of the coal mines through auction and matters related thereto. In terms of the said Rules, the successful bidder will be called upon to pay to the prior allottee the expenses incurred by the prior allottee towards land and mine infrastructure. Pursuant to MoC's directive seeking the details of expenses vide letter dated 26 December, 2014, the Company has furnished the required statement of expenses on 5 January, 2015. Based on the Rules and necessary legal opinion obtained by the Company, no provision is considered necessary.	
31	Estimated amounts of contracts remaining to be executed on capital account and not provided for : Rs. 223.05 lakh (As at March 31, 2015: Rs. 844.29 lakh) [Net of advances Rs. 0.25 lakh (As at March 31, 2015 Rs. 109.09 lakh)].	
32	Cross Subsidy Surcharge payable to power distribution companies	
	In 2012-13, the Company injected power to State Grid due to denial of permission for open access by OPTCL to supply power to the parent company Tata Steel Limited beyond the period of invocation of section 11 of Electricity Act, 2003 by the Government of Odisha i.e., June, 2012. As a result of which the Company could not meet the minimum stipulated criteria of 51% self-consumption of generated power as a captive power plant and the provisions of Cross Subsidy Surcharge under Electricity Act, 2003 became applicable. The Company filed a case before the Odisha Electricity Regulatory Commission ("OERC") for relief which was granted and consequently the Company has filed a case before Appellate Tribunal of Electricity ("ATE"), which is pending for adjudication. As a matter of prudence, an amount of Rs. 601 lacs has been provided in the year 2014-15.	
33	(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 lakh 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. Pending finalisation of the matter no adjustments have been made in the financial statements.

- (b) As per Industrial Policy Resolution 1992 of Government of Orissa, the Company has to pay a minimum sales tax of Rs. 252.56 lakh before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The Company had paid the above amount until the rate of sales tax was reduced. With reduction in rate of sales tax, the Company considered that the above limit of Rs. 252.56 lakh had to correspondingly reduce and accordingly made reduced payment. The Company however had provided the differential amount of Rs. 513.83 lakh upto the date of availing the benefit i.e., upto March 31, 2012. The Company had 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	
(ii) TSIL Energy Limited	Wholly owned Subsidiary	
(iii) TM International Logistics Limited	Fellow Subsidiary	
(iv) Jamshedpur Utilities & Services Company Limited		
(v) Tayo Rolls Limited		
(vi) Tata Steel Global Procurement Co. Pte. Ltd.		
(vii) Tata Pigments Limited		
(viii) Tata Metaliks Limited		
(ix) The Indian Steel and Wire Products Limited		
(x) The Tinplate Company of India Limited		
(xi) Mr. D P Deshpande, Managing Director		Key Managerial Personnel
(xii) Mr. Sanjay Kumar Pattnaik, Executive Director		Key Managerial Personnel

(b) Related party transactions

Name of the related party	Nature of transactions	Year Ended March 31, 2016	Year Ended March 31, 2015
		Amount (Rs. In lakh)	Amount (Rs. In lakh)
Tata Steel Limited	Purchase of goods	11,043.53	10,276.65
	Purchase of fixed assets	-	12.71
	Services received	45.87	31.17
	Dividend paid	839.36	839.36
	Sale of power	4,245.60	4,671.12
	Services rendered	0.59	10.17
TM International Logistics Limited	Services received	691.48	840.31
	Reimbursement of expenses	922.98	3,046.65
Tayo Rolls Limited	Sale of goods	61.95	87.40
Tata Steel Global Procurement Co. Pte. Ltd.	Purchase of goods	-	1,057.36
	Reimbursement of expenses	17.81	-
Tata Pigments Limited	Purchase of goods	1.02	-
Tata Metaliks Limited	Sale of goods	28.23	598.78
The Indian Steel and Wire Products Limited	Purchase of goods	5.20	2.59
The Tinplate Company of India Limited	Services received	0.05	0.13
Mr. D.P. Deshpande	Remuneration	139.25	133.54
Mr. Sanjay Kumar Pattnaik	Remuneration	126.98	79.45

Name of the related party	Nature of Balances	As at March 31, 2016 Amount (Rs. In lakh)	As at March 31, 2015 Amount (Rs. In lakh)
Tata Steel Limited	Amounts payable	862.45	1,522.23
	Amounts receivable	485.90	367.49
TM International Logistics Limited	Amounts payable	22.01	-
	Amounts recoverable	-	71.86
Tata Steel Global Procurement Co. Pte. Ltd.	Amounts receivable	1.82	-
Tayo Rolls Limited	Amounts receivable	-	8.40
Tata Pigments Limited	Amounts payable	1.02	-
The Indian Steel & Wire Products Ltd	Amounts recoverable	0.04	-
The Tinplate Company of India Limited#	Amounts payable	-	-

Amount payable to The Tinplate Company of India Limited is Rs. 270 (Previous year : Rs. Nil).

	Year Ended March 31, 2016	Rs. In lakh Year Ended March 31, 2015
35 CIF VALUE OF IMPORTS		
(a) Raw Materials	11,824.89	22,322.97
(b) Components, Stores and Spares	28.62	8.75
36 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)		
Travelling Expenses	5.15	7.62
37 CONSUMPTION OF IMPORTED AND INDEGENOUS MATERIALS		

	Year Ended March 31, 2016		Year Ended March 31, 2015	
	%	Amount (Rs.in lakh)	%	Amount (Rs.in lakh)
(a) Raw Materials consumed				
Indigenous	49.72%	20,193.27	56.32%	33,012.36
Imported	50.28%	20,419.90	43.68%	25,608.19
	100.00%	40,613.17	100.00%	58,620.55
(b) Stores and Spare parts				
Indigenous	97.27%	876.50	97.84%	1,079.62
Imported	2.73%	24.58	2.16%	23.89
	100.00%	901.08	100.00%	1,103.51
Less: Charged to repairs to plant and machinery and building		505.92		790.55
		395.16		312.96

38 EMPLOYEE BENEFITS

(a) Defined Contribution Plans

The Company has recognised, in the Statement of Profit and Loss for the year ended March 31, 2016, an amount of **Rs. 286.07 lakh** (March 31, 2015: Rs. 249.18 lakh) as expenses under the following defined contribution plans.

Benefits (Contributions to)	Year Ended March 31, 2016	Rs.in lakh Year Ended March 31, 2015
(i) Contribution to Provident fund	180.55	160.77
(ii) Contribution to Superannuation fund	105.52	88.41
	286.07	249.18

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

The Company operates post retirement defined benefit plans as follows:

Post retirement defined benefit plans

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

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

Description	2015-16		2014-15	
	Gratuity Amount (Rs. In lakh)	Pension Amount (Rs. In lakh)	Gratuity Amount (Rs. In lakh)	Pension Amount (Rs. In lakh)
1 Reconciliation of opening and closing balances of obligation				
a. Obligation at the beginning of the year	1,356.52	519.93	1,053.91	462.80
b. Current service cost	77.70	-	60.27	-
c. Interest cost	103.00	38.71	94.12	39.81
d. Acquisition cost	43.96	-	-	-
e. Actuarial (gain)/loss	7.29	170.21	164.43	58.19
f. Benefits paid	(55.03)	(40.87)	(16.21)	(40.87)
g. Obligation at the end of the year	1,533.44	687.98	1,356.52	519.93
2 Change in fair value of plan assets				
a. Fair value of plan assets at the beginning of the year	1,356.52	-	1,093.98	-
b. Expected return on plan assets	126.12	-	102.07	-
c. Actuarial gain/(loss)	(7.33)	-	2.12	-
d. Acquisition cost	43.96	-	-	-
e. Contributions made by the company	113.93	40.87	174.56	40.87
f. Benefits paid	(55.03)	(40.87)	(16.21)	(40.87)
g. Fair value of plan assets at the end of the year	1,578.17	-	1,356.52	-
3 Reconciliation of fair value of plan assets and obligations				
a. Present value of obligation at the end of the year	1,533.44	687.98	1,356.52	519.93
b. Fair value of plan assets at the end of the year	(1,578.17)	-	(1,356.52)	-
c. Amount recognised in the balance sheet (Assets)/ Liability	(44.73)	687.98	-	519.93
Current	-	49.21	-	40.79
Non-current	(44.73)	638.77	-	479.14
4 Expenses recognised during the year				
a. Current service cost	77.70	-	60.27	-
b. Interest cost	103.00	38.71	94.12	39.81
c. Expected return on plan assets	(126.12)	-	(102.07)	-
d. Actuarial (gains)/loss	14.62	170.21	162.31	58.19
e. Expenses recognised during the year	69.20	208.92	214.63	98.00
5 Investment details				
a. Others (Funds with Life Insurance Corporation of India)	1,578.17	NA	1,356.52	NA
6 Assumptions				
a. Discount rate (per annum)	7.75%	7.75%	7.75%	7.75%
b. Estimated rate of return on plan assets (per annum)	9.10%	NA	9.10%	NA
c. Rate of escalation in salary / pension	8.00%	6.00%	8.00%	4.00%

Details of the Funded Gratuity and Unfunded Post Retirement Pension

7 Experience adjustments		2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity		Amount Rs. in Lakh	Amount Rs. in Lakh	Amount Rs. in Lakh	Amount Rs. in Lakh	Amount Rs. in Lakh
a.	Present value of obligation as at the end of the year	1,533.44	1,356.52	1,053.91	1,019.49	854.54
b.	Fair value of plan assets as at the end of the year	(1,578.17)	(1,356.52)	(1,093.98)	(1,019.49)	(888.25)
c.	(Surplus)/Deficit in the plan	(44.73)	-	(40.07)	-	(33.71)
d.	Experience adjustments on plan liabilities (loss)/(gains)	7.29	62.91	29.12	53.42	4.40
e.	Experience adjustments on plan assets ((loss)/gain)	7.33	2.11	2.57	-	-
Pension						
a.	Present value of obligation as at the end of the year	687.98	519.93	462.80	498.24	202.33
b.	(Surplus)/Deficit in the plan	687.98	519.93	462.80	498.24	202.33
c.	Experience adjustments on plan liabilities [(loss)/(gains)]	53.89	6.67	8.16	283.10	(3.74)

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

Description	2015-16	2014-15
	PRMB Amount (Rs. In lakh)	PRMB Amount (Rs. In lakh)
1 Reconciliation of opening and closing balances of obligation		
a. Obligation at the beginning of the year	54.64	50.86
b. Current service cost	-	-
c. Interest cost	4.18	4.51
d. Actuarial (gain)/loss	(3.89)	0.77
e. Benefits paid	(1.34)	(1.50)
f. Obligation at the end of the year	53.59	54.64
2 Reconciliation of fair value of plan assets and obligations		
a. Present value of obligation at the end of the year	53.59	54.64
b. Amount recognised in the balance sheet	53.59	54.64
Current	5.77	5.78
Non-current	47.82	48.86
3 Expenses recognised during the year		
a. Current service cost	-	-
b. Interest cost	4.18	4.51
c. Actuarial (gains)/loss	(3.89)	0.77
d. Expenses recognised during the year	0.29	5.28
4 Assumptions		
a. Discount rate (per annum)	7.75%	7.75%
b. Medical cost - % of annual entitlement utilised	20.00%	20.00%

5 Experience adjustments		2015-16	2014-15	2013-14	2012-13	2011-12
Post Retirement Medical Benefit		Amount Rs. in Lakh	Amount Rs. in Lakh	Amount Rs. in Lakh	Amount Rs. in Lakh	Amount Rs. in Lakh
a.	Present value of obligation as at the end of the year	53.59	54.64	50.86	55.60	32.47
b.	(Surplus)/Deficit in the plan	53.59	54.64	50.86	55.60	32.47
c.	Experience adjustments on plan liabilities (loss)/(gains)	(3.89)	(3.87)	(4.25)	19.38	(2.38)

(e) Additional information relating to employee benefits obligation

- The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.
- Expected rate of return on plan assets is based on the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.
- In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.
- Net liabilities for pension and post retirement medical benefits is disclosed in Note 6 under the heading "Post-employment defined benefits", whereas net assets relating to retiring gratuities are disclosed under Note 12 under the heading "Employee benefits assets"
- Expenses relating to pension and post retirement medical benefits are included in Employee benefits expense under the heading Salaries and Wages including Bonus in Note 23(a) whereas expenses for retiring gratuities are included under the Contribution to Provident and Other Funds in Note 23(b).

39 SEGMENT REPORTING

- (a) The Company has identified business segment as the primary segment which has been identified taking into account the nature of the products, the differing risks and returns, the organisational structure and internal reporting system. The Company's operations predominantly relate to manufacture of sponge iron and generation of power. Further, as the Company's products are sold primarily in India there is no reportable secondary segment i.e. Geographical Segment.
- (b) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocable. Assets and liabilities that cannot be allocated between the segments are shown as unallocable assets and liabilities respectively.
- (c) **Segment Disclosures**

	Year Ended March 31, 2016	Rs. In lakh Year Ended March 31, 2015
Segment Revenue		
Sponge Iron	52,569.88	74,223.68
Power	6,130.62	6,198.32
Less: Inter segment sales	(1,347.60)	(1,448.79)
	57,352.90	78,973.21
Segment Results		
Sponge Iron	(3,259.24)	6,535.19
Power	4,236.84	4,220.03
Unallocated income/(expenditure)	3,733.26	3,422.22
Segment results before finance costs and tax	4,710.86	14,177.44
Less: Finance costs	538.36	530.50
Profit before tax	4,172.50	13,646.94
Less: Tax expenses	1,089.57	4,458.10
Profit after tax	3,082.93	9,188.84
Segment Assets		
Sponge Iron	18,999.56	26,144.14
Power	4,519.43	4,522.34
Unallocated	75,220.73	66,623.35
	98,739.72	97,289.83
Segment Liabilities		
Sponge Iron	9,620.43	9,247.80
Power	154.67	14.18
Unallocated	8,218.01	8,510.66
	17,993.11	17,772.64
Capital Expenditure (including capital work in progress and capital advances)		
Sponge Iron	1,790.43	1,662.20
Power	-	-
Unallocated	-	-
	1,790.43	1,662.20
Depreciation and Amortisation		
Sponge Iron	1,027.64	984.60
Power	228.91	253.29
Unallocated	33.22	56.23
	1,289.77	1,294.12
Non cash expenditure other than depreciation		
Sponge Iron	-	62.67
Power	-	5.44

40 'DISCLOSURE RELATING TO PROVISIONS AS PER ACCOUNTING STANDARD 29 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions for interest on income tax and others 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 lakh

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Carrying amount as at beginning of the year	2,509.39	2,507.50	601.00	-	1,263.30	1039.99
Provision made during the year	214.60	226.81		601.00	323.70	296.51
Amount paid during the year	-	-	-	-	-	-
Unused amount reversed during the year	-	224.92	-	-	-	73.20
Carrying amount as at the end of the year	2,723.99	2,509.39	601.00	601.00	1,587.00	1,263.30
Nature of obligation	VAT, Entry tax and sales tax including interest thereon		Cross subsidy surcharge payable to power distribution companies		Interest on income tax	
Expected timing of resultant outflow	On decision by competent authority		On decision by competent authority		On decision by competent authority	
Indication of uncertainty about those outflows	The above matters are under dispute with authorities		The above matters are under dispute with authorities		The above matters are under dispute with authorities	
Major assumptions concerning future events	The matter is with higher authorities for adjudication. On the grounds of prudence, provision is made.		The matter is with higher authorities for adjudication. On the grounds of prudence, provision is made.		The matter is with higher authorities for adjudication. On the grounds of prudence, provision is made.	
Amount of any expected reimbursement, i.e., amount of any asset that has been recognised for that expected reimbursement	Nil	Nil	Nil	Nil	Nil	Nil

41 OPERATING LEASES

The Company has cancellable operating lease agreements for office spaces and residential accommodations, the tenure of which generally vary from less than a year to 3 years. Terms of such lease include option for renewal on mutually agreed terms. Operating lease rental expenses aggregating **Rs. 80.85 lakh** (Previous Year: Rs. 77.90 lakh) have been debited to the Statement of Profit and Loss.

42 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY:

- a. Gross amount required to be spent by the Company during the year March 31, 2016 : **Rs. 274.35 lakh**
- b. Amount spent during the year ended March 31, 2016 (figures in brackets represents amount for the previous year)

Amount in Rs. Lakh

SI No.	Particulars	Paid (A)	Yet to be Paid (B)	Total (A)+(B)
(i)	Construction / acquisition of any asset	-	-	-
		(-)	(-)	(-)
(ii)	On purposes other than (i) above	243.92	33.57	277.49
		(210.92)	(48.11)	(259.03)
	Total	243.92	33.57	277.49
		(210.92)	(48.11)	(259.03)

c. Details of related party transactions		As at	As at
		March 31, 2016	March 31, 2015
(i)	Contribution during the year	Nil	Nil
(ii)	Payable as at the year end	Nil	Nil
43	The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.		
44	There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except a sum of Rs. 7.99 lacs, which is held in abeyance due to pending legal cases.		
45	Previous year / period figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.		

For and on behalf of the Board of Directors

A M Misra – Chairman

D P Deshpande – Managing Director

S K Mishra – Chief Financial Officer

Sanjay Kasture – Company Secretary

Kolkata, 25 April 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TATA SPONGE IRON LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TATA SPONGE IRON LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2016, and its consolidated profit and its consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2016 taken on record by the Board of Directors of the Holding Company and its subsidiary company, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and its subsidiary company, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and its subsidiary company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. (Refer Note 29, 30, 32, 33 and 37)
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. (Refer Note 40)
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company except a sum of Rs. 7.99 lacs, which is held in abeyance due to pending legal cases. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Subsidiary Company. (Refer note 41)

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Alka Chadha
Partner
(Membership No. 93474)

Kolkata, 25 April, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date) Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March, 2016, we have audited the internal financial controls over financial reporting of **TATA SPONGE IRON LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Alka Chadha
Partner
(Membership No. 93474)

Kolkata, 25 April, 2016



CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2016

	Notes	As at March 31, 2016	Rs. in lakh As at March 31, 2015
(I) EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	03	1,540.00	1,540.00
(b) Reserves and surplus	04	79,211.37	77,977.19
		<u>80,751.37</u>	<u>79,517.19</u>
(2) Non-current liabilities			
(a) Deferred tax liabilities (net)	05	2,173.53	2,303.96
(b) Long-term provisions	06	686.59	528.00
		<u>2,860.12</u>	<u>2,831.96</u>
(3) Current liabilities			
(a) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	07	-	-
(ii) Total outstanding dues of creditor other than micro enterprises and small enterprises	07	4,070.18	4,690.71
(b) Other current liabilities	08	1,848.49	1,756.25
(c) Short-term provisions	06	9,215.18	8,494.56
		<u>15,133.85</u>	<u>14,941.52</u>
TOTAL EQUITY AND LIABILITIES		<u>98,745.34</u>	<u>97,290.67</u>
(II) ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	09	15,841.06	14,033.57
(ii) Intangible assets	10	558.43	726.52
(iii) Capital work-in-progress		923.26	2,003.88
		<u>17,322.75</u>	<u>16,763.97</u>
(b) Non-current investments	11	80.00	80.00
(c) Long-term loans and advances	12	20,353.13	19,567.84
(d) Other non-current assets	13	2.05	2.05
		<u>37,757.93</u>	<u>36,413.86</u>
(2) Current assets			
(a) Current investments	14	28,458.04	20,716.32
(b) Inventories	15	3,236.22	10,844.88
(c) Trade receivables	16	2,943.05	888.11
(d) Cash and bank balances	17	25,208.40	25,155.64
(e) Short-term loans and advances	12	639.27	2,233.11
(f) Other current assets	18	502.43	1,038.75
		<u>60,987.41</u>	<u>60,876.81</u>
TOTAL ASSETS		<u>98,745.34</u>	<u>97,290.67</u>

See accompanying notes 1 - 43 forming an integral part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Alka Chadha
Partner

Kolkata, 25 April, 2016

For and on behalf of the Board of Directors

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

Kolkata, 25 April, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

		Year Ended March 31, 2016	Year Ended March 31, 2015
	Notes		Rs. in lakh
I REVENUE FROM OPERATIONS (GROSS)	19	63,304.18	86,754.55
Less: Excise duty		5,951.28	7,781.34
REVENUE FROM OPERATIONS (NET)		57,352.90	78,973.21
II OTHER INCOME	20	3,772.10	5,554.65
III TOTAL REVENUE (I + II)		61,125.00	84,527.86
IV EXPENSES			
(a) Cost of materials consumed	21	40,613.17	58,620.55
(b) Purchase of traded sponge iron		780.12	-
(c) Changes in inventories of finished goods and stock in trade	22	1,300.21	(567.98)
(d) Employee benefits expenses	23	3,560.34	3,515.07
(e) Finance costs	24	538.36	530.50
(f) Depreciation and amortisation expenses	25	1,289.77	1,294.12
(g) Other expenses	26	8,865.77	7,483.71
TOTAL EXPENSES		56,947.74	70,875.97
V PROFIT BEFORE TAX (III-IV)		4,177.26	13,651.89
VI TAX EXPENSES			
(1) Current tax		1,220.00	4,294.00
(2) Deferred tax charge / (credit)	05	(130.43)	164.10
TOTAL TAX EXPENSE		1,089.57	4,458.10
VII PROFIT AFTER TAX (V - VI)		3,087.69	9,193.79
VIII EARNINGS PER EQUITY SHARE (Rupees)			
Basic and Diluted Earning Per Share [Face value Rs. 10 each]	28	20.05	59.70

See accompanying notes 1 - 43 forming an integral part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
 Chartered Accountants

Alka Chadha
 Partner

Kolkata, 25 April, 2016

For and on behalf of the Board of Directors

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

Kolkata, 25 April, 2016



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

	Year Ended March 31, 2016	Rs. In lakh Year Ended March 31, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	4,177.26	13,651.89
<i>Adjustments for:</i>		
Depreciation and amortisation expenses	1,289.77	1,294.12
Dividend from long-term investments	(80.00)	(72.00)
Dividend from current investments	(1,461.79)	(1,561.00)
Net gain on sale of investments	(0.21)	(2.32)
Net (gain) / loss on sale of assets	35.83	(0.41)
Interest income	(2,073.97)	(2,216.13)
Finance costs	538.36	530.50
Liabilities / provisions no longer required written back	(14.93)	(1,608.85)
Operating profit before working capital changes	2,410.32	10,015.80
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	7,608.66	(4,659.46)
Trade receivables	(2,054.94)	1,719.34
Short term loans and advances	1,593.84	(571.64)
Long term loans and advances	(686.10)	144.90
Other non current assets	-	0.40
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(620.53)	(714.62)
Other current liabilities	22.78	(1,108.27)
Short-term provisions	8.42	374.72
Long-term provisions	158.59	61.93
Cash generated from operations	8,441.04	5,263.10
Direct taxes paid	(1,250.61)	(6,884.57)
Net cash from / (utilised in) operating activities	7,190.43	(1,621.47)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets including capital advances	(1,722.23)	(1,464.18)
Proceeds from sale of fixed assets	6.86	2.13
Purchase of current investments	(102,770.80)	(124,646.00)
Proceeds from sale of current investments	95,029.29	124,301.12
Interest received from banks and others	2,610.29	1,803.00
Dividend received from long-term investments	80.00	72.00
Dividend from current investments	1,461.79	1,561.00
Net cash from / (utilised in) investing activities	(5,304.80)	1,629.07
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Finance cost paid	(0.07)	(7.12)
Dividend paid	(1,540.00)	(1,540.00)
Tax on dividend paid	(313.51)	(261.72)
Net cash utilised in financing activities	(1,853.58)	(1,808.84)
Net increase or (decrease) in cash or cash equivalents	32.05	(1,801.24)
Cash and cash equivalents as at 1 April ¹	24,977.12	26,778.36
Cash and cash equivalents as at 31 March ¹	25,009.17	24,977.12

Notes:

- 1 Includes cash and drafts on hand, balance in current and demand deposit accounts with banks as disclosed in Note 17.
- 2 The Company has paid Rs. 243.92 lacs (March 31, 2015: Rs. 210.92 lacs) on account of corporate social responsibility expenses.
- 3 Figures in brackets represent outflows.

See accompanying notes 1 - 43 forming an integral part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Alka Chadha
Partner

Kolkata, 25 April, 2016

For and on behalf of the Board of Directors

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

Kolkata, 25 April, 2016

NOTES TO CONSOLIDATED BALANCE SHEET AND 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 together referred to as the Group. The consolidated financial statements of the Group have been prepared on the following basis:

- (a) The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits and losses as per Accounting Standards 21 (AS 21) Consolidated Financial Statements as prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (b) The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that of the Company, i.e., March 31, 2016.
- (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, 2016	:	100%

02 SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of accounting and preparation of financial statements**

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

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle. Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group 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 ascertained on the "weighted average" basis.

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

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

(e) Cash flow statement

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

(f) Depreciation and amortisation

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

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

Category of assets	Useful Life
Furniture and fixtures	: 5 Years
Vehicles	: 5 Years
Railway sidings	: 5 Years

Premium paid on leasehold land and land development expenses are amortised over the primary leased period.

Intangible assets are amortised over a period of three to five years.

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

(g) Revenue recognition

(i) Sale of goods

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

(ii) Sale of power

Revenue from the transfer of power is recognised based on contracts / arrangements with the power consumers.

(iii) Dividend and interest income

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

(h) Tangible assets

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

(i) Capital work-in-progress:

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

(j) Intangible assets

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

(k) Foreign currency transactions

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

(l) Government grants

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

(m) Investments

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

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

(n) Employee benefits**(i) Short term benefits**

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

(ii) Post employment benefits**(a) Defined contribution plans**

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

(b) Defined benefit plans

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

(iii) Other long term employee benefits

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

(o) Borrowing costs

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

(p) Segment reporting

The Group 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 are not directly allocable to business 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 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 net investments standing in respect of the leases.

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

(r) Earnings per share

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

(s) Taxes on income

Current taxes

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

Deferred taxes

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

(t) Impairment

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

(u) Provision, contingent liabilities and contingent assets

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

03 SHARE CAPITAL

	As at March 31, 2016	Rs. In lakh As at March 31, 2015
(a) Authorised:		
25,000,000 Equity shares of Rs. 10 each <i>(As at 31.03.2015: 25,000,000 Equity shares of Rs. 10 each)</i>	2,500.00	2,500.00
	2,500.00	2,500.00
(b) Issued, subscribed and fully paid up :		
15,400,000 Equity shares of Rs. 10 each <i>(As at 31.03.2015: 15,400,000 Equity shares of Rs. 10 each)</i>	1,540.00	1,540.00
	1,540.00	1,540.00

04 RESERVES AND SURPLUS

	Capital Reserve	General Reserve	Surplus in Statement of Profit and Loss	Rs. In lakh Total
As at March 31, 2016				
Balance at the beginning of the year	35.00	75,880.00	2,062.19	77,977.19
Profit for the year	-	-	3,087.69	3,087.69
Proposed dividend	-	-	(1,540.00)	(1,540.00)
Tax on proposed dividend	-	-	(313.51)	(313.51)
Transfer to General Reserve	-	1,120.00	(1,120.00)	-
Balance at the end of the year	35.00	77,000.00	2,176.37	79,211.37
As at March 31, 2015				
Balance at the beginning of the year	35.00	68,880.00	1,802.54	70,717.54
Adjustments for change in useful life of assets (net of deferred tax amounting to Rs. 41.51 lakh) [Refer Note 9]	-	-	(80.63)	(80.63)
Profit for the year	-	-	9,193.79	9,193.79
Proposed dividend	-	-	(1,540.00)	(1,540.00)
Tax on proposed dividend	-	-	(313.51)	(313.51)
Transfer to General Reserve	-	7,000.00	(7,000.00)	-
Balance at the end of the year	35.00	75,880.00	2,062.19	77,977.19

The Board of Directors has recommended a dividend of Rs. 10/- per Equity Share (2014-15: Rs.10/- per Equity Share) for the year ended March 31,2016. The dividend payment is subject to the approval of the shareholders at the Annual General Meeting. The total dividend payout (including tax on dividend) work out to Rs. 1,853.51 lakh (2014-15 : Rs. 1,853.51 lakh) for the Company.

05 DEFERRED TAX LIABILITIES (NET)

	Deferred tax liability/ (asset) as at April 01, 2015	Current year charge/ (credit) in the Statement of Profit and Loss	Rs. In lakh Deferred tax liability/ (asset) as at March 31, 2016
Deferred tax liabilities			
(i) Difference between book and tax depreciation	3,430.16	(40.14)	3,390.02
	3,430.16	(40.14)	3,390.02
Deferred tax assets			
(i) Provision for compensated absences	(127.30)	(11.75)	(139.05)
(ii) Others	(998.90)	(78.54)	(1,077.44)
	(1,126.20)	(90.29)	(1,216.49)
Deferred tax liabilities (net)	2,303.96	(130.43)	2,173.53

06 PROVISIONS

	As at March 31, 2016		As at March 31, 2015	
	Long-term	Short-term	Long-term	Short-term
(a) Provision for employee benefits				
(1) Post-employment defined benefits				
(i) Pension obligations [Refer Note 35(c)]	638.77	49.21	479.14	40.79
(ii) Post retirement medical benefits [Refer Note 35(c)]	47.82	5.77	48.86	5.78
(b) Provision for tax [net of advance tax of Rs.19,537.30 lakh (As at March 31, 2015 Rs.18,491.20 lakh)]	-	2,394.70	-	2,220.79
(c) Proposed dividends	-	1,540.00	-	1,540.00
(d) Provision for tax on dividend	-	313.51	-	313.51
(e) Other provisions				
i) Provision for VAT, entry tax and sales tax	-	2,723.99	-	4,373.69
ii) Provision for cross subsidy surcharge payable		601.00		
iii) Provision for interest on income tax		1,587.00		
Total Provisions	686.59	9,215.18	528.00	8,494.56

07 TRADE PAYABLES

	As at March 31, 2016	As at March 31, 2015
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditor other than micro enterprises and small enterprises (See note below)		
(a) Creditors for supplies and services	3,281.30	3,856.77
(b) Creditors for accrued wages and salaries	788.88	833.94
Total Trade Payables	4,070.18	4,690.71

Note:

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.

08 OTHER CURRENT LIABILITIES

	As at March 31, 2016	As at March 31, 2015
(a) Unpaid dividends	199.23	178.52
(b) Advances received from customers	528.20	551.89
(c) Creditors for capital supplies and services	430.21	362.01
(d) Other payables		
(1) Employee recoveries and employer contributions	56.88	55.31
(2) Statutory dues (Excise duty, service tax, sales tax, TDS, etc.)	551.64	577.93
(3) Other credit balances	82.33	30.59
Total Other current liabilities	1,848.49	1,756.25

09 TANGIBLE ASSETS

Rs. In lakh

As at March 31, 2016	Freehold Land	Leasehold Land	Land Development	Freehold Buildings	Plant and Machinery	Furniture and fixtures	Office Equipment	Vehicles	Total Tangible Assets
Gross block as at April 1, 2015	229.42	3.02	39.86	4,258.39	30,788.65	278.57	80.39	291.77	35,970.07
Additions during the year	-	-	-	2.16	2,886.86	3.27	55.53	24.04	2,971.86
Assets disposed / written off during the year	-	-	-	-	820.55	-	-	24.21	844.76
Gross block as at March 31, 2016	229.42	3.02	39.86	4,260.55	32,854.96	281.84	135.92	291.60	38,097.17
Accumulated depreciation as at April 1, 2015	-	1.02	13.65	1,494.42	19,913.98	263.48	48.55	201.40	21,936.50
Charge for the year [Refer Note 3]	-	0.03	0.44	280.47	792.70	4.49	13.33	30.22	1,121.68
Depreciation on assets disposed / written off during the year	-	-	-	-	778.97	-	-	23.10	802.07
Accumulated depreciation as at March 31, 2016	-	1.05	14.09	1,774.89	19,927.71	267.97	61.88	208.52	22,256.11
Net book value as at April 1, 2015	229.42	2.00	26.21	2,763.97	10,874.67	15.09	31.84	90.37	14,033.57
Net book value as at March 31, 2016	229.42	1.97	25.77	2,485.66	12,927.25	13.87	74.04	83.08	15,841.06
As at March 31, 2015	Freehold Land	Leasehold Land	Land Development	Freehold Buildings	Plant and Machinery	Furniture and fixtures	Office Equipment	Vehicles	Total Tangible Assets
Gross block as at April 1, 2014	229.42	3.02	39.86	4,210.43	30,619.86	267.51	44.01	276.13	35,690.24
Additions during the year	-	-	-	47.96	193.15	11.06	36.38	22.21	310.76
Assets disposed / written off during the year	-	-	-	-	24.36	-	-	6.57	30.93
Gross block as at March 31, 2015	229.42	3.02	39.86	4,258.39	30,788.65	278.57	80.39	291.77	35,970.07
Accumulated depreciation as at April 1, 2014	-	0.99	13.21	1,120.42	19,093.27	244.35	16.22	177.95	20,666.41
Charge for the year	-	0.03	0.44	288.50	818.37	19.10	21.08	29.64	1,177.16
Depreciation on assets adjusted against retained earning during the year [Refer Note 2]	-	-	-	85.50	25.36	0.03	11.25	-	122.14
Depreciation on assets disposed / written off during the year	-	-	-	-	23.02	-	-	6.19	29.21
Accumulated depreciation as at March 31, 2015	-	1.02	13.65	1,494.42	19,913.98	263.48	48.55	201.40	21,936.50
Net book value as at April 1, 2014	229.42	2.03	26.65	3,090.01	11,526.59	23.16	27.79	98.18	15,023.83
Net book value as at March 31, 2015	229.42	2.00	26.21	2,763.97	10,874.67	15.09	31.84	90.37	14,033.57

Notes

- All the above assets are owned by the Company, except for those identified as leased assets.
- Pursuant to transitional provisions prescribed in Schedule II of the Companies Act, 2013, the Company had fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be NIL as on April 1, 2015 and had adjusted an amount of Rs. 80.63 lakh (net of deferred tax of Rs. 41.51 lakh) against the opening surplus balance in the Statement of Profit and Loss under Reserve and Surplus.
- During the year the Company has completed componentisation of fixed assets by way of a technical evaluation. Pursuant to this, certain components which had a useful life shorter than the main assets and accordingly depreciation for the year has increased by Rs. 51.85 lakh on account of such componentisation.



10 INTANGIBLE ASSETS (ACQUIRED)

	Rs. In lakh			
As at March 31, 2016	Mining geological report	Software costs	Railway sidings	Total intangible assets
Gross block as at April 1, 2015	468.90	185.59	1,201.27	1,855.76
Additions during the year	-	-	-	-
Assets disposed / written off during the year	-	-	-	-
Gross block as at March 31, 2016	468.90	185.59	1,201.27	1,855.76
Accumulated amortisation as at April 1, 2015	468.90	184.98	475.36	1,129.24
Charge for the year	-	0.61	167.48	168.09
Amortisation of assets disposed / written off during the year	-	-	-	-
Accumulated amortisation as at March 31, 2016	468.90	185.59	642.84	1,297.33
Net book value as at April 1, 2015	-	0.61	725.91	726.52
Net book value as at March 31, 2016	-	-	558.43	558.43
As at March 31, 2015				
Gross block as at April 1, 2014	468.90	185.59	363.86	1,018.35
Additions during the year	-	-	837.41	837.41
Assets disposed / written off during the year	-	-	-	-
Gross block as at March 31, 2015	468.90	185.59	1,201.27	1,855.76
Accumulated amortisation as at April 1, 2014	468.90	179.52	363.86	1,012.28
Charge for the year	-	5.46	111.50	116.96
Amortisation of assets disposed / written off during the year	-	-	-	-
Accumulated amortisation as at March 31, 2015	468.90	184.98	475.36	1,129.24
Net book value as at April 1, 2014	-	6.07	-	6.07
Net book value as at March 31, 2015	-	0.61	725.91	726.52

11 NON-CURRENT INVESTMENTS

	As at March 31, 2016	Rs. In lakh As at March 31, 2015
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
	80.00	80.00
Additional details:		
Aggregate value of unquoted investments	80.00	80.00

12 LOANS AND ADVANCES

	As at March 31, 2016		As at March 31, 2015	
	Long-term	Short-term	Long-term	Short-term
(Unsecured, considered good unless otherwise stated)				
(a) Capital advances	16,824.26	-	16,925.07	-
(b) Security deposits				
(1) Considered good	4.46	240.39	8.51	220.16
(2) Considered doubtful	-	22.57	-	22.57
Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
(c) Loans and advances to related parties [Refer Note 34(b)]	-	1.86	-	71.86



	Rs. In lakh			
(d) Other loans and advances				
(1) Loans to employees	17.60	8.91	15.53	6.97
(2) Advances with public bodies	608.71	92.73	-	1,050.49
(3) Other advances and prepayments	5.07	295.38	9.60	883.63
(4) Advance payment of taxes [net of provision of Rs. 17,589.03 lacs (As at March 31, 2015 Rs. 17,589.03 lacs)]	2,798.05	-	2,598.05	-
(5) Employee benefits assets				
(i) Retiring gratuities [Refer note 35(c)]	44.73	-	-	-
(ii) Compensated absences	50.25	-	11.08	-
Total Loans and advances	20,353.13	639.27	19,567.84	2,233.11

	Rs. In lakh	
	As at March 31, 2016	As at March 31, 2015
13 OTHER NON-CURRENT ASSETS		
Deposit with banks and others with maturity period more than 12 months (Above deposits are pledged with government authorities)	2.05	2.05
Total Other non-current assets	2.05	2.05
14 CURRENT INVESTMENT (Lower of cost and fair value)		
Investment in liquid mutual funds (Unquoted)		
L&T Liquid Fund - Daily Dividend Reinvestment Plan	-	2,030.15
TATA Money Market Fund-Plan A- Daily Dividend Reinvestment	4,452.27	2,640.57
JM High Liquidity Fund - Daily Dividend Option (39)	-	1,822.86
Religare Invesco Liquid Fund - Daily Dividend	-	1,961.99
HDFC Liquid Fund- Regular Plan - Daily Dividend	3,943.07	2,193.98
IDFC Cash Fund-Regular Plan-Daily Dividend	-	2,522.85
Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	4,580.30	3,389.24
Franklin India TMA - Super IP - Growth- Daily Dividend Reinvestment	-	2,939.59
Kotak Floater Short Term - Daily Dividend	-	1,215.01
SBI Premier liquid Fund- Regular Plan - Daily Dividend	2,256.42	0.08
Axis Liquid - Regular Daily Dividend	4,441.75	0.00
ICICI Prudential Liquid - Regular Daily Dividend	4,322.28	-
UTI - Money Market Fund -Institutional Plan - Daily Dividend Reinvestment	4,461.95	-
Total Current investments	28,458.04	20,716.32
Additional details:		
Aggregate value of unquoted investments	28,458.04	20,716.32
15 INVENTORIES (At lower of cost or net realisable value)		
(a) Raw materials	1,835.48	7,955.32
(b) Finished goods	543.02	1,843.23
(c) Stores and spares	857.72	1,046.33
Total Inventories	3,236.22	10,844.88
16 TRADE RECEIVABLES (Unsecured, considered good)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	-	6.18
Others	2,943.05	881.93
Total Trade receivables	2,943.05	888.11
17 CASH AND BANK BALANCES		
(A) Cash and cash equivalent		
(a) Cash on hand	1.17	1.44
(b) Balances with banks		
(1) In current accounts	344.74	34.57
(2) In demand deposit accounts	24,663.26	24,941.11
Total Cash and cash equivalent	25,009.17	24,977.12
(B) Other bank balances		
In current accounts ¹	199.23	178.52
Total Cash and bank balances	25,208.40	25,155.64
1 Includes earmarked balances in unpaid dividend accounts	199.23	178.52

	As at March 31, 2016	Rs. In lakh As at March 31, 2015
18 OTHER CURRENT ASSETS (Unsecured, considered good)		
Interest accrued on deposits, loans and advances	502.43	1,038.75
Total Other current assets	502.43	1,038.75
	Year Ended March 31, 2016	Year Ended March 31, 2015
19 REVENUE FROM OPERATIONS		
(a) Sale of sponge iron	57,553.92	79,654.88
(b) Sale of traded sponge iron	793.16	-
(c) Sale of power	4,783.02	4,749.53
(d) Other operating income	174.08	2,350.14
Gross Revenue from operations	63,304.18	86,754.55
Other operating income comprises		
(a) Sale of iron ore fines, coal fines and char etc.	174.08	2,350.14
Total Other operating income	174.08	2,350.14
20 OTHER INCOME		
(a) Interest income		
(i) Interest on term deposits, customers' balances etc.	1,944.98	2,216.13
(ii) Interest on Income tax refunds	128.99	-
(b) Dividend Income		
(1) From long-term investments	80.00	72.00
(2) From current investments	1,461.79	1,561.00
(c) Liabilities / Provisions no longer required written back	14.93	1,608.85
(d) Net gain on sale of current investments	0.21	2.32
(e) Net profit on sale of assets	-	0.41
(f) Other non operating income	141.20	93.94
Total Other income	3,772.10	5,554.65
21 COST OF MATERIALS CONSUMED		
Opening stock	7,955.32	3,687.76
Add: Purchases	34,493.33	62,888.11
	42,448.65	66,575.87
Less: Closing stock	1,835.48	7,955.32
Total Cost of materials consumed	40,613.17	58,620.55
Cost of materials consumed comprises		
(a) Iron ore	20,851.71	28,894.79
(b) Iron ore pellet	114.95	6,705.18
(c) Coal	19,353.54	22,657.22
(d) Dolomite	292.97	363.36
Total Cost of materials consumed	40,613.17	58,620.55
22 CHANGES IN INVENTORIES OF FINISHED GOODS		
Stock at the beginning of the year		
Finished goods	1,843.23	1,275.25
	1,843.23	1,275.25
Stock at the end of the year		
Finished goods	543.02	1,843.23
	543.02	1,843.23
Net (increase) / decrease in finished goods	1,300.21	(567.98)



	Year Ended March 31, 2016	Rs. In lakh Year Ended March 31, 2015
23 EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages including bonus	2,939.32	2,803.73
(b) Contribution to provident and other funds [Refer Note 36]	355.27	463.81
(c) Staff welfare expenses	265.75	247.53
Total Employee benefits expense	3,560.34	3,515.07
24 FINANCE COSTS		
(a) Interest expense		
Interest on others	538.36	530.50
Total Finance costs	538.36	530.50
25 DEPRECIATION AND AMORTISATION EXPENSE		
(a) Depreciation on tangible assets [Refer Note 09]	1,121.68	1,299.30
(b) Amortisation of intangible assets [Refer Note 10]	168.09	116.96
	1,289.77	1,416.26
Less: Adjusted against opening retained earnings	-	122.14
Total Depreciation and amortisation expenses	1,289.77	1,294.12
26 OTHER EXPENSES		
(a) Consumption of stores and spare parts	395.16	312.96
(b) Fuel oil consumed	90.14	79.28
(c) Purchase of power	16.31	20.57
(d) Rent	80.85	77.90
(e) Repairs to buildings	281.78	309.34
(f) Repairs to machinery	1,676.61	1,913.13
(g) Insurance	43.60	37.55
(h) Rates and taxes	357.39	335.03
(i) Freight and handling charges	613.79	560.62
(j) Conversion charges	1,374.15	-
(k) Commission, discounts and rebates	44.74	42.29
(l) Packing and forwarding	529.71	586.77
(m) Excise duty on change in finished goods [Refer note 27]	(148.80)	32.29
(n) Other expenses		
(1) Net loss / (gain) on foreign currency transactions	89.42	116.53
(2) VAT, Entry Tax and Excise Duty demand	1.95	16.89
(3) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors - statutory audit	12.90	8.34
(ii) As Auditors - quarterly audits	10.80	9.00
(iii) As Auditors - Tax Audit	2.01	2.00
(iv) For other services	5.00	2.50
(v) Auditors out-of-pocket expenses	1.64	0.21
(4) Cost audit fees	1.50	1.50
(5) Legal and other professional costs	351.23	217.33
(6) Advertisement, promotion and selling expenses	31.89	29.35
(7) Travelling expenses	107.34	119.59
(8) Loss on sale of assets	35.83	-
(9) Corporate Social Responsibility expenses [Refer Note 39]	277.49	259.03
(10) Other general expenses*	2,581.34	2,393.71
Total Other expenses	8,865.77	7,483.71

* Other expenses include Rs. 1,005 lacs on account of demand by Government of Odisha towards Water Conservation Fund.

	Year Ended March 31, 2016	Rs. In lakh Year Ended March 31, 2015
27	EXCISE DUTY ON CHANGES IN FINISHED GOODS	
	Excise duty on opening stock of finished goods	181.56
	Excise duty on closing stock of finished goods	213.85
	(148.80)	32.29
28	EARNINGS PER SHARE	
	Net profit for the year (Rs. In lakh)	9,193.79
	Weighted average number of equity shares (Nos)	15,400,000
	Nominal value per equity share (Rs.)	10
	Basic and diluted earnings per share (Rs.)	59.70
29	CONTINGENT LIABILITIES	
	As at March 31, 2016	As at March 31, 2015
(a)	Claims against the Company not acknowledged as debts;	
	(a) Income tax	346.15
	(b) Odisha Entry tax	2,579.93
	(c) Customs duty (see note below)	3,818.44
	(d) Demand from Ministry of Coal against Radhikapur coal block [Refer Note 30]	3,250.00
	(e) Demand from suppliers	152.13
	10,037.64	6,328.21
	Note:	
	The above includes demand received from Commissioner Customs (Preventive) subsequent to the year-end aggregating to Rs. 4,381.05 lacs pertaining to the financial year 2012-13 on account of levy of additional customs duty on account of classification of the imported coal as bituminous coal as against Company's classification as steam coal, against which the Company proposes to file an appeal before the appropriate authorities. The Company had paid an amount of Rs. 1,069.86 lakh and recognised the non-cenvatable portion of duty and applicable interest as expense whereas cenvatable portion had been recognised as an advance in the year 2012-13.	
(b)	Other money for which the Company is contingently liable	
	(i) Renewable energy purchase obligation	549.26
	(ii) Others	-
	2,859.35	549.26
30	(a) In the month of November 2012, Ministry of Coal ("MoC") issued notices to the Company for invocation of bank guarantee of Rs. 3,250 lacs submitted towards performance of conditions for allocation of coal block against which the Company had filed a writ petition in the Hon'ble High Court of Delhi, which directed the Company to keep the bank guarantee valid till November 30, 2015 by which date the MoC was directed to take decision. Meanwhile, the bank guarantee expired and had not been renewed, since no communication had been received from MoC. Subsequently, MoC issued a notice dated December 28, 2015, stating that the bank guarantee be invoked and the aforesaid amount be deposited. Consequent to MoC's notice, the Company has moved to the Hon'ble High Court of Delhi, where the matter is pending adjudication. The Company has been advised and has obtained a legal opinion that as the original allocation has been declared illegal and cancelled by the Hon'ble Supreme Court, the bank guarantee pertaining to such allocation (which is non-est and void ab initio) shall consequently be deemed to be invalid and void ab initio. Pending finalisation of the matter, the amount continues to be disclosed as a contingent liability.	
	(b) (i) During pendency of the aforesaid matters in Hon'ble High Court of Delhi, the Hon'ble Supreme Court of India vide its order dated 24 September, 2014 has cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Company on February 7, 2006. The carrying value of investments made in Radhikapur (East) Coal Block as on March 31, 2016 aggregates to Rs. 18,040.96 lakh (March 31, 2015: 18,074.18 lakh).	
	(ii) Pursuant to the judgment of Hon'ble Supreme Court of India, the Government of India has promulgated Coal Mines (Special Provision) Rules, 2014 ("Rules") for allocation of the coal mines through auction and matters related thereto. In terms of the said Rules, the successful bidder will be called upon to pay to the prior allocatee the expenses incurred by the prior allocatee towards land and mine infrastructure. Pursuant to MoC's directive seeking the details of expenses vide letter dated December 26, 2014, the Company has furnished the required statement of expenses on January 5, 2015. Based on the Rules and necessary legal opinion obtained by the Company, no provision is considered necessary.	
31	Estimated amounts of contracts remaining to be executed on capital account and not provided for : Rs. 223.05 lakh (As at March 31, 2015: Rs. 844.29 lakh) [Net of advances Rs. 0.25 lakh (As at March 31, 2015 Rs. 109.09 lakh)].	
32	Cross Subsidy Surcharge payable to power distribution companies	
	In 2012-13, the Company injected power to State Grid due to denial of permission for open access by OPTCL to supply power to the parent company Tata Steel Limited beyond the period of invocation of section 11 of Electricity Act, 2003 by the Government of Odisha i.e., June, 2012. As a result of which the Company could not meet the minimum stipulated criteria of 51% self-consumption of generated power as a captive power plant and the provisions of Cross Subsidy Surcharge under Electricity Act, 2003 became applicable. The Company filed a case before the Odisha Electricity Regulatory Commission ("OERC") for relief which was granted and consequently the Company has filed a case before Appellate Tribunal of Electricity ("ATE"), which is pending for adjudication. As a matter of prudence, an amount of Rs. 601 lakh has been provided in the year 2014-15.	
33	(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 lakh 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. Pending finalisation of the matter no adjustments have been made in the financial statements.

- (b) As per Industrial Policy Resolution 1992 of Government of Odisha, the Company has to pay a minimum sales tax of Rs. 252.56 lakh before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The Company had paid the above amount until the rate of sales tax was reduced. With reduction in rate of sales tax, the Company considered that the above limit of Rs. 252.56 lakh had to correspondingly reduce and accordingly made reduced payment. The Company however had provided the differential amount of Rs. 513.83 lakh upto the date of availing the benefit i.e., upto March 31, 2012. The Company had 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
(ii) TM International Logistics Limited	Fellow Subsidiary
(iii) Jamshedpur Utilities & Services Company Limited	
(iv) Tayo Rolls Limited	
(v) Tata Steel Global Procurement Co. Pte. Ltd.	
(vi) Tata Pigments Limited	
(vii) Tata Metaliks Limited	
(viii) The Indian Steel and Wire Products Limited	
(ix) The Tinplate Company of India Limited	
(x) Mr. D P Deshpande, Managing Director	Key Managerial Personnel
(xi) Mr. Sanjay Kumar Pattnaik, Executive Director	Key Managerial Personnel

(b) Related party transactions

Name of the related party	Nature of transactions	Year Ended March 31, 2016	Year Ended March 31, 2015
		Amount (Rs. In lakh)	Amount (Rs. In lakh)
Tata Steel Limited	Purchase of goods	11,043.53	10,276.65
	Purchase of fixed assets	-	12.71
	Services received	45.87	31.17
	Dividend paid	839.36	839.36
	Sale of power	4,245.60	4,671.12
	Services rendered	0.59	10.17
TM International Logistics Limited	Services received	691.48	840.31
	Reimbursement of expenses	922.98	3,046.65
Tayo Rolls Limited	Sale of goods	61.95	87.40
Tata Steel Global Procurement Co. Pte. Ltd.	Purchase of goods	-	1,057.36
	Reimbursement of expenses	17.81	-
Tata Pigments Limited	Purchase of goods	1.02	-
Tata Metaliks Limited	Sale of goods	28.23	598.78
The Indian Steel and Wire Products Limited	Purchase of goods	5.20	2.59
The Tinplate Company of India Limited	Services received	0.05	0.13
Mr. D.P. Deshpande	Remuneration	139.25	133.54
Mr. Sanjay Kumar Pattnaik	Remuneration	126.98	79.45

Name of the related party	Nature of Balances	As at	As at
		March 31, 2016	March 31, 2015
		Amount	Amount
		(Rs. In lacs)	(Rs. In lacs)
Tata Steel Limited	Amounts payable	862.45	1,522.23
	Amounts receivable	485.90	367.49
TM International Logistics Limited	Amounts payable	22.01	-
	Amounts recoverable	-	71.86
Tata Steel Global Procurement Co. Pte. Ltd.	Amounts receivable	1.82	-
Tayo Rolls Limited	Amounts receivable	-	8.40
Tata Pigments Limited	Amounts payable	1.02	-
The Indian Steel & Wire Products Ltd	Amounts recoverable	0.04	-
The Tinplate Company of India Limited#	Amounts payable	-	-

Amount payable to The Tinplate Company of India Limited is Rs. 270 (Previous year : Rs. Nil).

35 EMPLOYEE BENEFITS

(a) Defined contribution plans

The Company has recognised, in the Statement of Profit and Loss for the year ended March 31, 2016, an amount of Rs. 286.07 lakh (March 31, 2015: Rs. 249.18 lakh) as expenses under the following defined contribution plans.

Benefits (Contributions to)	Year Ended	Rs.in lakh
	March 31, 2016	Year Ended March 31, 2015
(i) Contribution to provident fund	180.55	160.77
(ii) Contribution to superannuation fund	105.52	88.41
	286.07	249.18

(b) Defined benefits plans and other long term employee benefits

The Company operates post retirement defined benefit plans as follows:

Post retirement defined benefit plans

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

(c) Details of the funded gratuity and unfunded post retirement pension are as follows

Description	2015-16		2014-15	
	Gratuity Amount	Pension Amount	Gratuity Amount	Pension Amount
	(Rs. In lakh)	(Rs. In lakh)	(Rs. In lakh)	(Rs. In lakh)
1 Reconciliation of opening and closing balances of obligation				
a. Obligation at the beginning of the year	1,356.52	519.93	1,053.91	462.80
b. Current service cost	77.70	-	60.27	-
c. Interest cost	103.00	38.71	94.12	39.81
d. Acquisition cost	43.96	-	-	-
e. Actuarial (gain)/loss	7.29	170.21	164.43	58.19
f. Benefits paid	(55.03)	(40.87)	(16.21)	(40.87)
g. Obligation at the end of the year	1,533.44	687.98	1,356.52	519.93
2 Change in fair value of plan assets				
a. Fair value of plan assets at the beginning of the year	1,356.52	-	1,093.98	-
b. Expected return on plan assets	126.12	-	102.07	-
c. Actuarial gain/(loss)	(7.33)	-	2.12	-
d. Acquisition cost	43.96	-	-	-
e. Contributions made by the company	113.93	40.87	174.56	40.87
f. Benefits paid	(55.03)	(40.87)	(16.21)	(40.87)
g. Fair value of plan assets at the end of the year	1,578.17	-	1,356.52	-

(c) Details of the funded gratuity and unfunded post retirement pension are as follows (Contd.)

Description	2015-16		2014-15		
	Gratuity Amount (Rs. In lacs)	Pension Amount (Rs. In lacs)	Gratuity Amount (Rs. In lacs)	Pension 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	1,533.44	687.98	1,356.52	519.93	
b. Fair value of plan assets at the end of the year	(1,578.17)	-	(1,356.52)	-	
c. Amount recognised in the balance sheet (Assets)/ Liability	(44.73)	687.98	-	519.93	
Current	-	49.21	-	40.79	
Non-current	(44.73)	638.77	-	479.14	
4 Expenses recognised during the year					
a. Current service cost	77.70	-	60.27	-	
b. Interest cost	103.00	38.71	94.12	39.81	
c. Expected return on plan assets	(126.12)	-	(102.07)	-	
d. Actuarial (gains)/loss	14.62	170.21	162.31	58.19	
e. Expenses recognised during the year	69.20	208.92	214.63	98.00	
5 Investment details					
a. Others (Funds with Life Insurance Corporation of India)	1,578.17	NA	1,356.52	NA	
6 Assumptions					
a. Discount rate (per annum)	7.75%	7.75%	7.75%	7.75%	
b. Estimated rate of return on plan assets (per annum)	9.10%	NA	9.10%	NA	
c. Rate of escalation in salary / pension	8.00%	6.00%	8.00%	4.00%	
7 Experience adjustments					
Gratuity	2015-16	2014-15	2013-14	2012-13	2011-12
a. Present value of obligation as at the end of the year	1,533.44	1,356.52	1,053.91	1,019.49	854.54
b. Fair value of plan assets as at the end of the year	(1,578.17)	(1,356.52)	(1,093.98)	(1,019.49)	(888.25)
c. (Surplus)/Deficit in the plan	(44.73)	-	(40.07)	-	(33.71)
d. Experience adjustments on plan liabilities (loss)/(gains)	7.29	62.91	29.12	53.42	4.40
e. Experience adjustments on plan assets ((loss)/gain)	7.33	2.11	2.57	-	-
Pension					
a. Present value of obligation as at the end of the year	687.98	519.93	462.80	498.24	202.33
c. (Surplus)/Deficit in the plan	687.98	519.93	462.80	498.24	202.33
d. Experience adjustments on plan liabilities [loss/(gains)]	53.89	6.67	8.16	283.10	(3.74)

(d) **Details of the unfunded post retirement medical benefit (PRMB) are as follows**

Description	2015-16	2014-15			
	PRMB Amount (Rs. In lakh)	PRMB Amount (Rs. In lakh)			
1 Reconciliation of opening and closing balances of obligation					
a. Obligation at the beginning of the year	54.64				50.86
b. Current service cost	-				-
c. Interest cost	4.18				4.51
d. Actuarial (gain)/loss	(3.89)				0.77
e. Benefits paid	(1.34)				(1.50)
f. Obligation at the end of the year	53.59				54.64
2 Reconciliation of fair value of plan assets and obligations					
a. Present value of obligation at the end of the year	53.59				54.64
b. Amount recognised in the balance sheet	53.59				54.64
Current	5.77				5.78
Non-current	47.82				48.86
3 Expenses recognised during the year					
a. Current service cost	-				-
b. Interest cost	4.18				4.51
c. Actuarial (gains)/loss	(3.89)				0.77
d. Expenses recognised during the year	0.29				5.28
4 Assumptions					
a. Discount rate (per annum)	7.75%				7.75%
b. Medical cost - % of annual entitlement utilised	20.00%				20.00%
5 Experience adjustments					
Post retirement medical benefit	2015-16	2014-15	2013-14	2012-13	2011-12
	Amount Rs. in Lakh	Amount Rs. in Lakh	Amount Rs. in Lakh	Amount Rs. in Lakh	Amount Rs. in Lakh
a. Present value of obligation as at the end of the year	53.59	54.64	50.86	55.60	32.47
b. (Surplus)/Deficit in the plan	53.59	54.64	50.86	55.60	32.47
c. Experience adjustments on plan liabilities (loss/(gains))	(3.89)	(3.87)	(4.25)	19.38	(2.38)

 (e) **Additional information relating to employee benefits obligation**

- The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.
- Expected rate of return on plan assets is based on the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.
- In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.
- Net liabilities for pension and post retirement medical benefits is disclosed in Note 6 under the heading "Post-employment defined benefits", whereas net assets relating to retiring gratuities are disclosed under Note 12 under the heading "Employee benefits assets"
- Expenses relating to pension and post retirement medical benefits are included in Employee benefits expense under the heading Salaries and Wages including Bonus in Note 23(a) whereas expenses for retiring gratuities are included under the Contribution to Provident and Other Funds in Note 23(b).

36 SEGMENT REPORTING

- The Group has identified business segment as the primary segment which have been identified taking into account the nature of the products, the differing risks and returns, the organisational structure and internal reporting system. The Group's operations predominantly relate to manufacture of sponge iron and generation of power. Further, as the Group's products are sold primarily in India there is no reportable secondary segment i.e. Geographical Segment.
- 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 lakh)	
	2015-16	2014-15
Segment revenue		
Sponge iron	52,569.88	74,223.68
Power	6,130.62	6,198.32
Less: Inter segment sales	(1,347.60)	(1,448.79)
	57,352.90	78,973.21
Segment results		
Sponge iron	(3,259.24)	6,535.19
Power	4,236.84	4,220.03
Unallocated income/(expenditure)	3,738.02	3,427.17
Segment results before finance costs and tax	4,715.62	14,182.39
Less: Finance costs	538.36	530.50
Profit before tax	4,177.26	13,651.89
Less: Tax expenses	1,089.57	4,458.10
Profit after tax	3,087.69	9,193.79
Segment assets		
Sponge iron	18,999.56	26,144.14
Power	4,519.43	4,522.34
Unallocated	75,226.35	66,624.19
	98,745.34	97,290.67
Segment liabilities		
Sponge iron	9,620.43	9,247.80
Power	154.67	14.18
Unallocated	8,218.87	8,511.50
	17,993.97	17,773.48
Capital expenditure (including capital work in progress and capital advances)		
Sponge iron	1,790.43	1,662.20
Power	-	-
Unallocated	-	-
	1,790.43	1,662.20
Depreciation and amortisation		
Sponge iron	1,027.64	984.60
Power	228.91	253.29
Unallocated	33.22	56.23
	1,289.77	1,294.12
Non cash expenditure other than depreciation		
Sponge iron	-	62.67
Power	-	5.44

37 'DISCLOSURE RELATING TO PROVISIONS AS PER ACCOUNTING STANDARD 29 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions for interest on income tax and others 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 lakh

Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Carrying amount as at beginning of the year	2,509.39	2,507.50	601.00	-	1,263.30	1039.99
Provision made during the year	214.60	226.81	-	601.00	297.53	296.51
Amount paid during the year	-	-	-	-	-	-
Unused amount reversed during the year	-	224.92	-	-	-	73.20
Carrying amount as at the end of the year	2,723.99	2,509.39	601.00	601.00	1,560.83	1,263.30
Nature of obligation	VAT, Entry tax and sales tax including interest thereon		Cross subsidy surcharge payable to power distribution companies		Interest on income tax	
Expected timing of resultant outflow	On decision by competent authority		On decision by competent authority		On decision by competent authority	
Indication of uncertainty about those outflows	The above matters are under dispute with authorities		The above matters are under dispute with authorities		The above matters are under dispute with authorities	
Major assumptions concerning future events	The matter is with higher authorities for adjudication. On the grounds of prudence, provision is made.		The matter is with higher authorities for adjudication. On the grounds of prudence, provision is made.		The matter is with higher authorities for adjudication. On the grounds of prudence, provision is made.	
Amount of any expected reimbursement, i.e., amount of any asset that has been recognised for that expected reimbursement	Nil	Nil	Nil	Nil	Nil	Nil

38 OPERATING LEASES

The Company has cancellable operating lease agreements for office spaces and residential accommodations, the tenure of which generally vary from less than a year to 3 years. Terms of such lease include option for renewal on mutually agreed terms. Operating lease rental expenses aggregating **Rs. 80.85 lakh** (Previous Year: Rs. 77.90 lakh) have been debited to the Statement of Profit and Loss.

39 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY:

- a. Gross amount required to be spent by the Company during the year March 31, 2016 : **Rs. 274.35 lakh**
- b. Amount spent during the year ended March 31, 2016 (figures in brackets represents amount for the previous year)

Amount Rs. in Lakh

SI No.	Particulars	Paid (A)	Yet to be Paid (B)	Total (A)+(B)
(i)	Construction / acquisition of any asset	-	-	-
		(-)	(-)	(-)
(ii)	On purposes other than (i) above	243.92	33.57	277.49
		(210.92)	(48.11)	(259.03)
	Total	243.92	33.57	277.49
		(210.92)	(48.11)	(259.03)



c. Details of related party transactions

	<u>As at March 31, 2016</u>	<u>As at March 31, 2015</u>
(i) Contribution during the year	Nil	Nil
(ii) Payable as at the year end	Nil	Nil

- 40 The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- 41 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company except a sum of Rs. 7.99 lacs, which are held in abeyance due to pending legal cases.

42 Additional information

Name of the entity	Year	Net Assets i.e total assets minus total liabilities		Share in Profit or loss	
		As % of consolidated net assets	Amount Rs. In lacs	As % of consolidated profit or loss	Amount Rs. In lacs
1	2	3	4	5	6
1. Tata Sponge Iron Limited (Parent)	2015-16	99.86%	80,640.60	99.85%	3,082.93
2. TSIL Energy Limited (Subsidiary)	2015-16	0.14%	110.77	0.15%	4.76

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

For and on behalf of the Board of Directors

A M Misra – Chairman

D P Deshpande – Managing Director

S K Mishra – Chief Financial Officer

Sanjay Kasture – Company Secretary

Kolkata, 25 April 2016

FINANCIAL STATISTICS

CAPITAL ACCOUNT							
<i>(Rupees in Lakh)</i>							
Year	Share Capital	Reserves and Surplus	Shareholders' Funds	Borrowings	Total Funds	Gross Block	Depreciation
2006-07	1540.00	14297.38	15837.38	14684.14	30521.52	35031.33	9825.67
2007-08	1540.00	22806.20	24346.20	8439.80	32786.00	36892.00	11783.59
2008-09	1540.00	33431.43	34971.43	11.11	34982.54	35914.99	13571.92
2009-10	1540.00	40467.05	42007.05	14.81	12021.86	35924.90	15359.13
2010-11	1540.00	49168.73	50708.73	-	50708.73	35984.46	17111.31
2011-12	1540.00	55304.89	55304.89	-	56844.89	35590.58	18247.99
2012-13	1540.00	62406.64	63946.64	-	63946.64	36092.48	19941.09
2013-14	1540.00	70722.49	72262.49	-	72262.49	36440.24	21416.41
2014-15	1540.00	77977.19	79517.19	-	79517.19	35970.07	21936.50
2015-16	1540.00	79206.61	80746.61	-	80746.61	38097.17	22256.11

CAPITAL ACCOUNT (Contd.)								
<i>(Rupees in Lakh)</i>								
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
2006-07	25205.66	1328.70	80.00	13920.83	6941.10	6979.73	51.89	48.11
2007-08	25108.41	1439.17	80.00	20735.97	9281.99	11453.98	74.26	25.74
2008-09	22343.07	2127.73	80.00	20958.19	5493.76	15464.43	99.97	0.03
2009-10	20565.77	12174.48	80.00	21548.76	7754.88	13793.88	99.96	0.04
2010-11	18873.15	12904.76	80.00	28748.10	9325.93	19422.17	100.00	0.00
2011-12	17342.59	1611.48	80.00	37706.35	12744.74	24961.61	100.00	0.00
2012-13	16151.39	1564.59	86.01	46585.27	14010.50	32574.77	100.00	0.00
2013-14	15023.83	1624.95	186.01	58279.89	18022.02	40257.87	100.00	0.00
2014-15	14033.57	2003.88	186.01	60769.96	14940.68	45829.28	100.00	0.00
2015-16	15841.06	923.26	186.01	60875.78	15132.99	45742.79	100.00	0.00

REVENUE ACCOUNT												
<i>(Rupees in Lakh)</i>												
Year	Production in MT	Sales	Income from Other Source	Expenses	Depre- ciation	Profit Before Tax	Tax	Profit After Tax	Dividend	Percentage of Profit After Tax to Sales	Percentage of Profit After Tax to total Funds	EPS (Rs.)
2006-07	282274	27750.81	1937.93	24503.12	1349.19	3294.19	1170.76	2123.43	616.00	7.65	6.96	13.79
2007-08	332264	43329.03	4674.22	33156.54	1964.62	13643.64	4091.05	9552.59	1078.00	22.05	29.14	62.03
2008-09	342074	60813.94	2014.13	42416.36	1831.10	18116.70	6050.09	12066.61	1232.00	19.84	34.49	78.35
2009-10	359333	52001.37	2193.03	39609.75	1937.52	12622.15	4169.91	8452.24	1232.00	16.25	20.11	54.88
2010-11	383002	67578.35	1908.82	52607.56	1851.50	15027.87	4894.33	10133.54	1232.00	15.00	19.98	65.80
2011-12	272106	63394.73	2298.65	52648.88	1837.25	11207.25	3639.23	7568.02	1232.00	11.94	13.31	49.14
2012-13	360697	79575.96	3156.35	68353.89	1787.97	12590.45	4047.32	8543.13	1232.00	10.74	13.36	55.47
2013-14	376432	78222.23	3541.97	65009.35	1775.33	14979.52	4861.95	10117.57	1540.00	12.93	14.00	65.69
2014-15	365324	78973.21	5548.45	69580.60	1294.12	13646.94	4458.10	9188.84	1540.00	11.64	11.56	59.67
2015-16	360446	57352.90	3766.48	55657.11	1289.77	4172.50	1089.57	3082.93	1540.00	5.38	3.82	20.02

Notes:

1. The third kiln started commercial production from March 2006
2. Sales include sale of surplus power net of Excise Duty w.e.f. 2008-09
3. Figures are as per revised Schedule VI of the Companies Act, 1956 w.e.f financial year 2011-12 and Companies Act, 2013 w.e.f. financial year 2014-15.

ROUTE MAP



TATA SPONGE IRON LIMITED

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TATA SPONGE IRON LIMITED

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